

## practical matters

These aren't exactly the fun parts of planning for baby, but they're probably on your mind.

BY LISA MILBRAND

There's so much cool stuff on your to-do list in the weeks leading up to parenthood—dreaming up a nursery, debating baby names, being sure to taste each flavor of cupcake at your baby shower. But don't forget the more practical considerations, like shoring up your new baby's security. This is what you should be checking and double-checking in the weeks before your newest responsibility arrives.

### check your benefits

Bone up on your rights under the Family and Medical Leave Act and ask your company's HR department about your options for maternity and paternity leave. Depending on your companies' policies, you and your partner may be allowed anywhere from a few days to several weeks of paid leave—and even longer unpaid. If you decide to take unpaid leave, start budgeting (and saving) well in advance. See what else your company may provide. Some companies offer free backup child care (or even full-time child care), help with finding child care, adoption-expense reimbursement, flexible spending accounts for prescriptions and other health- and wellness-related expenses, or other benefits you can use.

### insure baby's future

Get yourself some life insurance. Most financial experts give you a guideline of 8 to 10 times your annual salary to cover expenses for baby in the event of your death, but depending on your individual circumstances, that number may not be enough. "If you live in a home that's not cheap, and you can't rely on wealthy parents to take care of your kids if something happens to you and your spouse, consider having several million dollars in level term insurance," says Ian M. Weinberg, CFP, CEO of Family Wealth & Pension Management in Woodbury, New York. Keep in mind that even if you're not providing a lot of income—or you're planning to stay at home with your new baby—you should still be insured. "You would have to cover any lost income and also cover the cost of a caregiver for your children," he says. And while life insurance is important you'll also need to insure against the possibility of an injury that could keep you out of work. Some people receive short and long-term disability insurance through their work—you should determine if that amount would be enough to get you through several months of being out of work if something were to happen to you.

### make a will

Figure out who would be your child's guardian if you and your partner weren't around. This may be the trickiest part of making a will—choosing who would be the best person to take care of your kids—and couples often argue about it. "Deciding who would best take care of their kids is the biggest issue," says Weinberg. "Keep in mind that the responsibilities can—and probably should—be split between a few different people." Choose one set of people to actually care for your child, and another to care for his finances in the event of your death. Put your child's future in the hands of people you trust. Instead of making your child a beneficiary of your insurance, set up a trust that can funnel the money to the child. This helps to ensure that it will be spent in the best possible way. "You should name a trustee who will be very fiscally responsible, whose only job is to look out for the best financial interest of your children," he says. Have an estate attorney help you set up a simple trust while you're doing your will. Don't forget other key documents. You may also want to create a health proxy and durable powers of attorney that address some other what-ifs that could potentially come up in your future.

### balance your budget

Sit down and plan out your monthly budget for when baby arrives. “You need to figure out your current and projected budget,” says Matthew D. Saneholtz, CFA, CFP, a financial adviser in Plantation, Florida. “That means keeping in mind your wants and desires for the first few years of having a child.” If you’re planning to stay at home, make sure you do the math and thoroughly go over your budget to be sure that you can realistically make the leap. If you’re planning to work, start considering your child care options and determine which will fit best with your family and income. Day care is less expensive than hiring a full-time nanny, but a nanny can give a level of personal attention that a day care doesn’t.

### start saving

Even if your nest egg is on the small side, any savings you can squirrel away now can help you deal with the new expenses that come with your newborn. “With each paycheck, take a portion and place it in a separate savings account,” says Saneholtz. “Creating this ‘baby fund’ will supply you with the money to subsidize lost income or purchase baby essentials.” Most financial planners recommend having six months of living expenses set aside to cover unexpected issues.

### consider a college fund

With college expenses escalating, it makes sense to start saving for education early and often. But financial experts say you have to put *your* financial future ahead of your child’s. “You need to get your financial life in order before even thinking about college savings, which means eliminating bad debts, establishing an emergency fund and saving for your own retirement,”

Saneholtz says. “When your financial house is in order, 529 plans are a great savings tool for future educational costs.” But a 529 isn’t your only option. Depending on your financial situation, you may be better off socking away money in a taxable account or investing in tax-exempt municipal securities, or savings bonds. A financial adviser can help you figure it out. Even if you can’t afford to put much money away right now, consider asking others to help fund your child’s future. “Tell your family members that one of your big goals is to save for college for your children,” Weinberg advises. You might be able to request that “in lieu of teddy bears and other knickknacks,” they either gift your child money that you can invest in a 529 or invest in a 529 themselves. “That can help make a significant difference in your child’s financial future,” he says.

The Bump experts: IAN M. WEINBERG, CFP, CEO of Family Wealth & Pension Management in Woodbury, NY; and MATTHEW D. SANEHOLTZ, CFA, CFP, financial adviser in Plantation, FL

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