



YOU'RE HAVING A BABY!



TO PREPARE:

- 1. Review your life insurance
- 2. Talk about college and future savings
- 3. Discuss guardianship
- 4. Update estate plans
- 5. Evaluate your benefits
- 6. Make a budget

ENSURE YOUR FAMILY IS IN THE RIGHT FINANCIAL POSITION

Review Your Life Insurance

For a young couple, the need for life insurance is often limited. However, adding a child dramatically changes everything. Particularly family finances. Make sure you have your debts covered but a considerable amount more to allow a now single parent to make sense of their new life. Are they going back to work? Where would they live? How will they cover living expenses and savings for retirement and college on one income? In terms of the amount of coverage, consider your debt, income replacement needs, expenses, number of dependents, and other goals. Apply for inexpensive term life insurance for a 20- or 30-year period. While there are a range of different types of life insurance, term offers the benefit of being low cost and easy to change.



Talk About College and Future Savings

Start by discussing what you would like to provide. If college is the primary track, consider a 529 account* which grows tax deferred and can be withdrawn tax free for qualified education expenses. With 529s, each state will vary in terms of tax benefits. Research to find out if your state offers any tax incentives for using your state's plan. If not, you can use any plan and select the least expensive option with the best investments. We generally suggest you invest directly with the 529 plan versus working through a financial advisor to avoid commissions and fees.

If you are unsure about college or value flexibility, open a brokerage account in your name and direct savings to a broad-based index fund. You will have plenty of time to refine the plan, but the key is to begin saving early. Talking to your parents (future grandparents) about your college plans is also important. Our clients love to save money for their grandchildren and letting them know you have a plan established provides them the opportunity to gift if they are able and willing.

*529 accounts cannot be opened until you have a Social Security Number so after your child is born.

Discuss Guardianship



Who takes care of your little one if you cannot?

In some relationships this is an easy discussion and in others it is more fraught. Key considerations should include your shared values, their financial stability, and location (proximity to extended family). It is important to not assume someone's willingness or ability, having a conversation is imperative. The earlier you can begin to refine this answer, the better.

Consider:

**SHARED VALUES
FINANCIAL STABILITY
LOCATION
WILLINGNESS AND ABILITY**

Update Estate Plans

Guardianship is part of the estate planning process. However, the estate plan itself will build out additional protections for your children and will add important documents for young parents, such as health care directives. We strongly suggest working with an attorney who specializes in estate planning to assist you in drafting your plan.

Tips and considerations to keep in mind when starting:

- Name and Executor
- Understand Estate Taxes
- Prepare Your Health Care Documents
 - Assess Your Life Insurance Policy
 - Write a Letter of Intent
- Organize Your Documents
 - Talk to Your Family

For a complete list on creating an estate plan and areas of your plan to review:

[How to Create an Estate Plan](#)

[4 Areas of Your Estate Plan to Review](#)

Evaluate Your Benefits

Having a baby is considered a Qualifying Life Event, which means you will be able to revisit and potentially change your benefits through your employer. The first step is to notify your employer of your upcoming life event. The following are a few benefits that will be worth revisiting.

Health Insurance

Review the different plans provided by your employer. Some employers may only offer one plan, while others may offer multiple plans with different coverage options. Since your medical expenses will almost certainly change with a new child, reviewing your coverage is an important step.

Dependent Care FSA

A Dependent Care FSA is a pre-tax benefit account used to pay for eligible dependent care services such as daycare. This is a simple way to save money while taking care of loved ones and being able to continue working.

Life Insurance

The need for life insurance as a young couple is often limited, but the addition of a child will dramatically change contingency plans. Refer to section 1 for additional detail.

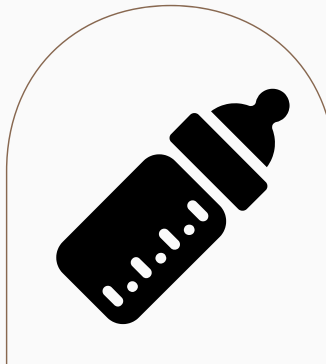
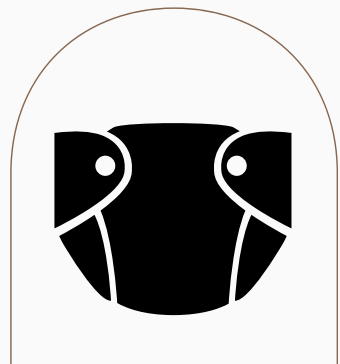
Parental Leave

Depending on your employer, parental leave can end up being more of a cost than a benefit. By notifying your employer early on, you can work on having a plan in place for when your little one arrives.



Make a Budget

One of the biggest financial changes will be to your expenses. Childcare can be exceptionally expensive in some areas, and you will also have a new line item for diapers. Refine your budget to accommodate these new expenses and begin building an emergency fund you can draw on for other costs, such as parental leave.



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