

## 5 things you need to do when planning for parenthood



### **#1 - Have a “trial run” of living on one salary**

It is a wise move to try this while it is a **choice** and not a **requirement**.

It will give you the time and flexibility to work out how you can adjust your household budget.

You can also save the salary that you are not spending and either use it to purchase baby equipment or leave it in the bank to use when you are a single income family.

### **#2 - Make sure that you have an emergency savings buffer in place**

You need to have cash reserves available to access in an emergency.

If you are living on one salary, you will struggle with large and unexpected bills.

Ideally, you should have around 3 months of your household income in a high interest savings account and only access it in case of emergency.

### **#3 - Make a will and appoint a guardian**

The legal system in NZ requires every child to have a guardian or parent until they reach the age of 16.

If the parents of a child die, the Court has to appoint a guardian.

The first place that the Court will look for guidance is to the wills of the parents. If there are no wills, and there are family members competing for custody i.e. grandparents, aunts and uncles etc, the Court can place the child in CYFS care until the custody hearing has been resolved.

I saw this happen when I worked for Public Trust.

Making a will also ensures that your assets will be managed and kept safe for your children if you were to die.



## **#4 - Get insurance**

You are going to be financially responsible for your children for a very long time. Trust me on that one!

You need to put insurance in place to ensure that your partner and your children will not be left in a terrible place if you die.

You need to provide for them from the grave.

Life insurance is not as expensive as you might think.

If you have a mortgage, get income protection insurance or at the very least, mortgage repayment cover.

It will really impact your family if you were to get sick, and also lose your home.

I am also a fan of health insurance for children.

A hospital's definition of "non urgent medical treatment" and that of a parent can be poles apart.

If you have a sick child, you may not be able to return to work as quickly as you may have planned to, so it is important to deal with health issues quickly.

## **#5 - Be prepared to go sideways financially for a few years**

I meet people who are frustrated at their lack of financial progress when they have young families.

While there are sometimes money management skills that can make a difference, having a young family is an expensive business.

Often families don't start to make much progress until all of the children are at school.

Don't set yourself up with unrealistic expectations.

Keep your budgeting smart and focussed, and enjoy your children while they are little.

It won't be too many years before they will be teenagers and they will not want to spend time with you any more.....

**Janet Natta is a financial adviser and director of Smart Money Advice, offering investment portfolio construction and management services to clients throughout NZ, as well as comprehensive financial planning advice to assist clients to build and protect wealth to achieve their dreams.**

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