

Financial planning scenarios: preparing for parenthood

The best way to provide for your child's long term financial security is to have your own finances in shape. The healthier you are financially, the better your family's prospects. And while expanding your family is wonderful, it can also be very expensive in today's world, so it's important to make sure you are financially prepared for a growing family.

Start with a healthy savings fund

It helps to have savings set aside for extra expenses and necessary supplies, especially in the event that you experience any reduced income during parental leaves, or to cover expenses such as fertility treatments before parenting even begins. You can then keep the savings fund topped up with the Canada Child Benefit you'll receive for children under 18.

Can your cash flow handle an expanded monthly budget?

Parenthood means money being spent on childcare, kids' clothing, extra groceries, sports, lessons, and more. Ensure you have a plan to cover these additional expenses.

Maintain your financial plan

It's important to take care of your own future before taking on an additional financial burden for others. Be sure to maintain your contributions to your group retirement plan to receive the maximum company match if one is offered.

If you're able to continue your own retirement savings, you can then consider also opening a Registered Education Savings Plan (RESP). The federal government adds 20% for annual contributions up to \$2,500. That's a free \$500 each year, if you are contributing the maximum to the RESP.

Protect your family

Now is the time to take stock of your health, disability and life insurance coverage — you want to be sure you have enough to protect your dependents and loved ones. Assess your insurance needs and if you don't have sufficient coverage through your work, look into purchasing individual coverage to top it up, so that your family will be financially protected. With a growing family, it's also time to draw up a will and review your estate plan.

To discuss your financial planning strategy, you may contact Reuter Benefits by phone at 1-800-666-0142 or by email at retire@reuterbenefits.com.

