



New Child Checklist

We're ready to start a family!

Budgeting & Cash flow

- Review parental leave policies with employers and evaluate any impact on your income.
 - Consider your desired leave time and what your employer allows. How you are compensated, if you are, during parental leave may impact how much time you take.
- Consider childcare benefits offered by your employer, such as a Dependent Care Flexible Spending Account (FSA). Enrolling in this benefit will occur during the open enrollment period.

Insurance

Health

- Review your health insurance coverage during the open enrollment period. Pregnancy is not typically a "life event" that would qualify for a special open enrollment period. Consider swapping away from a high-deductible plan, if applicable. Review coverages and any out-of-pocket expenses anticipated for prenatal, delivery, and newborn care.
- Consult an insurance expert prior to making any changes to the insurance that the pregnant party is on. Pregnancy is no longer considered a pre-existing condition, and health plans are not allowed to deny coverage for being pregnant; however, they may have pre-existing condition exclusions that apply to conditions that may arise during pregnancy.

Disability

- Short-term and long-term disability coverage should be reviewed based on occupation and individual risk tolerance.
 - Short-term disability insurance for the pregnant party can provide additional cash flow during maternity leave. As a note, if you are already expecting, short-term disability policies may not cover your existing pregnancy.
 - Type of coverage matters! A surgeon with all-occupation coverage, as opposed to own-occupation coverage, is **drastically** different.
 - No matter how safe an occupation might be, there is always some degree of risk – a car accident, for example. SSA estimates that you have a 1 in 4 chance of becoming disabled before you retire.

Umbrella

- Depending on assets built, umbrella insurance might be an appropriate supplement to pre-existing property and casualty coverage.

We're expecting!

Budgeting and Cash Flow

- Update your monthly budget and forecast to include anticipated costs. Consider childcare as a potential ongoing large expense.
- If necessary, build your emergency fund with 3-6 months of anticipated expenses. Ensure this is funded – kids are expensive and can carry unexpected expenses. Consider your out-of-pocket healthcare expenses anticipated. Read [Six Financial "First Steps" for New Parents](#) for more info.

Insurance

Health

- Notify your HR/insurance provider in advance of the birth. They will be able to guide you through the process of ensuring that your child is covered upon their birth. Maintain this contact and alert them immediately after the birth itself to ensure costs are covered.

Life

- Review coverage for both parents, as an increase might be needed. Do not overlook insuring a spouse who might fulfill a full-time homemaker role, as they provide a greater economic value than is often given credit for. In the face of rising childcare costs and "replacement value" of cleaning and home maintenance, this is incredibly underrated.
 - An increase in life insurance policies can often be "bought up" through employers at cheaper rates than the market, and is a great place to start. Understand your employer's policy on premiums and options to convert to individual insurance if you leave your employer or if your employment is terminated.
 - Term life insurance is often appropriate; however, talk to your financial advisor and/or insurance agent to ensure proper coverage. Consider future career growth and cash flow when looking at coverage.

Investment

- Consider portfolio changes and any large expenses you may need to access your investments to cover.

Estate Planning

- Begin thinking about who you want to take care of your child if you unexpectedly pass. This guardianship assignment is a major decision that is designated by your estate documents.

They're here!

Budgeting and Cash Flow

- Review and adjust your budget as needed. Evaluating expenses over several months can provide a clearer picture of your ongoing cash flow.

Insurance

Health


- Alert your HR/insurance provider immediately after birth.
- Add your child to the policy to ensure costs are covered.

Disability

- If you have a short-term disability policy in place, notify the company and file the necessary claims paperwork.

Investment

- Education Planning
 - 529 accounts are a great option for education savings. Each state has its own 529 plan, but not all plans are created equal. States offer varying tax incentives for contributions. It's important to do your research and speak with your financial advisor.
 - Recent changes to the FAFSA have made grandparent-owned 529 plans more appealing from a federal financial aid perspective. Grandparents are slightly better off being the account owner (vs. parents) due to the lower impact on financial aid.
- UTMA accounts
 - These alternative investment accounts offer a different vehicle for savings. While these



accounts become the minors' outright at the age of majority (which varies by state), funds can be used for the minor's benefit – education, living, or other needs – until adulthood.

- Appreciated stock assets can be an attractive gifting option for funding these accounts.
- Review personal goal prioritization
 - It's common for priorities to shift as parents change their worldview to include a new child. Is what you wanted and planned 6 months ago still what you want today? Your investment strategy/risk tolerance might need to be adjusted to better reflect the time horizon and change of priorities.
- To the extent possible, do NOT change or decrease retirement contributions.
- Spousal IRAs might present new savings opportunities, potentially even Roth spousal IRAs.

Tax

- Review and consider adjusting your tax withholding with your employer
- When filing your tax return:
 - Claim your child as a dependent

- Capture 529 state benefits, if applicable.
- Claim the federal child tax credit (among others)
- Consider bringing in a professional
 - Life naturally changes with the arrival of a child, and there can be significant tax planning considerations that arise. Additional opportunities may be difficult to identify alone.

Estate Planning

- Review/draft estate documents
 - If you do not currently have documents in place, meet with an attorney for an estate planning package – this includes Wills (where you can assign guardianship of your child), Powers of Attorney, Healthcare Powers of Attorney, Living Wills, and Trusts (where applicable).
- Update your beneficiaries
 - Add or update beneficiary on your financial accounts (employer and otherwise) as well as life insurance policies.
 - If you have a trust established or created out of your estate documents, speak with your attorney or financial advisor on how to designate beneficiaries appropriately.

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