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| **Financial Considerations to Make Before Starting a Family****Congratulations – you’ve decided to start or grow your family! Now is the time to assess whether your finances are ready for the changes. That means getting started on financial milestones, such as putting aside some savings and planning for future life events.**Worry is the default emotional state for prospective parents. You can take steps now to reduce your anxiety level, at least when it comes to finances. Consider these five steps to parental confidence.**Create an emergency fund.** An insured savings account with four to six months of income can financially cushion you and your family if life brings you some unexpected expenses. Consider insured money market instruments and certificates of deposit that may offer interest rates higher than those available from passbook savings accounts. Keep in mind that most CD’s carry a fixed rate of return only if held to maturity.**Save toward a home down payment.** Adding a child to your family may require more living space. You can get an FHA-guaranteed mortgage with as little as 3.5% down, subject to certain qualifications. That means you can buy a $200,000 home with only $7,000 down. If you’ve started a home fund, you are well on your way to relieving cramped living space for your expanding family.**Open a college account.** You can open a 529 Educational Account even before the baby is born. The money you contribute has the potential to grow tax-deferred and withdrawls are tax-free when you use the account for eligible college costs. Alternatively, consider U.S. Savings Bonds, which can be used tax-free for educational costs. You don’t need to make a large contribution all at once. Rather, a monthly commitment that you can afford can grow over the next 18 years and help make college for your child a reality.**Do not neglect your retirement.** Many parents would rather spend money on their children. Some consider funding their own retirements as a “selfish” act. But think about this – do you want to saddle your children with your upkeep if you don’t have enough money after retirement? Do them and yourselves a favor. Consider allocating money to your retirement each year in a tax-favored account. Your kids will thank you later.**Tie it all together.** The arrival of a new family member is an exciting time. It’s also the perfect occasion for reassessing your financial plans. Please contact me today to schedule a complete review where we can balance your current and long-term financial needs.Prior to investing in a 529 Plan investors should consider whether the investor’s or designated beneficiary’s home state offers any state tax or other state benefits such as financial aid, scholarship funds, and protection from creditors that are only available for investments in such state’s qualified tuition program. Withdrawals used for qualified expenses are federally tax free. Tax treatment at the state level may vary. |

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