

2 FINANCIAL ISSUES Parents Need to Address

BY PATRICIA SKLAR

AS A NEW MOM, I AM CONSTANTLY TRYING TO FIGURE out what I am supposed to be doing with my child. Am I feeding him the right way? Am I bathing him too much? Am I doing enough tummy time? Raising a child can be quite daunting. However, one place I feel secure is my financial affairs.

Decide if You Will Continue Working

One of your first big decisions is whether to continue working. Sometimes this is a personal choice, but it's also a financial decision.

If you plan to go back to work, find the right childcare option and determine its cost. It probably makes sense to contribute to a dependent care Flexible Savings Account (FSA), which allows you to contribute up to \$5,000 tax-free for childcare expenses.

The cost of daycare, nannies, and au pairs can vary widely. It can pay to start shopping now and get on more than one waiting list, as many providers are in high demand. Some companies provide daycare facilities and may subsidize part of the expenses, so ask your employer about this option.



THE DECISION OF WHETHER TO RETURN TO WORK AND SETTING UP AN ESTATE PLAN ARE TWO OF THE MOST IMPORTANT FINANCIAL DECISIONS A PARENT NEEDS TO MAKE.

The decision to continue working may depend on your income and any flexible hours or working conditions from your employer. I'm a working mom, so I know this can be a tough decision. We need to strike the right balance since it will affect our finances, careers, and our peace of mind about the wellbeing of our children.

Get Estate Documents in Order

I can't stress this recommendation strongly enough. Too many times in my career, I have worked with young parents that don't have a will or other documents. When a tragedy occurs, their finances can take a serious blow. It can be a huge burden on your loved ones if, after you pass away, there are no documents and thus no plan. It adds time and cost to settle, angst for those involved, and possibly an undesirable outcome.

Estate documents include a will, advance health care directive, and financial power of attorney. In your will, determine who will be the guardian of your children if something were to happen to you and the other parent. Another key decision is to name someone who will oversee your child(ren)'s money if they are under 18 years old. This person, the conservator, does not need to be the same as the guardian. My clients often decide to separate these

two duties. For instance, one spouse has a sibling who is wonderful with children and the other spouse has a sibling who is a good money manager.

Parents also need to decide how quickly you want your child(ren) to have access to their funds. Some have no restrictions and allow them to be paid out at age 18; others leave the funds in a trust forever. Some people take a middle ground, with a trust that begins paying money to the children at a certain age. For example, they may receive one-third of their money at age 25, half of the remaining trust at 30, and the rest at 35.



Decide how you want the child to receive any inheritance. You may not want to entrust an 18-year old with a big chunk of cash that they may not be able to handle properly. You can always revise this decision years later once

you determine if your child is mature enough to handle a large sum of money. The advance health care directive, as it is called in Georgia, allows another person to make decisions about your health care and allows you to express your preferences for treatment if you are unable to do so yourself. However, if you are an adult with no papers in place, you could run into the issue of who will make health care decisions on your behalf.

The financial power of attorney works the same the way. A person will be named to take control of your finances for you if you become incapacitated. If this is not in place, your finances might be neglected in your absence, causing you to miss paying mortgage or rent and other bills. Assuming you recover, you would have the burden of untangling all of your finances after going through your ordeal.

The decision of whether to return to work and setting up an estate plan are two of the most important financial decisions a parent needs to make. Whatever you decide, I strongly recommend that you take care of these matters as soon as possible. It will help you build a sound financial foundation that will last for many years.#

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