FAMILY FINANCES: FROM TODDLER TO TEEN
FINANCIAL WELLNESS EDUCATION
BEFORE WE START

- Q & A
- Evaluation
“Middle-income, married-couple parents of a child born in 2015 may expect to spend $233,610…to raise a child through age 17.”*

Expenses increase as a child gets older. The most expensive years are 15-17 years of age.*

26% of households are single parent.**

* USDA, 2017
** Pew Research Center, 2015

CONTACT YOUR EAP FOR ASSISTANCE
PRIMARY EXPENSES OF RAISING A CHILD

- Housing: 7%
- Food: 16%
- Transportation: 9%
- Clothing: 6%
- Healthcare: 18%
- Childcare & Education: 15%
- Misc: 29%


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TODAY WE’LL TALK ABOUT…

• Family Finances Game Changers
• 5 Stages of Raising a Child
  o Plan, Assess, Teach (PAT): Adopting a mindset
  o Tips and Reflections
• Your action plan
FAMILY DYNAMICS – GAME CHANGERS

- Multiple children – unique implications
- Divorce
- Illness
- Handicap
- Addiction
The cost of raising a special needs child can be four times higher:*

- Plan financially for long term needs
- Saving and planning:
  - Occupational therapy, loss of income, caregivers, household prep, additional medical expenses
- Make sure to apply for state or federal aid

* Mint.com, 2013
PLAN BEFORE CHILDREN COME

• Where you live
  o Close to family, day care and work?
• The home/school district you live in
  o Will you move when you have kids?
• Benefits and flexibility at work
  o Maternity/paternity leave, flexible work schedule
• Savings
  o Lost or reduced income
5 STAGES OF RAISING CHILDREN

Birth to Age 5
- Day care
- Lost income

Age 6-14
- Extracurricular activities
- Allowance system

Age 15-18
- Expanding interests
- Car

Age 18+
- Teach independence
- College expenses

Adult Children
- Student loans
- Weddings
- 1st home purchase

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PLAN, ASSESS, TEACH (PAT): ADOPT A MINDSET

PLA.N
• Anticipate needs and wants
• Set goals

ASSESS
• Do your homework – research costs
• Save – ahead of time
• Determine your financial capabilities

TEACH
• Teaching moments for a child
• Experiences with family or friends

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BIRTH TO AGE 5 – EXPENSES TO CONSIDER

• Plan: Preparing for life with a child
  o Future education expenses
  o Childcare and preschool
  o Benefits, insurance and estate planning

• Assess: Affordability, quality, and costs
  o Start saving for college
  o Cost, quality and convenience of childcare and preschool
  o Extracurricular activities
SAVING FOR EDUCATION

• Start as early as possible
  o 529 Plans or Coverdell accounts
  o Consider a ROTH IRA
• In lieu of gifts – family
• Public vs. private schools
GOAL: FUND EDUCATION ACCOUNT FOR OUR 3 YR-OLD

**Specific**

Save at least $40,000 over the next 15 years by saving $150/month into a 529 plan and allocating 20% of any future raises toward this savings account.

**Measurable**

**Achievable**

Step 1: Talk to a financial specialist about 529 plans, research options and open an account

Step 2: Review spending plan and ensure $150/month is placed in the account (automate)

**Relevant**

**Time bound**

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“Average cost of center-based day care in the U.S. is $11,666/yr.”*
  - Typically cheaper as the child ages
  - Home day care, nanny services
• Preschool costs about $372 - $1,100 a month
  - Varies by location and quality
• Dependent Care Flexible Spending Account
• Compare to one parent staying at home

* NACCRRA
CONTACT YOUR EAP FOR ASSISTANCE
• Health Insurance
  o Family policy
• Life & Disability Insurance
  o Wage replacement cost to protect dependents
• Estate Planning
  o Will or Trust
  o Power of attorney
FAMILY ACTIVITIES

- Activities
  - Lessons and sports
  - Birthday parties
  - Portraits
  - Family outings / new traditions

- Vacations

- Plan ahead and save!
BIRTH TO AGE 5: TIPS & REFLECTIONS

• Prep your home – child proof
• Buy used and hand-me-downs
  o Garage sales, thrift stores, Craigslist, etc.
• “It takes a village.” – family and friends
  o Prepare for an emotional roller coaster
  o Communicate, tolerate and forgive
• $AVE, $AVE, $AVE – Irregular savings account
AGES 6-14: EXPANDING EXPENSES & THE GREAT OPPORTUNITY

• Private vs. public schools
• Programs and activities
• Personal care
  ○ Braces, clothes and food
• Opportunity
  ○ Teaching money principles
  ○ Allowance – when and how to introduce
PRIVATE VS. PUBLIC SCHOOL CONSIDERATIONS

- Prices of homes in school districts
- Average cost of private school tuition is about $10,000*
  - Religious versus nonsectarian schools
- Number of children influence assessment
- Scholarships and financial aid

* Private School Review, 2017

CONTACT YOUR EAP FOR ASSISTANCE
Extracurricular activities cost about $739 for the average student, in 2016*:

- Sports, lessons, clubs
- Uniforms, equipment, pictures and travel
- Put in your budget

“Fifty-seven percent of children between 6 and 17 years old participate in at least one after-school extracurricular activity.”**

* Money Magazine, 2016
** United States Census Bureau, 2014
WINDS OF CHANGE

- Braces can range from $3k to $7k
- Food – school lunches, snacks, parties
- Clothes – fast growth, trends, brands

“Before I married, I had three theories about raising children and no children. Now, I have three children and no theories.” - John Wilmot

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CONSIDER AN ALLOWANCE SYSTEM

- “Citizen of the household” vs. “for pay” chores
- Frequency of pay
- Saving vs. spending
- Sharing
WORK-FOR-PAY CHORE IDEAS

• Outdoor projects versus weekly clean-up
• Clean garage, refrigerator, stove, car
• Shop and/or cook
• Mentor siblings
EVERY DAY HAS TEACHING MOMENTS

- Needs vs. wants
- Spending vs. saving
- Goals vs. instant gratification
  - Planned vs. spontaneous
- Turn daily financial tasks into games
  - Find the best deal while taking quality into consideration
  - Calculate the tip or tax on transactions
• Peer pressure and transitions
• Keep an eye out for changing habits – good or bad
• Make money a comfortable discussion topic
• Teach responsibility and accountability
• $AVE, $AVE, $AVE – college savings account
AGES 15-18: THE HIGH SCHOOL YEARS

- School programs and activities
  - Sports and clubs
  - Prom, homecoming, field trips
  - After school
- College prep
  - Courses
  - College tours
- Transportation
  - Driving lessons
  - Permit, insurance, car, gas
TEACH INDEPENDENCE

- After school/summer jobs
- Open bank account
- Create a budget
- Savings goals and allocations
- Pay own expenses
  - Gas and car insurance
  - Clothes
  - Eating out

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TEACH INDEPENDENCE

- Credit and debt
  - Credit cards
  - Car loan
  - Co-sign risks
- Managing financial aid and student loans
  - Avoid using for living expenses
- Credit scores and reports
AGE 15-18: TIPS & REFLECTIONS

- Balance grades, clubs and extracurricular activities
- Stay involved and try to have “family-time habits”
- “It takes a village.” – family, friends, counselors and even tutors
- Critical years for the manifestation of addictions – be aware
- $AVE, $AVE, $AVE – don’t forget about retirement savings!
As parents, our ability to mentor and willingness to help hopefully never stops and is welcomed:

- Student loans
  - Parent plus loans or co-signing
- Wedding fund
- 1st house
  - Down payment gift
ACTION PLAN

- Set goals and timelines
- Create and follow a budget
- Develop a game plan for each child
- Be realistic – modify your expectations
- Use your resources
  - Family and friends
  - Talk with a financial specialist
FINANCIAL COACHING

• Contact your EAP for a FREE financial referral
• Benefits include:
  o 1:1 telephone consultation with a specialist regarding your financial issue
  o Assessment of your situation and a discussion of options
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