

BABY AND FINANCES

FIRST CHILD



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I hope you'll learn a lot about how to take some of the financial stress out of the many decisions you will have to make about being a parent and doing the best for your baby and family.

The Pros And Cons Of Returning To Work After Having A Baby

One of the biggest decisions a woman will have to make is if and when to return to work after having a baby. In some cases, her employer will offer maternity leave and other benefits. A career-minded and/or professional woman such as a doctor will often be glad to return to work after maternity leave. But in some cases, they might actually be glad to be a stay-at-home mom, so they can get out of the rat race for a time and enjoy their child when they are young.

Financial Issues

A key consideration is what the couple can reasonably afford. Can they manage on one salary alone? The question is not always that clear, however. Many daycare centers do not accept children under the age of six months, which means either staying at home or finding a childminder. The cost of the childcare, however, might be equal to or more than what the woman is bringing home and all the costs involved in relation to going back to work, such as transportation. It might not make sense to hand over both your child and all your wages.

Flexibility

In some cases, there is zero job flexibility. You can't work at home, for example, if you are a waitress or work as a cashier in a shop. The more computer-oriented your job (such as email, social media and working online), the more flexible you can be and could even be allowed to work from home.

Some new moms manage to work from home by starting their own business, and/or becoming a freelancer, making the most of the skills they already have, and working their own hours. It can be a tricky balancing act, but making the most of baby's nap time, and having a supportive partner, means a woman can work at home successfully.

Working at home can also take the pressure off if a child is sick. In most cases, the mother is the one who has to take time off from work to deal with a crisis. It becomes less of an inconvenience if she is already working from home anyway.

Adult Companionship

Some moms miss interacting with adults at the workplace. They find dealing with infants all day to be tedious.

Every mom and family is different, so it is a question of pros and cons, and balance.

The Pros And Cons Of Being A Work-At-Home Mom

We discussed the pros and cons of going back to work once you've had a baby. Now we're going to look at the pros and cons of being a work-at-home mom (WAHM).

Working at Home

It might seem impossible to even think about working from home when you are so tired after the birth of your baby and the never-ending pile of diapers and laundry. But the truth is that in most cases, you and baby will soon get into a routine, which will leave you with more and more spare time. As a result, this could be the perfect time to work from home.

Start before the Birth

If you work in an office job and/or spend a lot of time on the computer and phone, see if your workplace offers work-at-home provision. Allowing you to work from home more and more, especially if you have a difficult pregnancy or would normally have a very long commute, might make both you and the boss happier in the long run.

The pros are that you will be back earning your regular salary and still be home for your baby, which means you won't need to spend most of your salary on childcare. The cons are that it can be a fine balancing act, and you really need your spouse/partner to do their share.

Budgeting Your Time

A lot of people ignore the "work" in work at home, and think that just because you are in your own home, you have free time. Learn to say no to favors and try to work a 9-to-5 as far as possible given baby's needs and sleeping, eating and changing patterns.

Also try to avoid distractions such as cooking, laundry and so on. A timer for structured work and break times, and a work log (a list of everything you are getting done each day) can help you stay on top of your schedule. Think of lawyers with their "billable hours" tracking software, and you should soon see where your time is going. Schedule in exercise and some relaxation time and you should be able to manage the balancing act.

Freelancing

If your company can't or won't let you work from home, consider selling your skills as a freelancer. Create a portfolio of your best project and put your resume and a link online. Be sure to have a fully detailed LinkedIn profile. Go to [Indeed.com](https://www.indeed.com) and look for "telecommuting" positions in your industry.

Running Your Own Business

There are many legitimate WAH opportunities, such as writing, graphic design, coaching, consulting and more. Stay organized, track your billable hours, and you should soon see the money start coming in.

Maternity Leave And Pay - Finding Out Where You Stand

We discussed returning to work after baby is born, and becoming a work-at-home mom. There are pros and cons to each, but your decision will be driven in part by what industry you work in, and what maternity leave and pay, if any, you are entitled to from your current employer. Finding out where you stand should be done as soon as you know you are pregnant.

Maternity Leave around the World

Maternity leave in the US is amongst the worst provisioning in the industrialized world. The Family and Medical Leave Act of 1993 (FMLA) requires 12 weeks of unpaid leave annually for mothers of newborn or newly adopted children. Hopefully, your employer will give you more than this bare minimum.

Your Human Resources Department

Your HR department and employee handbook should be your first ports of call. They should be able to give you the latest information on any benefits you are entitled to, and how long you can be away from your job and still reasonably expect your job to be held open. They will also let you know if the leave is paid or unpaid and help you with your health insurance in the context of a "significant life change" that would warrant changes to your coverage even in the middle of a calendar year.

Paid and Unpaid Leave

You will get a certain amount of time for paid leave in many cases. After that, you might be allowed leave, but it will most likely be unpaid. Having said that, it might depend of the reasons for leave. For example, most women hope they will be able to work as near as possible to their due date so they can then have three months of maternity leave after the baby is born. However, some women have problematic pregnancies and might have to go on to bed rest or try to modify their work schedule.

Vacation, Sick Days and Personal Days

Check out your time off provision. In some cases, an employer will allow you to carry over unused days into the next year. In other instances, you might stretch out your time off as much as possible using your entitlements.

Short- and Long-Term Disability Insurance

Many employers offer these policies. They will cover a certain percentage of your salary if you are considered to be too sick to work. Note that going onto disability insurance may mean your finances take a hit, but in the US, it will give you legal protection so you can't be laid off or fired by the company on the basis of your health issues.

Paternity Leave - Options For Dads

We discussed maternity leave provisions, and the fact that the U.S. has one of the poorest provisions associated with taking time off due to the birth or adoption of a child.

The good news is fathers are entitled to the same as mothers under the Family and Medical Leave Act of 1993 (FMLA), which requires 12 weeks of unpaid family leave annually. The bad news is that only around 50% of workers are covered by FMLA in the U.S., and the leave is unpaid. There may be quite a few requirements in terms of length of service or number of hours worked in order to be granted even this provision. Again, American provisions for family leave are amongst the worst in the industrialized world.

Some employers may be more progressive and generous and offer paid leave, but this is usually no more than a few days. Even if it is paid, a lot of men are still reluctant to take it.

The Reluctance to Take Paternity Leave

Many men are driven in their careers, and feel they can't afford to take any time off. These are usually the workaholics who don't want to take their paid vacations and sick days either.

Then there are others who are driven because they are competitive, and don't want to appear "weak" by taking personal time off related to a new baby in the house.

Taking What You Are Entitled To

On the other hand, some fathers want to be more actively involved with their child in the early stages. They don't want to feel left out. They welcome the chance to bond with baby. They also want to be there for their wife after the ordeal of childbirth, which can leave her with lots of aches and pains. If she has a C-section, there are many things she would not be able to do for several weeks after, such as climb stairs or rest the baby on her belly to feed it.

And some dads actually plan to be the stay-at-home parent. This might be because the wife is further along in her career or the main earner in the household. She might also have a job that requires her to be in the workplace physically, whereas he might be able to work from home.

No matter what the reason, attitudes are changing about paternity leave. If it's on offer, look at your finances and decide what to take and when.

Telling Your Employer That You're Pregnant

We discussed maternity leave and paternity leave provision. Here we want to talk about how to tell the boss you are pregnant.

To Tell or Not to Tell?

Most women want to tell the whole world they are pregnant as soon as they suspect. However, in most cases it is wiser to wait until at least the first three months (trimester) have passed safely. At that point, there will be less risk of miscarriage.

On the other hand, you don't want to wait so long that you start to show and people begin to wonder why you haven't said anything.

There are a number of considerations in reference to when and why you should tell. Here are a few important ones.

Your Level of Wellness

Some women get through their pregnancy with a minimum number of symptoms. Others have severe morning sickness to the point of constant nausea and vomiting (like Princess Kate in England). This can take a lot out of you in terms of dehydration and overall fatigue. Tell one or two colleagues you trust that you are going through a hard time. They can help you get over the rough patches.

If your boss tends to be the unsympathetic type, try to soldier on. If they are empathetic, then let them know your news, and reassure them that you still have the same work ethic; it might just take you a bit longer to complete tasks.

Practice Time Management

If you are going to be working more slowly due to symptoms or more frequent bathroom breaks, practice time management and try to pare down any unimportant tasks or time wasters as much as possible.

Managing Stress Levels

If you have a very stressful or demanding job, it is best to tell your boss sooner rather than later. It can take some of the pressure off and also help you decide who is going to cover your work in your absence. Then you can work with and train colleagues for the time you will be away, so nothing gets overlooked.

Managing Health and Safety Issues

If the working conditions at your job might pose a threat to your baby, such as exposure to chemicals or radioactivity, or a lot of heavy lifting, tell your employer and see if your duties can be adjusted. Take all possible steps to protect yourself and the baby.

Managing While You Are Away

If you are in a managerial role, let your boss know so their new supervisor can make a smooth transition when you are out, and when you are coming back in.

Pros And Cons Of Childcare In Your Home

Whether you decide to go back to work or work from home, chances are that for the first three months to a year of your new baby's life, you are going to need childcare. There are a number of options, each with their pros and cons.

In-Home Care

In most cases you will need this help for the first three to six months, until the child is ready for commercial daycare. Each center has its own rules and regulations. Most don't accept children under the age of six months. This means you either have to stay at home, take it in turns with your spouse or family members, and/or hire someone for in-home childcare such as an experienced caregiver or a nanny.

Daycare in the Home

You could have a family member or neighbor come to your home to care for your child. Yours might be the only child, or you could consider allowing them to take in another child so you will pay less because they will be using your home. This might be a good opportunity for a single mom who has to be at home taking care of her own children, or someone who is looking for a part-time carer position.

As with having any stranger in the house, there needs to be a high level of trust. Baby monitors and nanny cams can help you feel more confident that you're making the right choice.

A Nanny

In the case of hiring a nanny, they usually have more experience working with younger children. Expect to pay more if you hire them through an agency. They will be a stranger in your house. You should like them and feel they are trustworthy. Some will be stricter than others. They also might be very opinionated about how to bring up baby.

An Au Pair

An au pair or live-in help will care for the child, but the house as well. Carers and nannies don't usually do the housework. An au pair will take care of baby and do chores

during the down time when baby has its nap. There will be a high level of trust required and some can feel an au pair is intrusive, especially if they live in.

Tax Implications

Once you hire someone for in-home work, you will be an employer and need to fill out various tax form at the end of each year.

Health and Safety

The downside is relying on one person to help. What will you do if they get sick with flu or want to go away for the holidays?

Costs

Estimate around \$125 per day for a nanny or daycare from 8 to 6 each day. Expect to pay more in large cities.

Pros And Cons Of Childcare Away From Home

We discussed private in-home daycare options. Now we want to look at the cost of sending a child for care outside the home.

Private Daycare

You might know someone in your area who is a stay-at-home or work-at-home mother and would be willing to take care of your child. Since they are at home anyway, they will not usually charge as much as someone in your home giving your child 100% of their attention. But you should be confident they are trustworthy, will pay attention to your child and not neglect them, and live in a child-safe house. Your child will get a chance to socialize, but you need to be confident that no other children in the household will be too rough with your baby.

Commercial Daycare

Most commercial daycare centers will not accept a child under six months. This gives you time to "shop around" and compare facilities, personnel, the people working there, and so on. It is important that you feel the place has a positive energy and your child will thrive from mixing with the staff and children there. You should feel confident your child is going to be treated like a person, not just a number. Check the staff-to-child ratio.

It's also important to know if the staff are trained in first aid, who will feed the children (do you have to pack a bag every day) are they food-allergy aware, and so on.

In terms of logistics, determine what the drop-off and pick-up times are. It might help to make a chart of all the pros and cons of each place and then compare prices.

Health and Safety

Since there will be more staff, you won't have to worry about losing your childcare completely if someone is sick or needs a day off. On the other hand, daycare centers can be a breeding ground for colds, flu, common childhood illnesses, and even lice. All the surfaces should be clean and immaculate and the building and facilities in good repair.

Also check to make sure babies are kept separate from the older children so they get more attention.

Costs

Expect to pay from \$1000 to \$1,500 per month for daycare, more in a large city or a center with more high-end facilities.

Still feeling nervous at the idea of letting strangers care for your child? In that case, it might be worth asking a relative to help you with childminding. Let's look at this option in the next email.

Should You Pay A Relative For Childcare?

Many parents get nervous at the prospect of leaving their child in the care of strangers - either at home or in a commercial daycare center. Therefore, it is only natural for some to feel that leaving their child in the care of a family member is the ideal solution.

However, there are a number of considerations involved in relation to this decision.

Availability

If they are available, great. But will they be able to keep it up and be reliable, with their timetable suiting yours?

Payment

Some people assume the relative will care for the child for free just because they are family. However, unless they are independently wealthy, you ought to pay them something. It may be awkward discussing money. Make your best offer, but be prepared to haggle. If they refuse money, think of appreciative ways to pay them back for their help.

Bonding with Baby

Because they are a family member, chances are they will have a better relationship because they are bonded. However, the bond can often succeed or fail based on personalities - that is, the personalities of all the people involved. Choose someone you get along with. Watch to see how well the child gets along with them. Make sure your spouse feels involved too.

Help - or Interference

Having someone spend any time in your home can feel intrusive, no matter how well you know the person. In some cases, you might feel really awkward because your family member is so noisy, or the town crier in terms of gossip. They might even be really opinionated about how the child should or should not be brought up. The last thing you want is tension with the in-laws, for example.

Your Own Relationship with Them

If you've always had a stressful relationship with your mom, asking her to childmind is likely to make that tension worse, not better. You need to communicate effectively at all times about schedules, needs, routines and so on. Otherwise, there will be a lot of stress, which baby will pick up on.

Reliability

Are they reliable? Will they turn up when they promise to, or make it easy for you to pick up and drop off? What happens if they get sick?

Conflict Resolution

If you don't like a nanny, you can always fire them. What do you do if you think your family member isn't ideal? Good communication can help.

Family members providing childcare is usually the most economical, but it can cost you big time in unforeseen ways unless you are clear about expectations and boundaries, and are prepared to do your best to make things work well.

Tax Credit For Childcare

One of the biggest mistakes new parents make is in underestimating how much things cost. In addition, they do not always make the most of available tax credits that can help them save money and make their salary go further. Let's look at a few ways to pay less tax and live better.

Flexible Spending Accounts (FSA)

FSAs are administered by some employers. They give you the chance to set money aside for healthcare and dependent care expenses from your pre-tax dollars, meaning you get the savings put into your account and also get to pay fewer taxes. The current limits are \$5,000 for dependent care and \$2,600 for healthcare. Be sure to keep receipts. For over-the-counter medicines, get a prescription from your doctor to support the claim. In some cases, your FSA card can be used like a credit card to pay as you go.

Tax Credits

There are certain rules in relation to getting a tax credit. Your child must be under 13. You need to have spent \$3,000 in qualifying expense for one child, or up to \$6,000 for two or more children. You can deduct up to 35% of what you have spent. Qualified expenses include:

- * A daycare center
- * Babysitter
- * Summer camp
- * Other childcare provision

Who Can Claim?

Those in employment, full-time students who pay taxes, or people who were employed for part of a tax year can claim. As long as you have some earned income in the tax year, you can claim. You must be the main caregiver or guardian of the child. The care must have been in order to enable you to work, or look for full-time work.

Your filing status can be one of the following:

- * Single
- * Head of household
- * Qualifying widow or widower with a dependent child
- * Married and filing jointly

How Much Can Be Claimed?

The credit varies depending on the taxpayer's earned income. The credit reduces the amount of federal income taxes due, which can increase your refund. This means more money for other essentials for your child.

The Reasons for the Claim

Your child must either be under the age of 13, as mentioned above, or can be older but disabled to the point at which they would not be able to care for themselves. This being the case, qualifying expenses can also include a cook, housekeeper, maid, or cleaning person who provides care for the child or dependent.

Summer Camps

Day camps qualify. Sleepaway camps do not.

Other Qualifying Expenses

Afterschool programs will also count. Expenses related to a nurse, home care provider, or other care provider for a disabled dependent will also qualify.

Unfortunately, tutoring does not count.

Keep all your receipts and you should be able to make the most of your FSA and of your tax credits.

Financial Considerations When Your Child Is Sick

No one wants to think about their child being sick, but health insurance is one of the first steps in trying to ensure that any illness does not turn into a financial catastrophe.

Insurance

Health insurance can cover many treatments and medications. Aim to go in-network. Be prepared for co-pays. Keep all communications from the insurance company. Read them through as soon as they arrive and challenge anything that does not look correct.

Also, be proactive. Sometimes the payment for a procedure is denied because the right medical billing codes have not been entered by medical staff. Make a copy of the statement and circle the item in question. Then send it to the doctor or hospital with a request that they submit the correct codes.

Deductibles

Not all health insurance pays 100% of all expenses. Know what your annual deductible is, and any gaps in coverage - commonly referred to as a donut hole.

Healthcare Flexible Spending Account (FSA)

Some employers administer these accounts, which allow an employee to save money through healthcare expenses through pre-tax dollars. The employee estimates the amount they will need. The money stays in the account until claims are filed, by submitting valid receipts. You might also get a card like a credit card. The downside of FSAs is "use it or lose it." You need to file your claims in a timely manner and any unused money is lost.

Unusual Expenses

Keep receipts for all unusual expenses, such as:

- * Extra childcare costs
- * Special foods and nutritional supplements
- * Special equipment or clothing

- * Adaptive aids
- * Travel to and from appointments, mileage and gas
- * Anything else relating to their care

In the U.S., expenses above 10% of your annual income can be deducted from your taxes.

Public Assistance

People hate the idea of "welfare" in many cases, but it is available as a safety net for emergencies like a sick child. If you are struggling to pay the rent or mortgage, or one person has to give up work to care for the child full time, help is available. A social worker can look at your finances and help you with the various forms of assistance you are entitled to. Food, phones, internet service, travel and more are all eligible.

There are also short-term temporary funds available, charities happy to lend a helping hand, and even crowdfunding pages just as GoFundMe.com. Create a campaign for your child's medical expenses, such as after an accident, and then promote your campaign on social media.

Having a sick child is traumatic enough without having to worry about going broke, so be savvy and don't shy away from asking for help.

I hope you've learned a lot from this and will be more confident about how to make ends meet as a new parent. Here's to health and prosperity for your whole family!

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