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## Budgeting for a New Baby



July through October are statistically the busiest birth months, so if you've recently welcomed a new bundle into your home or plan to do so in the next few months, this article from Investopedia may help you financially prepare for your family's newest addition.

## One-Time Expenses

In this scenario, we look at the first baby. That means starting from scratch in many areas such as furniture, strollers, and cribs. There is, of course, also the one-time medical expense of delivering a baby in the United States. As we'll see, this expense is by far the hardest to pin down in any meaningful way.

### **Medical Bills**

In the U.S., the average new parent with insurance coverage can expect to pay almost \$14,000 for their labor and delivery, according to a 2020 research article published by the Healthcare Cost Institute. Vaginal deliveries can cost from \$7,000 in Arkansas to \$17,000 in New York. Interestingly, out-of-pocket costs also exhibited a wide range, from \$1,000 in D.C. to \$2,400 in South Carolina.

It is important to keep in mind that the cost of routine birthing care is highly variable based on your location and your insurance coverage. Review your policy to find out what your out-of-pocket costs are for prenatal care, hospital stay, tests, and postpartum care. Unfortunately, it's nearly impossible to make an accurate prediction about how much you'll pay without reviewing your health coverage.

### **Baby Stuff**

The one-time purchases for babies are as variable as medical costs but for different reasons. This category can go up exponentially depending on the wants of the parent.

### **Travel Needs**

To get out and about you will most likely want to purchase a stroller, an infant car seat (required by law), a baby carrier, and a diaper bag. If you plan on being out a lot, a portable playpen and/or bassinet may make sense. Like many of the things on this list, there is a wide range of costs.

Buying an adapter, snuggle bags, and another option for some brands of strollers can be a \$1,000 price tag without taking in the cost of the stroller itself. On the other end of that range, a seat and stroller combo can still be purchased new for under \$150, and used equipment or hand-me-downs can fill in for all the others. It is worth noting that, at the very least, it is worth buying a new infant car seat. There is no foolproof way to ensure that a used one hasn't been compromised in a previous accident or through hard use.

### **Home Needs**

To keep your child occupied, you may want to consider a portable swing, bouncy seat, play mat, and/or jump seat. You may also want to have a crib and/or bassinet, crib mattress, basic bedding with blankets, a changing table, a small dresser, a rocking chair, a monitor, and a diaper pail. Again, this is an area where personal preference dictates cost. Unlike car seats, everything is for use at home, meaning that you can buy it used or even acquire it through one of the many share and swap groups you'll find online.

### **Nursing and Feeding**

Feeding costs for your new infant do, of course, vary like everything else based on your particular situation. A birthing parent who can stay at home and has no issues

breastfeeding around the clock will see very minimal costs for months before a high chair and dishes are required. In that situation, some things like a breastfeeding pillow, burp cloths, or even a cape are more than enough.

If the parent will be storing breast milk for use, then items like bottles, nipples, cleaning equipment, and a single or dual breast pump come into play and your budget will increase. If breastfeeding isn't possible, formula feeding will add significant costs to your first year of parenting.

## Ongoing Expenses

Once your baby arrives, the regular expenses to care for your little one kick in. Factor the following costs into your budget.

### Childcare

If both you and your spouse will work after your baby's arrival, your single biggest budget item will be childcare. Your childcare costs vary by where you live, the age of your child, how much care you require, and what type of care you use. The Care Index pegs in-center childcare costs at just under \$10,000 per year. The average cost of a nanny or other in-home care is around \$28,350 a year, but again that can be higher or lower based on location and so on. Keep in mind, though, some costs might be offset by various tax credits, such as the child and dependent care credit. Be sure to confirm if you are eligible.

### Food and Other Necessities

Food, such as Gerber formula, clothing, and diapers make up most of the necessities in the ongoing costs. Once you begin feeding your child solid food, you can expect to spend roughly \$100 a month. The early food costs for children are relatively small compared to what you will see from a teenager.

### Clothing and Diapers

According to the USDA's most recent The Cost of Raising a Child report, it's advised that new parents should estimate clothing costs at around \$670 up to \$1,110 for the first two years. The amount ranges greatly based on personal preference and budget, but the lower end falls around \$56 a month.

Diapers also vary in cost, but experts advise that you should budget at least \$1000 for diapers and \$450 for wipes for the first year alone. That's approximately \$120 a month. Parents who choose to use disposable diapers should also expect to go through as many as 3,500 diapers in their child's first year alone.

### More Medical Bills

Plan on six wellness visits the first year for evaluations, immunizations, etc., and a few additional visits for illnesses. Check your health insurance policy for your rates.

## If One Parent Stays at Home

If one of you becomes a stay-at-home parent, there are important budget changes to consider. The most obvious is reduced family income. Despite the high cost of childcare, the cost of one partner leaving an income behind to commit to full-time parenting can be much higher in terms of lost income, benefits, and investment.

Under the Family Medical Leave Act (FMLA), your employer may grant you up to 12 work weeks of unpaid leave for your baby's arrival. Here again, nothing is set in stone as small businesses do not fall under the FMLA. So, check to see what type of leave you may qualify for with your employer. If you take unpaid leave, calculate your regular expenses during that period—mortgage, utilities, insurance, groceries, etc.—and determine how you will meet those costs.

This is compounded by diminished earning potential if that partner decides to resume their career. The decision to stay home can be personal or financial—at lower income levels, even government programs cannot balance the high costs in some regions. If it is for personal reasons, however, a couple can at least try the one-income budget before birth to get an idea for it while building an emergency fund with the second income at the same time.

## Financial Tools to Consider

With your child's arrival, you'll want to create financial tools to help provide for your child's future. Determine your priorities to begin budgeting.

- College Savings Tools
- Life Insurance
- Health Insurance
- Flexible Spending Accounts (FSAs)
- Open a youth savings account with your credit union

## Ways to Save Money

No matter your income, however, there are numerous ways to meet your new baby's needs without breaking the bank that we've hinted at throughout. Namely:

- **Consignment/thrift stores:** Babies grow quickly. Instead of paying full price for their clothing, check out gently used and even new items at your local consignment or thrift store. Many stores will also buy back items after your child has outgrown them for cash or store credit. Online swap groups and parent networks can also provide quality goods for cheap—and sometimes even free.
- **Family/friends for back-up daycare:** Instead of having to take a day off (possibly without pay) when your child is sick, make arrangements for family or friends to help out with emergency back-up daycare.
- **Borrow items from friends:** Ask friends with young children if you could borrow items—particularly big-ticket items they're not using, like a crib, highchair, or rocking chair.
- **Baby shower gifts:** Register so party-goers can buy what you really need and avoid ending up with multiple baby rattles and photo albums.

- **Downgrade your lifestyle:** Having a child is going to change a lot of things, including your financial priorities. After reviewing your new budget, you may not be able to make the numbers add up. Consider closing the gap by downgrading in a few key areas. For example, think about trading in a large car for a more affordable model, shopping at less expensive stores or buying more generic items.

## The Bottom Line

Children are a wonderful gift—if sometimes an expensive one. The main thing to keep in mind is that averages don't mean much when the range is as wide as it is with costs around a baby. Good health insurance can protect you from hospital bills for the most part, but only planning and budgeting can help you handle the rest. The Finnish practice of sending birthing parents home with a simple starter box that can double as a baby bed shows that many of the thousands of dollars spent on our children's first years are more for our status than their well-being.

[Article source.](#)



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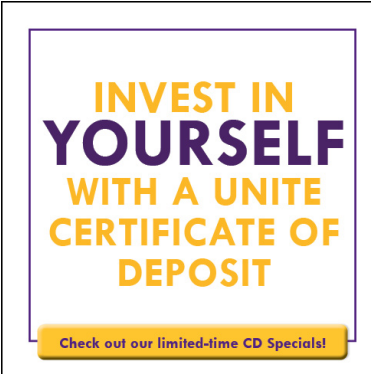
**NO CLOSING COSTS**  
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The advertisement features a close-up of a white football helmet and a red and white football on a green field. A yellow starburst graphic on the right contains the text 'NO CLOSING COSTS' and 'Save up to \$432!\*'.



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The advertisement shows two young women sitting on a bench, looking at a smartphone together. One woman is holding the phone, and the other is pointing at the screen.



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YOURSELF  
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CERTIFICATE OF  
DEPOSIT**

**Check out our limited-time CD Specials!**

The advertisement has a white background with a purple border. The text is in bold, with 'INVEST IN YOURSELF' in orange and 'WITH A UNITE CERTIFICATE OF DEPOSIT' in purple. A yellow button at the bottom contains the text 'Check out our limited-time CD Specials!'.



**HOW YOU DO  
YOUR BANKING IS  
YOUR BUSINESS**  
Providing SECURE ACCESS is Ours

The advertisement shows a woman in a denim shirt smiling and looking at her smartphone. The background is a blurred outdoor setting.

## About UNITE Credit Union

UNITE Credit Union was established in 1955, and since then has provided financial services to the students, parents of students, alumni, faculty, staff & retirees of the University of Northern Iowa; the

employees, families & retirees of MidAmerican Energy & the students, parents of students, alumni, faculty, staff & retirees of the Cedar Falls School District.

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