



Stage One:
Planning for your baby's arrival

Your bundle of joy can also bring big expenses, even before he or she is born. Spending a bit of time planning your finances before your baby arrives will really help you prepare for the cost of pregnancy and beyond.

Stage One: Planning for your baby's arrival

Sorting out your money

Having a baby means making lots of changes, including decisions about your finances. You will need to consider things like:

1. Medical costs: this will depend on whether you choose public, private or semi-private care. If you have private health insurance, review your policy entitlements under maternity cover;
2. If employed, taking additional unpaid maternity leave or changing your working arrangements after your new arrival;
3. Increased spending before and after your baby's arrival, e.g. maternity clothes, baby equipment, clothes, baby food, nappies etc;
4. Ongoing large costs such as childcare;
5. Future costs, for example for your child's education; and
6. Emergency fund savings.

In this part of the guide we will look at how to manage your finances effectively during your pregnancy and beyond by looking at how having a baby will affect your income and expenditure. We will also discuss money saving tips to make the most of the money you have.

5-step plan to control your finances

Having a baby is a very emotional and happy time. However, it brings new pressures on your finances. In the current economic climate it is more important than ever that you know how to budget and plan ahead for your children's future. The best time to start this is before your baby is born, so you have time to prepare for the financial changes and can start to form good money habits, which in turn you can pass on to your children. Use our 5-step plan to control your finances:

- 1. Keep a spending diary** – Record everything you spend your money on each day, for four weeks. This will show what you are actually spending your money on so your new baby friendly budget will be more accurate. There may also be things that you are spending money on unnecessarily and can cut back on if you need to.
- 2. Complete an income and expense check** – If you have a bank account you can use the information on your statement to track money coming in and going out.
- 3. Identify your personal goals** – You may want to set a short term goal such as paying for baby-related expenses, more information on setting goals is on page 19 of this guide.

- 4. Prepare a 12 month budget plan** – Examples of items you may include are on pages 64-68. Make sure you include your additional income from child benefit and consider any other benefits you may have in the next 12 months. If you are working, you should check your contract with your employer to find out exactly what pay you will receive when you are on maternity leave and the impact, if any that maternity leave may have on your other employee benefits. Make sure to also factor in unpaid maternity leave if you are considering this.

Tip!

Our website www.ccpc.ie also has a yearly budget planner and a baby budget planner



- 5. Keep your finances under review** – Regardless of your circumstances, you should review your financial situation at least once a year and this is even more important when your financial situation has settled down after the birth of your baby.

Changing your spending habits

How did your budget look? If you have more money going out than coming in, you'll probably end up using your savings or building up debts. Consider how you can better control your spending. Everybody can do with some tips on saving money, especially when you are preparing for a new baby – here are some helpful ideas and tips to help you make the most of what you have got!

1. Paying off your debts (if you can afford to)

Paying extra off your loans or credit cards could save you money in interest. Consider paying off debts with the highest interest rate first. The example below shows how this works. Always check with your provider first to make sure there is no charge for repaying your debts early.

Savings/debt	Interest earned/paid in a year
€1,000 savings – interest rate 3%	€30 earned on your savings
€1,000 credit card debt – interest rate 19%	€103 added to your debt

Use our loan calculator on www.ccpc.ie to see how much you could save if you reduce the amount you owe.

If you are having trouble repaying your debts, read our Money Worries section on page 23, which includes an action plan to help you take control of your debts.

Tip!

Before you use your savings to pay off your debts, think about whether you should keep some money for an emergency fund, to help you deal with unexpected events – see page 19 for more information.



2. Reviewing your income

If you are employed;

Currently, all female employees in Ireland, no matter how long they have been working, are entitled to take maternity leave for a period of 26 weeks.

Your entitlement to pay during the basic 26 weeks maternity leave depends on the terms of your contract of employment. Employers are not obliged to pay women on maternity leave. You may qualify for Maternity Benefit from the Department of Social Protection providing you have sufficient PRSI contributions (see www.welfare.ie for more information). In some cases your maternity benefit will be paid to your employer and they will continue to pay you your wages. If this is the case you may be entitled to a tax and PRSI refund, you can see www.revenue.ie for more information and talk to your employer.

Tip!

You may be entitled to a tax refund if you have changed your working arrangements, for example by moving to part-time employment, job sharing, or taking unpaid maternity leave. You can get more information on the Revenue website www.revenue.ie



You can also avail of an additional 16 weeks unpaid maternity leave. Generally during unpaid maternity leave, you are not paid by your employer and you do not receive Maternity Benefit. But your tax credits may accumulate if you take unpaid maternity leave, so you should check this with your employer.

If you are not in employment;

If you are pregnant and receiving Jobseekers benefit you may continue to get this throughout your pregnancy. You are considered capable of work unless you have complications during your pregnancy or you are ill. You should inform your local social welfare office that you are pregnant. For more information on entitlements and on signing on in pregnancy, see www.welfare.ie and www.citizensinformation.ie

Everybody

Child benefit

Currently, whether you are working or not you are entitled to claim Child Benefit. This payment is payable to the parents or guardians of children under 16 years of age, or under 18 years of age if the child is in full-time education.

If you are having a baby in Ireland there are various benefits and entitlements relating to both employment and social welfare you may be able to avail of depending on your circumstances. It is important to be aware of the various supports available. Rates payable and more information is available on www.welfare.ie and www.citizensinformation.ie

Money saving tips

Baby-related items

- Shop around for baby equipment before buying as prices can vary significantly from one shop to another.
- Look online for deals on used items and auction websites such as eBay.
- Think about borrowing pre-owned items from friends and family members who may have clothes and equipment that are still in very good condition.
- Consider asking friends and family to buy gifts from your list of baby essentials.
- Consider registering for free samples and coupons – you can find more information in your free maternity information pack.
- Deal websites often have baby related offers. See tips for using online deal websites on www.ccpc.ie
- Use parenting and other websites that have classified sections to buy/sell/swap baby equipment, which may be worth investigating such as www.eumom.ie, www.rollercoaster.ie, www.weddingsonline.ie, www.jumbletown.ie, www.magicmum.com, www.doneddeal.ie

Tip!

Think about the size of clothes and nappies you need, babies grow very quickly so don't buy too many 'newborn' sizes – also remember that friends/family may give clothes as gifts.



General

- Cancel any unwanted subscription services (for example will you or your partner have time to use that gym membership once your baby arrives?).
- Save on your utility and phone bills. Check out the energy saving tips on www.seai.ie/power_of_one to help you cut costs. And www.callcosts.ie has useful tips to help you save on your phone costs.
- Cut back on non-essential/luxury items. Remember to be realistic – don't cut out all your extras because if your budget is too tight it will be harder to stick to.

Working out how children affect your pension

Having children is likely to affect your income and, as a result your pension. If you change your work arrangement, for example take a career break, move to part-time employment, job share, or take extended maternity or adoptive leave, these could impact on your benefits.

See www.pensionsauthority.ie for more information.

If you change your working arrangements

Employer pension plan

Ask your employer what effect, if any, your new working arrangement will have on your retirement benefits. If you envisage a shortfall, for example due to taking a career break or working part time, you should consider topping up your benefits with **additional voluntary contributions (AVCs)** or with **notional service purchase (NSP)**, if you are in a public sector superannuation scheme. For further detail on NSPs from the Irish Civil Service Pensions Information Centre go to www.cspensions.gov.ie

Personal pension plan

Some personal pension plans allow you to stop paying contributions for a time or to increase or reduce your contributions, although this may be subject to a minimum level of contribution and a charge.

Personal Retirement Savings Account (PRSA)

With a PRSA you are free to stop, start, increase and decrease your contributions at any time, although your provider may require prior notice of a change. However, if you don't pay into a PRSA for two years or more, and the balance is less than €650, then the PRSA provider can cancel your PRSA and refund the balance to you, less tax. The provider has to give you three months notice before doing this.

With all private pensions (Personal pension plans or PRSAs), the benefits you receive depend mainly on how much is contributed, so if you stop or reduce your contributions, you will end up with smaller benefits when you retire. Depending on your circumstances, you could top up your benefits with additional voluntary contributions (AVCs).

For further information on how having children can affect your pension options, or to get an idea of how much more you will need to save to meet your expectations in retirement, check out the information and pensions calculator on www.pensionsauthority.ie. You should also speak to your employer, trade union, pension provider or a **financial advisor**.

Considerations for unmarried, co-habiting and same-sex partners

Legislation came into effect on 1 January 2011, which in certain areas, gives the same rights of married couples to same-sex civil partnerships. Under this legislation, a court based redress scheme (allowing you to apply for orders relating to property, pensions, maintenance, etc) has been introduced for co-habiting couples who meet certain criteria. This scheme has been designed to protect financially dependent members of a couple, if your long-term cohabiting relationship ends either through death or separation.

- Get more related information on the Citizens Information website www.citizensinformation.ie and on www.revenue.ie
- Check your social welfare entitlements on the Department of Social Protection website www.welfare.ie
- Life insurance and pension policies may provide a lump sum or regular incomes to be paid to a nominated partner when you retire or die. However some policies only provide this to legally married couples or civil partnerships. So, if you are a cohabiting couple, you need to check your policy document or check with your provider.
- Contact your solicitor to make a will, outlining provisions for your surviving partner and family. If you are a union member, check if your union offers a wills service for free.

- Get advice from your solicitor/Free legal Advice Centre (FLAC) (if you are buying a home), on which type of home ownership to choose. This will impact on your ability to pass on your share of your home to your partner (or other people) should you die. You can get more information on the Citizens Information site www.citizensinformation.ie

My to-do list



- If employed, talk to my employer about the impact of maternity leave/adoptive leave on pay, pension and other benefits.
- Check out my entitlements from the Department of Social Protection on www.welfare.ie
- Keep a spending diary.
- Complete an income and expense check.
- Draw up a budget (and include a plan for my period of unpaid leave, if taking it).
- Work out if I should/can pay off some debts.
- Start a savings plan.
- Make a plan to top up my pension benefits if I need to.
- Stagger spending on big items like baby equipment. Search for good deals.