



Stage Two:

Money matters when you have children

As your family grows and your children get older, the more they cost to feed, clothe, educate and entertain. You may also need childcare and when your children go to school there will be many expenses to take care of. Careful planning will pay off and help you to manage your money and stay in control.

Stage Two: Money matters when you have children

Money planning

Creating your family budget plan and managing new expenses

There are many predictable expenses that come with having young children, such as nappies, equipment, childcare and school expenses, which you will need to work into your family budget. So it's a good time to review your finances by completing a spending diary and an income and expense check before you work out a new budget. Make sure to keep your budget up-to-date as your children grow and their needs change.



Tip!

Include a review of your overall household spending – **use our spending diary on ccpc.ie** works out what you are spending on key areas such as groceries, energy and mobile phones. Our cost comparisons on **ccpc.ie** compare banking products from the main providers and show you how you can make savings. Get the best value and don't pay more than you have to. You may also be able to negotiate discounts, particularly on insurance products.

A new addition can make it harder to keep control over your budget, so to help you:

- Use a weekly budget plan to help avoid unplanned spending;
- Stagger your spend on annual and occasional expenses like birthdays, Christmas, school uniforms and books, holidays, car and house insurance, car tax etc;
- Review your non-essential spending if you need to cut back, making small adjustments in a number of areas can add up and make a real difference – see pages 11-12;
- Compare grocery and other costs across providers – take advantage of promotional offers but only if they reduce your shopping bill;
- Teach your young children good money habits and help them to see the difference between wanting and needing things (see page 45 for more details); and
- Limit yourself to one credit card, and always avoid using credit to meet day-to-day expenses unless you know when you will be able to pay it off (for example, if pay-day is just around the corner).

Tip!

If you don't have the resources to meet your family's day-to-day expenses without using a loan or credit card, you could be facing serious debt problems in the future. If you need help see pages 25-29.



Preparing for unexpected emergencies

When you have a family it's more important than ever for you to build up an emergency fund to cope with unexpected expenses such as doctor's bills or significant car/home repairs. Having some money put away could get your family through some hard times if you lost your job or were unable to work because of illness or disability. Aim to build up 3 months salary or more if you can, to tide you over.

Think about putting some money into a savings account with an interest rate that matches or beats the rate of **inflation** and resist the temptation to dip into it. Use your budget planner to help you identify where and how much you can afford to save. Use our regular savings cost comparison on ccpc.ie to compare current rates and offers from the main providers in the Irish market.

Saving and investment for life goals

In **Stage 1**, your main saving goal was to set aside enough money to pay for once-off baby related expenses. When you have your child, your next goal may be to save for occasional expenses such as birthdays, Christmas, back-to-school or plan for your child's future. If you can, try to start now, by saving even small amounts every week or month, as it will lessen the burden in the future.

Before you start to save, you need to decide how much you can afford to put aside and for how long. The budget you have prepared (see page 66) will help you see how much is left over to put away. You can then set about drawing up your savings plan. To do this, you need to decide on your savings goals. Examples of goals for new parents are detailed below:

Short Term	Save for once off baby related expenses (equipment and necessities)	0 to 3 years
	Save for medical expenses	
	Save for bigger car	
Medium Term	Save for home renovations	3 to 10 years
	Save for starting school costs, books, uniforms, etc	
Long Term	Save for children's third level education	10 years and over
	Pay into a pension to save for retirement income	

Once you know what your goals are, work out how much it will cost. Once you have drawn up a budget plan you can work out how long it will take you to build up the amount of money you need and what you need to do to get it. For example, you may need to start a regular savings plan, or adjust some other spending so that you can pay extra off a loan each week or month and clear it more quickly. If you decide to start a regular savings plan take a look at our regular savings accounts cost comparisons to help you decide on what product suits you best.



Tip!

You should check out the information on www.ccpic.ie. If you find it difficult to discipline yourself to put money aside, you might consider using a standing order to pay into a separate savings account so you don't have to think about it.

Borrowing money and using credit wisely

Having a family can be a strain on your finances, so it's not hard to imagine why some families take on extra debt. But there are some questions you should think about before you decide to borrow.

Some questions to think about before you borrow...

Do you need it?	Complete our 5 step plan to control your finances – which is detailed on pages 6-7. You may simply need to readjust your finances by changing your spending habits and saving a small amount regularly.
How much can you afford?	Your new budget plan will help you work out how much you can afford to repay. Think about whether you could still afford to meet the repayments if you or your partner's circumstances changed and you had to cope on a lower income.
How much can you borrow from your lender?	This will depend on your income and job security, whether you have savings, your credit rating , if you are borrowing on your own or with someone else and if someone will act as guarantor for you.
How long should you borrow for?	Match the term of your loan with its purpose. For example, aim to pay back a holiday loan before your next holiday.

What are the cheapest forms of credit and loans?	Check out our website www.ccpc.ie to get more information on the main types of credit available and the costs and benefits of each.
What are the cheapest forms of credit and loans?	Check out our website www.ccpc.ie to get more information on the main types of credit available and the costs and benefits of each. Use our personal loan calculator on www.ccpc.ie to work out the cost of loans with different rates and terms.
How will you plan your repayments?	Make sure to adjust the family budget to incorporate repayments.
Are you borrowing to meet your family's day-to-day expenses?	Credit cards and loans are generally not suitable for funding day-to-day expenses, unless you know when and how you can pay them off.
Do you fully understand the terms and conditions of the credit or loan?	Make sure you understand how much interest you will be charged and what could happen if you miss or are late with repayments.

Note!

If you miss repayments, fail to clear a loan or credit card or settle a loan for less than you owe, it will show up on your credit record for five years after the loan is closed. This may affect your ability to get a loan in the future or could force you to borrow from lenders who charge higher interest rates. You can request a copy of your credit record for a small fee by contacting the Irish Credit Bureau (see www.icb.ie). If there is a mistake on your credit history you can request that your lender corrects it.



Money worries

It is not something that anyone wants to think about, but if something unexpected were to happen to you or your partner, wouldn't you like to know that your family would be looked after financially?

The following section relates to information you may need if your circumstances have changed due to a drop in income, bereavement, separation etc. You might not have the need to read this information now, but keep it as a handy reference, should you need it another time.

Dealing with a drop in income

Your income might fall for many reasons and you may be facing uncertainty about what the future holds, however you can take control of your finances to prepare for a sudden drop in income if the worst happens.

Our Family budgeting section on pages 17-18 and our information on www.ccpc.ie may help you think about ways to cut your spending, prioritise your bills and maximise your income.

**Tip!**

Check if you have **Mortgage Repayment Protection** or **Payment Protection Insurance**.

This may cover some or all of your mortgage or loan repayments for a certain time (usually a year) if you're unable to work due to an accident, sickness, hospitalisation or compulsory redundancy.

If you are having difficulty making ends meet there is support available.

- Contact your lender as soon as possible if you're having difficulty meeting loan or mortgage repayments. There are options that you can discuss which make your loan repayments more expensive in the long term but more manageable in the short term such as **payment breaks**, **interest only** or other lower payments; or increasing the term of your loan/mortgage. See pages 27-28 for more information on the Central Bank Mortgage Arrears Resolution Process (MARP).
- Use our **Money** section on www.ccpc.ie for tips on managing your money.
- You can get career advice and practical information about employment from FÁS on www.fas.ie
- If you have serious debt problems, have a look at the Dealing with debt section on the next page which includes an action plan telling you where to start.

Dealing with debt

The strain of dealing with debt can have a very bad effect on family life. The most important thing to do is to take control as early as possible and the action plan below tells you where to start.

Action Plan

Step 1

Make a list of all your current debts

List your debts in order of priority, starting with your mortgage or rent, and utility bills. You need to pay these first because you could be at risk of losing your home, being evicted or your gas or electricity may be disconnected.

- Then look at your other debts such as credit card debt, overdrafts and personal loans. List your debts in order of the highest **annual percentage rates (APR)**. The rates should be on your statements. The highest APR loans should be paid after your mortgage or rent and utility bills.

Action Plan Contd.

Step 2

Make a new budget/check your entitlements

Revisit our Sorting out your money section on page 5 – this will help you work out how much you can afford to repay each week or month and how you can spread your money to get more from it.

- Make sure you are claiming all that you are entitled to. If your circumstances have changed since having a family, for example cutting back on work to look after the new baby, redundancy or short-time working, you may be eligible for mortgage interest supplement, family income supplement, other occupation related tax relief and more.
- The following websites are good starting points:
 - Revenue Commissioners – www.revenue.ie
 - Department of Social Protection – www.welfare.ie
 - Citizens Information Board – www.citizensinformation.ie

Step 3

Contact your lenders to discuss your options

If you are worried about your repayments, contact your lender as soon as you can to explain your situation. Have all of your facts and figures to hand – including your list of debts, rates and how much you still owe.

- Outline to your lenders how much you can afford to repay each week or month using your family budget.
- Discuss options your lender may allow including: **debt consolidation, payment breaks**, or extending the term of your loan. This will make your loan more expensive in the long term, but it will make things more manageable for you in the short term. Read up on the options then contact your lender immediately.

If you are in home mortgage arrears

If you are having difficulties meeting your mortgage repayments or think you will in the near future, your first step should be to contact your lender as soon as possible to discuss your situation. Your lender must have a specially trained person in each branch to deal with your case and any meetings between you and your lender to discuss your situation must be conducted in private. If you would feel more comfortable and need some support, bring a relative or friend with you to discuss your mortgage arrears situation with your lender.

Since 1 January 2011, all lenders must have a “Mortgage Arrears Resolution Process” (MARP) in place. This sets out how your lender must communicate with you, provide information to you, assess your mortgage arrears situation, come to a resolution and manage appeals. Your lender must give you a copy of the Mortgage Arrears Resolution Process which is a booklet of related information, or refer you to their online information. You can get more information on the Central Bank of Ireland’s website, www.centralbank.ie

Your mortgage lender will:

- ask you to complete a **standard financial statement** with your information; and
- assess your case (through your lender’s Arrears Support Unit) and decide whether or not to offer you an alternative repayment arrangement.

If they do not offer you an alternative repayment arrangement your mortgage lender must notify you of:

- the reasons why in writing;
- other options available to you;
- your right to appeal to your lender's Appeals Board.

If you cannot pay a car finance or car loan

If you are having problems making your car repayments, your options depend on what type of finance agreement you have. Your ability to end the agreement and how much you owe will also depend on how much you have already paid off. You can get more information on your options on

www.ccpc.ie.

Where can you go if you have serious debt problems?

If you find yourself struggling with debts, you may need help in trying to regain control as quickly as possible. The Money Advice and Budgeting Service (MABS) is Government-funded, and is the only impartial, free, independent and fully confidential service in Ireland, providing one-to-one advice to people struggling with debt.

The MABS' process for dealing with debt is widely recognised for being comprehensive and fair in working with clients to manage their commitments. For more information:

- log onto MABS' website, www.mabs.ie
- call their helpline on 0761 07 20 00; or
- drop in to one of their 53 offices nationwide to speak to a MABS advisor.

There are other organisations that can offer you support if you are in emotional distress, including the Samaritans. For more information:

- Log on to www.samaritans.org
- Call 1850 60 90 90

Commercial debt advice or debt management companies

These are commercial companies that can try to re-negotiate lower loan repayments with your creditors on your behalf in exchange for a fee. These fees can be high and could make your situation worse. They do not require permission to operate and are not regulated (correct at the time of print). Any money you give to a debt management company is not protected.

Note!

Debt advice firms cannot guarantee a successful outcome for your case. They can only negotiate on your behalf. Even if you are paying fees to a debt management company, your lender could still progress your case through the usual legal channels if you continue to default on your loans.



One parent families

If you are a lone parent, managing money can be more difficult. You may prefer to stop working or go part time using parental leave when you have children, or you may have little choice. But there is help available to deal with the financial pressures you may be facing.

Budgeting

With only one income, having a realistic and well-planned budget is even more essential. Making a budget and sticking to it will enable you to pay close attention to how you spend money to make sure you have taken steps to take care of day-to-day needs and longer term financial goals. There are lots of useful money saving tips included in **Stage 1** of this guide on pages 11-12.

Benefits and entitlements

As a single parent, you are entitled to a range of benefits and allowances, depending on your circumstances. Log on to www.welfare.ie or www.citizensinformation.ie for more information and see our useful Action Plan on the next page.

Action Plan

Check out your entitlements

You may be entitled to benefits which you are not claiming, such as those listed below:

- One-Parent Family Payment (OFP).
- Family Income Supplement.
- Early Childhood Care and Education Scheme (ECCE).
- Fuel Allowance.
- Supplementary Welfare Allowance Scheme.
- Medical card.
- GP visit card.

The Parenting alone section of the Citizens Information website www.citizensinformation.ie and the Department of Social and Family Affairs website www.welfare.ie have full information on what benefits and entitlements you are entitled to claim as a lone parent.

If you are finding it difficult to meet the extra costs of your kids returning to school, you may be entitled to a back-to-school clothing and footwear allowance.

Are you are claiming all the tax entitlements you can?

- This can include mortgage interest relief, union subs, medical costs, annual transport tickets etc.
- The Revenue website www.revenue.ie is a good starting point, or contact your local Citizens Information Centre.
- www.citizensinformation.ie
- You may also be entitled to back-claim for previous years.

Action Plan Contd.

Have you sought maintenance from your child's other parent?

In most cases, it is the parent with main custody of the child who may look for child maintenance. If you and your child's other parent cannot come to an agreement about maintenance you may apply to the court to order the other parent to pay child support. You can contact your nearest Citizens Information Centre for more information or log onto www.citizensinformation.ie

The Free Legal Advice Centres (FLAC) have produced a number of useful information leaflets which can be downloaded from the FLAC website www.flac.ie

Getting help

There are a number of organisations out there that can help with information, advice and support services if you are a lone parent:

OPEN

The national network of one-parent family support groups. OPEN assists member groups in providing information, services and supports for one-parent families.

www.oneparent.ie

Telephone: 01 814 8860

Onefamily

Provides direct training, support and information to one-parent families. They also lobby policymakers to ensure equality for one-parent families in Ireland. If you are concerned about anything, from social welfare to parenting issues, or you are thinking about getting back to education or work, get in touch for advice and support. Besides offering a listening ear, they can also refer you to local services in your area.

www.onefamily.ie

LoCall: 1890 662 212

Email: info@onefamily.ie

Treoir

The national federation of both statutory and voluntary agencies, which provide information and other services for unmarried parents. Their information pack is available to download at www.treoir.ie or may be ordered free of charge from Treoir. The pack provides key information on guardianship, access, custody, being single and pregnant, one-parent family payment and cohabiting parents.

www.treoir.ie

LoCall: 1890 252 084

Free Legal Advice Centres (FLAC)

Provides legal information to the public including access to free legal advice centres and legal information leaflets explaining such issues as separation, maintenance, wills, probate, enduring power of attorney and maternity leave.

www.flac.ie

LoCall: 1890 350 250

Separation/Divorce

Separation and divorce can have huge implications for your personal finances, including:

- dividing assets and debts;
- managing post-divorce budget (including child maintenance);
- reviewing retirement benefits/life insurance/health insurance; and
- updating your will to revise beneficiaries etc.

Tackling your finances as soon as possible can help you take a positive step towards getting your life back on track. Consider the following steps:

Action Plan	
Make mortgage matters a priority	<ul style="list-style-type: none">• Contact a solicitor for advice on dividing your home, dealing with mortgage issues and dividing the contents of your home.• If you want to stay in the house and take over the mortgage by yourself, you will need to apply for a mortgage in your own name. It is not possible for the other party to just take themselves off the mortgage and you both are liable for the mortgage even if one person moves out/stops paying.• If your home is in negative equity, you need to discuss your options with your former partner and your lender.
Complete a financial health check	<ul style="list-style-type: none">• You will need to complete a personal finance overhaul now that your circumstances have changed.• Use the Sorting out your money section in Stage 1, page 5 to help you.

Action Plan Contd.	
Make a proper budget	<ul style="list-style-type: none">• You will need to get used to new income and spending patterns. To help, review your family budget and make changes to manage your post-divorce budget. Revisit the section on our family budgeting section on page 17 for help on drawing up a revised budget.
Splitting your joint finances	<ul style="list-style-type: none">• If you have a joint bank account, the first thing you will need to do is pay off any outstanding household bills from this account.• You also need to agree whether you will close your joint account and split any money in it, or whether one of you will keep the account.• If you are going to keep the account open, contact your bank in writing asking them to change the account into one name. Both parties will have to sign this letter.
Sort out maintenance payments	<ul style="list-style-type: none">• In most cases, it is the parent with main custody of the child who may look for child maintenance.• If you and your child's other parent cannot come to an agreement about maintenance you may apply to the court to order the other parent to pay child support.
Review your insurance and other policies	<ul style="list-style-type: none">• It's also a good idea to review your insurance policies as you may need to amend an existing policy or take out a new one.• For example, if you have a joint life insurance policy, you will need to consider if you still need it and decide how you pay the premiums.

Action Plan Contd.

Dealing with your debts

- Consider any outstanding non-mortgage debts that you and your former partner hold jointly, including any credit cards, loans or car finance agreements. Talk to your solicitor if you need to.
- If your debts are in joint names, you are jointly responsible for them and missing repayments will affect your **credit rating**.
- List out all the debts and decide who is to pay what.
- Contact the lenders and let them know what you have decided to do.
- If debts are not met, a lender can take you both to court.

The Family Mediation Service offers support to separating couples in negotiating an agreement for separation, including the financial aspects such as maintenance as well as a shared parenting plan. See the information on family mediation service under the Services section on www.fsa.ie. The Citizens Information website www.citizensinformation.ie also has a section on separation and divorce which has information including legal options following marital breakdown, applying for divorce, family home, guardianship and a lot more. You can get more information on personal finances and your rights on our site www.ccpc.ie

Illness/Family bereavement

Unfortunately, family illness and bereavement requires making financial decisions. Find out what assistance is available to you to help you through this difficult time.

Family illness

If you or your partner is faced with illness, you should consider taking the following steps:

Action Plan

Check out your entitlements

Find out whether you are entitled to some of the following benefits or assistance:

- Medical Card
- GP Visit Card
- Mobility/disability allowance
- Invalidity pension
- Illness/injury/health and safety benefit
- Drugs payment scheme
- Long term illness scheme
- Treatment benefit scheme

Contact the Department of Social Protection www.welfare.ie to find out what types of social insurance and social assistance you may be entitled to if a family member is sick. You can also get information from your local Social Welfare Office.

Action Plan Contd.

Insurance

If you or your partner have become ill or had an accident, check through your insurance policies to see if you can make a claim that will pay out a lump sum for the type of illness (for example critical/serious illness cover) or that will provide a taxable income if you can no longer work due to illness (for example **income protection/permanent health insurance**).

- You should also let the insurance company know of any changes to your or your partner's medical condition, as it may affect any claim you might need to make.
- If you are travelling, check your policy – you may have medical cover.

Pension

- Some employers provide an enhanced ill-health pension for their employees if they have to retire early due to bad health – you should check with your employer what your entitlements are.
- Check your retirement benefits – they may be lower because your contributions to your pension are stopping early and the money in your pension fund will have to last longer.
- You may be able to draw on your **personal retirement savings account (PRSA)** or **personal pension plan** if your situation is more permanent.

Action Plan Contd.	
Working while caring for an ill relative	Find out if your employer can help you, for example by allowing you to work flexibly. You may be entitled to Carer's leave or special leave arrangements.
Tax	<ul style="list-style-type: none"> • Check to make sure you are paying the right tax. Contact the Revenue Commissioners on www.revenue.ie (list of lo-call local numbers available on their website). • Notify the Revenue Commissioners of any changes to your situation. For example if your partner is ill and can no longer work, this may affect how much tax you pay.
Dealing with family finances	You may have to manage on a lower or single income, if you or your partner is unable to work due to illness. Use the section on Family budgeting on page 17 for help on drawing up a new budget.

Tip!

The Citizens Information website

www.citizensinformation.ie has a dedicated 'Health' section that has lots of information on healthcare in Ireland and includes information on children's health.



Family bereavement

The Citizens Information Board www.citizensinformation.ie has an information guide on bereavement which deals with the practical and material matters that arise following a death and a list of agencies that may be able to help you with support and counselling.

The table below outlines some things to consider during this difficult time.

Action Plan	
Make sure you can access your accounts	<ul style="list-style-type: none"> • If the deceased person's money is in a joint account it is easier to get access, although you may have to await the grant of probate. • Money in other personal accounts are usually part of the deceased's estate and are distributed in the normal way.
Assess the tax implications	<ul style="list-style-type: none"> • If your partner dies you will need to let Revenue know as it may affect how much tax you pay. • The executor or administrator of your partner's estate will sort out the deceased person's tax affairs. • Contact Revenue on www.revenue.ie (list of lo-call local numbers available on their website).
Contact solicitor and executors to administer the estate	<ul style="list-style-type: none"> • Contact solicitors directly about the deceased person's estate. • www.citizensinformation.ie has information on the rights a person may have to a portion of the deceased person's estate. This depends on whether or not they have made a will. See page 56 for more information on wills and estate planning.

Action Plan Contd.**Rework your family finances**

- Look at the list of family bills and other day to day matters to ensure everything is covered, if certain financial affairs were previously looked after by your partner.
- Review your insurance cover to make sure you and/or your family still have appropriate cover through existing policies. Take out new insurance cover where needed.
- Check the Department of Social Protection website www.welfare.ie or your local Social Welfare Office to make sure you are receiving all the financial assistance/benefits you are entitled to. They can include:
 - bereavement grant;
 - death benefits under the Occupational Injuries Scheme;
 - payment for six weeks after death; and
 - payments for widowed people
- When you have the time, you should revisit the family budget and work out a new budget to take account of your changed circumstances. Use the section on Family budgeting on page 17 earlier in this stage for help on drawing up a revised budget.

Review your Life Insurance policy

- If an insurance policy names you as the beneficiary, then you may claim it directly from the insurance company. You will need a death certificate.
- If there is no named beneficiary, then the proceeds of the policy form part of the overall estate of the deceased and are distributed with the other assets.

Action Plan Contd.

Check any occupational and personal pensions

- If the deceased was a member of an **occupational pension scheme**, you should contact the employer or former employer or the scheme administrators to find out if there is a pension for the spouse and/or children.
- If the deceased had a personal pension, the value of their plan passes on to their estate for the benefit of their dependents, depending on the rules of the plan.
- You can get more information on pensions on www.ccpc.ie or on the Pension Authority's website www.pensionsauthority.ie

My to-do list



- ☐ Revise your family budget.
- ☐ Start a weekly/monthly saving plan, including an emergency fund.
- ☐ Start planning to protect you and your family against drop in income, illness, bereavement or other changes in family circumstances.