

Baby Steps

A personal finance guide
for expectant parents



Coimisiún um
Iomaíocht agus
Cosaint Tomhaltóirí

Competition and
Consumer Protection
Commission


Contents

Welcome	3
Sorting out your money	5
Planning for your baby's arrival	7
5-step plan to help control your finances	13
Money Saving tips	15
To-do list	19
Baby budget planner	20

Welcome

Becoming a parent means big changes are on the way, not least to your personal finances. Taking some time now to sort out your finances and make plans for the future will really pay off later.

The **Competition & Consumer Protection Commision (The CCPC)** is here to help you with our practical personal finance guide for expectant parents. Our information is free, impartial and in plain English. Our website **www.ccpc.ie** has lots more information and tools to help you manage your money.



If you are planning to have children, big changes are on the way, not least to your personal finances. Having a baby is wonderful though it has the potential to be financially stressful. But you can take steps to manage your money and plan ahead to prepare for this important life event.



Sorting out your money

Having a baby means making lots of changes, including making 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 you are in employment, do you want to take additional unpaid maternity leave or change your working arrangements after your new arrival?
3. Increased spending before and after your baby's arrival, e.g. maternity clothes, baby equipment, baby clothes, baby food, nappies etc.
4. Ongoing large costs such as childcare.
5. Emergency fund savings.



Planning for your baby's arrival

Having a baby is a very happy time but it also brings new pressures on your finances so it is important that you plan ahead. The best time to start this is before your baby is born. In this 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.

You may have started to change your spending habits already, so by now you may:

1. Know how much income you will have after your baby is born
2. Know what benefits your Health Insurance entitles you to
3. Have started to pay off any outstanding debts

If you haven't already thought of these things, then now is the time.

1) Checking how much money you will have coming in after your baby is born

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. 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 your wages.

If you have not done so already, talk to your employer about how much income you will have while on maternity leave so you can plan if there will be a drop in your wages.

You are also entitled to the option of taking 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 currently employed:

Pregnancy and having a baby could impact on any social welfare payment that you have been receiving, you may be entitled to a different or additional social welfare payment and it will also impact on how often you have to sign on. Check out **www.citizensinformation.ie** for more information and inform your local social welfare office that you are pregnant.

Tip!

You may be entitled to a tax refund if you have changed 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**



For all expectant parents:

Remember whether you are working or not, you are entitled to claim Child Benefit. This payment is currently 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 avail of depending on your circumstances. Rates payable and more information is available on **www.welfare.ie** and **www.citizensinformation.ie**

2) Checking the benefits of your Health Insurance

If you have private health insurance it is really important to research what type of maternity benefits you are entitled to with your policy. If you have not done this already, then now is the time to do so. Your health insurance might cover you for things like:

- Money back towards private scans
- A contribution to private ante natal classes
- Home births
- A contribution towards your partners travel and accommodation expenses when you are in hospital
- Breastfeeding consultancy
- Baby massage classes
- Post natal home help

These are just a sample of the wide variety of benefits that you may be entitled to but might not have been aware of. That is why it is so important to check your policy.

3) Paying extra 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 interest rate you will be charged on your debts is generally a lot higher than the interest rate you will get on savings. 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 2%	€20 earned on your savings (Which is subject to DIRT)
€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, you will find a debt action plan on our website to help you take control.

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.



5-step plan to control your finances

In this part of the guide we will look at how to manage your finances effectively during your pregnancy and beyond. We will also discuss money saving tips to make the most of the money you have. It all starts with our 5-step plan that is designed to help you control your finances in 5 easy steps:

- 1. Keep a spending diary** – the first step in making a money plan is to know what you are spending on a day-to-day basis. Use a diary to record everything you spend your money on each day, for four weeks. When you know exactly where your money goes, you will see where you can make savings and will be in a better position to plan for the future. Starting a savings plan as early as possible in your pregnancy is a great way to ensure that after your baby is born you have less money worries and more time to sit and gaze at your adorable bundle!
- 2. Complete an income and expense check** – this is a list of money coming in and money going out. It is usually very easy to track our income but harder to track our outgoings as there are so many of them! If you have a bank account you can use the information on your statement to track money coming in and going out.
- 3. Make some money goals** – this is a hugely important part of making a money plan, it involves prioritising what you spend your money on and deciding on financial goals. Take some time to write down your money goals detailing how much they will cost and when you want to achieve them. Do you want to take extended maternity leave? You may want your baby to have a designer buggy, and the nicest nursery furniture that money can buy but would splashing out here mean that you might have to return to work sooner than

A photograph of a woman with brown hair, smiling and looking towards a baby she is holding. The baby is wearing a white long-sleeved shirt and brown overalls. They are indoors, with a window and greenery visible in the background.

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.

you would like? How do you feel about that? Would you like to return to work on a part-time basis for a while? Can you afford this? How do you make your aspirations a reality?

4. **Prepare a new 12 month family budget** – at this stage you know where you can cut back and make savings, you also know where you stand in relation to income, child benefit and any other benefits you will be entitled to after your baby is born. Now is the time to make a budget or money plan for the next 12 months. You can do this in an excel spread sheet or by using our budgeting tools on ccpc.ie. If you are working, make sure to also factor in unpaid maternity leave if you are considering this. It is a good idea if you have not done so already, to build up an emergency savings fund so you can cope with unexpected emergencies. Aim to build up 3 months' salary or more if you can, to tide you over. Use our regular savings cost comparison on www.ccpc.ie to compare current savings rates from the main providers in the Irish market. Remember to factor in the way your spending habits will continue to change after your baby is born.

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. This is even more important when your financial situation has settled down after the birth of your baby.

Money saving tips

How does 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. 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!

Money saving tips on pregnancy and baby-related items

- Consider borrowing maternity wear if you have family or friends who have had a baby recently. Remember, you will only wear the clothes for a short time and it can save you a considerable amount of money.
- This goes for baby clothes too, think about borrowing pre-owned items from friends and family members who may have clothes and equipment that are still in very good condition. It is a good idea to check that any second hand equipment complies with the latest safety standards before use. Our website www.ccpc.ie has more information on product safety.
- Much of your everyday wardrobe can be adapted to your changing shape; use a belly band to make your jeans work and if you are buying maternity tops, it's a good idea to consider how they would work for nursing after you have your baby.
- Shop around for baby equipment before buying as prices can vary significantly from one shop to another.
- If you pay tax and incur medical expenses during or after your pregnancy, make sure to keep receipts so you can apply for a tax refund. You can use the pocket at the back of this booklet to keep receipts safe.

- It is a good idea to keep receipts for any baby related items you buy in case you get the same item as a present and want to return what you have bought. Check out our website for information on your consumer rights.
- Consider asking friends and family to buy gifts from your list of baby essentials.
- Look online for deals on used items and auction websites such as eBay (see our buying online information on our website).
- Consider registering for free samples and coupons – you can find more information in your free maternity information pack.
- 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.donedeal.ie**

Tip!

Think about the size of clothes and nappies you need, babies grow very quickly so don't buy too many new-born sizes and remember you will probably get baby clothes as gifts from friends and families.



General Money Saving Tips

- 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** 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.

Protecting your family

Finding out that you are pregnant and telling people the good news is such a joyful and exciting time and the last thing on your mind is probably taking out life assurance or making a will. However when you have dependents, planning your estate by making a will is not only practical, it's necessary to make sure your dependents are taken care of.

Writing a will doesn't need to be difficult. It is possible to buy a 'will kit' online or in bookstores to help you write a will. If you are a union member, you may have access to a free wills service. You can also contact your own solicitor to make a will, but you will have pay for their services.

Free Legal Advice Centres (FLAC) has produced a number of useful information leaflets which can be viewed or downloaded at www.flac.ie in their publications section. As well as making a will you should also consider your need for life assurance, more information is available on www.ccpc.ie.

To do list

- ☐ If employed, talk to my employer about the impact of maternity leave on pay, pension and other benefits
- ☐ Check out my entitlements from the Department of Social Protection on www.welfare.ie
- ☐ If I have health insurance check out the maternity benefits it provides
- ☐ 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 for future costs
- ☐ Stagger spending on big items like baby equipment
- ☐ Search for good deals

Baby budget planner

Our baby budget planner will help you to figure out what to buy at each stage of your pregnancy so you can plan your spending and keep these expenses within your budget. It has been put together based on what new parents have told us so there will be some things that you will need and some things that you might ask friends and family to buy as presents. We don't encourage you to buy everything on this list as it's more to use as a checklist – you might even have some of these items already.

We have kept this checklist general (no price estimates or retailers) as prices vary and by shopping around you could make huge savings. Ultimately, it's up to you how much you spend. Remember, some costs will be ongoing, such as nappies, baby care products and doctors or crèche fees, which you'll need to consider.

How much do you think you will need for baby equipment?	€
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First Trimester	
Pregnancy books	€
Pregnancy journal	€
Folic acid, pregnancy vitamins	€
Good body lotion	€

Second Trimester	
Maternity clothes	€
Pregnancy pillow	€
Hospital fees	€
Third Trimester and first month after the birth	
Sleeping:	
Bassinet (Moses basket) / Crib	€
Baby bedding	€
Baby monitor	€
Baby nursery accessories (soft mobile for cot, nightlight)	€
Pacifiers/soothers	€
Clothing:	
Baby clothes	€
Feeding:	
Breast pump	€
Feeding cushion	€
Bibs	€
Steriliser	€

Bottles, bottle warmer and brushes	€
Formula	€
Changing:	
Changing table and mat	€
Changing bag	€
Nappies	€
Baby care products (baby wipes, talc, creams, ointments, baby wash & shampoo, nail scissors/clippers, soft hair brush, thermometer)	€
Bathing:	
Cloths/towels	€
Baby bath	€
Bath seat	€
Transport:	
Pram or buggy	€
Car seat	€
Isofix base	€
Sun shade for pram & car windows	€
Baby carrier/sling	€

For mum-to-be	
Belly support band	€
Nursing equipment	€
Hospital bag (toiletries, towels, babygros, blankets, nightwear)	€

After the first few months, there will be other expenses, such as a cot and mattress, weaning spoons and bowls, a high chair, a playpen, a bouncy/rocker chair, an activity mat, toys/baby books. You may receive some of these as presents or you may already have some of these but the important thing is, you do not need to buy all of them before your baby comes home. So you can spread the cost over a few months and take time to shop around for the best deals.

A big thank you to all our model mothers, fathers and babies; Conor, Kim, Carragh, Andrea, Damien, Susie and Eli

Notes

www.ccpcc.ie

**Consumer helpline 1890 432
432/01 402 5555**



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