



Cube  
Advice

Newsletter

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## HOW MONEY CHANGES WHEN YOU BECOME A...

# PARENT

When you become a parent for the first time, the first thing you learn is the true meaning of sacrifice and not being selfish.

Before you spend money on yourself, as in luxuries, or even paying yourself, as in saving, you make sure that you have enough to cover the costs of nappies, creams, baby food and, very importantly, those expensive paediatrician visits.

Another strain on your finances, especially if you live in an affluent community, is the sudden need to enrol your one-week old into all the classes your friends' babies attend – child music, clamber club, moms and tots – the list goes on and on.



While you may have mocked your friends, who already had children, about all these expensive and “unnecessary” extras, suddenly when you become a parent you worry that you may be depriving them of a good start to life if you do not expose them to that kind of stimulation. You start to worry that they will fall behind their peers. Crazy, but true.

In addition, for us working moms, we now have to think about the cost of child-care when we return to work. Do we employ a full-time nanny, or use a 6am-

6pm crèche? Or do we try to negotiate flexible or reduced working hours, which often results in a salary restructure, with less money also going into the retirement savings.

Another factor that a new parent cannot ignore is the cost of education and the need to start saving. Believe me there are even brochures strategically placed in the gynaecologists rooms telling expectant parents how many millions they will need to spend on private education.

CHILDREN CLOSE  
THEIR EARS TO  
ADVICE BUT  
OPEN THEIR EYES  
TO EXAMPLE.



### Create a holiday fund:

*Holidays are an important time for families to spend time together and to create special memories. Rather than funding your holiday on a credit card set aside some money each month in order to provide those holiday memories without creating financial stress.*

### **TAKING CARE OF YOUR CHILD**

The only way to survive this financial quagmire is to have a plan. Becoming a parent is the perfect time to sit down with a financial adviser and review your financial plan:

#### **Review your medical cover:**

While a simple hospital plan may have sufficed pre-parenthood, once you have a child you will be at the doctor more frequently. Select a medical plan that will still cover your GP visits even if your day-to-day savings have run out.

#### **Write up a will:**

A will gives you the opportunity to provide a guardian for your children in the event of both parents passing away. You may wish to provide for your children using a testamentary trust. This allows you to nominate the trustees who will manage the funds on your children's behalf. You are also able to give certain instructions regarding distribution of income and capital. You also need to update the beneficiary list on your company retirement fund.

#### **Review your life cover:**

Life cover provides an affordable means to ensure that cash is readily available when your dependants need it most. Make sure you have sufficient cover to provide for your child's education if you are no longer able to through

death or disability.

Prepare for their education: Whether you are dreaming of a private school education, a university degree or violin classes, having funds available when you need them will make that dream so much easier to achieve. Starting to save as soon as possible will allow your savings to grow that much more. The effect of compound interest, or interest earned on interest, should never be underestimated. The best gift you can give your child is to be financially free and not to depend on them in your retirement.

Source: <http://yourlife.liberty.co.za/newsletter/2015-05/article-2.html>



Do not hesitate to contact us if you require any additional information or any clarity on your current portfolio :

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