

Starting a family

What it costs, how to plan for it and some handy tips on saving and budgeting for your bundle of joy



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Introduction

Thinking about having a baby? Congratulations!

There are over 300,000 babies born in Australia every year according to the Australian Institute of Health and Welfare – but alongside all the cuddles and cute moments can come a lot of changes and challenges, too.

This eBook is an essential guide to having a baby – what you need to consider, and the costs involved in bringing a new little person into the world. We also include ways to cut costs and save where you can, so we hope it helps you out.

Parenthood: exciting and overwhelming!

From that first gummy newborn smile to the day you wave your kid off to university, parenthood is an adventure packed with memorable moments. Yes, even when you factor in the sleep deprivation, endless nappy changes or The Wiggles on repeat!

Finding out what's in store and being realistic about what parenthood will throw at you – emotionally, physically and financially – is important, as this will be one of the biggest life transitions you'll make.

Preparing, planning and budgeting for your new bundle of joy will ensure you can manage the challenges with less stress, and get on with enjoying with making memories with your little one.

Just how expensive is it to have kids?

You might not think your gorgeous, cuddly baby could cost all that much at all – after all, they don't take up much space or even eat solids yet, right? Not so fast. Figures published in 2018 from the Australian Institute of Family studies shows that the minimum cost of raising a child is \$140 per week (or around \$7280 per year).

The first year can hurt your pocket especially, too – with some research showing that many parents spend between \$5,522 and \$9,079 in their baby's first year, on things like clothes, baby care products, transport, home improvements, pregnancy clothes and accessories, food and hospital bag items.

Expenses can add up as your child grows, too, with things like school fees, activities, [car insurance](#) for a more robust people mover to get around in, or a [life insurance](#) policy to help ensure your young family is financially protected in case of every eventuality.

But being aware of what you'll need to pay for – and where you can save – can really help in mitigating the financial stress of becoming a parent. Let's look at exactly how to do that.



Time to crunch those numbers!

Every stage of the parenting process brings new and often unexpected costs – so being one step ahead with your savings can really help you manage the different expenses. Here's a breakdown of some of the main costs you'll face along the way.

During pregnancy

Cost of conceiving

While we'd all like to conceive naturally, some couples need a little helping hand from science. In fact, almost 1 in 20 babies in Australia are now born with the help of IVF. IVF is one of several fertility treatments available known as assisted reproductive technology (ART) and costs can vary depending on where in Australia you and your partner have IVF treatment, and what specific fertility treatments you as a couple require.

If you have IVF at a private clinic, waiting lists can be much shorter but the fees are higher: you may be looking at out of pocket costs of \$4502 for an IVF cycle, plus other costs if required (that's after any Medicare rebates).

As a public patient at a fertility clinic such as RPA in Sydney, Medicare covers a lot of the associated costs of IVF, so it can be

much more affordable at \$1160 per cycle. The downside is you may have to join a long waiting list for treatment.

Some private health insurance policies may cover aspects of fertility treatments but waiting periods could apply so it's best to update your cover at least a year before you start considering treatments such as IVF. Egg freezing and some IVF costs for same sex couples are also not covered by Medicare.

Prenatal care and childbirth expenses

Deciding on the kind of care you want for your pregnancy and birth is a big decision – and the costs can vary quite a bit between private and public care.

If you opt for care as a public patient, you'll be under shared care with your GP and a midwife team at the hospital. Medicare covers routine ultrasounds and blood tests, care from midwives and obstetricians (although you'll see the former far more), and appointments with your GP (usually bulk-billed). It also covers your hospital stay, hospital care and some medical expenses such as routine ultrasounds. You'll probably be in a shared room

though – if you have private health insurance, you may be able to use that to secure a private room to recover in once you have the baby.

If you give birth as a private patient, you can use private insurance to pay for costs. You can choose your obstetrician and may get a choice of a private room, but you may be up for out-of-pocket costs such as visits to your OB and some tests. Check your policy or talk to your insurer to find out what you're covered for.

Health insurance

Prior to getting pregnant you'll want to ensure your private health insurance covers you for obstetrics (especially if you're going private) and childbirth cover. All health funds have a 12 month waiting period for obstetrics, which means you must have held your policy for up to 12 months before you're admitted to hospital to have these covered. Upgrading to a family insurance plan – ideally with paediatric cover – is essential before you give birth, in case your new baby requires immediate care.

You're usually required to upgrade to the family health plan while you're pregnant and some health funds will need you to do this a few months before you give birth, but check with your fund as to what's required.

Setting up your baby's nursery

We know, we know the fun bit is kitting out the nursery, but don't bankrupt yourself buying all the things for your baby. Your little one doesn't actually need a lot of stuff to begin with, so you can get away with the following:

- ✓ Baby clothes and nappies
- ✓ Bottles and formula if you don't plan to or are unable to breast-feed, or a breast-pump
- ✓ A cot, mattress, sheets and blankets
- ✓ A change table (easier on your back as you'll be changing nappies a lot!)
- ✓ A pram and a car seat or capsule (it's recommended that baby and capsule seats are professionally fitted by an authorised fitting station)
- ✓ A baby monitor and bouncer are optional but very useful extras.

And while it's natural to want your baby to have everything new, you can save a lot of money buying second-hand or accepting hand-me-downs – especially when it comes to big ticket items such as prams, cots or car seats.

Baby-toddler stage

Return to work or stay home with your baby? It's a question many parents grapple with once their little one gets past the newborn stage, and knowing the financial implications of your decision is essential. The good news is, there's lots of financial support out there for Australian parents. Here's what you need to know.

Maternity/paternity leave: what are you entitled to?

All employees in Australia are entitled to parental leave. You're able to take parental leave if you've worked for your employer for at least 12 months. There's lots more info on exactly what you're entitled to at the Fair Work Ombudsman website.

The primary carer of a new baby may be eligible for the Government's Parental Leave Pay Scheme (some conditions apply). The scheme pays a new parent up to 18 weeks at the National Minimum Wage, which is \$753.80 per week before tax.

New dads may also be able to claim a 2-week payment known as Dad and Partner Pay while caring for your new child.





Choosing the right childcare

Returning to work? There are lots of different childcare options open to you. Here are the options open to you and a rough estimate of what each one costs.

Childcare The average hourly fee across all care types (excluding In Home Care) is \$10/hour, according to a 2020 report by the Government's Department of Education, Skills and Employment. The Government's Child Care Subsidy gives you a percentage back based on your combined annual income. Use the [Child Care Subsidy Calculator](#) to work out what you might be entitled to.

Family daycare In this scenario, your little one is cared for in the educator's own home along with a small number of other children also attending. Costs range from around \$10.55/hour, according to the Government report mentioned above. You can also get the Child Care Subsidy.

Nannies A nanny can be a convenient option for parents and you should expect to pay \$20-30 per hour, plus a fee if you use an agency. Nannies may be eligible for CCS if they're a registered provider, but you won't get the rebate if you hire one privately or through a non-government approved agency.

A mix of care Some parents combine a mixture of childcare and grandparent care, if that's on offer and it can be a great way to keep your childcare costs down. Sharing a nanny with another local family may also be a cost-effective option to look into.

Budgeting for a family holiday

Even with a young family in tow, there's nothing like a change of scenery and the chance to let other people do the cooking for a change! Although travel may have become more challenging

since Covid-19, [our research](#) shows that the annual family holiday is as important to Australians as it's ever been.

Families holidays are definitely something you'll want to budget for: Australian families spend about 13 days on holiday each year at an average cost of \$4,280. It's estimated that taking the kids on holiday adds around \$1518 extra to your holiday expenses.

If you have a baby, there may be other costs involved with catering for them, too:

- ✓ A portacot (around \$25-55 to hire for 1-2 days or \$50-250 to buy)
- ✓ A travel stroller (from \$199 from baby stores or \$65/week to hire)
- ✓ A car seat – if you don't take your own, you can usually add it onto your car rental from \$5.50 per day.

If you can, try to borrow baby gear you may need for your holiday from friends or local parenting groups, and you'll save yourself a chunk of change before you go.

From young kids to young adults

Your kid's getting older and you can sell the baby gear – hooray! But hold onto the cash because there are likely to be other expenses coming your way. The good news is, there are ways to save and tap into government help.

Extra-curricular activities to save for

Any parent wants to give their kids as many opportunities as possible to learn new skills and develop their interests. But even before your kid starts school, you may find yourself paying for one or two activities a week (or more). Swimming lessons, gymnastics, martial arts, soccer, music lessons – it can all add up!

Research shows that parents spend an average of \$1859 per year on each activity their child does. To save costs, you might ask your child to choose two activities they really love, or you might make one non-negotiable (like swimming lessons) and your child chooses the other. Government assistance may be available – in NSW, the Active Kids program gives parents two \$100 vouchers to use towards sport, but check what's on offer in your state or territory.

Educating your kid: what will it cost you?

We all want our kids to have a great education – and fees can't be avoided, whether you send your child to a public, government-run schools, private / independent schools, or Catholic schools. The costs, however, can differ greatly according to a 2019 report by [Australian Scholarships Group](#) (ASG).

Government schools are touted as offering 'free' public education, but it's worth noting that in recent years many more costs have been pushed back onto parents.

The Australian Scholarship Group (ASG) looked at the cost of sending a child to school who was born in the year 2018 in their Planning for Education Index. For a child's private school education, over the course of his or her schooling, they estimated the cost would be \$475,342. The cost of a private education in Australia had also jumped by over \$180,000 in just the last decade. That's a rise of 61%.

Those who chose to send their children to a faith-based school looked at costs of \$240,679.

The Index showed that the public school system, although heavily subsidised by the government, is still not "free" by any means. Once items such as school uniforms, travel, excursions, school books and equipment are factored in, the ASG Index put the figure of \$66,320 to educate a child in the public school system over the course of their education.

While these figures may seem eye-watering, reducing back-to-school expenses can be done. Opting for second-hand uniforms and books, discounted devices (sometimes the school can facilitate this) and buying stationery and school items at sales can also help, as can applying for a student concession card if your child catches public transport. Government assistance may also be worth looking into.

Navigating the wider world: how to help your young adults

A report by AMP and the University of Canberra in 2013 found that supporting an 18-24-year-old is 5 times the cost of having a 4-year-old due to increased food and energy costs, education costs, transport and recreation costs.

And given around 43 percent of 20-24-year-olds 'fail to launch', according to research by the Australian Institute of Family



Studies, it's important for parents to teach their kids financial literacy and prepare them for life beyond the family home.

From a young age you might [give your kids pocket money](#) and encourage them to get into a regular savings habit. As they get older, you could explain how to create a family budget, show them how to pay bills online, and even teach them the basics about compound interest and how it can grow your savings over time.

Encouraging your child to get a part-time job is a great idea once they turn 14 – and it's another opportunity for them to start managing their own money, and save for the things they want, such as extra clothes or that new phone they can't live without.

Help, my kid's behind the wheel!

Before you know it, your little one will have grown into a teenager and be angling to get a driver's license. This can mean a bit more freedom for you as a parent, but it can also include extra costs you'll need to factor in.

Professional lessons can cost between \$45-95 per hour depending on which driving school you choose. You'll also need to upgrade your [car insurance](#) to include your teenage driver, which could result in slightly higher premiums.

Other costs may also need to be considered, such as helping your teenager purchase a second-hand car of their own once they do get their license, or sharing the family car, petrol and upkeep costs with them.

Of course, if your teenager does get a car of their own, you'll want to teach them how to budget in order to cover petrol, maintenance costs, rego and third party and comprehensive car insurance.



Emotional costs of having children

Life changes significantly when you have a baby – and while welcoming a new baby is one of the most special milestones you'll ever experience, starting a family can also bring challenges you weren't expecting and need to learn how to navigate, too.

Feeling a little lost as a parent

Many new parents may struggle with the transition to parenthood, even if starting a family was planned and something you're excited about. It can take time to get your head around your new 'identity' and settle into the often very different lifestyle a baby brings. Sometimes you may even need to grieve for your 'old life' and be sad about what you've left behind, and there's no shame in seeking help if you need it.

Dealing with sleep deprivation

The bone-deep exhaustion that comes with having a new baby is like nothing else, with research indicating that the first three months can be particularly gruelling. While it does get better as your baby learns to sleep, getting as much support as you can and tag-teaming with your partner so you both get as much sleep as possible can help. Expert sleep advice may also help – contact a family care centre in your area.

Changes in your relationship

Even the most harmonious couples may experience a little 'post-baby discontent' – in fact, research shows that a whopping 67 percent of couples see their marriage satisfaction plummet when that bundle of joy takes over the house. The good news is, you're in the same boat with the majority of parents. The bad news is, you and your partner may need to re-learn how to be a couple and work more as a team.

Career sacrifices you weren't expecting

While a baby should affect your and your partner's career progression, it'll certainly put it on the backburner for a while – depending on how long you take for maternity or paternity leave, and how you and your partner negotiate family life going forward. It might be that you take turns returning to your career while the other parent takes on the primary carer role – which is becoming more than norm these days, with stay at home dads found in around 4-5 percent of two parent Aussie families. Ultimately though, it's working out what works best for your family going forward.



Smart financial planning for your family

Starting a family and watching your children grow is one of the most amazing things you'll ever do – even with all the extra expenses and emotional challenges!

Planning ahead is one way to reduce stress around money and ensure you're able to focus on the important things – like raising your kids into happy, healthy, well-adjusted adults.

Some of the ways to do this include:

Creating a budget

You might think taking a deep dive into your finances is too terrifying to contemplate, but it's the best way to see the big picture and figure out where you can cut costs better manage your money. As your family grows, get into the habit of tweaking your budget regularly to take into account new costs and expenses you may need to cover, so you're never on the back foot.

Saving for a rainy day

An emergency fund – preferably squirrelled away into an account you can't see or easily access – is essential. Experts

suggest saving 3-6 months' worth of expenses in case of job loss, or unexpected costs that may crop up, such as a medical expense, bill, or an appliance going on the blink. Ultimately, knowing you have an emergency buffer of funds to tap into can be a big relief.

Plan for the unexpected

Putting the right insurances in place when you have a young, growing family to support is critical, especially if you are the sole income earner. A [life insurance](#) policy is something many couples and families opt for, and you may also wish to consider [income protection insurance](#) just in case you're left unable to work due to illness or an ongoing injury.

Preparing a will

Although adults of all ages should have a legal will drawn up, it's even more essential when you have a family. Ensure your will includes details on how you'd like your assets distributed, who will look after your children if you were to pass away and any specific [plans for your funeral](#).



Conclusion

Dipping a toe into parenthood with the knowledge of the expenses and challenges ahead can really help mitigate financial and emotional stress you and your partner may face along the way.

It's all about good planning and budgeting for your new bundle of joy – and if you start early, you'll find it easier to make ends meet and ensure you can cover all the associated costs that come with raising a family.

THANKS FOR READING AND FOR MORE INFORMATION ON PLANNING YOUR FINANCES AND PROTECTING YOUR FAMILY'S FINANCIAL FUTURE, PLEASE [CLICK HERE](#) TO FIND OUT HOW WE CAN HELP.

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