

4 Smart Personal Finance Tips For New Parents

Congratulations on becoming a parent! There's a lot to learn, but it's important not to forget about the financial plan. We can help with that.

You've probably discovered that becoming a parent is a rough transition. With early wake-ups, medical appointments, and getting into a new routine that you don't always choose, you might forget to think about a new personal finance plan for your new expenses.

Expenses like:

- Diapers & Food
- Clothes & Toys
- Medication
- Daycare (this is a big one)
- College Funds

The list goes on.

We know what it's like being first-time parents, and we're here to help! That's why we're sharing the 4 best personal finance tips that helped us when we were in your shoes.

Personal Finance Tip #1: Scrap Your Old Budget

5 Minute Life

Our 5 Minute Life
https://5minutelife.me
There's a good chance you already had a budget in place before the baby. you might even be completely new to the idea of budgeting.

It's okay! Now that the baby's here, your entire budget is going to change anyway.

Scrap whatever budget you used previously for your daily, weekly, monthly, or yearly spend. Remember: these new expenses continue as your baby grows.

It is no secret that caring for a baby is expensive, but now that your baby is here, you can start to get a sense of just how much you're going to spend on a daily and weekly basis. [The average couple can expect to spend \\$12,000 on a baby in its first year.](#)

That means you'll need to set aside about \$1,000 per month to care for your baby—but always remember to account for maternity or paternity leave wages in the budget.

On the plus side, your weekend party expenses can probably be set aside for baby expenses.

Spend some time sitting down to figure out just how much you're spending on a daily and weekly basis. Once you sort that out, you can create a new budget that better reflects your spending.

If you have difficulty sticking to budgets, [check out the different types of apps you can use to stay on track.](#) A lot of them even have forecasting tools so you'll be prepared for events or future expenses *before* they happen!

Tip #2: Prepare for Emergencies

5 Minute Life

Our 5 Minute Life
Many unexpected situations happen in life, and you must be prepared to deal with them.
<https://5minutelife.me>

Some things to consider:

- Home repairs
- Job loss
- Car problems
- Health complications not covered by insurance

This list shouldn't scare you so much as it should prepare you. In general, it's a good idea to save between 3-6 months of your monthly income.

This way, should something unexpected occur, you won't have to worry about financial strains while you find a solution.

If you just did the math, and your emergency funds aren't even comparable, **don't fret!** There's no better time to start than now.

All parties contributing to your monthly income should sit down and calculate how often and how much you would like to place in your emergency savings fund.

Start by putting away \$20 every week per parent. If you miss a week or two, don't worry, just be sure to continue the next week. Within 1 year, you'll have saved \$1,040. It's all about building up the fund, brick by brick.

Tip #3: Plan For The Future Today

5 Minute Life

Our 5 Minute Life
<https://5minutelife.me>
Waiting until the last minute to deal with financial situations can lead to unnecessary stress. **Make sure you plan for you and your baby's future before the future happens.**

The most important thing you should consider when re-establishing your personal finance plans is planning for baby's **education**.

A [Registered Education Savings Plan \(RESP\)](#) is a great choice for parents looking to prepare for that future.

If applicable, the Canadian government may contribute an [additional 20% of your own RESP savings for the first \\$2,500](#). [Do your research on RESPs](#) and find out if this plan works for you and the baby.

There are other options to consider, such as:

1. Non-Registered Account
2. Tax-Free Savings Account (TFSA)
3. A Trust

There are a few more options to see, and [you can read the full report provided by BMO here](#).

Tip #4: Get All Possible Tax Benefits

[There's a variety of tax benefits that new parents can use.](#) You might not qualify for all of them, but you should apply for all that are applicable to your household.

Taking advantage of these tax benefits will help you get a head start on your budget, future planning, and emergency savings.

Notable Tax Credit Benefits for New Parents Include:

1. **GST/HST - (Goods and Services Tax / Harmonized Sales Tax)**
 - A tax-free quarterly payment of up to \$560 per year for every child.
2. **CCB (Canada Child Benefit)**
 - A tax-free monthly payment for eligible families that can provide up to \$6,400 per year for each eligible child under 6 years old.
3. **WITB (Working Income Tax Benefit)**
 - A refundable tax credit for low-income families.

[There are also provincial & territorial programs worth researching.](#) Apply for these benefits easily using the [ABA \(Automated Benefits Application\)](#), found [here](#).

We encourage you to do your research on all four of these personal finance tips to prepare your family for the future.

Let's face it: you have a lot on your plate, and a lot to learn as new parents. You don't have to do it alone, though.

Our goal is to help you along the way. Get more financial tips by joining our [5 Minute Life club!](#)