



CONGRATULATIONS!

Now for a 'checkup' on your finances

Congratulations! You've just gotten the positive pregnancy test results and you're breathless with excitement — and nerves. Or maybe you're a few months along, and the mild panic is growing right along with the baby bump. Regardless, a baby means big changes, and some of those changes bring many new expenses. How will you pay for it all?

Whether you're only thinking about having a baby, or your due date is fast approaching, there's no need to stress about finances. By taking the necessary measures today, you can learn to cover these new expenses without falling into debt.

Here are some steps you can take to prepare financially for a new baby:

Pay down debt

There's more than just a nursery to set up before your baby's arrival. It's best to get your finances in order to make it easier to manage all new expenses and prepare for your child's future. If this involves getting rid of a mountain of debt, you can choose between these two debt-kicking plans:

The snowball method involves maximizing your payments toward your smallest debt balance first. Once it's paid off, move on to the next-smallest debt, "snowballing" the payment from your previous debt into this one until it's paid off, and repeating until you're completely debt-free.

The avalanche method involves maximizing payments toward the debt with the highest interest rate and then moving on to the one with the second-highest interest rate until all debts are paid off.

Adjust your monthly budget

Babies don't come cheap. When your little one arrives, you'll need to spring for baby gear and furniture, a new wardrobe, diapers and possibly childcare as well. According to the USDA's most recent report on the [cost of raising a child](#), the average middle-income family will spend approximately \$12,350-\$13,900 on child-related expenses before their baby's first birthday.

Most of these expenses will be ongoing, and it's best to make room in your budget for these new items before the baby is born. Spend some time reviewing your monthly budget to look for ways to cut back on spending and give you that wiggle room to cover baby-related expenses.

Set up a baby account

All those baby expenses can be overwhelming, but if you break them down into bite-sized pieces, they'll be easier to manage. You can do this by putting away some money for baby costs as soon as you plan on having a baby or find out you're expecting. Consider setting up a new savings (share) account or club account at [NorState F.C.U](#) for all baby expenses to keep this money separate from other savings. You may also want to automate these savings by setting up a monthly transfer from your payroll or checking account to your "baby account."

Estimate prenatal care and delivery costs

While exact amounts vary by state and by insurance provider, prenatal care and delivery can cost thousands of dollars. This includes out-of-pocket expenses, co-pays and insurance deductibles. Be sure to prepare for these expenses by saving up for them or by allocating a large windfall, such as a tax refund or generous work bonus, to be used for paying for prenatal care and delivery.

Open a Youth share (savings) account

Welcome your child into NorState's family tree. Starting a savings account for your little acorn will grow throughout the years into a mighty spruce teen and you will have financially assisted and taught your child how to Save, Spend and Share and learn basic financial skills with our M3 Money Club superheroes and Elements of Money, an online interactive page for teens.

Start saving for college

Hard as it may be to believe, your little one will one day be all grown up and ready to go to college. With college tuition now averaging \$41,411 at private colleges, \$11,171 for state residents at public colleges and \$26,809 for out-of-state students at state schools, according to data reported by [U.S. News and World Report](#), this can mean paying a small fortune to give your child an education. In addition to spreading the costs over nearly two decades, starting to save for your child's college education now will give those savings the best chance at growth. Consider opening a 529 plan before your child is born where your college savings can grow tax-free. *NorState F.C.U offers a Coverdell Account for your child's future.*

Make future arrangements

No one wants to think about their own death when preparing for a birth, but writing a will — and purchasing life insurance if you haven't already done so — can be the best gift for your child in case the unthinkable happens.

Welcoming a new baby is a life-altering experience and can mean big changes for your finances. Follow our tips to ensure you're financially prepared for your new baby's arrival. NorState FCU is *Your Lifelong Financial Partner*, and we will be here for future generations to come.

Call NorState FCU at 1-800-804-7555 or apply online at www.norstatefcu.org for membership, account openings and more!