

Financially Speaking

With Trisha Arndt

Important Things to Think About When Baby Makes Three

Oh the joys of parenthood.

My good friend and co-worker recently welcomed her first child, a beautiful baby girl. I'm very happy for her and her husband and look forward to hearing all about the milestones of her life. The first smile, first real food, first word... Nothing brings more joy than being a parent.

Nothing brings more anxiety either.

My own children long ago passed from the adorable diaper stage into the "You did what?" and, "You have got to be kidding me!?" stages. Life with two very active adolescent boys is a daily adventure but I can still remember how I felt when they were first born and my worries were very different.

Like my co-worker, I am a planner by nature so having a child led me to think about all of the things that I needed to do to protect them and plan for their future. Covering electrical outlets and installing baby gates was just the start.

Two of the first things that you need to do after your baby is born are usually facilitated by the hospital. The nurse will generally bring you a couple of forms to fill out to officially name your child and record his or her birth with the state. A few weeks later you will get a confirmation in the mail that allows you to order copies of the birth certificate, something I would recommend doing.

The paperwork you complete at the hospital will also typically take care of applying for a social security number. In today's age that number is needed immediately for such things as claiming the dependent on your tax return so I would suggest doing it while you are there. If your hospital doesn't provide this paperwork or if you adopt or have an alternative delivery that doesn't involve a hospital stay then contact the social security administration directly (www.ssa.gov) to initiate the process.

Don't assume that your child is going to be automatically added to your health insurance coverage – that isn't the case with all plans. Make sure to contact the plan administrator or the insurance company directly to provide the information that they need to add your baby to your plan. There may be other benefit plans that should be updated at the same time – dental and vision perhaps but also things like flex spending and health savings plans should be looked at.

It is very important to make sure that you have a comfortable amount of life insurance in place as well. There are on-line calculators that can help you determine an amount, or consider talking with a qualified insurance agent or financial advisor about it. Ultimately you want to make sure that your child is provided for if something should happen to either parent. For many group plans having a child provides a short term opportunity for open enrollment so don't put off looking at both your group and private life insurance options.

And while having life insurance can provide for your child financially, it is also very important to have a comprehensive will prepared that includes provisions for guardianship. You don't want to leave it up to the courts to decide who is going to raise your child if you are not able to. Your will should also spell out how financial assets for the child should be handled, including who will control them and at what age(s) you want the child to have direct access to them.

It is extremely important that you update your beneficiary designations on all insurance policies and retirement accounts to reflect the birth of your child and coincide with the provisions of your will. Updating beneficiary provisions is all too often overlooked, sometimes with disastrous consequences. Many people don't realize that beneficiary designations take precedence over a will. That means that if your will says all of your assets go to your child but your 401k still has the boyfriend you broke up with four years ago listed as the beneficiary the ex gets the money. Take a little time to update your designations so nothing like that happens to your family.

There will be many more things to think and worry about as your child grows – saving for college for example – but the little sleep your bundle of joy lets you get now will be more restful if you know you have all of these basics covered.

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