

# 2023 · WHAT ISSUES SHOULD I CONSIDER WHEN HAVING (OR ADOPTING) A CHILD?

CASH FLOW ISSUES	YES	NO
<b>Do you need assistance to determine how much it will cost to raise a child?</b> If so, consider the possible healthcare, childcare, and college education costs.	<input type="checkbox"/>	<input type="checkbox"/>
<b>Do you need help with your new budget?</b> If so, consider the following: <ul style="list-style-type: none"> <li>You may need to review your budget to find areas to save on current expenses, while appropriately increasing or adding new expense categories to accommodate your growing family.</li> <li>You may need to reassess your long-term financial goals to align with your updated cash flow.</li> <li>You may need to increase your emergency fund to account for any new expenses and potential liabilities.</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Will you and/or your partner take maternity/paternity leave?</b> If so, consider how this will impact your cash flow and savings.	<input type="checkbox"/>	<input type="checkbox"/>
<b>Do you or your partner plan to stay home to raise children?</b> If so, consider the following: <ul style="list-style-type: none"> <li>The impact on your cash flow, savings, and overall financial plan.</li> <li>The impact on your emergency fund due to living on one income.</li> <li>The possible impact on employer benefits such as health and life insurance.</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Will you need professional childcare services to support your family?</b> If so, consider the cost of daycare or a nanny and the impact on your household budget.	<input type="checkbox"/>	<input type="checkbox"/>
<b>Do you need to check to see if your employer offers any benefits (adoption expense reimbursements, childcare subsidies, maternity/paternity leave)?</b>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Beyond what you have saved, do you need additional cash to cover any costs related to having (or adopting) a child?</b> If so, consider taking a distribution up to \$5,000 from an eligible retirement plan, within one year of having (or finalizing the adoption of) a child. The distribution is taxable as ordinary income (if not from a Roth) but there is no 10% penalty.	<input type="checkbox"/>	<input type="checkbox"/>

ASSET & DEBT ISSUES	YES	NO
<b>Do you expect your child to receive cash gifts?</b> If so, consider opening a custodial account (UGMA or UTMA) and possibly a 529 account.	<input type="checkbox"/>	<input type="checkbox"/>
<b>Does your employer offer a Dependent Care Flexible Spending Account?</b> If so, consider making contributions to the account. The account can be used to pay for qualified childcare expenses.	<input type="checkbox"/>	<input type="checkbox"/>
<b>Do you have an HSA?</b> If so, you may be able to contribute \$3,850 (\$7,750 for family) and an additional \$1,000 if you are age 55 or over. See "Can I Make A Deductible Contribution To My HSA?" flowchart for details.	<input type="checkbox"/>	<input type="checkbox"/>

INSURANCE PLANNING ISSUES	YES	NO
<b>Do you need to add your child to your health insurance policy?</b> If so, you generally have 30 to 60 days to do so.	<input type="checkbox"/>	<input type="checkbox"/>
<b>Do you need to find a doctor or pediatrician in your insurance network?</b>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Do you need to review life insurance and disability coverage?</b> If so, consider increasing the amount of coverage you carry (to fund future child-related expenses such as college costs).	<input type="checkbox"/>	<input type="checkbox"/>

TAX PLANNING ISSUES	YES	NO
<b>Is your MAGI below \$200,000 (Single) or \$400,000 (MFJ)?</b> If so, you may qualify for the full Child Tax Credit. The credit is worth up to \$2,000 per qualifying child, and phases out after you reach the above threshold.	<input type="checkbox"/>	<input type="checkbox"/>
<b>Do you have child or dependent care expenses that were required in order for you and your spouse (if applicable) to work or search for work?</b> If so, you may be eligible for the Child and Dependent Care Tax Credit (subject to phaseout restrictions). (continue on next page)	<input type="checkbox"/>	<input type="checkbox"/>

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TAX PLANNING ISSUES (CONTINUED)	YES	NO
<p>» <b>Is your MAGI below \$279,230, and did you adopt a child?</b> If so, you may be eligible for the Adoption Tax Credit, which is worth up to \$15,950 (subject to phaseout restrictions).</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p>» <b>Do you need to update how much is withheld from your paycheck?</b> If so, consider updating your W-4.</p>	<input type="checkbox"/>	<input type="checkbox"/>

LONG-TERM PLANNING ISSUES	YES	NO
<p>» <b>Do you want to start saving for your child's education?</b> If so, reference "What Issues Should I Consider To Fund My Child's College Education?" checklist.</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p>» <b>Do you want to start saving for future expenses for your child (such as an automobile, wedding, etc.)?</b></p>	<input type="checkbox"/>	<input type="checkbox"/>
<p>» <b>Do you need to update your estate plan?</b> If so, consider the following:</p> <ul style="list-style-type: none"> <li>■ Update your estate plan to create trusts and appoint trustees in order to protect your children and manage their assets during their minority and beyond.</li> <li>■ Update beneficiary designations (primary and contingent) to ensure that your partner and children benefit and are properly protected (e.g., with trusts).</li> <li>■ Appoint a guardian for the child if something were to happen to you and your partner during their minority.</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>

OTHER ISSUES	YES	NO
<p>» <b>Are there any state-specific issues that should be considered?</b> If so, some states offer state tax benefits (state-level Child Tax Credits, 529 contribution deductions or credits, etc.).</p>	<input type="checkbox"/>	<input type="checkbox"/>

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Traditional IRA account owners have considerations to make before performing a Roth IRA conversion. These primarily include income tax consequences on the converted amount in the year of conversion, withdrawal limitations from a Roth IRA, and income limitations for future contributions to a Roth IRA. In addition, if you are required to take a required minimum distribution (RMD) in the year you convert, you must do so before converting to a Roth IRA.

This information is not intended to be a substitute for specific individualized tax advice. We suggest that you discuss your specific tax issues with a qualified tax advisor. may apply.

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