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5 Financial Mistakes Parents Make

Raising a child is a rewarding journey, but it also comes with significant financial responsibilities. In 2024, the median cost of raising a child was \$22,850 — and that's just for one year. While providing for your family can be expensive, smart planning and budgeting can help you stay on track.

As you navigate the financial side of parenting, be sure to avoid these common mistakes:

1. Not Setting a Baby Budget

Welcoming a new baby is exciting, but it's easy to overspend on things you don't actually need. Before you start shopping, make a list of essentials and set a budget. Prioritizing needs over wants can help you manage costs without sacrificing quality.

2. Overlooking Tax Benefits

There are several tax breaks designed to help parents save money, but many go unclaimed. When tax season rolls around, look into benefits like the Child Tax Credit and Earned Income Tax Credit to reduce your taxable income and put more money back in your pocket.

3. Ignoring the Impact of Inflation

Don't forget to account for inflation whenever you set up a savings plan for your child. The cost of education, housing and everyday expenses will rise over time. Consider investment options such as a 529 college savings plan or high-yield savings account to help your savings keep up with inflation.

4. Neglecting Your Own Retirement

Many parents focus so much on providing for their children that they put their own retirement savings on hold. But skipping retirement contributions now could create a financial burden for your children later. Make sure you're contributing to a 401(k), IRA or other retirement plan so you can maintain financial independence as you age.

5. Failing to Make an Inheritance Plan

Estate planning isn't just for the wealthy; it's for anyone who wants to ensure their children are financially protected. Setting up a will or trust provides clear instructions for how your assets should be handled, giving you peace of mind and avoiding complications for your family in the future.

Plan for Your Family's Future

Financial planning as a parent can feel overwhelming, but you don't have to do it alone. If you have questions about budgeting, saving or estate planning, reach out today to start securing your family's financial future.

Helping clients get back to the basics of building and maintaining wealth in a tax efficient way.



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