How to Prepare Your Budget Before Your First Child



My husband and I have been trying to have a baby for two years, but “trying” has meant many things to us over that time. At first, it simply meant that we took an extended vacation and expected nature to do its thing. After nine months, it meant engaging doctors and taking medications to increase our chances of success and me making life decision changes (i.e. less drinking, more sleep). After 15 months, it meant expanding our efforts to acupuncture and fertility psychologists, and my husband finally feeling ready to commit his time and attention to the cause. And after 18 months, we decided to pursue in vitro fertilization.

While we are grateful for each step in our journey and hope to welcome the next member of our family soon, we recognize that we could have saved significant time and money throughout the process if we had followed the following four simple suggestions.

1. Know what you are going to spend on healthcare expenses as early as possible

We have been prepared for the expense of having a child for a while, but nothing could have prepared us for the expense of getting pregnant. A 2014 MarketWatch report stated that, as a woman ages beyond 30, a couple can expect to add $2,000 – $5,000 per year in medical expenses tied to fertility, even with health insurance (as most fertility procedures are not reimbursable).

As a 36-year old woman, this meant that I should have expected

to spend between $12,000 and $30,000 before ever bringing our baby home from the hospital. And while we have invested $27,000 to date, each expense hit us like a separate ton of bricks.

You can avoid meaningful heartburn and arguments by simply preparing yourselves in advance. Then you can look at your savings, investments and financing options to ensure you are able and ready to cover your costs.

2. Assess your current spend and create a savings account for redirected funds

Any time my husband and I have prepared for a big expense in advance (like our wedding, big trips, and now parenthood), we made a plan that included cutting expenses and redirecting funds. We set up a separate account specifically for our next big spend, and took a hard look at our unnecessary expenses.

We started by cutting out items like gym memberships, Netflix accounts, manicures, recurring donations to our favorite charities and swapping out a lease on one of our cars. We then sold items that we no longer needed on Craig's List (like our old laptops or cell phones) and spent more dinners at home. For a household generating $75,000 or more in income, approximately $1,500 per month can be saved through simple life changes like these.

This exercise also helped us both to feel as if we were contributing to our fertility expenses, even if one of use may have had more to contribute initially than the other. By making mutual decisions to cut costs, we were able to both add value and feel participation from our spouse.

Having a healthy purge prior to major life decisions not only helps you to de-clutter your life and make room for the next

chapter, but it provides you with a meaningful amount of cash to pay for your next big investment as well.

3. Know what can be covered by insurance and consider taking on an ancillary insurance plan

First, while 84% of health insurance plans do not reimburse for fertility services, including fertility specialists, psychologists and acupuncture, some specific services at each health service provider are, indeed, covered. Ask both your insurance plan and your doctors whether they have had success in getting specific procedures (i.e. heat lamps or lab tests) covered in the past, and submit every single receipt for potential reimbursement. We were able to recoup more than $2,000 by submitting every receipt.

Second, find out what your deductible is for general health care services and keep track of every expense to ensure that you can be reimbursed after hitting it. By submitting your expenses as you go, both your insurance company and you can keep track of where you stand against your deductible, increasing your chances for getting coverage once it is reached.

While a significant bulk of your expenses will still need to be covered by you and your spouse, you can save yourself quite a bit by knowing how your health insurance works.

4. Consider taking financing for your big spend

One thing that we never considered prior to moving into IVF and all the steps leading up to it was that we could take financing for this endeavor. Many fertility clinics offer

payment plans and up to 20-percent discounts on medications if your family is below a certain income threshold, and additional online lenders like SoFi or Marcus by Goldman Sachs offer personal loans of up to $30,000 at low interest rates and for terms as long as 72 months.

Preparing to have a child is one of the most exciting decisions you will ever make, but like any major investment, it requires a plan.

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