RAYMOND JAMES

Five financial tips
When you are having a baby

1. REVIEW YOUR INSURANCE TO ENSURE THAT YOU ARE PROTECTING YOUR GROWING FAMILY

Contact your current healthcare provider to determine what steps you need to take to cover your new baby.

Life and disability insurance. Make sure you have adequate coverage in the event that you (or your partner) die or are unable to work. You can often get this type of insurance at reasonable rates through work. Consider supplementing employer-based coverage with term life insurance to cover your mortgage and other debts as well as to replace your income. You can determine the "term" – the length of time your policy is in effect. If you die during the term you select, a benefit is paid to your beneficiary.

Disability insurance provides income to help support you and your family if you are unable to work due to illness, incapacity or injury. Adequate short- and long-term policies are usually very affordable through employer plans. If you're self-employed or your employer does not offer these policies, be sure to find another source of coverage.

Consider an umbrella liability policy to protect your family, if you don't already have one.

> See if your employer offers dependent care accounts, where you put aside pretax dollars, up to a limit, for child care.

> Consider enrolling in a flexible spending account (FSA) or health savings account (HSA) if your employer offers them and you are eligible. Both use pretax dollars to pay for qualified medical expenses.

2. REVIEW YOUR BUDGET

> When it comes to a new member of your family, you want to ensure that you are prepared for the extra expenses. You could have additional medical, housing, day care and other costs. You or your spouse might take time off from work. Make sure you adjust your budget in advance for additional expenses and any change in income.

> If you don't already have an emergency fund, start one. An amount that's approximately three to six months of household expenses is a general guideline. If that amount seems overwhelming, start with saving $1,000 first, then build from there.

3. START SAVING FOR EDUCATION

> Consider setting up an automatic monthly transfer into a 529 education savings account for the benefit of your child. 529 plans grow tax-deferred, and withdrawals for qualified education expenses are tax-free. The earlier you begin setting money aside in a 529 account, the longer you may benefit.

> 529 plans vary from state to state, with each offering different costs, investment options, and possibly incentives. However, money invested in any 529 plan can be used for education expenses in any state.

Recent tax reform legislation changes allow 529 plans to be used for elementary and secondary education tuition expenses, up to $10,000 per beneficiary per year.

4. CREATE (OR UPDATE) YOUR ESTATE PLAN

> After your new addition arrives, meet with an estate planning attorney. He or she can help you create a will (or revise an existing one) to direct where your assets will go and who will take care of your children after you die.

> Adding a new family member gives you an opportunity to review your beneficiaries for all life insurance policies and retirement accounts (401(k), IRA, etc.). Be sure to discuss this with your attorney as part of the complete estate plan.

5. REVIEW YOUR TAXES (AND WITHHOLDING)

> You may be able to claim additional tax benefits, such as a $2,000 child tax credit (depending on your income). Discuss your new addition with your tax preparer.

> If your taxes will be lower, you can increase your take-home pay by adjusting your Form W-4 for payroll withholding.

YOUR ADVISOR CAN HELP.

A quick conversation with your advisor can ensure you start off on the right track with the new addition to your family.

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