

How to Prepare for Your New Addition

Texas Society of CPAs Give Tips for Those Dancing into Parenthood

Bringing a baby into the family is definitely cause for celebration, but dancing around the financial planning that is necessary is a big mistake.

According to a report by the Agriculture Department, a child born in 2010 cost just over a quarter of a million dollars, or about \$226,920, that's up nearly 40% - or more than \$60,000 = from 10 years ago. Just one year of spending on a child can cost up to \$13,830 in 2010, compared to \$9,860 a decade ago.

The best place to start affording this bundle of joy is with a family budget. Setting financial goals will help you stay on track. Buying all of the baby accessories is pretty much a one-shot expense, but you'll also need to factor in monthly expenses such as health insurance, baby formula and diapers. Redo your budget to know just how much your monthly expenses will increase once the baby is here.

Texas Society of CPAs says it's also important to review your insurance needs, and that it's critical to have good medical coverage. Trips to the pediatrician, prescriptions, and other health-care costs add up quickly. Putting your child on your employer-sponsored health plan or your own private plan is a good idea.

TSCPA says that this is also the time to prepare or update your will with the help of an attorney because you'll need to have arrangements in place if an unexpected tragedy strikes. And don't forget about taxes. You may be entitled to some tax breaks once the little one arrives.