A Guide To Being Financially Ready When Starting A Family

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Parenthood is one of life's greatest joys that most of us get to experience one way or another. However, given that starting a family is a significant responsibility to shoulder and is riddled with unpredictability, couples need to put in a substantial amount of prep work, especially their finances. Although parenting is not all about money, planning the family's finances makes tackling the obstacles of parenthood a lot easier for you and your spouse. As such, if monetary concerns are your biggest trepidation about parenthood, this guide will help you make sound financial decisions and be financially ready for your family.

Cost of childrearing in Singapore

According to TODAY, bringing up a child in Singapore will cost parents anywhere between S$200,000 to S$1 million, with S$360,000 being the average. Coming up with a total of S$360,000 to raise a child from birth to adulthood may be daunting at first, but when seen from a monthly perspective, it can be broken down into around S$1,500 per month, which is much more reasonable.

However, it is important to note that these total costs are predicted to rise given the current inflation affecting economies worldwide and the individual choice of certain purchases, such as affordable vs premium diapers. With that said, here are three strategies to help new parents budget their finances for their children's future.

1. Adopt a zero-based budgeting approach

A key step to family financial planning is adopting a zero-based budget, a system that bases the expenditures for the next month on this month's income. In a zero-based budget, you allocate all your funds to several categories. This covers expenses such as savings, emergency funds, groceries, debt repayments, bills, and the like. After budgeting for the essentials, including setting aside money for an emergency fund, the remaining spending categories can be for anything else, such as your child's future school fees. Essentially, the goal of a zero-based budget is ensuring that your income, minus your overhead costs, equals zero.

If your expenses differ each month, this budgeting method makes it easier for you to make adjustments to your budget. Alternatively, if you happen to have money left over for the month, you can then move it to another category – like your child's future school fees – with ease. With a zero-based budgeting strategy, it can help you make better spending choices as every dollar you spend is accounted for and has a specific purpose.

2. Provide a financial safety net for your child

As your child grows, he or she may encounter or be exposed to risk of illnesses. Therefore, providing your child with a safety net is highly encouraged.

China Taiping Insurance Singapore offers 24/7 worldwide protection for your child with Panda Safe – allowing you to safeguard your child against unforeseen common incidents among children, such as Dengue Fever and Hand, Foot, and Mouth Disease.

Besides this, i-Secure Legacy (II) guarantees lifetime protection for your child against terminal illness, total and permanent disability, and death. It also provides an optional EarlyCare Rider to cover against 161 medical conditions, including 12 Juvenile conditions.

With these plans in place, be assured that you will not be financially burdened in the event of the unexpected.

3. Invest in savings plans

Supporting your child's schooling from start to end will require substantial monetary investment, as any parent would want to give their children the best education possible. Thus, start planning early and saving up while they are still young, so to ensure that you can give your children a good head start in life. A great way to do this is via China Taiping Insurance Singapore's i-WealthSaver, a savings insurance plan that provides plenty of flexibility to grow your wealth for your various needs at all stages in life.

Policyholders can choose from various policy premium payment term options that best fits their financial goals. The plan offers a lump sum maturity benefit at the end of the chosen policy term. It also has a Secondary Life Insured (SLI) option that allows the policy to continue in the case of an unfortunate event.

Conclusion

Having children certainly requires readiness not just physically and mentally but also financially. With proper preparations in place, raising a child should be a much smoother ride, and you can fully enjoy the wonders of parenthood since you have all the bases covered. Here at China Taiping SG, we have an extensive range of insurance plans for different life stages, whether it be a savings insurance plan for young parents starting a family or retirement insurance for adults looking to plan ahead for a well-deserved retirement.