

Make Way for Savings: Ducking Childrearing Costs

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By David Whitemyer

It's back-to-school shopping season! That means new jeans, shiny sneakers, and a fresh backpack for every little girl and boy. And for every little mom and dad it means "Ka-ching!"

Raising children is expensive. The average American family will spend \$166,000 raising a child, according to the U.S. Department of Agriculture, and that doesn't even include college. When so much of your hard-earned income is going towards the kids, it's a struggle to put any money aside for a rainy day, and saving for retirement seems downright impossible.

There's little comfort in the per-child tax exemption you're allowed to take each April. That money barely covers the fruit roll-ups, let alone the piano lessons and car seats.

Children are priceless, but at a price. Anyone with kids will agree that what you get back in hugs and laughter far outweighs the hardship of making ends meet. Still, raising children puts you at a clear financial disadvantage. A 2001 report showed that couples with kids are two-times as likely to file for bankruptcy as couples without kids. While you are devoting buckets of cash to your precious offspring, your childless counterparts are socking discretionary income away in emergency funds and 401Ks.

That's the bad news. What's the good news? First, you're not alone. Many parents are scrimping. Second, there are many ways to be a parent and continue to watch your savings grow:

- You've heard it a million times: plan a monthly budget. You won't know what's realistic until the numbers are on paper – how much are you spending and how much are you bringing in? Once you know the details, it'll be easier to wrap your head around putting \$50 or \$100 aside each month.
- Paying for your child's college education is a noble effort. It sounds selfish, but saving for your retirement should take priority over saving for college. If junior gets accepted into an Ivy League school, there will be many ways to bulk up the needed funds: financial aid, grants, scholarships, and even Grandma. However, there are no programs to toss you a loan so that you can pay bills and cover your health expenses during your golden years.
- Each dollar counts when you're raising a child, and there's no shame in cutting corners or coupons. Pack a lunch instead of buying. Get videos from your library instead of renting. Buck-saving advice abounds on the Internet. Browse www.stretcher.com and www.betterbudgeting.com [these links NOT live] for tips on being ultra-frugal.
- Take some time to explore the tools in the [Investing for the Future](#) section in NetBenefits to get a better idea of how much you should be saving each month to meet financial needs 30 or 40 years from now.

Keeping your children warm, fed, and educated is paramount. But don't let those current needs completely overtake your future needs. More than college, more than the most expensive pair of shoes, the best gift a parent can give their child is to not be a financial burden on them later in life.

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