The New Family
FINANCIAL ROAD MAP
Helping you take control of your money so you can take care of your family
Matt Becker, CFP®
How Do I Balance Everything?

By far the most common question I get from my clients is some version of this: **How do I balance all the financial obligations I have today with all the things I want to be saving for down the line?**

There are so many financial responsibilities that come with raising a family and just about all of them feel urgent. Many of them are also new responsibilities you've never had to handle before, which only adds to the stress and confusion.

I know the feeling. Even as a financial planner, I still occasionally feel overwhelmed by all the financial decisions my wife and I have to make for our family.

There are always new expenses to handle. There has occasionally been less income coming in. There’s been new insurance to get, an emergency fund to build, a house to buy, college savings to consider, and retirement to get on track.
Through it all, I’ve felt a lot of pressure to make the right decisions so that I could provide for my family. And at times it felt a little lonely. Like I was the only one struggling with this stuff.

But of course, I was never the only one struggling to balance it all, and neither are you. The simple truth is that getting your financial life together when you have young kids is a big challenge. There’s no shame in having questions or not being sure how to handle it all.

The flip side is that it is possible to take control of your money. My wife and I certainly don’t have it all figured out at this point, but we have the important things in place and we feel good about the path we’re on.

I’d like you to get to that point as well. That’s why I’ve devoted my financial planning practice to working exclusively with parents like you, and it’s why I created this Road Map.

Using everything I’ve learned from both my personal and professional experience, this Road Map shows you how get your family on the right financial track.

Here’s what you’ll learn:

1. Which financial responsibilities matter most.
2. Why each one is important and how it will help you reach your goals.
3. How to prioritize them in the most effective way possible.

My hope is that this Road Map makes it easier for you to build a secure financial foundation for you and your family. One that allows you to handle everything you need to handle today, save ahead for your most important goals, and lead a comfortable and enjoyable life along the way.
If you have questions as you work through the Road Map, please feel free to email me any time at 
matt@momanddadmoney.com. You can even call me at (850) 426-4034 if you’d like. I want you to feel confident in the decisions you’re making and I’m happy to help you get there.

And if you’re interested in the financial planning services I offer, you can learn more at 
momanddadmoney.com/work-with-me.

In the meantime, I hope you enjoy this guide and I wish you and your family all the best!

Matt
The Philosophy Behind the Road Map

Before we dive in, I'd like to quickly explain the philosophy behind this Road Map so that we're approaching it with the same mindset.

The truth is that there are many different ways to set financial goals and there is no “right” answer that fits every situation perfectly

But there are good reasons to prioritize certain items over others. Here are mine.

1. Financial Security

As a parent, your biggest financial responsibility is ensuring that your family always has the financial resources it needs, no matter what.

The Road Map gives the highest priority to items that provide that financial security.

2. Financial Freedom

With a secure financial foundation in place, you have more freedom to create a life you truly enjoy.

The Road Map shows you how to invest in your future and create opportunities for you and your children.

3. Efficiency

When it comes to decisions like saving vs. paying off debt, buying vs. renting, and how to invest for retirement, simple math shows that certain actions will have a bigger impact than others.

The Road Map prioritizes the actions that will help you reach your financial goals as efficiently as possible.
An Order of Operations for Your Financial Life

If you’re not sure where to start or how to prioritize all your financial responsibilities, this should help.

This is how I would prioritize things if I were starting from scratch. You can check off the items you already have in place and work through the others one at a time.

The rest of the Road Map explains more about what each item is and why it’s important.

- **Step 1:** What’s your “Why”?
- **Step 2:** Provide basic food and shelter
- **Step 3:** Pay your bills and the minimums on all your debts
- **Step 4:** Create a spending and saving system
- **Step 5:** Get health insurance
- **Step 6:** Build a Stage 1 emergency fund
- **Step 7:** Get your wills and other estate planning done
- **Step 8:** Get life insurance
- **Step 9:** Get long-term disability insurance
- **Step 10:** Get liability insurance
- **Step 11:** Contribute to your 401(k) up to your employer match
- **Step 12:** Pay down your high-interest debt
- **Step 13:** Put 33% of extra money towards:
  - Stage 2 emergency fund
  - Low-interest debt
  - Investing for the long-term
- **Step 14:** Consider saving for college
- **Step 15:** Choose your own adventure
Part 1

What's Your "Why"?
Step 1: What’s your “Why”?

A financial plan is only as good as the mission it's trying to achieve. After all, this isn’t really about money. It’s about using your money to create a happy, healthy life for you and your family.

With that in mind, it’s important to ask yourself one question before you make any financial decisions:

“Why is money important to you?”

Answer it, and then ask yourself why you gave that answer. Then ask why again. And again. And again, until you get to one of two places.

Either you'll run out of answers, which is a good sign that your initial response probably wasn’t the right one, in which case you can start over.

Or you'll eventually land on an answer that resonates deeply with your personal values. One that you know, deep down, is THE reason why you care about getting this financial stuff right.

Once you land on that answer, I want you to do two things.

First, write it down and keep it somewhere easy to remember.

Second, run every financial decision you have to make through the filter of this mission statement. If a particular financial move will help you accomplish this goal, then do it. If not, then it probably shouldn’t be part of your plan.

Getting clear about your “Why” will make the rest of this process a whole lot easier and a lot more fulfilling. You’ll be in a better position to create a personal financial plan that allows you to build the life you really want.
Part 2
HANDLING THE ESSENTIALS
Step 2: Provide basic food and shelter

With your mission statement in hand, it’s time to start putting your financial plan in place.

And while it probably goes without saying, the basic health and safety of your family comes before anything else.

There’s no need to even think about your other financial responsibilities until you’re able to put a roof over your head and food on the table.

If this is a challenge, don’t hesitate to reach out to local government assistance programs. You can click here for a helpful resource on the programs that might be available to you.

Step 3: Pay bills and the minimums on debts

Paying all of your bills on time, including the minimum monthly payment on all debts, will keep the lights on, avoid penalties for missed payments, and prevent your financial situation from spiraling out of control.

It will also keep your credit history in good shape, which will be important when it comes time to buy a house, rent an apartment, or apply for a job.

If you’re not sure what debts you have and what the minimum payments are, these two resources will help you figure it out:

- [NSLDS](#) for student loans
- [AnnualCreditReport.com](#) for other debts
Part 3

Creating Your System
Step 4: Create a purposeful spending and saving system

In order to successfully put the pieces of this Road Map in place and eventually reach your biggest financial goals, you'll have to be purposeful about how you're using your money.

Most people recommend a traditional budget here, but I find it much easier and more effective to create a system that does the hard work for you. Here’s how it works.

1. Track Your Spending

Understanding exactly where your money is going now will allow you to make better decisions about where you want it to go in the future. Tracking your spending will give you this information AND help you measure progress along the way.

You Need a Budget and mint.com are two tools that can help you do this.

2. Automate Your Savings

Set up automatic transactions that move money into your savings accounts at the start of each month, BEFORE you’ve had the chance to spend it.

3. Make Irregular Expenses Regular

You know that things like car maintenance and gifts are going to come up, you just don’t know when. Saving for them ahead of time will ensure that the money is available when you need it.

4. Build Rock Solid Habits

Our habits are the things we do every day without thinking. The more you align your daily habits with your long-term goals, the easier it is to make consistent progress.
Part 4: Building Financial Security
Step 5: Get health insurance

With that spending and saving system in place, it’s time to start building a secure financial foundation.

Health insurance will ensure that your family is always able to get the medical care it needs and that you won’t be on the hook for exorbitantly large medical bills.

If you’re married, and if you’re both working, make sure to compare the plans offered by your employer to those offered by your spouse’s employer. It may be that one offers better coverage and you may also be able to save money by switching to a family plan.

If you don’t have health insurance through an employer, you can get it at healthcare.gov.

Step 6: Build a Stage 1 emergency fund

Having some cash set aside to handle the unexpected is a good idea no matter what, but it’s especially helpful when you’re raising a family and constantly dealing with all kinds of new and unexpected expenses.

$1,000-$2,000 in a savings account is a good start. It’s enough to handle most unexpected expenses, giving you the security of knowing that one misstep won’t send you into debt or knock the rest of your financial plan off track.

The primary purpose of this money is to be there when you need it, so a savings account is the right place for it even if you aren’t earning much interest. But if you’d like to earn at least a little return, you can check out an online savings bank like Ally (my personal bank).
**Step 7: Get your wills and other estate planning done**

Even if you don’t have any money, some basic estate planning is a good idea when you have kids.

Most importantly, a **will** is the only way to decide ahead of time who would care for your children if both parents passed away. Without a will, that decision would be left up to the courts.

There are some other basic documents worth handling here too. A **health care proxy** designates a specific person to handle medical decisions for you in case you’re ever unable to do it yourself. A **durable financial power of attorney** does the same for your finances.

These can all be done fairly cheaply and will ensure that your most important life decisions are being handled by the people you want to handle them.

**Step 8: Get life insurance**

Life insurance allows you to provide for the people who depend on you financially, even if you die. It’s morbid, but important.

For a working parent, life insurance would primarily serve to replace the income that your family relies on for its basic needs.

For a stay-at-home parent, life insurance would help pay to replace the services you perform every day, like childcare, house work, transportation, etc.

You should also consider life insurance if you have joint debt that someone else would become responsible for. Common situations here are joint mortgages and student loans with a cosigner.

There are several different types of life insurance, but **term life insurance** is all that 98% of us will ever need.
**Step 9: Get long-term disability insurance**

This is one of the most overlooked types of insurance out there. Many of my clients haven’t even considered it before we start working together.

As you start your financial journey, your biggest financial asset is your future income. It’s that income, and what you do with it, that allows you to reach your biggest financial goals.

And long-term disability insurance protects your ability to earn that future income by sending you a monthly check if medical issues keep you out of work for an extended period of time.

If you already have enough money to live on for the rest of your life, you probably don’t need disability insurance. Otherwise, this protection is well worth the cost.

**Step 10: Get liability insurance**

To be completely honest, you can probably put this near the bottom of your list of priorities if you’d like. But I’m putting it here because it’s an extra layer of financial security and because it’s fairly easy to get in place.

Liability insurance covers you in case you accidentally injure someone or damage their property. This is especially likely when driving.

It’s already a part of both your auto policy and your homeowners or renters policy, but it’s a good idea to double-check your coverage and increase it if needed (the required minimum coverage is generally not enough).

And if you have significant savings and/or income that you would like to protect, an umbrella policy can provide you with extra coverage.
Part 5
CREATING YOUR FREEDOM
Step 11: Contribute to your 401(k) up to your employer match

Now that you've built a secure financial foundation, it's time to use that security as a launch pad for creating financial freedom.

The first step is taking full advantage of any employer match you're offered through your 401(k) or other company retirement plan. That match is an immediate and guaranteed 50-100% return, which is better than anything you'll find anywhere else.

On top of that, you'll get a tax deduction for your contributions and your money will grow tax-free while it's in the account.

Simply put, it's the best deal in town.

Down the line you could consider contributing more than this if you still have money to save, but getting the full match is a great start.

Step 12: Pay down your high-interest debt

Investing and paying off debt are two sides of the same coin. They both offer a return on your investment and they both bring you closer to financial freedom.

Deciding which to prioritize is part logic and part emotion. There is no one-size-fits-all answer. But from a mathematical perspective, prioritizing your high-interest debt makes a lot of sense.

Let's say you have a credit card charging you 18% interest. Every extra dollar you pay towards that debt provides an 18% return on investment. And that return is guaranteed, which is not something the stock market can provide.

So what qualifies as "high-interest"? I would set the bar at 6%. Anything over that should generally be paid off before you invest elsewhere.
Step 13: Put 33% of extra money towards:

I rank these next three goals just about equally. You don’t have to put exactly 33% of your extra money towards each, but working towards them together makes a lot of sense.

**Stage 2 emergency fund** – Building your emergency fund to 3-6 months of expenses will help you ride out even the toughest financial situations.

**Low-interest debt** – Getting to debt-free not only gives you more flexibility to make enjoyable life choices, but it feels great!

**Investing for the long-term** – The more you put towards your long-term investments now, the sooner you’ll have the freedom to make life decisions without worrying about the next paycheck. Your 401(k) and a Roth or Traditional IRA are great places to start.

Step 14: Consider saving for college

Many parents come to me with saving for college as one of their top priorities. And while it’s an admirable goal, it’s usually my job to pump the brakes a bit.

It’s just like when you’re on an airplane and they tell you to secure your own oxygen mask before assisting your child. In the same way, it’s important to secure your own financial foundation before saving money specifically for your kids. That’s why I generally encourage people to pay off debt and get retirement on track before saving for college.

But if you have the money available, and if you’d like to save some money for your child’s education, contributing to a 529 plan is a great way to start.

If your state offers a state income tax deduction for contributions, your state’s plan is likely the way to go. If not, New York and Utah currently offer my two favorite 529 plans for out-of-state residents.
Step 15: Choose your own adventure

All of the steps above are important, but the real value of financial planning comes from using the money you have to create a life you love.

Which means that completing a checklist is only the start. It’s a good one, and if you’ve followed these steps you’ll have the foundation in place to do just about whatever you want.

But now it’s time to go back to your “Why” – your personal mission statement – and think about what you want your life to look like.

Who are the people you want around you? How do you want to spend your time? What excites you? What energizes you? What do you want less of?

Your answers to those questions are the real priorities. Let them guide your next set of financial decisions and you’ll be much happier for it.
Next Steps

1. Print out the checklist on page 6.

2. Check off the items you already have in place.

3. Work through the other items one-by-one.

4. Let your personal goals and values – your “Why” statement – guide your decisions whenever you feel stuck.

5. If you have questions, email me any time at matt@momanddadmoney.com. I’m always happy to help!

6. If you’d like professional guidance through all of these decisions, I offer a number of different planning services designed to help parents like you. You can learn more here: momanddadmoney.com/work-with-me.
Thanks!

Before I let you go, I just want to say a quick thank you. You are the reason I do what I do, and I really appreciate you placing even a small amount of trust in me. I know how important your family is to you and I sincerely hope that this Road Map gets you on the right financial track.

I know I've said it before, but please don't hesitate to reach out if you have any questions. I am always happy to help. My email address is matt@momanddadmoney.com and my phone number is (850) 426-4034.

Thanks again, and good luck!

About the Author

Matt Becker, CFP® is a dad, husband, fee-only financial planner, and the founder of Mom and Dad Money, where he helps parents take control of their money so they can take care of their families.

When he isn’t at work, you can usually find him coaching soccer, re-watching Schitt's Creek, and goofing around with his two awesome boys.

If you’d like Matt's help getting your financial plan in place, you can check out the services he offers here: momanddadmoney.com/work-with-me.