The New Family
FINANCIAL ROAD MAP
Helping you take control of your money so you can take care of your family
Matt Becker, CFP®
By far the most common question I get from both readers and clients is some version of this: **How do I balance everything?**

There are so many financial responsibilities that come with starting a family and 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 with my background as a CFP®, I felt overwhelmed by all the new financial decisions we had to make when my wife and I were having our first child.

There were new expenses to handle. There was less income coming in. There was new insurance to get. There was an emergency fund to build, college savings to start, and retirement to get on track.
I felt a lot of pressure to provide for my family the right way. But I honestly didn't have a lot of confidence in my ability to do it by myself.

It was stressful. And it felt a little lonely. Like I was the only one struggling with this stuff.

Fast forward a few years and my wife and I are in a much better spot. We certainly don't have it all figured out, but through trial and error, plenty of mistakes, and a little help along the way, we now have the important things in place and we feel good about the direction in which our personal financial plan is taking us.

I'd like you to feel that way too. And that's exactly why I created this Road Map.

Using everything I've learned from both my personal experience and from working one-on-one with other new parents, this Road Map shows you how get your family off to the best financial start possible.

Here's what you’ll learn:

1. Which financial responsibilities matter most as you start your family.
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 real goal here is to take an experience that was difficult and stressful for me and make it as easy as possible for you.

If you have questions as you work through the Road Map, please feel free to email me any time at matt@momanddadmoney.com. I would love to hear from you.

And in the meantime, I wish you and your family the best of luck!
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 your family with that financial security.

**2. Financial Freedom**

With your financial security in place, you have more freedom to take advantage of the exciting opportunities that come your way.

The *Road Map* shows you how to use your financial security as a launch pad for financial independence.

**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 looking for some help prioritizing your financial responsibilities, look no more.

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**: Provide basic food and shelter
- **Step 2**: Pay your bills and the minimums on all your debts
- **Step 3**: Create a spending and saving system
- **Step 4**: Get health insurance
- **Step 5**: Build a Stage 1 emergency fund
- **Step 6**: Get your wills and other estate planning done
- **Step 7**: Get life insurance
- **Step 8**: Get long-term disability insurance
- **Step 9**: Get liability insurance
- **Step 10**: Contribute to your 401(k) up to your employer match
- **Step 11**: Pay down your high-interest debt
- **Step 12**: Put 25% of your money towards:
  - Stage 2 E-fund
  - Irregular expense funds
  - Low-interest debt
  - Investing for the long-term
- **Step 13**: Choose your own adventure
  - What makes you happy?
  - Traveling?
  - Starting a side business?
  - Saving for college?
  - Saving for a house?

Click here to grab this checklist as a printable PDF
Part 1

Handling

The Essentials
**Step 1: Provide Basic Food and Shelter**

It really goes without saying, but 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.

**Quick note:** There are a number of different ways that you can get more personalized guidance through all of these steps. [Click here to learn more about them.](#)

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**Step 2: 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 2
SYSTEMATIZING YOUR MONEY
Step 3: Create a Purposeful Spending and Saving System

In order to successfully put this *Road Map* in place and eventually reach your biggest financial goals, you will 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.

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 a 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 3
BUILDING
FINANCIAL SECURITY
Step 4: Get health insurance

With that spending and saving system in place, it’s time to start building your foundation of financial security.

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, 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 5: 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 going through a big transition like starting a family.

You’re going to be dealing with a lot of changes, both in how you’re living and how you’re spending. Having some extra savings will allow you navigate those changes without worrying about where the money is going to come from.

$1,000-$2,000 in a savings account is a good start. That should be enough to handle most types of unexpected expenses.

One more point: don’t worry if this money is earning “nothing” in a savings account. This money is meant to be safe and acessible, not to make you rich. That comes later!
**Step 6: Get your wills and other estate planning done**

Even if you don’t have any money, some basic estate planning is a good idea as you start your family.

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 7: Get life insurance**

Life insurance allows you to provide for the people who depend on you financially, even if you die. Morbid, right? Yes, 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, housework, 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 8: Get long-term disability insurance

This is one of the most overlooked types of insurance out there. In fact, most of my clients don’t have this 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.

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. And according to WebMD, the odds of that happening some time before you retire are about 1 in 3.

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

Step 9: Get liability insurance

To be completely honest, you can probably put this step lower on your list of priorities until you’ve built some substantial savings. 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 4

REACHING

FINANCIAL FREEDOM
Step 10: 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 financial freedom.

The first step is to 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 that you won’t find anywhere else.

Not only that, but 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.

Increase your 401(k) contributions until you’re getting the full employer match and laugh all the way to the bank.

Step 11: Pay down your high-interest debt

Investing and paying off debt are really like 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 10% interest. Well, paying it off means you get a 10% 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 provides too good a return to pass up.
Step 12: Put 25% of your money towards each:

I rank these next four goals just about equally. You don’t have to put exactly 25% 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.

**Irregular expense funds** – Keep building those irregular expense funds you started in Step 3. You’ll sleep better with these in place.

**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, the sooner you will reach financially independence. Your 401(k) and a Roth or Traditional IRA are great places to start.

Step 13: Choose your own adventure

All of these steps are important, but the real value of financial planning comes from using the financial opportunities available to you 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 whatever you want.

But the end point can only be defined by you.

So take some time to 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?

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

1. Print out the checklist on page 5.

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 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 personalized guidance through all of these decisions at a price you can afford, click here to check out my pay-what-you-can Jump Start Session.
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 off to the best financial start possible.

And I know I’ve said it before but please don’t hesitate to reach out to me if you have any questions at all. My email address is matt@momanddadmoney.com and I would love to hear from you.

And in the meantime, best of luck with everything!

**About the Author**

Matt Becker, CFP® is a dad, husband, fee-only financial planner, and the founder of *Mom and Dad Money*, where his mission is to help 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 jumping on beds and building block towers with his two awesome boys.

If you’d like to stay up to date on all things family finances, you can follow him on Facebook and Twitter (@MomAndDadMoney).