



**Get financially
prepared for
parenting**

choosi[®]

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A man with a beard and a woman with glasses are sitting at a table, looking at a laptop screen. The man is pointing at the screen. They appear to be in a home setting with a lamp and a window in the background.

Crunching the numbers

Are you thinking it might be nice to hear the pitter patter of little feet soon?

You've probably been warned that you'll lose plenty of sleep, your sanity on some days, and the privilege of going to the bathroom alone for a while. But what many people overlook is the financial cost of becoming a parent.

You'll need to set aside at least \$8,840 annually for one child – and that's a conservative estimate covering only basic


needs.¹ If private schooling is part of the plan, you can times that by five for starters.² Ouch!

There's obviously plenty of joy and tonnes of treasured moments ahead. To make sure those days of bliss aren't tinged with financial strain, it pays to start thinking about what's involved financially – sooner rather than later.

We want to help you budget for one of the biggest (and most brilliant) stages of your life – parenthood. Here, we take a closer look at what it costs to be a parent.

¹ [New estimates of the costs of raising children in Australia](#) – Australian Institute of Family Studies

² [Australian Scholarships Group report based on a child born in 2017](#) – Australian Scholarships Group



Can you put a price on parenting? Yes!

Parenting today looks a lot different than it did a generation or two ago, and costs have also changed dramatically. Parents today have many conveniences (think mobile phones, disposable nappies and dishwashers) but they also face many new challenges (think how to keep the kids from iPad addiction).

Our family unit looks a lot different, too, with mum, dad and 2.5 kids no longer the norm.³

Parenting: then and now

- **We're getting older:**
The percentage of women having their first child over the age of 30 years has risen from 23% in 1991 to 43% in 2011.
- **We're not as clucky:**
Australia's fertility rate dropped from 3.55 to 1.93 from 1961 to 2012.⁴

And if you think it's getting more expensive to live, you'd be right. The most recent figures from the ABS show fuel, transport and other basic living costs are rising at their fastest pace in 3½ years – and well above any rises in our pay packets.

Economist Ryan Felsman highlights the issue:

"Broadly, rising cost-of-living pressures are pressuring income-earners across the board."⁵

Adding to the financial strain, kids don't seem to want to leave the nest these days. In fact, 43.4% of adults aged between 20 and 24 years of age are still living at home, and 17% of 25 to 29-year-olds.

So, if you've committed to the idea of the long and winding road of parenthood ahead, let's prepare for the trip. How much is it really going to cost?

³2016 Census – ABS ⁴Births in Australia – Australian Institute of Family Studies

⁵More Australian adult children are living at home, census data shows – Domain

⁵Rising cost of living leaving many people struggling to pay for basic essentials – ABC



The big reveal: the real of the essentials

In addition to plenty of love, children need some basics to grow into happy adults. You'll need to put rooves over their heads, clothes on their backs and food on the table.

There's also basic transport, health care and education needs you'll be covering until they step out into the big, wide world on their own.

And the weekly expenses are....

In Australia, the Australian Institute of Family Studies research says that the cost of

covering the essentials every week ranges from \$140 for unemployed families to \$170 for low-paid families.⁷

Professor Peter Saunders of the University of New South Wales explains that these estimates cover "what it costs to feed and clothe children" from the shelves of "nationwide stores, such as Woolworths and Kmart" and "the costs of mobile phones which are now commonplace."

The boomerang kids

If you think you'll be forking out for the essentials until they leave home, you're right. But don't start counting your savings once they leave.

There's a trend these days for kids to move out... and then back home again. A host of reasons feed the trend, ranging from high house prices to failed relationships and, well, perhaps they just miss you.

How many Australians are doing it?

The latest Household, Income and Labour Dynamics survey in Australia reflects the trend according to the survey's directors.⁸ The number of 25 to 34-year-olds renting dropped from 55% in 2011 to 48% in 2016, and the number of 15 to 24-year-olds renting dropped from 37% in 2011 to 34% in 2016.⁹

The latest census data also shows children in their mid-20s are staying home longer, by an average of six months extra, compared with 5 years ago.⁶

⁷New estimates of the costs of raising children in Australia – Australian institute of Family Studies
Institute Applied Economic & Social Research

⁸The Household, Income and Labour Dynamics in Australia Survey: Selected Findings from Waves 1 to 16: Melbourne
⁹Multi-generational living: Why young Aussies are moving back home or not leaving – ABC



But wait... there's more!

Paying for extras

Most parents want to do what's best for their kids, and to do whatever they can to encourage them to become happy, well-rounded adults. That's their job as parents, right?

If only it were that simple. Of course, what's best is subjective (and sometimes the subject of heated discussions at dinner parties, the school gate and beyond).

Does bigger mean better?

Often, what we consider "better" comes with a bigger price tag. "Better" can even start at birth. If you book in for a birth at a private hospital, expect to pay up to \$8,500 (and beyond) compared to up to \$1,500 at a public hospital.¹⁰

If you plan to put your child's name on the list for a private school once they're born, expect to re-calculate education costs, too. While government schooling to Year 12 will cost nearly \$69,000, a Catholic education will cost close to \$240,000 and a private education comes in at just over \$487,000.¹¹

Sport costs how much?!

If your child is one of the 85% of Aussie kids involved in weekly sporting activities, there will also be some sacrifices there, too.¹²

First, there's the time. Remember, time is money – and parents spend plenty of it running around to sporting activities according to the Australian Active Kids Report. More precisely, 5.6 hours driving to games and training, 5.6 hours waiting and 5.1 hours actually involved in the activities. That adds up to the hours equivalent of a part-time job!¹³

Second, are the actual costs. Research suggests families spend on average \$2,180 each year on kids sporting activities.¹³ And while three in four people think this is expensive, 88% of parents are happy to make the commitments and 92% say it's fun being involved in their children's sporting activities.¹³ Yes, those statistics say what other parents will tell you – it's all worth it. Nice to know, hey?

It's the little things

As for the other extras, like family portraits, the latest (uber expensive) sneakers, unicorn birthday parties, backyard pools, holidays to Disneyland and whatever else your family's dreams are made of – we'll leave you to calculate those costs.

¹⁰When it comes to childbirth, is private health insurance really worth it? – news.com.au

¹¹Australian Scholarships Group report based on a child born in 2017 – Australian Scholarships Group

¹²The Australian Active Kids Report – Real Insurance



Working parents: the costs

There are lots of working parents out there, so if you're planning to work there'll be plenty of advice floating around (and jammed down your ears on occasion). The number of couples with children that have both parents working has increased to 25% recently, while a combination of one parent working full time and the other part time is still the most common scenario (35%).¹³

Money coming in from work is obviously going to ease the burden financially. Keep in mind, though, that the working parent

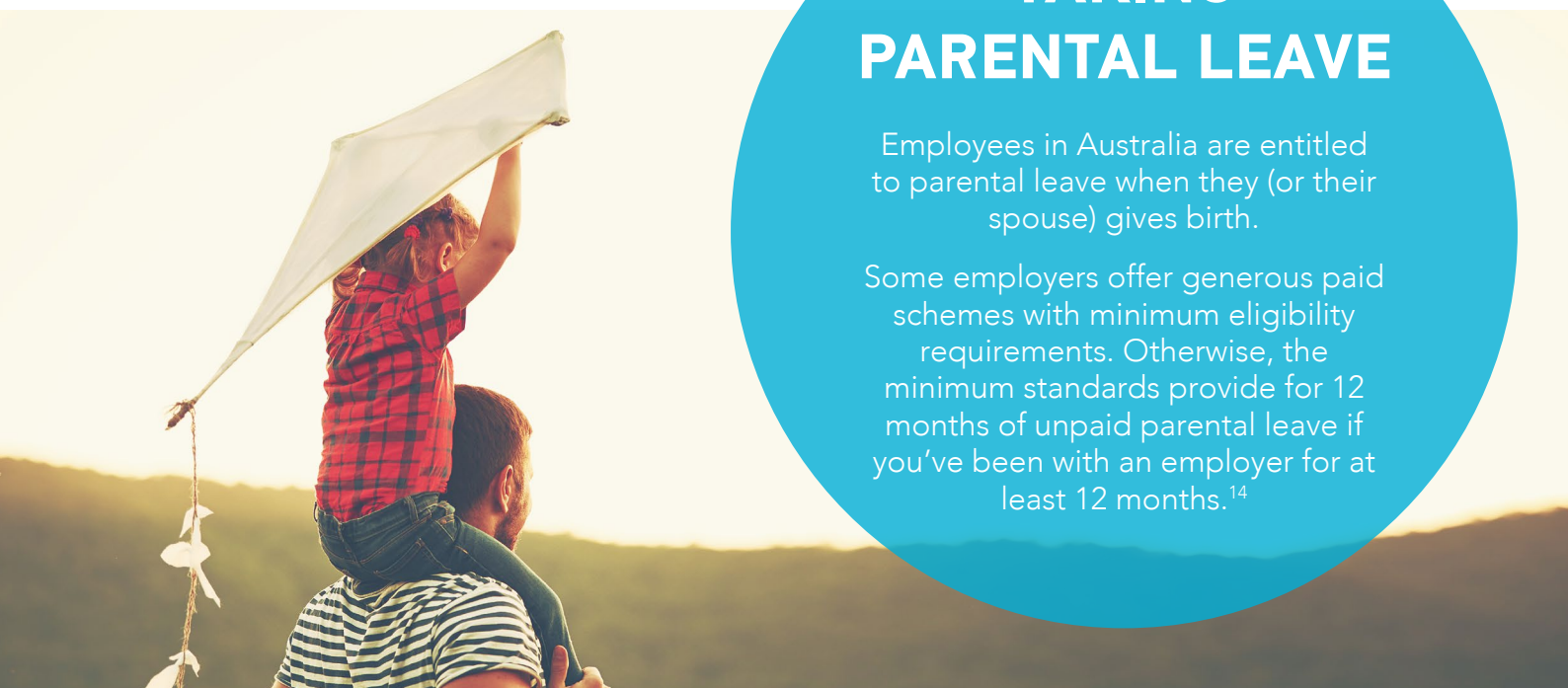
juggle is not easy and your ideal working arrangements may look a little different after a baby comes along.

The Real Insurance Working Parents Survey revealed that most parents wish they held off on returning to work longer so they could spend more time with their children in the early years. And three in ten of those whose partners returned to work first said they felt resentment as a result.¹⁵

TAKING PARENTAL LEAVE

Employees in Australia are entitled to parental leave when they (or their spouse) gives birth.

Some employers offer generous paid schemes with minimum eligibility requirements. Otherwise, the minimum standards provide for 12 months of unpaid parental leave if you've been with an employer for at least 12 months.¹⁴



¹³More couple families have both parents working – ABS ¹⁴Maternity & parental leave – Fair Work Ombudsman ¹⁵Real Insurance Working Parents Survey – Real Insurance

Unsurprisingly, worrying about the baby, achieving a work-life balance, feeling time pressured and readjusting to work schedules are some of the biggest challenges parents face on returning to work. These are the hidden sacrifices that sometimes become real

costs as you change your work patterns to accommodate the juggle and pressures.

Affording child costs was another worry, with monthly childcare fees costing up to \$2,400.¹⁶



FEELING JUDGED AT WORK?

Mothers who return to work within three months (88.4%) or don't return to work within a year (69.6%) of having a child feel they are being judged negatively by society.¹⁵

Aussies think single mums come under the greatest scrutiny from society in general (61.8%) and to a lesser extent, employers (26.8%).¹⁵

¹⁶Childcare around the world – how does Australia compare? – Kidspot

SO, HOW CAN YOU PREPARE?

Bringing a tiny human into the world is a miracle and can bring you unimagined joy and contentment – and lots of unsolicited advice. Choose carefully which advice you take on board, making sure you're as prepared as possible – emotionally, physically and financially – for everything the ride can bring.

**ARE YOU PLANNING TO
EXPAND YOUR FAMILY?
CHOOSI LETS YOU
COMPARE LIFE AND INCOME
PROTECTION INSURANCE TO
PROTECT YOUR GROWING
FAMILY.**



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