

CAN YOU MANAGE...

a mortgage AND a baby?

As new parents we are often caught off guard when our organised life becomes a thing of the past after we bring home our bundle of joy. It's amazing how tiny babies can turn our household upside down. We quickly learn to be more flexible about when we eat, sleep, go to the shops and even shower!

It helps to be flexible in our financial life too when the impact of reduced household income and the expense of a new addition starts to be felt.

We've all heard it said "there is never a right time to start a family" - whether it be for career, personal or financial reasons. Still, many of us go ahead anyway and are then forced to stick to a tighter budget. But somehow we find ways of 'making it work'.

Most of us can save money when we have to, however it's often less stressful if we've done all we can to AVOID financial stress. We don't want financial worries when we're sleep deprived and trying to settle a crying baby.

A little planning BEFORE baby arrives can make it easier to focus on what's important later... our family.

Planning is the key to relieving the financial pressure of starting or increasing your family. The more time you have the better, but even if baby is unplanned you have at least seven months to prepare! Here are some great ideas to get you started:

1. Be ready before baby arrives

Shopping and preparing your home for a new baby is fun but you should also consider taking steps to prepare your finances while there are two incomes - such as pay off the credit cards, look for options to earn extra money (eg overtime), set up a 'rainy day' account for unexpected expenses. It's also a good idea to trim expenses or stockpile cleaning

products, non-perishables or gifts before your budget tightens.

2. Budgeting

If you don't have a budget now is a good time to create one. It's often surprising to see where your money is going but it certainly helps you work out where you can cut back.

3. Practise living on one income

Consider trying to live off one income as soon as you find out baby is coming. On pay day immediately bank the second income into a savings account and see how you go managing your expenses. This is a great way to identify where to cut back in order to manage after baby arrives.

4. Know your leave entitlements

This might include paid parental leave from your employer or up to 18 weeks parental leave pay¹ from the Australian government. If your employer offers paid parental leave you may be able to take half pay for double the time. Or perhaps you are able to use accrued annual or long service leave stretched out over time if taken at half pay? It pays to ask.

5. Take the pressure off

If buying a new home perhaps consider borrowing less than you can afford. Making higher repayments before baby arrives may allow you to make minimum repayments after you drop to one income. If your loan has an offset account, use it for the extra payments - you'll reduce your loan interest but still have easy access to the funds after baby arrives.

- research lenders that offer loan features suitable for your individual circumstances
- calculate loan repayments on properties of various values to determine affordability
- investigate if you will still be eligible for the finance you want if one of you stops working
- find out which lenders offer a 'repayment holiday' to suspend repayments while one partner is not working
- work out how much you need to pay ahead on your loan to cover repayments during maternity leave
- discuss the possibility of refinancing your current debts to reduce monthly repayments

1. As at Dec 2016 proposed changes to PLP not implemented

How can we help?

We are happy to spend some time with you to make sure you have all the information you need to plan ahead! For example we can:

- explore if your current loan has access to any flexible options

There are other possible options so contact us TODAY for a copy of our article 'Tips to help you manage your mortgage'.

