

African Bank Limited press release

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Financial Planning for New Parents

A new baby is a blessing but the financial responsibilities of raising a baby can be overwhelming for many parents.

Medical costs, clothes, toys, nappies and bottles - the list of new born baby supplies is endless! Picking out prams, cribs and plush animals is all part of the excitement of welcoming a new little human into the family. However, these items cost money and if you're not prepared, you are bound to feel more distraught than overjoyed.

Mellony Ramalho - African Bank Executive: Insurance says that to take away some of the financial stress a baby brings, it is important for families to ensure that they have gone through the motions of planning their financial path before their little one arrives. "If you're feeling a little nervous about whether your bank account is "baby ready" take a look at these seven practical tips," she says.

- **Arm Yourself with a Medical Aid Plan**

Although a personal loan can assist with lightening the load of the imminent medical bills, it is important if possible to ensure you have some form of medical aid plan. Not only will this ensure that your financial burdens are taken care of, it will also ensure that you and your little bundle of joy are in the best possible hands. The last thing that you want to do is pay for the medical bills with your credit card as this will completely over extend your budget.

- **Buy in Bulk**

When it comes to nappies, dummies, bottles and creams, ensure that you buy in bulk as buying these items in bulk is far cheaper than buying them in small amounts.

- **Save, Save, Save**

Before your little one arrives, the best thing to do is to save, save, save! Yes, a loan will certainly offer some relief if you happen to reach a tight spot, but saving money will ensure that you have the extra pennies to treat your new family to a weekend away, a lovely celebratory dinner or some great new jeans now that your baby bump has subsided.

- **Make a budget and track spending**

If your housing and other costs have increased owing to your growing family size, make a new monthly budget that reflects those added expenses. If you find you can't stick to the budget on the first or second try, don't give up, simply adjust your budget until you come up with one that works for your family.

- **Plot a Future Financial Plan**

Primary school, high school, university and everything in between comes at quite a hefty price. When your little one is born, ensure that you open an investment account or unit trust that is sure to grow over the next couple of years. Whether you use this money for school fees, uniforms or one day hand it over to your young adult, a financial safety net is sure to let you rest assured that your child's future is taken care of.

- **Prioritise financial goals**

Many new parents feel torn between competing goals, such as saving for college, retirement and a down payment on a house. The best course is to do what you can comfortably afford, which may mean temporarily putting some priorities on the back burner as opposed to stretching yourself too thin. Make a realistic budget that reflects your new lifestyle and track your spending.

- **Automate your savings and/or debt payments.**

Once you've identified your financial goals, you are more likely to make steady progress toward your goals if you set up automatic payments and/or deposits. By automating your savings or debt payments, you are prioritizing your goals and forcing the rest of your life to fit around them.

“Having a baby is, without a doubt, a costly endeavour. However, with a little planning and creativity you can save money and start a lifestyle of making your budget stretch,” concludes Ramalho.

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