

Fourth Trimester Podcast

Episode 114: Family Financial Wellness: Three Finance Must-dos for New Families

Sarah Trott: [00:00:05] My name is Sarah Trott. I'm a new mama to a baby girl and this podcast is all about postpartum care for the few months following birth, the time period also known as the Fourth Trimester. My postpartum doula, Esther Gallagher, is my co-host. She's a mother, grandmother, perinatal educator, birth and postpartum care provider. I've benefited hugely from her support. All parents can benefit from the wisdom and support that a postpartum Doula provides. Fourth trimester care is about the practical, emotional and social support parents and baby require, and importantly, helps set the tone for the lifelong journey of parenting.

When I first became pregnant, I had never heard of postpartum Doulas, let alone knew what they did. So much of the training and preparation that expecting parents do is focused on the birth and newborn care. Once a baby is born, often the first interaction parents have with medical or child professionals, other than the first pediatrician visits, is the six-week checkup with the OB/GYN. *What about caring for mama and family between the birth and the six week doctor visit? What are the strategies for taking care of the partner and the rest of the family while looking after your newborn?*

Our podcasts contain expert interviews with specialists from many fields to cover topics including postpartum doula practices, prenatal care, prenatal and postnatal yoga, parenting, breastfeeding, physical recovery from birth, nutrition, newborn care, midwifery, negotiating family visitation, and many more.

First-hand experience is shared through lots of stories from both new and seasoned parents. Hear what other parents are asking and what they have done in their own lives.

We reference other podcasts, internet resources and real-life experts who can help you on your own parenting journey. Visit us at <http://fourthtrimesterpodcast.com>

Sarah Trott: [00:00:00] Hi, this is Sarah Trott and welcome back to the Fourth Trimester Podcast. I'm here with a special guest today, Laura Davis, who I'll introduce in a moment. Before I do, I want to remind everyone that we have a website which is fourthtrimesterpodcast.com, where you can go and get links to lots of great deals (Deals Page) and resources. So please check those out. Also you can sign up for our newsletter so that you're alerted every time we release a new episode.

Sarah Trott: [00:00:25] Today's topic is one that is unique so far on the show. We haven't talked about this before. We're talking about financial stability as something to think through ahead of the fourth trimester. So when you're starting a family or thinking about one, or maybe you have a family already, it's never too late. This is a really important topic for a lot of people. Whether you're a single parent or coupled up, this is just really valuable information that we thought was incredibly important to share on the show.

Sarah Trott: [00:00:56] It's pretty clear it's important to do some financial planning when you're thinking about having a baby, there's going to be increased expenses. You're going to maybe potentially be thinking about planning for education. Just being stable and financially secure is a really big topic. And maybe even getting further down the line, you want to think about estate planning once you have more people in your life. So these are all good topics. There're many more reasons why financial planning is so important, but those are just a few of the reasons.

Sarah Trott: [00:01:29] And we have a fantastic guest, as I said, Laura Davis, who is here to talk with us. And so just to let you know who she is and a bit about her background: Laura is both an author and a certified financial planner. She has many years of experience helping families from all over set their finances up for success. And we are here to talk with her today about how she helps people transform their financial lives and really hone in on some practical steps and actions that you can take right away, so that you can put yourself and your family in a very strong position for the future. So welcome, Laura. Thanks for coming on the show.

Laura Davis: [00:02:09] Thanks so much for having me. I could talk about this topic for days and months and years. So hopefully I can narrow down a little bit and really help your listeners walk away with one action item that they can start thinking about as they move forward.

Sarah Trott: [00:02:27] Perfect. I love that. We are going to also be talking a little bit about your own fourth trimester experience because you're a parent, and that's a tradition we have on the show. So before we do that, though, do you want to give yourself a little bit of an intro in your own words?

Laura Davis: [00:02:44] Sure. So I am a financial advisor. I've been doing this for almost a decade. I was a career changer. So I was a real estate agent before this. And then I had a brief stint as a recruiter. But my true love is for financial planning. I am incredibly passionate about it, and my very favorite joy in life is helping people gain peace around their finances and and, and move forward with confidence in their financial lives.

Sarah Trott: [00:03:20] Yes. And I did mention that you're an author. I do have your book. I've been reading it and it's wonderful. I really appreciate it. And we'll have links in the show notes to your book. And we can talk more about it at the end as well.

Sarah Trott: [00:03:37] Oh, by the way, I should probably mention on a personal note Laura and I went to college together, so this is our special connection that we have. And so I'm really particularly thrilled to have you as a guest on my show now.

Laura Davis: [00:03:49] I really also don't want to say how many years ago that was because it ages both of us. Like, like we are old millennials now. And I guess, I guess I can wear that badge with pride, but still it makes you feel really old. Yes, yes. With pride.

Sarah Trott: [00:04:10] So without mentioning any years in particular, let's remember back to the beautiful early time when you had little babies at home. Tell us about your experience.

Laura Davis: [00:04:22] I have a 13 year old and a ten year old now. My daughter is 13. My son is ten. I had both of them at home. So my kids were home births. And so that is a unique experience for anybody who is considering or has chosen that path. I am not actually a huge advocate of home birth because I think it's such a personal decision. And whatever way you choose to bring your baby into this world is just exactly perfect. But that's the way that we chose to have ours. My birth with my daughter, wasn't it was not easy. there was quite a bit of pain. I was 14 hours in labor which I know is not long for many of us, but for me, it felt like an eternity.

Laura Davis: [00:05:25] And I will say that it was ... I didn't have postpartum depression, and I didn't have a huge struggle after I gave birth, but it did take me a long time to kind of reconcile myself to the idea that I wanted to have another one, if that makes sense. So I thought that I would get through that process and think immediately, Oh, I definitely want to have my second, because I had always planned to have two but my mind wasn't necessarily there, if that makes sense.

The thing that it taught me was that you know, as long as you put one foot in front of the other in life, the answers will come. And I just remember about three months after my daughter was born, sitting in the car and thinking, you know what? I think I can do this again someday. And I did, and the second time was much easier. And I got through it and, and here we are. And everybody's healthy and happy.

Sarah Trott: [00:06:31] Yeah. Yeah. Thank you for sharing the story. And I like that you are highlighting the fact that you had a certain set of expectations and it didn't necessarily feel that way. And that was okay. Actually. Yes.

Laura Davis: [00:06:43] Yep, yep. And isn't that sort of a ubiquitous theme in life too, that our expectations sometimes aren't met and I don't know, I was talking with someone the other day and they were like it's just best to have no expectations at all. And then you're never disappointed. And I don't want to be that extreme about it, but I think part of the secret to happiness is having flexible expectations. Right? So not becoming overly attached to any one outcome. because you just don't know exactly how you're going to feel.

And that's what I tell first time pregnant moms all the time, you just don't know what you're going to feel like. You might think that you want to go back to work. You might think that you're going to be a stay at home mom. You might think that your life is going to look a certain way, and maybe it will look that way, but it's best to just be open to the idea that your brain chemistry might change in a way that you don't know right beforehand.

Sarah Trott: [00:07:45] So yeah, that's so true. Yeah. I had a very wise former boss give me some advice ahead of a big change at work. And it was, 'control the controllables, be flexible and have fun'. Yeah.

Laura Davis: [00:07:58] That's so good, because we really can only control the small, small circle that is immediately around us and, and trying to control things outside of that circle really will result in disappointment every time. So this is actually a great segue into financial planning.

Sarah Trott: [00:08:28] I should think so. Yeah. So like I mentioned, I'm reading through your book. One of the things I really liked at the beginning is this focus on mindset and that's a little bit what we're touching on now. Tell us a little bit about your inspiration for writing. What inspired you to help families?

Laura Davis: [00:09:10] So in a, in a general sense the reason why I wrote this book and did it the way that I did. So that your listeners know it's 100% illustrated with anthropomorphic animals, there are these pen and watercolor drawings. I hired an incredible illustrator to illustrate all the planning concepts in the book, and the reason why I wrote it in the way that I did, it's very colloquial is because there's I mean, there are a plethora of financial planning books out there, personal finance books that you can read on all sorts of areas.

And there's really wonderful books out there. But what I thought was missing was something that wasn't overly complex and that didn't have a whole lot of financial jargon or information that you just really don't need.

Laura Davis: [00:10:07] So, in my mind, simplification is the name of the game. You know, I just want to boil down concepts to everything that you absolutely need to know and then nothing that you don't need to know. And there's plenty of times in my book where I say if your situation is outside of this, then yeah, you probably need to seek some professional advice.

Laura Davis: [00:10:29] But those outside cases are more rare than we usually think. So you know, when it comes to specifically preparing for a new arrival or for that fourth trimester there are a handful of things that are just really critical to think about.

Laura Davis: [00:10:51] The first piece of unsolicited advice that I give to people who are about to be first time parents is to figure out your childcare situation. A lot of people, including myself, waited until the last minute to try to figure that out, and I'm not sure exactly how the environment is today, but when I was looking, daycares were very competitive.

And by competitive, that doesn't mean that it's like you have to take an IQ test to get in, but you really have to sign up your child early. So with my second child when I got pregnant, I told my husband then my mom then my daycare provider in that order. Because you have that plan set in place.

Laura Davis: [00:11:37] And then the second thing about that same plan is that you have to understand what the cost is. And, daycare costs have become more and more and more expensive for quality care recently. And so it really is important from a financial perspective to look at that cost, especially in the context of your overall income. So if you're a two parent household, oftentimes what happens, especially when you have more than one is the math starts to not make any sense anymore. For one person to work, right, you just get to that point where you're like, well, I'm paying more in daycare costs than I'm making in take home pay, you know what I mean? That's one really important thing.

Sarah Trott: [00:13:03] Yeah. Thank you for that point. One of the things that I've heard someone say in the past, I'd be curious about your opinion on this. So Sara Mauskopf is the founder of winnie.com. So because you bring up childcare, I want to mention her. She's been on the program, and has been a very sage voice for many parents and is very active as a proponent for people getting the childcare that they need and especially for helping women stay in the workforce. And I've heard her talk about this idea that, yes, you can you know, when you look at the money part of it, there's also a consideration around the lost advancement of your career. So maybe the math doesn't make immediate sense, but say you stay in your career and you advance, then your earning power is much higher later on.

Laura Davis: [00:13:55] Yeah, I think I think that is an amazing point. And, part of what is so challenging, though, is the quantification of that. Right. Because you just can't really know how much of a setback your career is going to have. And, like as a sidebar, it's really unfortunate that we have to have this conversation at all. that my I mean, my husband and I were talking about this last night and how and how sad it is that, especially here in the US, how our culture is just set up in this way where we know with evidence that women have, especially women have a huge setback when they have children when it comes to working. And that there's and that it seems like there's it's very difficult for us to gain ground.

Laura Davis: [00:14:51] So I think there's also with, with money in any aspect, there's also a feelings piece to it. There's an emotional piece to it. and sometimes to her point, the best decision is not necessarily the one that's going to get you the best financial outcome. So you can't always quantify decisions in, in a way that, that well, I'm going to have X amount more if I make this decision or I'm going to have X amount more if I make that decision. You know for a lot of parents, especially women, they make the decision that it's better not to increase their net worth and instead stay home with their kids because that's the better emotional decision for their families. So I think you really have to take it in a holistic context, and it really is all about what's best for you, and not necessarily what's best for someone else.

Sarah Trott: [00:15:54] Yes. And is this one of the mindset points that you're making around defining your own, your own goals and what that means for you? And maybe rich means something to one person and something to something else. That's probably the phrase in my head because I read Ramit Sethi's How to Have a Rich Life journal recently. So yes.

Laura Davis: [00:16:15] Yes it is. It is so important to figure out what's important to you. And I'm sure that you've had this conversation with other guests about about parenting itself and how it is so hard in all the noise of, of the messaging that's thrown at us around what it means to be a good parent, what it means to, to raise good kids and, and, and all of us do it differently. And, what's so important is figuring out what really works for you and your family and your kids and try to kind of ignore the noise because there's a lot of it.

Sarah Trott: [00:16:57] there certainly is. Yeah. We talk a lot about listening to our inner voices and trusting ourselves as parents, because that's a critical skill to have as an individual and especially as a parent. I'll link to that episode as well in the notes while we're on it. Perfect.

Sarah Trott: [00:17:13] Okay, so tell me more. I wanted to maybe kick us off with just how to talk about money, because that can be really hard in and of itself.

Laura Davis: [00:17:46] Oh, that's really good. yeah, let's talk about that. And I have two stories that I want to share that I think might help people also start thinking about the way to approach money differently once they have children. and people who are depending on them financially. So how to talk about money? Oh, it's just like everything else you just have to start. You just have to do something.

Laura Davis: [00:18:15] So one of the things that I always recommend that people do if they haven't already and if they're like, terrified to look at money because most of the time when I tell people what I do, they say something along the lines of, oh, I'm so bad at money, or I'm so afraid to look at it, or like, I you know, I think I'm doing okay, but I just don't know because I because I don't pay attention that it's kind of some sort of theme of

that. And one of the things that I, that I think that is so important for people to do is and it sounds so simple, but most people don't have it, believe it or not.

It's just a list of all of your assets and all of your liabilities. So just take a piece of paper or get a doc on your computer and just write down I have this much in this checking account, this much in this savings account, this much on my mortgage. This is how much my house is worth. This is how much I have in student loans. You know, this is how much debt I have on my car. This is how much I have in my 401 k. Just a list. and look at that list. You may actually be better off than you think that you are.

Laura Davis: [00:19:27] And then and then share that list with the person who you're partnered with, or a close friend or a family member, someone that you really trust and love. and, and and you can say I just did this and I and I just kind of want to have a second opinion or have a second set of eyes and then say one thing that you're afraid of, and I'm sure that the person who you're talking to is going to have something that they're afraid of, too. it really isn't as scary as you think that it is once you actually get it down there on paper. I'm a big believer in just looking at the numbers straight in the face to get past that fear.

Sarah Trott: [00:20:05] Yeah, it's almost like admitting it to yourself and being transparent with yourself. And then if you do have a partner sharing it with your partner and having that transparency, especially if it's reciprocated - which would be the recommendation here - then that goes a long way. You're like, okay, well, there it is. It's scary when it's out loud.

Laura Davis: [00:20:27] Yes, yes. It's just like it's just like anything else, you know. Would you rather know or not know? You know, the knowing is scary, but I feel like the not knowing is scarier. So. Yeah. That's important.

Sarah Trott: [00:20:38] Yeah. For sure. Okay. Well great. So that's a great kind of starting point. Like a little exercise for someone like let's just write it down. Yeah.

Laura Davis: [00:20:48] Just just write it down. that it really can be cathartic if you haven't done it.

Sarah Trott: [00:20:55] Do you have any tips for how to de-escalate emotion around financial conversations? Because sometimes it can be really emotional.

Laura Davis: [00:21:03] Yeah. you know, I'm I'm going to focus on couples usually in a couple, It's my belief and I and I am not a psychologist, but I deal with a lot of tears and a lot of conversations around money which which are incredibly emotional and have a lot to do with childhood memories and traumas and experience and, what I find is that couples who are successful generally have opposing experiences or opposing views. So there usually is kind of a spender and a saver.

There's usually someone who's a worrier and someone who's more like fly by the seat of their pants kind of thing. and I think part of what you can do if you're in a situation with a partner where there's anxiety about money between the two of you, is name one thing about the other person that you see as a strength around money that you don't have, right? So look at them and say I like I'll just give you an example.

Laura Davis: [00:22:16] So my husband and I had very opposite experiences growing up. My family was well off. I had everything that I ever wanted and needed. I had a two parent household. My husband grew up with a single mom in a very like a less financially stable situation. And so when we got together, I was the spender. He was like, I can never even like he would call me when he wanted to buy socks. He'd be like, is it okay if I buy socks? Yeah. It's like, yeah, it's fine if you buy socks.

So, recognizing that his anxieties actually were a strength for us because it pulled me back and forced us to save a little bit more and become more financially stable. And then actually my strength is that I let him have a little bit more fun with money and gave him permission to spend. So I think acknowledging the positives of the other person's experience is really helpful because it puts you on a more positive ground rather than feeling negative. It just feels like something that's a tool that you can use as a team to, to have a more fulfilled life.

Sarah Trott: [00:23:33] Yeah. Yeah. That's a really beautiful way to start a conversation, too. And just say I really appreciate this skill that you have. You seem to already always be thinking about saving money. And that's so valuable. And it's not necessarily something I think about or vice versa. Yes. Yeah, yeah, yeah.

Laura Davis: [00:23:54] I think we need to rely on each other's strengths instead of focusing on each other's weaknesses. And you can really get a long way with that.

Sarah Trott: [00:24:02] Yes. and it's also useful in preparing for starting a young family, right, to go through the division of labor. And sometimes there is someone in a relationship if there's two people where one person is more of the finance numbers person and someone isn't, that can happen. It's pretty typical, actually. It's always worthwhile to have that open conversation on a regular basis about money. Yes. Even if it is more of one person's task.

Laura Davis: [00:24:36] Right. Correct. Yeah. So I don't remember who said this to us. Maybe it was a therapist at some point, but she said she said, always have a project manager. In different tasks around the house, right? Like whether it's money, whether it's laundry, whether it's cooking, there's a project manager. And then there's kind of like the sous chef, right? Who's there to help but is not there to direct and, and and so if you can, if you can balance that. I've been married for almost 20 years and in that time we've really discovered that trying to split tasks only causes a lot of frustration. So, having one person helping with tasks is great, but having two people leading a task, not so much.

Laura Davis: [00:25:28] So it's the same thing with money. I have never had a couple where both of the partners have an equal interest in money or the managing of it. You know, it is always very clear who wants that task and the person who is like, I want nothing to do with it. so the person who wants a task is like, you have to have that balance. You know, the person who doesn't want anything to do with it still has to be informed. The person who has the task is in charge of doing all those sort of granular

details. So, yeah, I mean, figuring that out on, on so many levels with all those different household things that you have to negotiate on a daily basis is important.

Sarah Trott: [00:26:14] For sure. So let's talk about money. So what are the recommendations that you have for families?

Laura Davis: [00:26:23] So I, I really want to focus on, on protecting the people who depend on you financially if something were to happen to you. I have two stories that I want to share. One. One is a story from a really long time ago, and then one is a story from just this past weekend. And every time that I hear a story like this, it just always emphasizes to me how important it is that people really face this uncomfortable conversation about what happens if you can't work anymore or you pass away and there's people who are depending on your income.

Laura Davis: [00:27:15] So, the first story that I want to share is when our daughter was first in daycare, there was another baby in her class. So this was many years ago. His parents were in their late 20s. And when the mom was pregnant, the dad got diagnosed with brain cancer. He was very healthy. Brain cancer is terminal in almost every case. And normally at least at the time, the prognosis was normally 3 to 5 years to live at most. And when he was diagnosed, he was extraordinarily healthy. He had been a runner. He had a job, but it didn't provide health insurance.

Laura Davis: [00:28:07] And so he didn't actually have health insurance when he got diagnosed. And they sort of thought, well, we'll just get on a family plan after the baby's born. And through her work, which they wound up being able to do anyway because he could be insured through her job without a medical requirement. But what he didn't have was any life insurance, and they owned a house, but they had a mortgage on it. And you know, brain cancer is a really devastating disease in the last year or year and a half, depending on the patient. But it required an intense amount of physical care on her part towards the end of his life. And without any life insurance when he passed away she had taken a huge hit on her income to take care of him. They still had to take care of the baby. They did have some family help, which was really fortunate. But in your 20s, life insurance is term. Life insurance is so incredibly cheap that even if he had half \$1

million in a policy she could have gone into that end of life time without the fear of being devastated financially afterwards. and people always think that it won't happen to them, but it happens more frequently than you think, and it just isn't that hard or that expensive to protect the people that you love who are depending on you to be there for them financially.

Laura Davis: [00:29:57] So I don't like rules of thumb, but if your listeners are hearing this and they're like, well, I don't know how much I should have of life insurance if my partner is pregnant or if I'm pregnant and how much should I have? As I'm moving into that, you need to make sure that you have enough, at least to pay off your all of your debts, your mortgage, your cars, your student loans enough to put away for your child's education if it's important to you that they that they have higher education or that they go to private school in in their elementary years and enough for living expenses for your partner and your child for at least probably five years, depending on the income of your partner. So and again, it is very inexpensive to get that if you're young. So, there's just no reason not to go ahead and protect your family. Don't put it off. Don't put it off until your child's born. Do it now if your partner or you are pregnant.

Sarah Trott: [00:31:04] Yeah. Or even beforehand if you are in a marriage or if you have a partner and or dependents of some other kind. Right? Yes. What's the advantage of doing it young, like if you get in cheap early, does it stay cheap or is there an advantage to doing that before you're older?

Laura Davis: [00:31:21] Yeah. So level term insurance is just exactly what it sounds like. So the premiums are level for the entirety of the term. And the death benefit is level for the entirety of the term. So it is the cheapest insurance. It's too much to get into all the different kinds of insurance, but you can read about them in my book, but there's usually not a reason to have cash value life insurance, which is way more expensive and for the same amount of death benefit.

So, but you can get term insurance in any number of of years. So you could get a ten year level term policy, a 20, a 30 year level term policy. And again, the premium will always stay the same and the death benefit will always stay the same. Let's say that

you got \$1 million policy when you were 25 for 20 years. And so that's going to last you until you're 45. Well, maybe when you're 35, you layer on another policy. On top of that, if you feel like you need more for a longer time. So it's really flexible. you can always cancel it if for some reason you all of a sudden win the lottery or become independently wealthy it's just you because the goal is with insurance is that life insurance is that over time you become wealthy enough to self-insure. Right.

Laura Davis: [00:32:39] And once your children are out of college and are launched on their own, usually you don't have to pay for them anymore and then that takes away that expense. So but it is so vital. And I know people don't really love talking about the possibility that they're going to die. Like, that's not super fun for anybody, but it is so important. I mean, you're making a commitment to bring a new life into this world you like. The most important thing that you can do is to protect them in this way.

Sarah Trott: [00:33:17] So okay, so that's a fantastic tip. So people can go and get in for more information in your book. and also just talk to a financial advisor or find a reputable company online and get that set up. Yes. What else do you recommend?

Laura Davis: [00:33:38] So along those same lines no matter how much money you have, you need an estate plan. So an estate plan often sounds like, oh my gosh, that's only for rich people. That sounds crazy. but for most of us, I live in Georgia. And for most of us, if you do not have a will that names a guardian for your child, should you pass away, the state will decide where your child goes. If you should pass away and your partner should pass away. So it's just really important to have.

Laura Davis: [00:34:15] There are three documents that you absolutely need. You need a will, you need an advanced healthcare directive that just tells the doctors what to do if you should become incapacitated and can't make decisions for yourself, and then you need a power of attorney that lets another person makes financial decisions and also a healthcare power of attorney, which lets them make decisions on your behalf. So those then again, these are not difficult to set up. They need to be state specific. Every state has different rules.

[00:34:43] But you can go, I mean, like Legalzoom.com has them there. It's not that expensive and it's not that difficult. but not to do it, again, is putting your family in a precarious position. And usually once you set it up, you don't even have to really revisit it for a long time, 5 to 10 years if your circumstances change and if you set up your estate plan before your first child is born, you don't even have to name your child. You can just name all of your children. So if you're planning on having more, then you don't really even have to change it necessarily after you have another baby, because it'll encompass that other child inside of that estate planning. I mean, you will eventually want to revisit it, but at least if you have something in place then, then your family won't have to deal with the nightmare of trying to fight with the state to get the child where you would have wanted the child to go.

Sarah Trott: [00:35:39] Yeah, that's so important. So for example, even if someone sets this up when they're pregnant, they're not even sure how many children they're going to have. They can say, and this is inclusive of all of my current children and any future children as well.

Laura Davis: [00:35:53] Correct.

Laura Davis: [00:35:55] So it doesn't have to be as intimidating as you think it is. It is an irritating process. It's not like it's three clicks and you're done. If anybody who is listening who has dealt with aging parents, who has dealt with a death in their family knows that not having the proper documentation in place makes everything so much harder. And like, I just really believe that the most loving thing that you can do for your family is to protect them. In case of this admittedly very rare chance that you will die prematurely. So and again, it's just not that hard and it's not that expensive. And so, so doing it, it just should be part of it should be part of your preparation for having a child.

Sarah Trott: [00:36:57] Yep. Perfect. and I think we have time for a little bit more. if someone had \$1,000 to invest how would they do that? Maybe they've got their own retirement to think of. They've got their kids education. There's all this stuff. It might be too simplified a question. So you can answer that however you like. Yeah.

Laura Davis: [00:37:17] It is, it's like I said, I don't love rules of thumb. but I do a lot of people sort of default to this idea that they'll just put money in a taxable brokerage account. So so I'm sure everybody's heard of Robinhood and they're like, oh, I'll just put it in there and then put it in stocks or crypto or whatever. I again, this might feel a little complicated. I really encourage people to maximize their tax advantaged accounts before they do anything else. So a 529 is tax advantaged. You put the money in there and it grows tax free as long as it's used for education for your child's educational expenses. And the list of those is very long.

A Roth IRA is a tax advantaged account. A 401 K, if it's a Roth or it's traditional, is tax advantaged. all those accounts have annual limits on them. So there's only a certain amount of money that you can put in. But if you don't max them out now I would put that money into a tax advantaged account. So if you're wanting to save for your kids' education, a 529 could be a great place to put \$1,000. If you don't, if you haven't started saving for your own retirement, throw \$1,000 into a Roth IRA and you can open one really easily at Vanguard or Fidelity or Schwab and just put it in an index fund.

Laura Davis: [00:38:53] If you want a book on investing, my favorite book on investing that simplifies things is John Bogle's The Little Book of Common Sense Investing. And maybe Sarah can put it in the link down there. it just simplifies everything. And I can't give investment advice to people who are not my clients. But if it was me and I was starting from scratch, that's where I would go. And that's what I would do. That's what I would read and I would just follow that process and pattern.

Sarah Trott: [00:39:22] Perfect. What else do you want to share? I mean, there's so much we could cover, but I know you had so many good conversations with families over the years.

Laura Davis: [00:39:30] There's so much and, and the reason why I really I'll just share this one other short story, because there's a reason why I really wanted to focus on this protection, estate planning insurance aspect today. And my parents have a close friend who. who just this past weekend was diagnosed with cancer. And it's aggressive. He's in his late 50s. His children are in their early 20s, but they're still at home. and they're

not working much. And so they're not contributing to the household. His wife has not worked consistently in many years. And so they are 100% reliant on him and all three of them for, for to live. they haven't been able to save much over the years either. So it's just a really, really tight financial situation.

And this is one of those cases where even as your kids age when it comes to your estate planning and your life insurance situation, you really just have to be constantly thinking about who is depending on you. because when this friend of my parents passes away, his family will be in extreme financial hardship and they'll have to make a lot of decisions that they wouldn't have had to make if he had had at least some even small amount of life insurance.

Laura Davis: [00:41:03] It just gives you choices. and again, no one wants to contemplate that. No one wants to contemplate that for their family also, even if they're adults can't take care of themselves necessarily financially. That's a hard conversation to have even with yourself. but for him he has three adults who are still relying on him financially. And once you're an adult, the government doesn't give you anything. So if there were minors in the house, Social Security actually will provide some income to them until they grow up. If they're if their parent passes away like that and there's no household income. But if that's not the case, then there really isn't anywhere for them to go. So I just, I just feel so strongly about making sure that you have everything that you need to have in place to, to protect the people that you love. It's just not that hard. And it's so incredibly important.

Sarah Trott: [00:42:10] Great. That's an incredibly actionable set of recommendations. We talked about the level term life insurance. We talked about the estate planning documents to put in place. So the power of attorney, the advanced health directive and the will. and then we've just talked about just thinking through everything you need to do to maximize your tax advantaged accounts, whether it be 529 college savings or 401 K's. and yeah, we've also touched on expectations, being transparent, having those conversations.

Sarah Trott: [00:42:48] Some of the things we've talked about before, we've never had like dedicated money episodes, but we have touched on this a little bit in past episodes. but like having that conversation up front about how expenses were handled when you were little? How do you think you want to do it the same or different? the increased expenses that are coming up with starting a new family. Like, do we want to put some money aside to start hiring a house cleaner because we're going to have less time or thinking through some of that small stuff, especially when you're thinking about the fourth trimester, is going to be like it's a massive life change and transition. And maybe you do want to have your groceries delivered for a few months. Maybe that's an extra.

Laura Davis: [00:43:29] Yeah, again I could talk about this stuff for days, but we could have a whole episode on just budgeting for that time. What to expect as far as how much more money you're going to need when, you know what if you do formula, how much is that going to cost? if you have a night nurse for a little while, there's I mean, there's so many different pieces that go into it that the statistic is, that now we spend \$300,000 per child between birth and age 18. That's not including college costs on average in this country just to raise them so that's just it most of us can't even fathom that kind of money being spent on one little human being. but things add up over time. So the more financially stable, the more prepared you can be, the better.

Sarah Trott: [00:44:32] Yes. That's a huge number.

Laura Davis: [00:44:37] It is. It's a shocking number.

Sarah Trott: [00:44:39] It's shocking. It's shocking to think about. okay. Well, Laura, thank you so much. Maybe we'll have you back for part two, and we'll talk part two on budgeting. I think we'll need to and then I know you mentioned some financial planning tools and resources, which we'll link to. Were there any others you wanted to throw out there?

Laura Davis: [00:44:59] No, not right now. But I will give you a couple of different resources to go to for estate planning and for term life insurance. I have no affiliation whatsoever. I don't accept referral fees or kickbacks. I'm a fiduciary fee only advisor. But

these are places that you can go to start asking questions and getting some answers that have to do with your own personal situation.

Sarah Trott: [00:45:23] Perfect. Okay. Well, we just encourage everyone out there in listening to be proactive. and to take advantage of this information take the steps you need to take towards your own financial wellness. Thank you so much, Laura. I really appreciate having you on the show.

Laura Davis: [00:45:40] Oh, thanks for having me, Sarah.

Sarah Trott: You can subscribe to this podcast in order to hear more from us. [Click here for iTunes](#) and [click here for Spotify](#). Thank you for listening everyone and I hope you'll join us next time on the Fourth Trimester. The theme music on this podcast was created by Sean Trott. Hear more at <https://soundcloud.com/seantrott>. Special thanks to my true loves: my husband Ben, daughter Penelope, and baby girl Evelyn. Don't forget to share the Fourth Trimester Podcast with any new and expecting parents. I'm Sarah Trott. Goodbye for now.