

Fourth Trimester Podcast

Episode 118: Budgeting for Baby: Three Essential Financial Steps for Creating A Family Budget

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 have a special guest today to discuss our topic of creating a family budget, creating and managing a successful family budget. What that is, what it means. The different life cycles to think through from pregnancy to the immediate postpartum to longer term family financial wellness.

Sarah Trott: [00:00:22] And my guest today is Laura Davis. She's been with us before on a prior episode - on episode 114, which we called Family Financial Wellness - where we talk about the finance must do's for new families and talk about some seemingly small mistakes that can have a really big impact later. So if you haven't listened to that episode and you're interested in this topic, we encourage you to go back and listen to that one as well.

Sarah Trott: [00:00:47] So I'll give you some background on Laura Davis. For those of you who haven't heard her intro yet. So she is both an author and a certified financial planner. She has many years of experience helping families with their finances and setting them up for success. And we're here to help families learn more from her. She loves teaching. She loves teaching, and she loves the subject. She's really passionate about it. So we're really excited to welcome you back, Laura.

Laura Davis: [00:01:35] Oh, I'm so excited to be here. Sarah. We just had such a good time the last time, and I am looking forward to having a good time again.

Sarah Trott: [00:01:44] Yes. Tell us more about yourself in your own words.

Laura Davis: [00:01:49] Like Sarah said, I am a certified financial planner. I've been a planner for nine years now. I was a career changer, so before this I was a recruiter and then before that I was a real estate agent. I sold foreclosures during the Great Recession. And the reason why I'm in this field now is because I did a whole bunch of soul searching and figured out that this is what I was really passionate about, and this is what I wanted to do with my life. And ever since I made that decision, I have not once regretted it. And sure, there are hard days, as with any career and any business, but

there is nothing that I'd rather do than talk about people's money all day. So and it's part of the reason I'm so grateful to be here with Sarah.

Sarah Trott: [00:02:40] Thank goodness for people like you who are passionate to talk about money, because for a lot of folks, it's a tough subject. And so let's bust that open. Let's make it comfortable, let's make it exciting and a joyful conversation. And there's nothing that gives me more joy than talking about the topic of the fourth trimester. So here we are. And we're going to combine these topics and really think through what's important for families as they prepare for baby, maybe during their pregnancy. but actually before we go there, let's give some context. Laura, what are we talking about when we say budget, what is a budget?

Laura Davis: [00:03:17] Oh, sometimes it seems silly to define words that we use every single day. but I prefer the term spending plan to budget. right. A budget sounds restrictive. It sounds like. it sounds like you can't have any fun inside of it because it's a budget, right? But if it's a spending plan, it really does give you that permission to spend when you want to. One of the things that I find happens often, at least with my clients, the people who are attracted to me, is that it is very difficult for them to give themselves permission to spend. And so when we reframe and instead of saying budget, we say spending plan, it's really helpful. And all the spending plan is, is just planning where to spend the money that comes into your account every month from your work or your job, or however you earn your money.

Sarah Trott: [00:04:12] So it's a plan for every dollar that you have.

Laura Davis: [00:04:15] It can be. This is something that I talk with a lot in my work. It is that not everybody needs to budget every dollar. People really are in two different camps. And I say this in my book, too. So one camp is that you really always have more month than money, meaning that you get to the end of your month, or you get to the end of your pay period and you are scrambling. You know, you just don't have enough to get through that next thing if you are in that boat and you and you can't figure out where your money's going, you probably do need a full on, dollar by dollar spending plan. At

least until you can get a handle on where your money's actually going. Because a lot of us don't have any idea where it's going. Right?

Laura Davis: [00:05:09] On the other hand, if you're not that person, if you really kind of have a surplus every month, meaning that your money lasts the whole time and your checking account balance never gets dangerously low, and it always kind of stays the same or grows. Then you may not need a dollar by dollar spending plan. And in that case, what I usually tell people is, is that if you're finding that your checking account is staying approximately in the same place and you're reaching your savings goals, so you're putting aside the money that you are intending to put aside every month for your longer term goals, or to build your emergency reserves or whatever else your goals may be. and your checking account pretty much stays the same. Well, you may not have to do that. So and a lot of people just don't want to, you know. But again, I really think that if you have a spending problem and you're spending more than you make, yes, you absolutely need that dollar by dollar budget. So maybe that was a longer explanation than we needed.

Sarah Trott: [00:06:17] No. It's great. It's helpful context because I think people have different ideas and that's part of what makes it an intimidating process. As you think you have to get out your spreadsheet and you have to log \$3 that you spent on blueberries. It's just - you don't have to do that.

Laura Davis: [00:06:30] No, no, I don't think that's as important. Again, it really is such an individualized thing. And we talked about this on our last episode about that. You know, rules of thumb are really tough. And so and so one of the things that I think is important that we all do is sort of understand our relationship with money, understand how we interact with it, and then do things, make decisions according to that value system or the or the challenges that we have with money? So, I don't like a one size fits all approach, as you know. And so when, when I'm looking at those things, that's why I like to kind of put a spending plan in those terms. Not everybody needs that complete like dollar by dollar Dave Ramsey envelope system situation. A lot of us just need to make sure that our checking account is staying approximately where it should be. And that we're saving enough in our other goals.

Sarah Trott: [00:08:22] So there are lots of different ways that people bring children into their lives through adoption or pregnancy or some other caregiving situation. And so when someone is in this early phase and they're thinking about how to budget for baby or budget for new child in their life, what are some of those early considerations for their spending plan?

Laura Davis: [00:08:44] So a lot of the times when we're planning to have children we look at what the biggest expenses are, right? So we talked about last time how on average, a child costs over \$300,000 between birth and 18. That doesn't include college and it doesn't include private school. If it is important to you, for instance, to send your kid to private school when they reach elementary age it is really important to realize how much that's going to cost. And really put those decisions in a context of your larger life, let's say that you're going to spend \$30,000 a year on private school for your child. Maybe you move to a neighborhood where you feel fine with the public schools and you spend that extra \$30,000 on your mortgage, or you spend the extra \$30,000 going on vacation every summer for a long vacation and giving your child other experiences. I just think it's really important to put those financial decisions into context in your own life and what's important to you. Some people, private school is a non-negotiable. And you know, I was talking to a parent the other day who was like, who was like, we just don't like public schools like that. That was their whole thing. I don't hear that very often. But you hear religious reasons. You might be in a school district that's not as good, but you don't want to leave your neighborhood. So there are different things about that.

Laura Davis: [00:10:23] But I think sort of being realistic about those experiences, having that conversation, especially if you have a partner who you're having the child with, having those conversations about your value system and what's going to cost you a lot of money. You know, if it's important to you to travel with your children, traveling with kids is very expensive, right? So if we can talk about those things and how much that's actually going to add to our overall budget you know, I think those conversations, if you're in that sort of considerations phase or early on, are really important value conversations to have. If you want to send the kid to college what kind of college did you go to Yale? And it is important for your kid to also go to Yale. Yale costs \$85,000 a

year right now, So so. And that's today when your baby goes in 20 years, that's going to be a different story. So you know, and then figuring out how to prioritize those details. But again, as with all planning money values are really the thing that's going to drive your future decisions around your spending plan once you have your baby.

Sarah Trott: [00:11:40] Okay, so step one that you're outlining is really sit down with your partner or whoever else is involved. Some people don't have partners. So it's a different kind of evaluation in that sense. But the point is really thinking through values. What do you value?

Laura Davis: [00:11:56] Values. Yeah. And if you're doing it alone write down your own values because your values are what's going to be shaping this child's life. You don't necessarily have to compromise on your values with your other partner because you don't think that's not a factor in your life. So but that conversation with yourself in that situation is just as important as having it with that partner. So either way, like make sure you get really clear on what your value system for your child is because it can make a big, big, big financial difference moving forward. Yeah.

Sarah Trott: [00:12:31] And that can be a tense conversation. So if you feel like you're going to have a disagreement with a partner or spouse and someone you know is going to have really different views, maybe have that conversation in a mediated environment. That can be really helpful to have someone be there to help you structure that conversation and have it be productive.

Laura Davis: [00:12:50] Sure. Yeah. And I think the earlier that you have it also the better because like if you wait until you're nine months pregnant or your surrogate is nine months pregnant or you get the call from the adoption agency saying it's time. You know, it's just going to be so much more tense if you plan ahead, if you make those financial conversations and those value conversations just part of your everyday communication. It'll be much less intimidating and you can get over those differences. Or compromise on those differences much more easily than if it's just like, alright, we have to have this conversation and decide right now. That's not a great way to have any conversation. Just ask my therapist. Yeah.

Sarah Trott: [00:13:40] For sure. Well, one of the things that seems a practical reason. Just backing up what you just said about having the conversation early is that especially if you're nine months out or or maybe more from having that new person in your life that gives you a runway of time. It's not a huge amount of time, but it's a fair amount of time to save, to make changes, to do some of those practical things, to build up some reserve for even just that immediate postpartum period.

Laura Davis: [00:14:18] Especially and I'm sure you talk about this all the time, Sarah, but the very, very minimal support for new mothers in the US, it really forces you, as the prospective parent, to analyze the way that you're going to do things much faster. You know, I mean, I remember talking with my best friend who lives in London when she had her baby and they have 12 months off of work. They had a baby nurse who came in that the government provided for her. She just had all of these really lovely advantages that we don't have. And unfortunately, now you're the person who has to take care of that. So yeah, let's talk about that. Like what to sort of think about in those initial phases.

Laura Davis: [00:15:16] So one of the things that is always my piece of unsolicited advice for newly pregnant women is figure out what you're doing for childcare, if you're working or if you're not working if you're if you're not going to work, that's fantastic. But you may want to start figuring out those like mommy and me activities or daddy and me activities whatever it is that sort of gets you out there in the world.

Laura Davis: [00:15:47] And then when it comes to childcare it is just incredibly expensive. Just getting into a good daycare can cost you \$2000, \$2500, \$3,000 a month in New York City. I've heard as high as \$4000 - \$4,500 a month for daycare for a newborn. And so if you're going to do a nanny, you need to start interviewing those people early. You need to sign up for your daycare early. These are really important factors. So when you're immediately thinking about the cost of daycare, those are all big costs, right?

Laura Davis: [00:18:04] If right now let's say that you're going along just fine and you're, and you know, and you've got that little extra cushion in your checking account

each month, but now all of a sudden there's another \$3,000 in expenses coming out. And maybe you're not getting paid to work for a little while. I think there is something about making sure that you that you increase, if you can, your emergency reserves leading up to when you have your child and then also if you haven't been doing a strict spending plan and your checking account has stayed approximately the same and hasn't been growing by \$3,000 every month or whatever it is. You know, maybe again, take a look and say, let's be really realistic with how much this is going to cost.

Laura Davis: [00:18:59] Because for a lot of us, it can really feel like a shock. When you feel like you've been going along and doing really well and everything seems smooth, and then all of a sudden you have baby. Plus there's just an unknown about having a baby, right? Like maybe you get into daycare and you don't like that daycare, and maybe you want to get a nanny, or maybe you want to stay home for longer, and so maybe you're not working. There's just all those unknowns. so so we were talking about steps and I got off track.

Laura Davis: [00:19:35] But I think that the second step after having those value conversations is writing down on a piece of paper or on your phone or the computer, approximately how much in the baby's first year of life extra it's going to cost, right? So so just try to add up those expenses. The clothes are probably not going to be terribly expensive. Diapers can be very expensive but there there, there is like a whole slew of things. So try to get a really realistic idea. And if within the first year, let's say it's \$50,000, well, might be if you can do it, if you can swing it, having that much in your reserves, even though you're not going to dip into your reserves for the whole thing, but at least then you have that peace of mind of knowing that I've got the year covered for baby.

Sarah Trott: [00:20:36] And some of the other considerations might include the support structure around you that you require beyond even child care. So there's in past episodes we've had some, some great tidbits. We had Doctor Amanda Williams talking with us about the three things she recommended which are for the immediate postpartum, make sure you have a breast pump which is often covered by insurance. So financially, that's great. So check with your insurance company and see if you can

just have that covered and sent to you. Next, a blood pressure cuff. Increasingly, this is saving people's lives to have an at home way to test your blood pressure, because it can be an early indicator for if you need to go to the emergency room - it can save lives. And then a postpartum doula and a birth doula, often the same person can play both of those roles. So those are the three things she recommends. So those could be things to also consider and include in your budget.

Laura Davis: [00:21:34] Those are great things to remember and consider too, because you're right. I mean, I think it is. It is so true that we do so much focusing on what we need for baby when there is a time when the person who has given birth needs a ton of care and love and support at the same time. So yeah, those are wonderful tips, I love that.

Sarah Trott: [00:22:02] Yeah, they're all kinds of resources that, yes, we can survive without. But do you want to be in survival mode? We would recommend not. We would recommend having a doula if it's possible. You know you can and you don't have to spend a lot of money. You can recruit friends and family to support you in different ways, practically, emotionally, socially. We have episodes about that that we'll link to on how a family or friends can help you, and things, practical things for what they can do. But if you have the resources, I mean sleep consultant. Amazing. That can work wonders during that first handful of years. Also, a lactation consultant I mentioned is often covered or provided by the hospital, but that may or may not be true for you.

Sarah Trott: [00:22:46] Maybe thinking about career coaching. We talked about budgeting for taking some time off, maybe a conversation around that before you leave your job and then right before reentry could be really valuable to have that voice of support for you, for those parents who are working there's just many resources that we encourage you to think about. Maybe you want your groceries delivered for the first few months when you're at home.

Laura Davis: [00:23:12] If you haven't had a house cleaner, you probably are going to want a house cleaner. Oh yeah. Yeah, I think those are all so important. And I think when you're also there might be a lot of people who know that they either don't want to

work after they have a baby or their partner doesn't want to work after they have a baby. or they may be so incredibly sure in their gut that they want to continue to work. but in my experience, sometimes people change their minds, right? and, and you might be like, I just want to be at home with my baby all the time, and then the baby gets there and you're like maybe I want to do a little bit more work, you know? Or maybe you're like, I cannot. I could not be at home with the baby. And then you get back to work and you're like, I can't think about anything but being home with my baby.

Laura Davis: [00:24:09] And you can't plan for every eventuality. And I think sometimes when we're talking about this stuff, it can feel really overwhelming because it can feel like, well, I should just save as much as I possibly can, right? And I want to do as much as I can, and I want to do all the things because everything is so important. and there's no end to that, which I think can be really intimidating. So I think if people have to give themselves permission to do the best that they possibly can with the resources that they have. And really your responsibility as a human being is to just do the best that you possibly can and try to do it without judging yourself too much because it's such a difficult time. So I love everything that you're doing, though, Sarah, because it really is so helpful. Like, I wish that I had a resource like this before I had my kids.

Sarah Trott: [00:25:07] Thank you, I appreciate that. Well this conversation hopefully is geared towards helping parents just like us. And I really appreciate what you're saying because we touched on this in our last conversation about giving yourself grace. That is such a beautiful message. And it goes along the lines of having a birth intentions document rather than a birth plan. And that extends to this conversation, too. You have a spending plan, but you can give yourself grace, maybe on that list and yeah, maybe on that list in step two. You're saying these are my critical must haves and these are my nice to haves, and it's okay if I don't get to everything?

Laura Davis: [00:25:45] Yes, I 100%, I think, and we may have talked about this a little bit before, but I mentioned to you before we started that I had I met with United Way a couple of days ago and we were having this conversation about the financial services industry and, and also sort of about social media and the way that people talk about money and parenting too. There's a lot of parallels here. but there is this constant

judgment that if you didn't do this or you don't have this much or you didn't you didn't take that trip to the Maldives or whatever it is that like, there must be something wrong with you. Like you must not be a hard enough worker. You must not be trying very hard. You must not be very smart. And the truth is, that is that most of us don't have a perfect life. You know, most of us are not like Gazillionaires. I may have mentioned this statistic before, but but but you know, 50% of families in this country make under \$75,000 a year. 50%. And if you're making under \$75,000 as a family, I just mentioned that the cost of daycare can be \$2,000 a month. Well spending a third of your income on daycare really isn't going to be realistic. Right. There is no shame in that. And I feel like we are in this world of constant shame.

Laura Davis: [00:27:25] And again, I just think that's why it's so important to get a good hold about what is important to you so that when you start feeling that shame or that judgment creeping up, that you're so secure and you're like, I know that I'm doing the best that I can and that I am happy with where I am now. You can have ambition. You know, you can. You can want more. But I find that the people who are the happiest are not necessarily the most wealthy. They're the people who have learned to live really comfortably within what they have. And it's a really tough environment to do that in when we do have this constant bombardment of people telling us that we should have or do or be more.

Laura Davis: [00:28:18] And even when it comes to parenting and giving birth like, there's so much guilt around that. So I hope that if there's someone listening to this who goes through those periods of feeling like they can't breathe because there's so much pressure from that outside world. I hope that you can get centered back into yourself again. And know that you're enough right now, just the way that you are with however much money is in your bank account. You really are.

Sarah Trott: [00:28:54] Yeah. Kids don't need a lot of fancy stuff. They truly don't. So especially for that immediate postpartum. I don't know about you, but I had so many really cute little outfits that were mostly gifts, to be honest, very sweet. And. But you know, your babies grow so fast. you know they really don't need a lot. Anyway, I just appreciate that so much. Laura. Thank you for recentering all of us in this conversation.

And kind of in this, I think what you're saying is like, even in that step, one of the values conversation, money isn't happiness. Money is a tool. Right. So what do you need in your life? What values do you have for yourself, for your family, that makes you happy in life and gives you joy and makes you feel fulfilled as a family?

Laura Davis: [00:29:42] Yeah, yeah, and I am. And I'm not minimizing how difficult that is either. It is really hard to feel and also like saying that your problems are real, like inflation is a real thing and all of our dollars are not going as far. And the people who are winning are really that top 20% right now. So and for everybody else, it feels like everyday is like I find myself walking through the grocery aisles and just audibly gasping at the prices of things. It's not that it's easy. But you do have control over some of the choices that you make about your spending.

Laura Davis: [00:30:35] It is nice to have a cushion when you have a little one. It just provides you that peace of mind, you know? It's not just what the money can do for you. It's not what it can buy. It's also that even just having it there lets you feel so much more secure. Right. And less stressed out than if you were coming home from the hospital and you're checking account has 20 bucks in it. Your experience with your baby is not going to be nearly as carefree because you're probably going to be constantly worried about that.

Laura Davis: [00:31:22] So, just keep in mind that all those pieces kind of fit together and, that your stress is highly related to how much money that you have. I often think that and maybe there's a study on this. I'm sure that there is. But we have this mental health crisis in our country where we are so anxious or depressed, we have all of these issues. People are not sleeping well. And I often think, would financial stability for many of those people actually really help and solve that issue? You know, if you felt like you had enough, if you felt like you had enough and you weren't constantly afraid of the other shoe dropping would that alone alleviate half of all of our anxiety? You know, it just I think it would be interesting.

Sarah Trott: [00:32:23] Yes. I want to move on to more longer term versus the postpartum. But before I do, I want to mention something that I wanted to share, I would

highly recommend. And this goes with some prior episodes we've had. So listen to the episode we have very early on about preparing to enjoy your fourth trimester and sketch out what you want that to look like. and one of the things that probably would be definitely, in my opinion, worth spending the dollars over. Some other things like extra clothes or toys, which babies really don't need. They just you can recycle and reuse. You can get a lot of stuff from friends who have kids a little bit older or mom groups. Join your mom groups and people are happy to pass on barely used things, I promise. But something that is worth it is investing in a mindfulness course. There are lots of beautiful multi-week mindfulness courses where you can go to a mindful birthing org as one. As an example. You can do it on your own and or with a partner, but it's useful for the birth and pregnancy period, but also for your lifetime journey as a parent. Being present, learning calm, breathing, learning how to regulate your own self is really important.

Laura Davis: [00:33:48] So important. Yeah. Those are incredibly important things. I read somewhere too, that like the first three years, if you can get the first three years right with your kid, like if you can, if you can help them feel that love and security that the rest of parenting is so much easier. As long as you get that first three years right, which I'm like, I'm so far past those first three years. Why didn't someone tell me that before? And I feel like I did the right things ish. But there I mean we all there's always things that you would change in life for sure, but yeah, those I think I think being that, that idea of being mindful in and, and that sense of calm.

Laura Davis: [00:34:44] You know, when my son was a baby, my daughter was a toddler. I had a friend come in who didn't have children yet, and she stayed with us for a few days. And she said, your house is so calm, like it feels so calm here. And I was like, well, yeah, being frantic is not going to get me anywhere in this. Like that, I was also very lucky because my daughter is very chill. You know, I feel like if my son had been first, she might have had a different experience of her house. But anyway, I do think that setting them up to not overreact and setting yourself up not to overreact is incredibly important. So I'm so glad you have those resources too.

Sarah Trott: [00:35:39] For sure. Thank you. I think mindfulness and like, personal development is this lifelong journey we're all on. So. Okay, we've covered a lot of things

about the immediate postpartum. And we've gone through the first couple of steps. So your values conversation and then the immediate pregnancy budgeting. So the pregnancy period costs, immediate postpartum costs considerations there, how to go about that. And then what about budgeting for a longer term. Would you think that's more of a next step.

Laura Davis: [00:36:18] Yeah. I'm a big believer that multitasking is really difficult, especially in finance. I mean we have to to a certain extent because when you have a child, you simultaneously have to save for their future, especially if you're saving for them for college or other goals. But you also have to keep your own savings in mind at the same time. So it's 529 plans are the way that most families save for college. And they're great. They have really good tax advantages. Usually if you're investing in the 529 plan in your state. This is not true for California, unfortunately. But in many states, if you invest in your state's 529 plan, you actually get a state income tax deduction for your contributions to the plan.

So there's some really good things about looking at that. What I always caution people against though is over saving for your child and letting your own future go to the wayside. You can do that temporarily. But maybe you look at the first year of life as maybe I will back off on my savings a little bit. You know, maybe I won't contribute as much to my 401K for this year, while my baby is young and we're kind of getting used to this new budget, this new way of doing things. But then it probably will be time for you to more seriously step back and say and say, what are my goals for my child for college now, when they are one year old, you have no idea what they're going to be like and what they're going to want and what they're going to want to do. But if it's important to you and again, if you go back to that values conversation, you say, no, it's important for my child to me, for my child to go to college, you're probably going to want to save at least some money towards that.

Laura Davis: [00:38:32] So, balancing that though because if you put you on hold, your entire future savings for your own self to focus solely on your child, you know you've lost now 20 years of compounding and if you miss out on your employer's 401K match because you were just like, well, I'll just stop this for now. Like that is really not wise. So

I would always, always, always, no matter what situation like this is kind of a rule of thumb, I guess for me is I would always contribute to my 401K enough to get the employer match, period. The end.

Laura Davis: [00:39:12] And then I and then I would you know, I would save enough in the 529 plan to maybe pay for half of my planned amount. So if you start saving \$200 a month in your child's 529 from the day that they're born until 18 you should have enough to get them through four years of college at \$25,000 a year in today's dollars, if that makes sense. But saving any more than that to me. I don't think saving more makes any sense because you can pull the money from other places, and if they don't end up going to college now, you're stuck with a 529 plan that you can't use and that you have to then do other things with. So I think that longer term planning and if you have other goals for your child for like if, if you don't really care about college or, or you think maybe they'll go to a trade school or community college or you know, something that costs less, but you want to help them with a down payment on a house, you know? Fantastic.

Laura Davis: [00:40:30] You can save that money in your own name and then give it to them later. Or you can start a different kind of account for them. But I think the overarching point is that sometimes we get so caught up in what our kids need that we kind of go for a lot of different things, right? But we kind of forget about ourselves. And I promise that if you even spend five years taking off just not thinking about yourself at all and you're solely focused on your child. And you. And you don't look at your own financial needs. You're going to regret not not doing something during that time. Because once your child is out of the house, you're still there, like you, you're still going to have needs. and I've seen so many cases where parents have to scramble to catch up when they wouldn't have had to if they'd just made small tweaks along the way. And instead they totally blew off their own self and, and just focused on their child.

Sarah Trott: [00:41:44] Yeah. So find the right balance is what I'm hearing, right.

Laura Davis: [00:41:47] Yeah. Yeah. Well, and that also gets me maybe to our next point which is that if you show your child that you have completely lost yourself and you

are and you are constantly just giving, giving, giving to them you will likely end up with someone who continues to be financially dependent on you once they actually leave the house. and if your plan, your own personal financial plan does not include supporting your adult child it's really important that you start instilling those ideas of independence early on. Right? And talk to them about money and talk to them about prioritizing what's important to them in their lives and their spending.

And you can do this really young, like a five year old. You can say would you rather this or this - you have to make a choice. Which one is it going to be? You can't have both, you know. And like that's something that we struggle with right. Like I go to the grocery store and I'm like, I'm like, okay, if I can only afford one cheese, which cheese is it? But like, I like really being able to differentiate and make those like that's a spending decision. Right. Saying I would rather wear this than that. I'm going to sacrifice a little bit here so I can get what I want here. just having that mentality in your child will really help them later on so that they're not over consuming in a way, and that they can then that they have that idea that they can't have everything. but they can have some things. Right. So it's a good balance there.

Sarah Trott: [00:43:38] It's also a great lesson in teaching them, like giving them a sense of independence, like giving them choice. Do you want the green socks or the purple socks? I mean, just having that sense of choice is also really valuable. I've heard tips, I think I read it in the Raising Successful Kids book, which is really amazing. about you know, when kids are able to start making some of the decisions, when they're a little bit older, you can give them a certain amount of money, say, for a new school clothes or whatever it is that you're doing, and say you get to make your decisions, you get to figure this out. Maybe give them some guidelines about what you approve of or not, but then let them figure that out for themselves. A little bit of math, a lot of independence, like a sense of constraint, which I think is your point, that constraints are real. yes.

Laura Davis: [00:44:24] Yeah. And we encounter them every day as adults, right? Like we always have to make those decisions. And if you're not showing your kids that you're having to make those decisions and that they also have to participate in difficult decisions and difficult conversations around money, they'll grow up. And I don't love this

phrase, but like, not knowing the value of a dollar, right. I would never want to discourage ambition or like, I have these desires and these goals, and I want these things. but there I think there is also realism about life, right? Like, what really happens to most people is not a fairy tale fantasy where I get everything that I want at all times? You know, it's the same with our partners, right?

Like Sarah and I knew each other in college, so we actually dated people around the same time as each other. And I feel like with the advent of social media, it's like women who I know now who are in their 40s, who are dating, it's really hard because they're sitting there saying, I need this and this and this and this and this and this whole laundry list of things that no one will ever live up to. And when you have those unrealistic expectations of the things that you can get in life, it's just a recipe for unhappiness. Whereas if you can really figure out do I really want that? Can I compromise here? Can I sacrifice there? I just think and we all just want to be happy, right? Like, that's all of our goals. We don't want to be stressed and we want to be happy. And I think that setting realistic expectations and balance is just so important when it comes to your kids and money.

Sarah Trott: [00:46:29] Beautifully said. Thank you. Laura. Any final words or thoughts that you want to share with our listeners on this topic?

Laura Davis: [00:46:37] Oh, I you know, I just want to go back to what I said earlier, which is that wherever you are right now, it is enough. It is enough. And if it's really, really hard right now, which I know for a lot of us, it is really hard right now. And if it is really hard, just know that there will be another time. There will be a light at some point down the road. And don't give up and don't feel like your small decisions and small changes aren't affecting you positively for the future. They absolutely are. You know, if you're able to save \$50 a month and that is it. Do your \$50 a month, right? Like you're whatever you're doing, it's enough.

Sarah Trott: [00:47:26] And celebrate those small wins. Yes.

Laura Davis: [00:47:30] 100%. We're celebrating the small and the big wins as Sarah told me earlier.

Sarah Trott: [00:47:35] Absolutely. Thank you. Laura. It's been a really lovely conversation. listeners, you can look in our show notes for some of the resources that we've mentioned during this conversation. and we'll see you next time on the Fourth Trimester.

Laura Davis: [00:47:48] Thank you. Sarah.

Sarah Trott: You can also subscribe to this podcast in order to hear more from us.

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