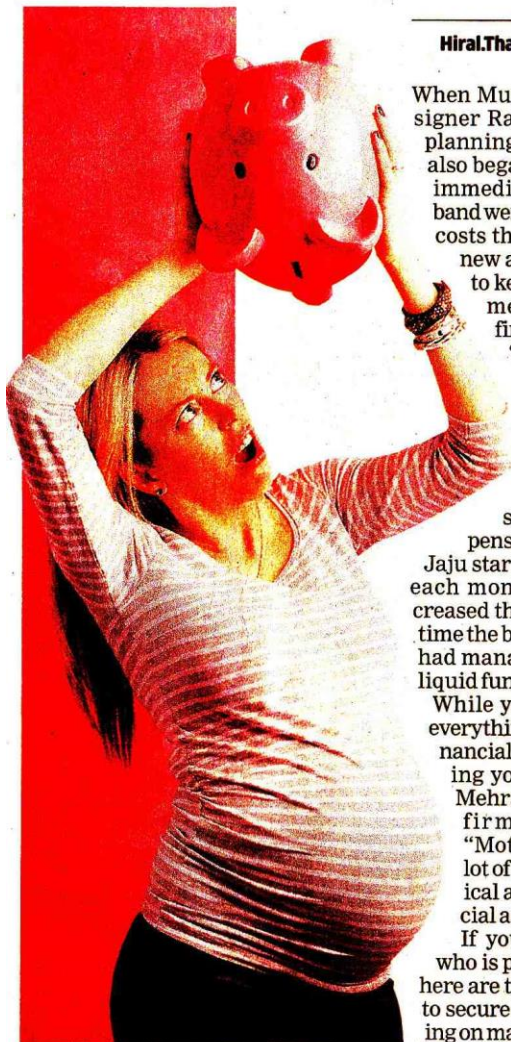


Publication	Mint
Date	04.05.17
Description	Mention: Religare Health Insurance

MONEY, MOM & ME Before a maternity break, secure your finances to prep better for childcare costs

How Mothers-to-be Can Become MONEYWISE



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When Mumbai-based interior designer Radhika Jaju, 31, started planning for a second child, she also began saving and budgeting immediately. She and her husband were aware of the additional costs that would come with the new arrival, having struggled to keep finances in order and meet expenses when the first-borp arrived.

"I started cutting down on unnecessary expenses. I had to take the loss of my pay during my extended maternity leave into consideration and also save for additional expenses for the baby," she says. Jaju started putting aside ₹10,000 each month, then gradually increased the savings, so that by the time the baby was born, the couple had managed to save ₹2 lakh in a liquid fund.

While you can't plan ahead for everything, it's wise to do some financial planning before welcoming your bundle of joy. Rishi Mehra, CEO of robo advisory firm Wishfin.com, says, "Motherhood brings along a lot of changes—not only physical and emotional, but financial as well."

If you are a working woman who is planning to start a family, here are the steps you should take to secure your finances before going on maternity break.

MONEY SHIFT

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Rishi Mehra,
CEO, Wishfin.com

SET A BUDGET FOR THE THREE PHASES OF PARENTHOOD

Budgeting is at the core of parenthood planning. Sneha Mehta, partner, TBNG Capital Advisors, says: "We advise our clients to divide the budget into three phases: pre-delivery, out-of-pocket expenses in the hospital and post-delivery expenses, for more clarity about how much money will be needed at each stage."

BUILD A CONTINGENCY FUND

Taking an extended break from work can mean serious financial setback for your family. So, it's crucial to provide for future expenses in a planned way. Open a separate bank account or transfer a fixed sum to a liquid fund and start creating a corpus for the expenses related to the initial phases of motherhood. Dinesh Rohira, CEO of 5nance.com says, "We suggest having the provision for 50% additional expenses before the birth of a child."

CONSULT A MOTHER WITH AN INFANT

List all the expense heads related to caring for a baby and plan it six months before the birth for a better

overview of the cash outflows. Rohira suggests seeking advice from someone with a one-year-old baby, as they will be able to give you a clear baseline to plan for the monthly budget under each expense head.

REVIEW YOUR HEALTH INSURANCE POLICIES

If you don't have insurance for maternity expenses, you could end up with a hole in your pocket. Rohira says, "the insurance should cover not only the expecting mother but also the child." Policies such as Religare Joy Health Insurance have a waiting period of nine months for applying for benefits, which can be availed of within three years of purchase.

PAY OFF YOUR HIGH-INTEREST DEBT

If you have debt hanging over your head, it is advisable to pay it off at the earliest. Mehra says, "Try to reduce your EMIs or eliminate your loan payments so that you can add that amount to your childcare budget."

ARRANGE FOR FREELANCE JOBS

If you intend to take maternity leave for an extended period, consider working from home and check if company policy allows it. You can consider taking on freelance assignments for an additional source of income.

MATERNITY POLICY AND NEW LAWS

Start reviewing your employer's maternity policies before going on break. Understand each clause and consult the HR so that you can make the most of your maternity leave.