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**News from globeandmail.com**

Tuesday, January 9, 2007

**Having kids brings richness to life (affording it is another matter)**

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ROB CARRICK

Want to wreck your personal finances? Have a baby.

"I think they say in CFP [certified financial planner] class that it's the worst financial-planning move you can make," says Kelley Keehn, an Edmonton-based lecturer, coach and author of a recently published book called *The Woman's Guide to Money* (Insomniac Press; \$21.95).

"It's the most rewarding life job you can take on, but just take a look around at baby boomers that haven't had kids. Their mortgages are paid off at 55 to 60, they're travelling."

How much does it actually cost to have a baby? You sure you want to know? Ms. Keehn cites a report done a couple of years ago by the Manitoba government that put the figure at \$167,000 to raise a child from birth to age 18. This number didn't include a \$44,000 estimate for the cost of a four-year university degree.

Next question: Can you afford to have a baby? "Anybody can afford anything they want," Ms. Keehn said in a recent interview. "It's like how we make time for what we want to make time for."

An easy way for parents-to-be to prepare themselves for the costs of having a child is to look at ways to cut their spending in advance, she said. There's a twofold benefit here -- people learn to live on less, and they build up a fund they can use to cover costs after their child arrives.

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Ms. Keehn suggests trying a 10-per-cent reduction in spending over six months. To do this, mark down all your expenditures over a month and then look for costs you can eliminate. Examples would be taking the bus instead of driving to work, bringing your lunch instead of buying it, and cutting fees for taking money out of bank machines (try one big withdrawal instead of many small ones).

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Don't deny yourself all pleasures as you set about paring your budget, Ms. Keehn says. "I have something called the pleasure factor, where you put away a dollar a day and then every 30 or 60 days you do something really fun, like get a massage."

Economizing in advance of having a child is a way of getting used to living on one salary plus maternity/parental benefits, which Ms. Keehn said amount to 55 per cent of your average salary up to \$413 a week. Only a few people are fortunate enough to work for companies that top up these government benefits to something approximating their working salary.

Another preparatory financial step for parenthood is to eliminate debts where possible -- this will help improve your monthly cash flow. Mr. Keehn also suggests that couples apply for a line of credit while both are still working.

The idea here is decidedly not to use the credit line to pay expenses. Rather, it's a way of creating an emergency lifeline in case an extraordinary expense comes up. The trick is to get the credit line set up while both spouses are drawing full salaries. After one spouse is on parental leave, it could be more difficult to get a bank to provide a line of credit.

The hard costs of parenthood start with all the paraphernalia you'll need to get ready, including a crib and various other things I can't really remember because my two boys are 12 and 9. Ms. Keehn says you can economize on these items by using consignment stores or buying online through Kidswap.ca or eBay.

What I do remember in terms of child care costs is that daycare is by far the most expensive thing for families with two working parents, and that these costs have to be carried for a long time. Ms. Keehn pegs the cost of daycare at \$500 to \$800 a month on average, an amount that is offset only marginally by the federal government's new \$100-a-month universal child care benefit for children under the age of 6.

Daycare is an area where quality is more of a consideration than cost, of course. But Ms. Keehn said there may be a chance for parents to save money if they band together and hire a nanny to look after the kids of a couple of different families.

*The Woman's Guide to Money* was published in Canada last April and released in the U.S. market in the fall. One small caveat here -- Ms. Keehn is not a parent herself. "Ironically enough," she says, "my next book is going to be for kids."

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