



Milestones & Millstones

Having children: millstone or milestone?

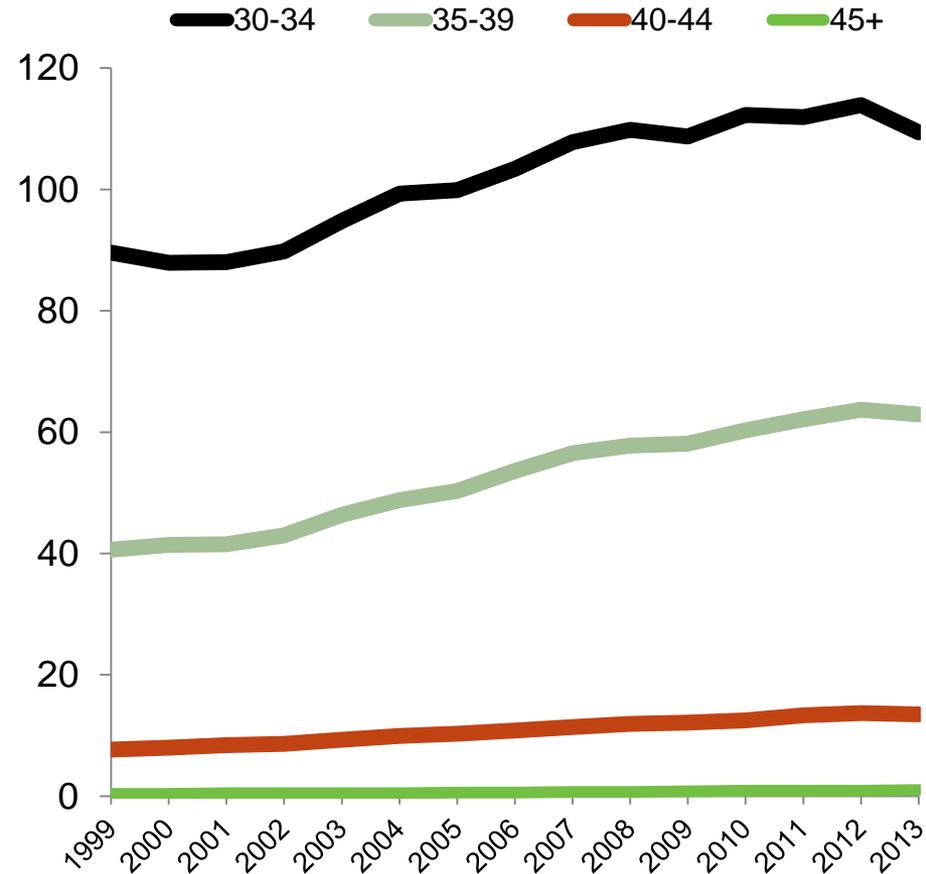


Baby boom + mothers are getting older

Number of children born in England and Wales

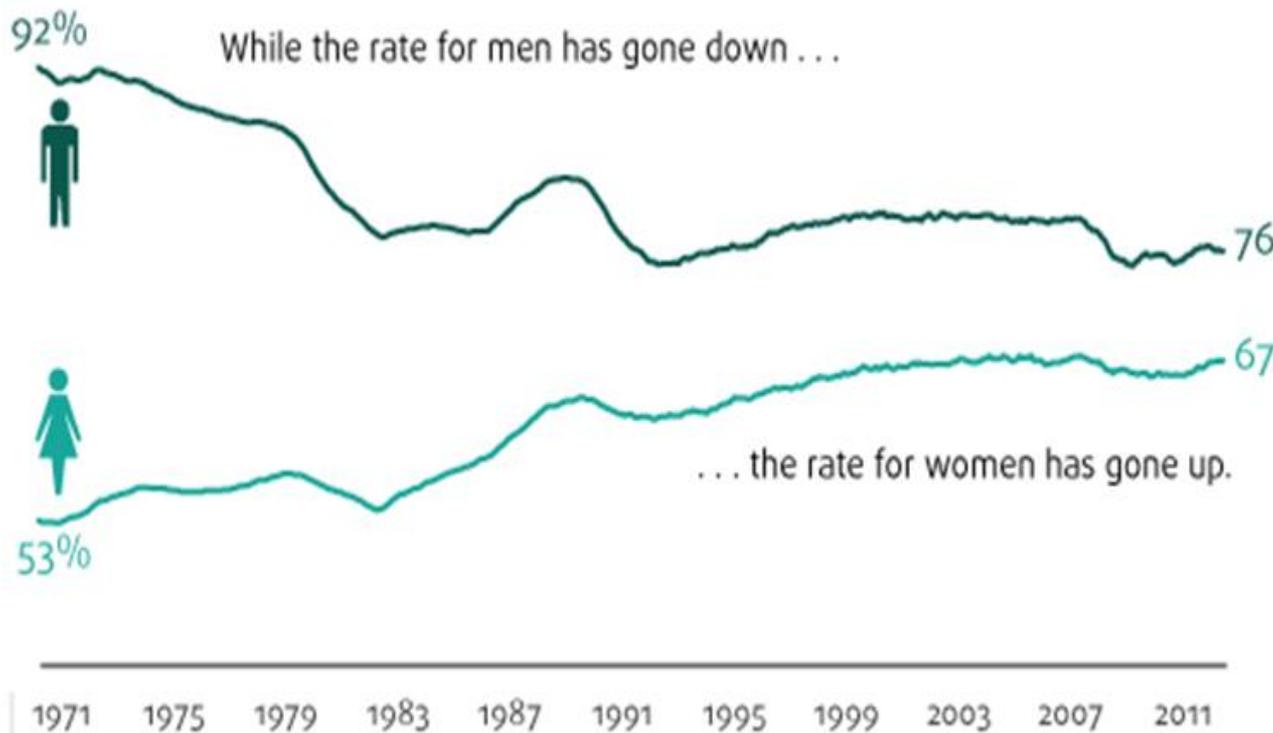


Births per 1,000 women by age of mother



Mothers more likely to work

- There has been a steady rise in the percentage of women working
- This has coincided with a decline in the percentage of men working (especially over 40s)



	1996	2013
Married or co-habiting mothers in work	67%	72%
Lone mothers in work	43%	60%

Parents spend 29% of their gross annual income raising a child

Children are most expensive in the first four years

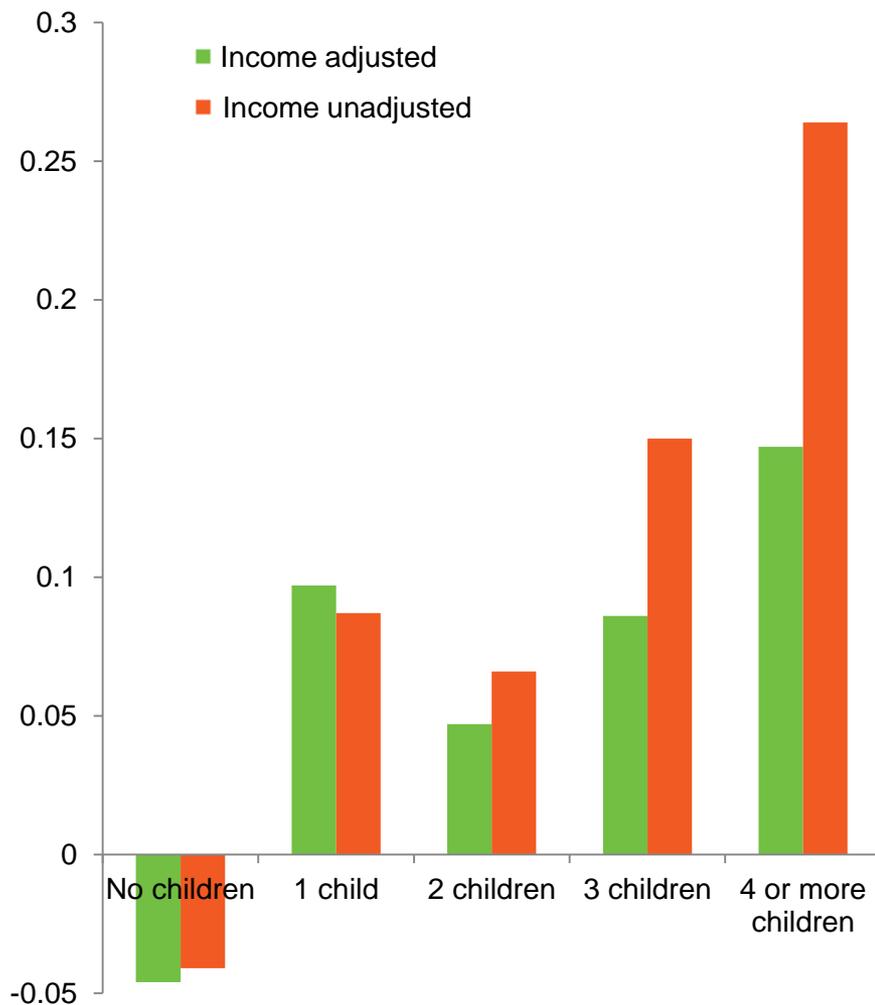
0-4	5-10	11-17	18-21
£72,300	£48,500	£55,100	£53,400

Average cost of raising a child from birth to 21?

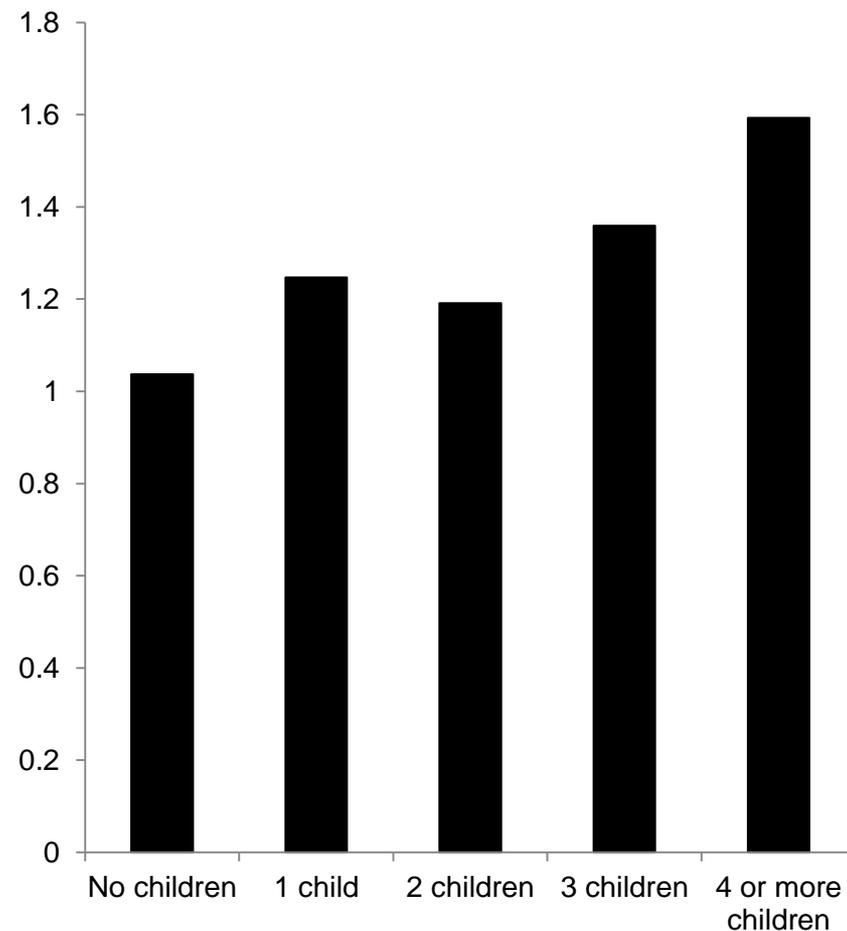
£230,000

Children can cause financial strain

Financial Incapability Index



Number of financial problems



Kids are a trigger to be more responsible



Having a child is often a catalyst to open a savings account.

We **opened a savings account for our daughter when she was born.** We try to save what we can when we can in it and hopefully it will **help her when she is 18.**
(Female, 35-44)

And a strong desire to protect kicks in. Having a child is one of the triggers to take out life insurance.

When you make the decision to have kids, either intentionally or accidentally, you make the choice to either stand up to the plate or give in. For me there was no choice, it's simple, I stood up. I had to make a lot of sacrifices and work hard to **make sure everyone was ok.**
(Male, 45-54)

56% of parents say they have life cover versus only 40% of the overall working age population

But only 25% of parents have wills versus 23% of the overall working age population

Emotionally, kids are a financial balancing act



“I feel it’s like a competition with relatives and friends... People rub it in your face without meaning to. No one likes to admit they're having a struggle with money so we’re never going to admit to our friends and family that we haven’t got the money to spend on things”

Strong desire not to make them feel disadvantaged

Powerful compulsion to treat them

Enjoyment of spending on children

Driver of responsibility / mature stance on finances

Desire to provide legacy (i.e. home)

Feel responsible to tell children about being careful with money

Parents help each other with tips and childcare

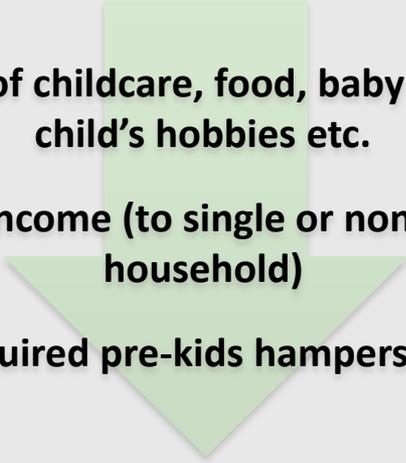
Emotional **challenges**

34% of parents feel under pressure to spend on children, even when can't afford it

Emotional **opportunities**

Practically, children are a balancing act too

“We were lucky that having our kids was absorbed into our general spending. Prior to them we used to have a pretty good social life so **whilst we are spending on them we are saving by not going out** anywhere near as much.”



**Costs of childcare, food, baby items,
child’s hobbies etc.**

**Loss of income (to single or non-income
household)**

Debt acquired pre-kids hampers finances



**Less money spent socialising or going out
Pregnancy and having a baby are triggers
to save**

Trigger to take out life cover

**And for those on benefits, an increased
income and potential for a new home**

Practical **challenges**

Practical **opportunities**

We know that for some, financial pressures is a major factor in deciding to start a family

*I'm not prepared financially to have children. I'm employed but **don't have enough in savings yet.** I'd save up more of my wages to prepare. My financial concerns are that I'm **not going to be able to pay my rent or buy them the things they need** i.e. clothes, shoes and so forth.
(Female, 25-34)*

*I don't have children at the moment but I had heard about the **estimated cost of having them** which is **really quite shocking.** After hearing about the costs I still want children but **I don't feel prepared financially to have them.**
(Female, 25-34)*

Source: How much does it really cost to have children? October 2014, Mustard

But for others, there was less planning – therefore we wanted to understand the influence of finances on the 'baby journey'

Who did we speak to?

Online Forum				
23 respondents	5 x 7+ months pregnant	6 x B		
	8 x 1 st time mums with baby up to 1 year old	6 x C1	15 x Has partner	Minimum of 10 about to be or on maternity
	8 x 2 nd /3 rd time mums with baby up to 1 year	6 x C	8 x Single	Whole of UK Run online over 3 days leave
		5 x D		
Focus group				
8 respondents	Pregnant mothers – 7+ months pregnant	3 x C1 3 x C2 2 x D	Has partner	All working, so either on or about to go on maternity leave
Depths	Stage	Social grade	Marital status	Work status
Depth 1	New 1 st time mum	B	Has partner	On maternity leave
Depth 2	New 1 st time mum	C2	Single	On maternity leave
Depth 3	New 1 st time mum	D	Single	May not be working
Depth 4	2 nd or 3 rd time mum	C1	Single	May not be working
Depth 5	2 nd or 3 rd time mum	C2	Has Partner	May not be working
Depth 6	2 nd or 3 rd time mum	D	Single	May not be working
Depth 7	Couples 1st time parents	C1	Couples	On maternity leave
Depth 8	Couples 1st time parents	C2	Couples	On maternity leave
Depth 9	Couple 2 nd or 3 rd time parents	D	Couples	May not be working

- All must not use an IFA/financial adviser for money advice
- All must use online sources for information and have online access
- Fieldwork in February 2015

Three 'personas' of new parents



Has life planned out



Planning starts when pregnant



Little or no planning, and limited resources

Laura – Has life planned out

- Mainly planned pregnancies
- Researches most things
- Enjoys budgeting
- Already considered childcare
- Cleared debts and sorted finances before planning children
- Most have suitable accommodation
- Saved to cover maternity even before pregnant
- Lots of research into having a baby, best pram etc.
- Happy to share information on forums



Laura's key needs through the journey

My partner is the only one who works so I have become "chief" when it comes to money - all money comes into me and I make sure bills and outgoings are paid and that we have enough

I have software that I use to budget my expenses so I am usually quite good with my money but I have no idea how much more expensive it will be having a baby

We were pretty organised with nappies and wipes etc with our first baby, but organisation seems to have gone out the window since number two came along! ha ha!

I looked at online forums to see what other women bought for their child and how much it roughly costs to have a baby, but it looks like everyone has a different opinion and priority

So when they were born we opened a trust fund for them and set up a standing order so that money was going in each month

Before pregnancy

During pregnancy

1st baby

Subsequent babies



Laura's advice needs

Before pregnancy

- Cost of a baby calculator to ensure they can afford baby
- Information on managing mortgages when on maternity leave
- Information on maternity leave

During pregnancy

- Childcare cost calculator
- Lists of baby equipment needed
- Information on maternity benefits

1st baby

- Info on children's bank accounts
- Cost cutting tips to make most of money

Subsequent babies

- Harder to be so organised
- Cost cutting as budgets even tighter
- Information on separation/divorce and child maintenance



- Baby may be planned or surprise but made little financial provision in advance
- Try to cut back and save while pregnant
- Less likely to be budgeting but understand that they would benefit from doing so
- Once pregnant eager to research into having a baby, equipment, costs etc.
- Reads online forums but less likely to contribute



Paula's key needs through the journey

We are saving for the house not a baby but when she came along that extra money has really helped

My husband asked about paternity leave at work but they didn't tell him much and he just left it

This is my second child so it's not too much of a shock to the system! We had prepared much better the second time round however it is still not easy. I put away a little bit each month from my already low maternity pay towards the last three months where no money will be received

We didn't plan anything before I got pregnant. We wanted to see if it would happen

I have more money since becoming pregnant as I am not going out as much. This has been great for putting cash aside and in preparing for the baby. My partner and I have set a goal amount to ensure we achieve that amount before the baby is born

Before pregnancy

During pregnancy

1st baby

Subsequent babies



Before pregnancy

- May have organised house, work etc. but little thought for planning financially specifically for having baby

During pregnancy

- Baby timeline helps as planning once pregnant
- Cost saving tips and budget calculator to help cut back
- Information on paternity leave
- Hunger for information when pregnant

1st baby

- Childcare calculator as may not have organised before birth
- Baby savings accounts

Subsequent babies

- Maybe more organised as know what is coming
- Hard to save between pregnancy
- Need help with budgeting and money saving as budgets tighter



Becky – Little or no planning, and limited resources

- On very low wage or benefits before baby
- On benefits now – some feeling better off
- Reliance on family and friends network
- Experience of raising children from family and friends, so less online research
- Listen to the midwife but may not attend classes or act on advice. Rely a lot on family support
- Benefits do not come until baby born, so can't make budget changes beforehand



Becky's key needs through the journey

I used to look after my brother's kids so I know about kids

I had one budgeting lesson from the council to make sure I pay my rent to the private landlord but I'm 28. I know what I need to do

I got this flat just before the baby arrived, before that I was in a hostel

When I worked I got £1,200, now it's £600 but I don't have rent to pay, so I have more money to spend

Now I have the two of them I'm trying to get a bigger flat. I've only just found out how you do that

When you have a baby the Government takes over from you

My family nurse helped with a budget sheet but didn't give any advice on benefits

I don't get a penny from the dad

Before pregnancy

During pregnancy

1st baby

Subsequent babies



Becky's advice needs

Before pregnancy

- Need help but generally no preparation
- Hasn't managed their money sensibly prior to pregnancy
- May have debts (either under control or requiring debt advice)

During pregnancy

- Not good at planning, timeline popular
- Not the baby cost calculator, often buying second hand, seems too aspirational
- Focused on sorting accommodation and benefits
- Do not get full benefits until baby is born so difficult to budget in advance

1st baby

- Not childcare calculator as costs seem too high to make working worthwhile or will use family
- May view budget as too limited to use tool
- Advice on maintenance as father often on benefits too or absent

Subsequent babies

- Budget tools if can be persuaded to use
- Implications of going back to work on benefits



During pregnancy is a good time engage with good financial advice



- During pregnancy is a good time to engage new parents in better financial management.
- The emotional and financial pressures of parenting yet to hit home and most are keen to prepare, even if they haven't yet planned
- Those already planning will be hungry for information, will go online and be keen to share their experiences
- Those not currently planning are more likely to engage in financial management during this time, helped by the need of nice things for the baby
- However, need to ensure a close association between the 'fun stuff' and the 'boring stuff'

- Children impact on financial capability and this increases with each subsequent child
- Trend to older and/or working mothers
- Both positive and negative effects; and both practical and emotional
- Potential parents start planning at different stages before or during pregnancy
- But interest in financial products and services likely to be heightened and there are multiple information sources
- Impact of parents on children's financial capability is important and an area we will be exploring