



Preparing for Parenthood: My Story on Becoming *Financially* Ready



BY DAVID SLOVER, CFP®
Relationship Manager

As my wife, Stephannie, approached week 40 of her pregnancy, we started receiving the common question, “Are you ready?”

Ready (or not), my wife and I celebrated the birth of our daughter, Madison, on May 29, 2021. Madison’s birth brought pure joy and elation without comparison. Of course, the days following were a sleep-deprived blur of doctors, crying, and the fear of anything a nurse or passerby considered “wrong.”

Steph and I agree the only way to be ready is through experience. That said, we took steps throughout her pregnancy to make those first days of parenthood less complex and to give us the time to focus on caring for our daughter.

Our checklist included everything from birthing plans to nursery set-up. Since Stephannie was carrying the burden of pregnancy, and most everything else, I put my Certified Financial Planner™ professional designation to work to provide her the comfort of a thoughtful financial plan for Madison’s arrival.

As new parents in our early thirties, we wanted to ensure we covered the basics of estate planning and took steps for Madison’s future. Our current goals do not require complex planning, so we focused on executing the following documents:

- Last Will and Testament, including Guardianship
- Financial and Healthcare Powers of Attorney
- Advance Medical Directive (sometimes called a Living Will)

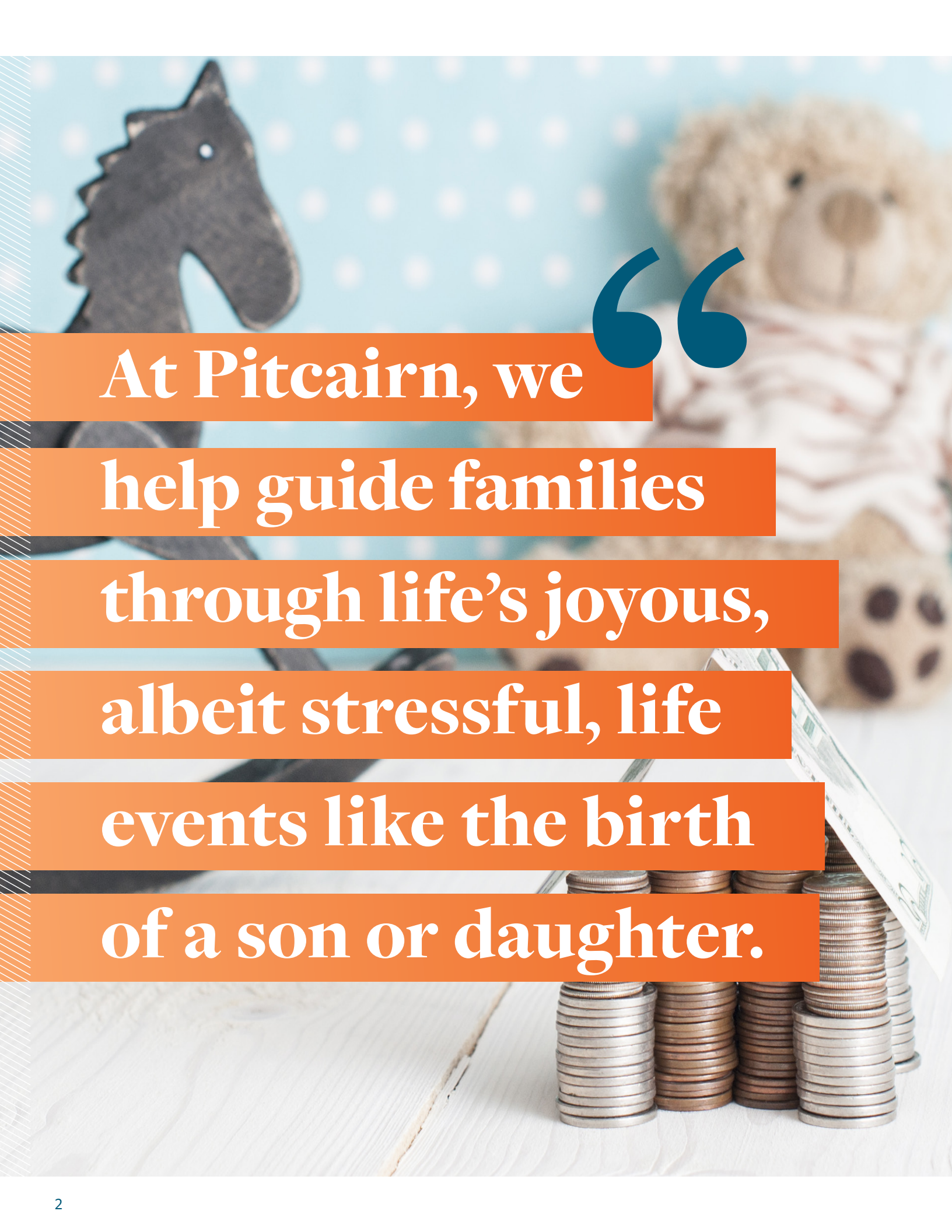
The **Last Will and Testament** specifies how assets will be distributed at the passing of Stephannie, me, or both of us. With a newborn, it was important for us to identify which family members we would ask to act as Guardian, and we created a trust to hold assets for Madison in the event she is a minor at our passing. We also set up the trust’s distribution schedules and management structure to reflect our values and goals.

Financial Powers of Attorney will allow Stephannie or me to make financial decisions if one of us becomes incapacitated. An old professor of mine once said, “Death is simple, incapacity is complicated.” That is a dark sentiment, but a straightforward justification for having a Power of Attorney. For any individually owned accounts, it allows the other person to act. For example, if the emergency dictated the need to use funds from my Roth IRA, Stephannie would have that authority. A healthcare power of attorney provides similar powers for medical decisions.

An **Advance Medical Directive** provides healthcare professionals and family members guidance on medical decisions if one of us becomes incapacitated. It can also encompass quality-of-life choices. We have seen circumstances where these documents alleviated the pressure from loved ones to make seemingly impossible decisions. I told Stephannie that I wanted to provide her that structure if it is ever needed.

While the above documents are difficult to discuss since they place an emphasis on our mortality, they are the foundation of any estate plan for new parents.

In addition to our estate documents, we updated our **life insurance policies**. We increased the death benefits to provide a comfortable amount appropriate for us. We also checked our various accounts to ensure all beneficiary designations matched our estate plan.



“
At Pitcairn, we
help guide families
through life's joyous,
albeit stressful, life
events like the birth
of a son or daughter.

We made sure to document all of our retirement accounts and life insurance policies. We paid special attention to confirm our **primary beneficiaries** as well as our **contingent beneficiaries** and made sure they all matched our overall estate planning goals.

We also established a **529 plan account** for Madison. As Maryland residents, we are offered income tax deductions if we use the MD 529 plan program. Some other states follow suit, so check with your Pitcairn Relationship Manager before selecting your plan. Tax deductions should not be the decisive factor, as you also want to consider investment options and cost. That said, we are happy with Maryland's overall plan and wanted to take advantage of the tax break.

When completing the application, the system required Madison's Social Security Number (SSN). Given she was not born yet, I set up the account in my name, knowing we would roll over the account to Madison once we obtained her SSN. Opening the account early allowed us to take advantage of the 2020 state income tax deduction and start investing for her future.

Next, we plan to add her to our **credit cards as an authorized user** to start her credit history. Years down the road, when she is ready to be financially independent, she will already have an advantageous credit score.

I share these examples because I have found them to be universal for any new parent. Most of all, taking care of this important to-do list gives Stephannie and me time to bask in the wonderful experience of going from being a couple to being a family, knowing that we have the basics covered for Madison's future. You may find value in discussing these topics with your family and advisors when a new child enters your family as well.

Pitcairn is a family operating business that has treated me like family since joining the firm in 2016. We understand how to guide families through joyous, albeit stressful, life events like the birth of a son or daughter. As always, we are here to help!

To learn more about Pitcairn's thoughtful, forward-thinking Wealth Momentum® service model, visit www.pitcairn.com.

www.pitcairn.com | 800-211-1745

PITCAIRN®

Philadelphia
One Pitcairn Place, Suite 3000
165 Township Line Road
Jenkintown, PA 19046-3593

New York
Representative Office
99 Park Avenue, Suite 320
New York, NY 10016-1501