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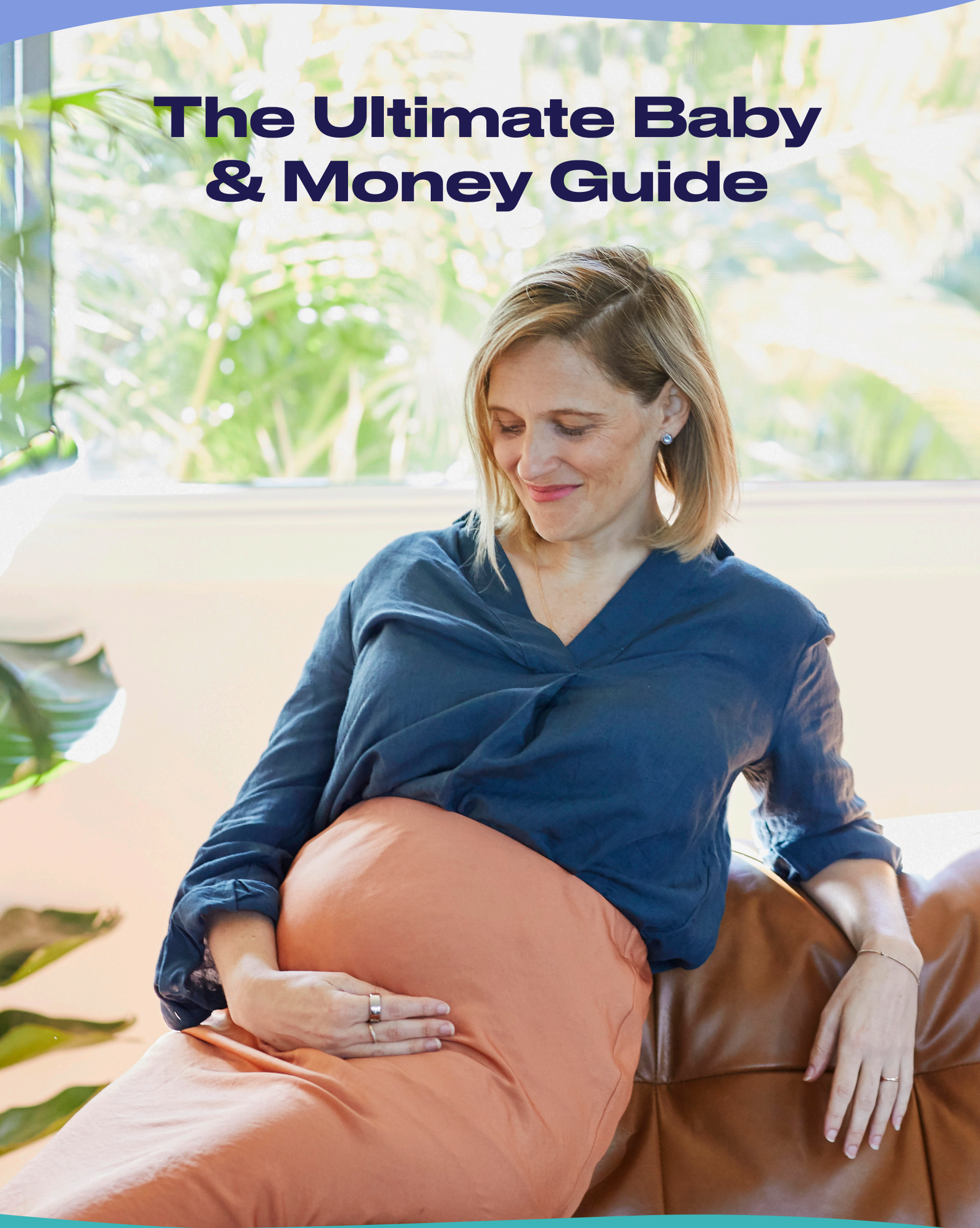
Verve SUPER

The Ultimate Baby & Money Guide



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A note from Verve Super CEO, Christina

I'm writing this guide while sitting/slouching at my desk four months pregnant.

If you're anything like me and my partner, then you can probably relate to the moment when we immediately switched from hugging and kissing over two lines on a Clearblue stick, to feverishly trying to list out everything we could possibly need to think about, or plan for, before we become parents for the first time.

While there are classes to teach you birthing positions and breathing techniques during labour, we struggled to find simple, easy-to-read info about how to get our budget and finances in order, ready to support our new arrival.

As the CEO of a super fund, you'd think that I may have started getting my money sitch sorted from the moment I first started taking those 'planning for a baby' vitamins, but the reality is I started my pregnancy probably much like you: no baby budget, insurance not fully in order, no will, superannuation needing attention, and without yet having had a discussion with my partner about how we'd split our $s while I was on leave.

You get the idea.

That's why I wanted to jot down all my lessons from the past few months to create the practical "to-do" list I wish I'd had. Whether you have a supportive partner, or you are doing this alone, having a plan is (in my opinion) always the first step for feeling prepared – and let's face it, that's the holy grail for most of us at the moment!

Ready? Let's dive in.

Christina Hobbs
CEO, Verve Super
She/Her

And just a friendly reminder that all the financial information contained in this guide is general and doesn't take into account your situation or circumstances. Consider getting in touch with a professional adviser to access specific advice tailored to your unique situation.

This guide at a glance

1. Creating a budget for your baby & what you actually need to buy

Before we can start budgeting, it's helpful to get a rough picture of how much having a baby will cost. While the exact figures you'd expect to pay will change depending on where you live, what kind of care you receive, and your pregnancy journey, here are some ballpark expenses and potential costs to get you started.

Stage	Expense	How much it'll cost	How much I'm planning to spend
Expenses to support pregnancy & birth	**Hospital expenses:** this will change depending on whether you go through the public or private system.	• Public hospitals: with most costs covered by Medicare, you can expect to pay up to **$1,500 of out-of-pocket expenses.** • Private hospitals: the majority of your expenses (from specialist visits to gap payments for hospital stays) come with out-of-pocket costs which can add up to anywhere from **$2,000 to $20,000.** Even if you have private health insurance, you are likely to still pay something out of pocket - check your policy.	
	Support at and after the birth	• Many women opt to have a private midwife or a Doula present to support them during the labour and/or to support them after birth. Based on my research , private midwives tend to charge between $2,000 - $6,000 depending on how much service and follow-up visits you receive after birth. Doulas vary greatly depending on their qualifications and services provided, but typically cost less than a private midwife - the upper end packages of either will also cover breastfeeding advice after the baby is born. • Breastfeeding consultants and baby sleep consultants are also commonly used services. The cost of these services can vary greatly based on how much time you need - from $500 - $2000.	
	Health insurance: this is essential if you're planning to give birth in a private hospital.	• This cost varies greatly depending on which provider you use, as well as what level of cover you take out. • The most recent research by Canstar in 2016 shows you're likely to pay between **$3,000 - $4,500** on insurance premiums for a Hospital and Extras package including pregnancy per year. • If you're already pregnant it can be very hard to get pregnancy insurance - so make certain you take this out well before you start trying for a baby.	

Stage	Expense	How much it'll cost	How much you're planning to spend
Expenses to support pregnancy & birth	**Ultrasounds:** you'll need to regularly book-in for routine ultrasounds during each trimester of your pregnancy to check your baby's development.	• A routine ultrasound is likely to cost around **$240 - $340**. • The good news is that (in most cases) a part of this cost is covered by Medicare (but not by enough - in my humble opinion!). • In most cases, Medicare will **rebate between $50 - $85** of this cost.	
	Medical tests: everything from routine blood tests to immunisations will be needed throughout your pregnancy.	• Luckily, these routine tests are usually **supported by Medicare.** However, if your GP charges for appointments above the bulk bill rate you will need to factor that in. Depending on the involvement of your GP vs midwives or hospital based staff you may need between 2-6 consultations.	
	Birthing (a.k.a. antenatal) classes: especially if this is your first child, these sessions will prepare you for labour by explaining different birthing positions and the basics of early parenting.	• As you'd expect, the cost of these classes is dependent on where you take them. • Many hospitals will offer classes **free of charge,** while private classes will set you back **up to $500.**	
	Maternity clothes: your wardrobe will need an upgrade during pregnancy to support your changing body.	• Most women will purchase a handful of key items such as maternity jeans or pants **($40 - $350),** maternity bras **($45 - $75)**, maternity leggings, comfortable loungewear and more. Personally, apart from some new bras and undies, I've managed to just buy bigger, baggy dresses, and am eyeing a few op-shop and second hand options.	
	Recovery items: giving birth is a massive event for your body, and there are helpful products you can purchase to support your recovery.	• The key items you'd likely be purchasing include mesh underwear **(from $6 for a two-pack),** belly support bands **(upwards of $40)** and postpartum pads **(from $6 per pack)** If you're not feeling great, there are many more bits and pieces you may want to hunt down.	

Stage	Expense	How much it'll cost	How much you're planning to spend
Expenses to cover items your baby will need	**Feeding products**	• Everything from breast pumps to baby formula can set you back **$1.227** in your first year as a new mum.	
	Baby furniture	• Things like changing tables, cots and high chairs can easily set you back upwards of **$441.** As I've found, the latest electronic cots are now selling for well over $1,000! It really depends how basic, or extravagant, you want to go. Again, there are some great second-hand options in this category (see my note below on safety).	
	Baby clothing	• Dressing your new baby can cost you more than **$649** in their first year. But if your experience is anything like mine, I've already started receiving bags full of items from friends and family - enough to get us through the first year!	
	Toys	• Experts will tell you that you may need to pay upwards of **$252** on baby toys during the first year. But again, you may be lucky to receive some gifts. It's worth visiting the op-shops for toys, too!	
	Baby monitor	• This will also depend on how fancy you want to go. There are plenty of options, ranging between basic, high-tech and second-hand. A basic monitor acts more like a walky talky, whereas the latest tech is designed from military technology - budget somewhere between **$50 - $500**	
	Baby transport	This is likely to dent the budget, big time! But here we go... • Baby Seats - from $110 - $800 • Stroller - from $150 - $2,000 + (not joking!) • Body transport/ sling ($30 - $200) • Car - Huge range here and will depend a lot on where you live and what you're looking for. At a minimum, you car that will need to fit a baby seat, with enough room to get a baby in and out.	

With all this in mind, it's no wonder the Australian Institute of Family Studies estimates that our first child will cost between **$3,000 and $13,000** in their first year alone. The good news: if that sounds nuts, don't worry - here are some options for keeping the costs down:

- Rent the big budget items, particularly items that you're not sure your baby will like or really need.
- Buy your items second-hand through platforms like Facebook Marketplace, Gumtree, op-shops or from friends. The only exception to this is baby car seats - these generally shouldn't be purchased second hand unless you've checked that they still meet current safety standards and you're purchasing from a trusted source who can give a history of how it has been cared for. When purchasing baby bassinets and cots, please also be very careful to educate yourself on what SIDs safe furniture looks like. Currently in Australia, there is no safety regulation for 'bassinets' and there are a lot of bassinets on the market, sold in reputable baby shops, or second-hand, that do not pass SIDs test. Take a look at **Choice reviews**, and build your knowledge on what baby safety looks like before purchasing.

Handy tips

- If you want to give birth privately, make sure you have pregnancy as part of your private health insurance before you start trying to conceive. If you think you're privately insured for pregnancy, it pays to double check and make sure you have reached any minimum waiting periods since taking out your health insurance.
- Consider shopping second-hand to save on items for new babies.
- Rent any big-ticket items if you're not sure your baby will like or use them.
- Remember that all your baby really needs is love, shelter, warmth, food, and safety - and that can be achieved with minimal purchasing, so don't worry if you don't have all the latest gear.

2. Understanding your financial entitlements and support available

There are a range of financial support payments available to parents in Australia. I have included a list below that is current as of the date of writing, however these change regularly. Take a read of the below and then check on the **Services Australia** website to see if there have been any recent announcements or adjustments.

As you'd expect, there's pretty strict criteria defining who is and isn't eligible for parental payments. In most cases, your eligibility is tested based on how much you (and your partner) **earn,** as well as the value of any **assets** you have (pretty much everything except your family home is counted here). Make sure to check whether you're personally eligible based on the criteria listed on the **Services Australia website.**

Let's look at what government programs and subsidies might be available to you as a new parent:

- **Parental Leave Pay:** this provides up to 18 weeks of paid leave to primary carers to help you cover the costs of a new child (whether they're a newborn or newly adopted child). The amount you will receive is based on the Australian minimum wage and in most cases, you can't work during this period. Generally (but there are exceptions) you will have had to have worked during 10 of the previous 12 months and earned under $150,000 in the previous financial year. Ensure you read the full criteria.
- **Partner Pay:** this gives partners (non-primary carers) up to 2 weeks of paid leave when a newborn or newly adopted child arrives. Generally (but there are exceptions) you will have had to have worked during 10 of the previous 12 months and earned under $150,000 in the previous financial year. Ensure you read the full criteria.

- **Family Tax Benefit (FTB):** this is a two-part lump sum payment that is designed to help with the costs of raising a child (with different payment options available depending on whether you're a single parent or not).
- **Newborn Upfront Payment and Newborn Supplement:** this is another lump-sum payment that acts as a boost to your Family Tax Benefit (however, this is only available if you're not getting Parental Leave Pay for the same child).
- **Parenting Payment:** this offers a level of income support for primary carers of young children (under 8 for single parents, or under 6 if you're in a partnership).
- **Child Care Subsidy (CCS):** this program offers subsidised child care to children under 13 years and goes part of the way to lowering the cost of formal child care.
- **Single Income Family Supplement:** if you're a single parent, you might be eligible for an annual payment of $300 as part of this program.

It's not something we want to think about as expecting parents, but bringing a child into the world with a severe illness, medical condition or disability can take a major emotional and financial toll. If that's the case for you, there are tailored financial support options available, including:

- **Carer Adjustment Payment:** this provides a one-off payment to families with a child under 6 who has been diagnosed with a severe illness, medical condition, or major disability.
- **Carer Payment:** if you're caring for a child with a disability or medical condition and earn an income as a result, you may be eligible to access this regular support payment. You may also be able to access the **Carer Allowance** if you need to provide daily care to a child with a disability or medical condition.
- **Child Disability Assistance Payment:** this annual payment is designed to give parents caring for a child with a disability some financial relief.
- **Essential Medical Equipment Payment:** this is another yearly payment that helps to reduce the costs of high energy bills at home due to the use of essential medical equipment needed to manage a disability or medical condition.

Entitlements from your employer:

- Check in with your employer or HR office to find out if there are additional entitlements for you or your partner that they provide. Many workplaces provide new parents with additional entitlements on top of the legal requirements.

After researching the above, and any other entitlements, write a list of financial support you may be eligible for:

Handy tip

Allocate time to understand your potential entitlements and start the application processes early. For instance, it may take over a month to process your paperwork for a child care subsidy. Claiming after your baby is born may mean you miss out on some payments you are otherwise entitled to.

3. Taking care of your super while on parental leave

Superannuation has never taken the complex working lives of women into consideration. The national scheme which is supposed to be designed to support "all Australians" to retire in comfort, seems to forget that many women take extensive career breaks and have a more disrupted life of earnings than their male counterparts.

The government's 'Paid Parental Leave' scheme doesn't include the Super Guarantee, neither do other carers leave payments. This means that your employer isn't obliged to keep making contributions into your super while you're on leave, and the government won't make a contribution either.

The good news is that while we continue to advocate for compulsory payments of super for parents (particularly women) on parental leave, there are practical steps you can take to try and keep building your super balance with a new bub in the picture. Some of the options below will involve conversations with your partner, so refer to section 6 for some helpful hints on how to approach these discussions.

How to get my super sorted?	First step to take	Complete?
• Review how your super is managed. Taking the time to ensure your super is being well managed is a good investment of time before you have a baby. If you have multiple funds, or if you're not sure if you're in the right fund, then it could be a good time to consider consolidating or changing accounts. At Verve, we've developed a free learning module on this very topic to help you get started.		
• Ask your employer to keep paying you super while you are on leave. Many employers are now offering to continue paying superannuation for new parents on leave, even if their paid leave period has expired. You can point your boss or HR officer towards this helpful resource by Fair Work. This shows that paying super, even on unpaid parental leave, is best practice and a great staff incentive!		
• Consider spouse contributions and contributions splitting with your partner. This allows your partner to contribute to your super and/or split their existing contributions with you to keep your super balance growing. In some cases, this may also make your spouse eligible for a tax offset of up to $540 p.a.		
• Consider boosting your super by making additional personal contributions. If you have the means to do so, it's worth evaluating whether you'll be able to grow your balance by making contributions into your super fund while on leave. If this is the right decision for you, you may be able to claim a tax deduction for some of these contributions. Check out the ATO website to learn more.		
• Check out Verve's Baby Bump Program. If you're a Verve Member and are taking parental leave, make sure you've contacted us so we can rebate your annual fixed admin fees for 12 months. We can also contact your employer on your behalf (or support you to have this conversation yourself) to ask them to keep paying your super during your parental leave.		
• Take the time to check your beneficiary nominations are in place and/or up to date. Continue reading section 5 on Wills and Estate Planning.		

In the next section we'll cover insurance. It may be possible to pay for life insurance cover through your super fund. If you're considering insurance and need to get in touch with your super fund, take a read of this section first - you may be able to combine these conversations.

> **Handy tip**
>
> If you are having a baby with a partner, then making money fair in your relationship means not only thinking about the now but also the future. How will you ensure that your money is managed fairly through retirement and beyond?

4. Getting health, disability, & life insurance sorted

Oh, insurance! How many of us would feel afraid to be driving our car around with no comprehensive insurance? Yet when it comes to our most important asset – ourselves – we're often far less careful.

I really can't put into words how important it is to ensure that you are properly covered by insurance. At Verve, we've seen single mothers become ill with cancer, new mothers suffer sudden accidents, and women with young children lose their partners. Nobody ever wants to think that the worst could happen to themselves or their loved ones, but having been on the other end of the call when someone phones Verve to desperately find out if they have insurance in place, all I can say is that you want to be sure about that answer. So often, insurance means the difference between facing tragedy knowing you can afford the proper support and care, vs having the additional burden of financial stress, and potentially even the threat of losing the family home or being unable to pay rent.

Below are some types of insurance to think about. Remember, if you have a partner, or other people you rely on, or intend to rely on financially, you need to ensure not only that you have considered your own insurance but also that the other person has considered theirs.

Types of insurance you may want to consider:

Subject to eligibility and acceptance of your claim by the insurer, these types of insurance can be paid through your super:

1. **Life cover (also known as "death cover"):** a lump-sum benefit is payable in the event of your death or terminal illness diagnosis.

2. **TPD cover (Total and Permanent Disability insurance):** a lump sum is payable in the event you become totally and permanently disabled.

3. **Income Protection cover:** also known as Salary Continuance cover; this type of insurance cover pays a regular monthly income should you be unable to work due to illness or injury.

It's incredibly important to read the policies of your fund and ensure that they will cover you. Unfortunately there are too many cases of people paying for insurance and then not being covered. If you have any pre-existing health conditions, if you are self-employed, or if your employment situation is likely to change, speak to your super fund or insurance provider to check that you will be covered. If your circumstances change and you are in doubt of your coverage then check again.

You may not always receive the most appropriate coverage for your situation through the insurance accessed through your super fund. If your circumstances are complicated, it is often worth speaking to a financial advisor who can support you in finding the best policy. It's still worth noting that many of these policies can then be paid through your super.

These types of insurance can be paid outside of super:

- **Health Insurance for you:** For most health insurance policies, there is a 12-month waiting period before you can claim any pregnancy-related expenses. Some policies don't cover obstetric or midwifery care at all. Many of the lower cost policies offer restricted benefits, like covering you as a private patient in a public hospital. If you want private obstetric care during your pregnancy, you will need to take out private health insurance or upgrade your existing policy before you get pregnant, or pay for it yourself. It's a good idea to check with the hospital, your health fund and your doctor before booking with a hospital to ensure you will be covered, and to discuss any costs you may have to pay."
- **Health insurance for your child:** Coverage for children is generally included in family health insurance policies, but there are a few things you should look out for if you want to make sure your kids are covered. If you want private health insurance to cover your child, then it's important to ensure they are covered from birth in case they need immediate hospital care. Check with your insurance provider to ask about their rules around covering newborn babies. Most funds require you to upgrade your policy to a family policy at least three months before the baby is born, but some require 12-months' notice.

Handy tip

Be confident you fully understand any policies you are signing onto and that you understand what they will cover. It's too easy (and unfortunately, common) to pay for insurance that won't actually cover you when you need it most.

5. Wills & Estate Planning

I'm currently in the process of writing a will with my partner. Initially, I wasn't sure if you could include your unborn child in your will, but yes you can.

There's a couple of options when writing a will: you can do it yourself with a simple will kit obtained from a post office, or you can engage a lawyer to draft a will on your behalf.

A will kit will cost around $20 from the local post office. Engaging a lawyer to provide standard wills for two people will generally range from $1,000 - $3,000, depending on how simple or complex your personal situation is.

The whole point of a will is so that if something happens, your wishes will be followed, and your loved ones will be spared any drawn-out legal processes. It's important to ensure that whichever route you take, that you are paying for something fit for purpose... not just ticking a box.

Some of the key areas a will can cover, include:

- **Property:** Your will can lay out how your property is to be divided after your passing.
- **Guardianship:** You will can state who you want to care for your child (and how) in the event you're no longer there.
- **A healthcare proxy:** Also known as a "living will", this dictates how you would like medical decisions handled if you aren't able to make them yourself.
- **A power of attorney:** This stipulates who can act on your behalf in legal or business affairs while you're still alive.

Handy tip

Even if you leave your superannuation to someone in your will, the release of that superannuation will be significantly more time-consuming and complex if you have not nominated that same person as a beneficiary with your fund. Contact your super fund directly to nominate a beneficiary of your super. If you're a Verve member, you can also set this up quickly via your online member portal.

6. Have a money conversation with your partner

Money disagreements can put significant strain on a relationship - especially when there's a newborn in the mix.

If you're currently expecting a baby with a partner, don't wait until later to discuss money. Start having conversations now and plan out some strategies together. I recommend beginning the conversation while going for a walk. The idea is not to solve all your problems in one go but to get in the habit of discussing money regularly (and respectfully!), especially if you don't already do this. If you're not used to discussing money with your partner, or if you feel like you're coming from worlds apart, then it may be good to start by **discussing each others' money styles.** Try to listen and learn from each others' point of view.

Here are some things to talk through before bub comes.

Potential money tension area	Am I on the same page as my partner?		
If there are niggling issues related to how we manage money that are likely to be magnified after baby arrives?	YES	NO	N/A
Do we have a plan to resolve them?	YES	NO	N/A
Will we continue to manage expenses in the same way when bub comes?	YES	NO	N/A
Do we know how we will cover the expenses of having a child? Do we need to change the way we budget?	YES	NO	N/A
Have we decided how we will split our finances when one of us is taking parental leave?	YES	NO	N/A
Do we have clear money goals for our household?	YES	NO	N/A
Are we both across our finances - with an understanding of our debt, total income and investments?	YES	NO	N/A
Are we feeling the same way about our finances, and are we aware of each others' emotions about money at this time?	YES	NO	N/A

Handy tip

If you feel like you and your partner have completely different approaches to money, then it may be good to **discuss money styles.** This can help you to get on the same page before delving into the specifics of how to manage money after your baby arrives.