11 Financial Tips for Baby’s Future

Follow these strategies to take control of your finances.

As expensive as they are to raise, few things are as life-affirming as watching your child grow. Prioritizing personal finance before starting your family will help you establish good habits and help to ensure your baby’s future is bright. These tips can help with smarter financial planning and cutting excess expenses—all to benefit your child's college savings.

1. **Read books.**

If you need help with your finances but aren't sure where to start, seek financial wisdom from books written by experts. To boost your savings, buy used financial books online or borrow them for free at your local library.

1. **Create a budget.**

Start by writing down your income and all your expenses, and then subtract the expenses from the income to determine your discretionary spending. At the start of each month, [set up a budget](https://www.consumer.gov/articles/1002-making-budget#!what-it-is) to allocate how discretionary funds get spent. Track your spending over the course of the month, and at the end of the month, determine whether you stuck to the budget. If you spent more than you made, [fix your budget](https://www.lifehack.org/articles/money/6-reasons-why-you-cant-stick-the-budget.html) by cutting unnecessary expenses. Implement the revised budget the next month and start living within your means.

1. **Reduce monthly bills.**

While you may not be able to reduce fixed expenses such as rent or a car payment without drastically altering your lifestyle, you can reduce variable expenses, such as clothing or entertainment, by being frugal. You can, for example, reduce electricity consumption to lower your utility costs, choose different providers for your home or life insurance, or buy food at a discount at bulk stores.

1. **Cancel cable.**

There's likely one bill you could cut today and save hundreds of dollars every month: your cable bill. Of course, you don't have to give up TV altogether. Canceling cable in exchange for low-cost streaming services such as Netflix and Hulu allows you to watch the shows you love for a fraction of the cost.

1. **Stop eating out.**

The occasional splurge at a nice restaurant is fine, but the savings can add up if you start cooking at home or bringing bagged lunches to work instead of eating out each day. In fact, by bringing your own coffee, breakfast, lunch, snacks, and beverages every day, you can [save anywhere from $2,000 to $4,200](https://www.moneycrashers.com/money-save-bring-lunch-food-work/#:~:text=By%20bringing%20in%20your%20own%20coffee%2C%20breakfast%2C%20lunch%2C%20snacks,the%20more%20health%2Dconscious%20option.) or more over the span of a year.

1. **Pay off your debt.**

One of the most expensive mistakes you can make is to carry a lot of debt, especially high-interest credit card debt. If you want to change your financial picture, pay off your debt as quickly as possible. Start by listing your current debts and figure out the minimum amount owed to remain current. Paying the minimum amount, however, won't get you out of debt quickly. So, evaluate your fixed expenses and determine how much of your discretionary spending budget you can allocate toward debt repayment. You may be able to reduce the interest rate on the debt by asking the issuer for a lower rate, consolidating your debts, or transferring high-interest debt to a low-interest credit card. Then, create a [debt payment plan](https://www.creditcardinsider.com/learn/reducing-debt/) and pay off the debt as quickly as possible.

1. **Stop using credit cards.**

If you are struggling to make ends meet, you may be relying too much on your credit cards. If you keep using credit cards as a stop-gap measure to make ends meet, you'll quickly wind up in debt. This will limit how much money you have each month to pay bills, save for retirement, or work toward another financial goal. Put the credit cards away.

1. **Manage your student loans.**

Your student loans can saddle you with debt for years if you’re not proactive. Whether you need to [refinance or consolidate](https://loans.usnews.com/student-loans-consolidation-refinancing), see if you qualify for a [student loan forgiveness program](https://studentaid.gov/manage-loans/forgiveness-cancellation), or add them to your debt payment plan. Getting control of your student loans is an excellent strategy to improve your finances.

1. **Go on a spending fast.**

Another way to curb your spending and get your finances in order is to go on a [spending fast](https://tiphero.com/16-simple-steps-to-achieving-a-spending-fast). In other words, stop spending money for a set period of time. Often, these are month-long periods of curtailed spending that make exceptions only for essentials such as food, transportation, and recurring bills.

1. **Make the most of employee benefits.**

Ask if your company offers additional employee benefits such as dental and vision insurance and [flexible spending accounts](https://www.healthcare.gov/have-job-based-coverage/flexible-spending-accounts/). Not all of these benefits may be worth the additional money that you pay for them, but some can help your finances by relieving you of the need to pay out of pocket for essential expenses. Take time to evaluate your options so you get the most from your employee benefits.

1. **Start saving for college now.**

While you may question planning for your baby’s college education when they haven’t even learned to roll over yet, preparing for college early gives investments more time to grow. And if you’re a California resident, the California Kids Investment and Development Savings Program (CalKIDS) makes it easy to get started. CalKIDS automatically provides newborns and eligible low-income public-school children in California with the tools to start saving for college, including an initial seed deposit and possible financial incentives in a college savings account.

**Planning for baby’s future**

The state of California is committed to helping children thrive, particularly by increasing access to higher education. To that aim, CalKIDS will provide each child born in California on or after July 1, 2022, as well as eligible low-income public-school students enrolled in first through 12th grade, with a seed deposit and possible financial incentives in a 529 college savings account.

Children with $500 or less designated for college savings are [3x more likely to enroll in college](https://www.sciencedirect.com/science/article/pii/S0190740912004379) and nearly 4X more likely to graduate than children with no savings. So, take control of your finances and set your kid up for success…

[**Visit the CalKIDS site to learn more**](https://calkids.org/index.html)**.**

The California Kids Investment and Development Savings Program (CalKIDS) is a children’s savings account program, administered by the ScholarShare Investment Board, an agency of the State of California. CalKIDS accounts will be established for children born to California families and eligible public school students, and will include seed deposits and other potential incentives, which can be used to pay for future higher education expenses.

**CalKIDS participants may also establish individual accounts with the ScholarShare College Savings Plan.**

**For more information about the ScholarShare College Savings Plan, call 1-800-544-5248 or click here for a**[**Plan Description**](https://www.scholarshare529.com/documents/ca_plan_description.pdf)**which includes investment objectives, risks, charges, expenses, and other important information. Read and consider it carefully before investing.**

**Before you invest, consider whether your or the beneficiary’s home state offers any state tax or other state benefits such as financial aid, scholarship funds, and protection from creditors that are only available for investments in that state’s qualified tuition program. You should also consult your legal or tax professional for tax advice based on your own circumstances. Investments in the plan are neither insured nor guaranteed and there is the risk of investment loss.**

**If the funds aren’t used for qualified higher education expenses, a 10% penalty tax on earnings (as well as federal and state income taxes) may apply. Non-qualified withdrawals may also be subject to an additional 2.5% California tax on earnings.**

The ScholarShare College Savings Plan is offered by the State of California. TIAA-CREF Tuition Financing, Inc. (TFI), program manager. TIAA-CREF Individual & Institutional Services, LLC, Member FINRA, distributor and underwriter for the ScholarShare College Savings Plan.

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