

## Budgeting for a Baby

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The typical American family will spend an average of \$245,340 to raise a child from birth to age 18, according to the U.S. Department of Agriculture. More than 5 percent of that tab could accumulate during your child's first two years, when parents are estimated to spend an average of \$12,940 on baby-related items, including baby food, formula, diapers, clothes, and toys.



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"Making financial matters worse is the fact that many young parents find themselves reducing their work hours, leaving the workforce until the children are older, or continuing to work and adding day care expenses," says Stephanie Nelson, mother of two and founder of [CouponMom.com](#), a website that aggregates coupons for members. "In each case, they may have to cut expenses, which makes budgeting even more important."

Fortunately, parents who shop smart can secure everything their baby needs at a fraction of the cost, Nelson says. Here are her top six tips on budgeting for a baby and finding savings.

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### 1. Compare Unit Costs Of Baby-Related Items

When it comes to diapers, baby wipes, and other essentials, not all packages are created equal. For instance, consider two packages of diapers at the same store. One brand may cost \$45, while the other is \$38. But the cheaper of the two is not actually the most cost effective, as it includes 100 diapers (38 cents per diaper), compared to 130 diapers (35 cents per diaper) for the more expensive box.

"If you're buying diapers until a child is 2 1/2 or 3 years old, you can save about \$800 per child by comparing unit costs," says Nelson, adding that some of the best unit costs are found online. "A lot of people save money by buying their diapers at online retailers. They subscribe to have them shipped, which can save money."

### 2. Make The Most Of Baby Item Coupons And Sales

Coupons can be found online, in stores, and in newspapers. The best ones, however, come directly from manufacturers. "I encourage people to join whatever savings clubs diaper and formula companies have," Nelson says. Plenty of name brands have these clubs, and "they'll send you high-value coupons worth \$10 or \$20,

which is pretty significant."

Additionally, combining retailers' and manufacturers' coupons with in-store sales can yield even more savings on items like diapers and formula. "To find the best possible bargain, wait for a sale and use coupons," says Nelson, adding that with this method, you can potentially cut the cost of a package of diapers considerably.

### 3. Prepare Your Own Baby Food At Home

Baby food can be a big expense, but parents can save money by making it themselves. "Pureeing sweet potatoes in the blender, for example, takes virtually no time," Nelson says. "Plus it's healthy and more economical than buying baby food in cans and jars. There are all kinds of recipes online."

### 4. Buy Only Basics For Your Baby

When it comes to many baby expenses, abstinence might be the best policy. "When you have a baby — especially your first baby — you think you need every gadget on the planet," Nelson says. "You don't. Invest in a safe car seat and a safe, safe crib, but you can save hundreds of dollars if you avoid much of the rest." If a family member hosts a baby shower, you may receive many of these non-essential baby items as gifts.

### 5. Choose Used Baby Items Instead Of New

If you can't live without a baby item, buy it used. "You can buy clothes and toys at yard sales and consignment shops for next to nothing because others need to get rid of them," Nelson suggests. "You can borrow that stuff, too, and save even more money."

But avoid buying certain used baby items, such as car seats and older cribs that don't meet current safety standards.

### 6. Take Advantage Of Child Tax Credits

Lastly, keep in mind that the federal government also offers exemptions or tax credits to individuals who meet certain qualifications. These include:

- The Dependent Exemption, which totals \$3,950 per child for 2014
- The Child Tax Credit, which is worth up to \$1,000 per child for 2014
- The Child and Dependent Care Credit, which for 2014 is worth up to \$3,000 per child (up to a maximum of \$6,000) for working parents with child care expenses

"Yes, having a baby is expensive," Nelson concludes. "But it's easy to save money if you know where to look."

To help develop your baby budget, use the Regions ["How Much Am I Spending?" calculator](#). Read this article to better understand how your [insurance needs](#) and costs may change as your family expands.

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