

How Much Does It Cost to Have a Baby?

What's the real cost of having a baby? And how can you prepare for it? Host Stefanie O'Connell Rodriguez interviews Reshma Saujani, founder and CEO of Girls Who Code and Marshall Plan for Moms, about the impact of parenthood on your personal finances, and what we can do to prepare our money and our careers for one of life's most expensive milestones.

“Carrie”: I can't tell you how many conversations I've had with my girlfriends over the benefits of this stroller or that stroller. So why aren't we having the same conversations around budgeting and money management for our children?

Stefanie O'Connell Rodriguez: This is Money Confidential, a podcast from Real Simple about our money stories, struggles and secrets. I'm your host, Stefanie O'Connell Rodriguez, and today we're talking to a 32-year-old marketing professional based in Pittsburgh, Pennsylvania, who we're calling Carrie—not her real name.

“Carrie”: I grew up always a little bit worried about money and having enough savings. Life doesn't feel uncomfortable now, but my husband and I are expecting, so we don't know what the future looks like for our money.

Stefanie O'Connell Rodriguez: It's no secret that having and raising children in the United States is expensive. From the cost of pregnancy and childbirth and all of the extra baby stuff you have to buy—to ongoing expenses like diapers and childcare. What's not as clear, is how to accurately project and prepare for all of those added costs.

“Carrie”: There's a lot of preparation about what to purchase, or how children should sleep. But there's not a lot of conversation about money.

It will be nice to know what percentage of my take-home income should be saved for childcare expenses, to ensure that we can afford future emergencies, afford education for our child and continue to plan for our retirement.

Stefanie O'Connell Rodriguez: According to the [U.S. Department of Agriculture](#), it's estimated that a middle-income American family spends an average of nearly \$13,000 per child per year on food, shelter, and other necessities through age 17, not including the cost of pregnancy, childbirth, or a college education. But this also isn't a fixed number—what's average can depend a lot on where you live, not to mention the huge range of what people consider quote unquote “normal” when it comes to child-related expenses. With one family spending a couple hundred dollars on a crib and another spending a couple thousand, it can be that much harder to decide

how much is the 'right' amount to budget for your family, especially if you're comparing yourself to the parents you see around you, or on social media.

“Carrie”: I'm part of a few different groups on Facebook for moms that live in my community. There's not really a lot of talk about money, how much things should cost, and I don't know if that's that the people in this group aren't planning. If that talking about money is gauche. There's a wide range in daycare costs, from \$225 a week to \$2,400 a month. And people do talk about that, but I feel like there are a lot of other expenses that are lurking in hidden corners that I'm not sure how to prepare for.

Stefanie O'Connell Rodriguez: The more unknowns you have, the harder it is to create plans. And so, I think we can think through what are the line items that are going to change?

“Carrie”: We know that our home will work for about a year until our child starts to walk and then it could be potentially dangerous.

Stefanie O'Connell Rodriguez: So, we have childcare, we have difference in monthly living expenses, healthcare.

“Carrie”: It's funny you should say that because I completely forgot about this expense.

Stefanie O'Connell Rodriguez: This is also a time to reassess your insurance needs. Do you have life insurance? Does having a kid change my insurance policy for my homeowners? If I'm a renter, is it going to change my renter's? So, I think it's about stepping back to step back in. We're adding another person to the full picture. And then what does that look like broken down on a monthly basis and how much more is this than we're spending right now. And where's that money gonna come from?

“Carrie”: That's a lot to think about.

Stefanie O'Connell Rodriguez: What about it feels most overwhelming?

“Carrie”: I suppose it's still the unknowns and that there's a lot of places to gather information from. And a lot of information-gathering that feels like you can't do it until after you have the child. And with the stress of learning how to be a parent and learning how to be a family of three, it feels scary to maybe not have the mental capacity when you need it to prepare for those things and to do that research.

Stefanie O'Connell Rodriguez: According to [one recent](#) survey, parents are tasked with making an estimated 1,750 difficult decisions in the first year of a baby's life, from whether to breastfeed to what pediatrician to go to. And the [research suggests](#) that when it comes to managing a household, women still take on a disproportionate share of the mental load. Meaning they're not just shopping for more baby stuff or running more errands, they're also doing most of the tedious yet crucial mental work of thinking about what needs to be bought in the first place, and making plans for how to make it all happen.

Stefanie O’Connell Rodriguez: I know it's overwhelming and there is a lot you don't know, but I wonder if you can, as an exercise, come up with a number that you would say is, these are my monthly baby expenses. What's this baby going to add to my cost of living, projected childcare, the insurance, everything. And start putting that money in savings just to see how it feels when you have to live on a monthly budget that you project having after baby. And then any time that you would spend money as though you had a kid, like you're going on a date, you're going to the movies, add 50 bucks for childcare, put it in a savings account and see how that actually impacts your monthly budget. And not only at the end of that, will you have a clear sense of what this means in terms of how much less or how much more you think you can spend each month, but you'll also then have built up the extra savings to have a miscellaneous baby category and fund all those other things that might come up in the process.

“Carrie”: I love that. To think about, “Okay, I'm going to pretend financially like this baby is here.” And see with my adjusted budget, how am I able to live? What things can I still do? What things can't I do? Where do we have to save? Where might we be more comfortable than we thought?

Stefanie O’Connell Rodriguez: Now, I also want to take a moment to ask you about your plan for leave.

“Carrie”: I'm fortunate that the company I work for gives 12 weeks of leave. We also have a generous vacation policy and I have been able to stack an additional month of vacation days on top of my leave. So, I will have four months. My husband will have a month.

Stefanie O’Connell Rodriguez: The United States is [one of the only countries](#) in the world that does not guarantee any paid family leave, making most new parents totally dependent on their employers to offer it, and even then, just 55% of employers offer some paid maternity leave and just 45% offer some paid paternity leave. according to a [2020 analysis](#).

While some states [have created their own paid leave policies](#), Pennsylvania, where Carrie lives, isn't one of them. The Federal [Family and Medical Leave Act](#), also known as FMLA, provides some people with up to 12 weeks of unpaid, job-protected leave, but it only applies to certain workers, like those at companies with 50 or more employees.

“Carrie”: I'm scared. It's something new that I'll have never done before. And my husband will be around of course, but there will definitely be an adjustment period. I'm someone that likes schedules and routines. And I feel like the only thing I know I can do, and the only solace I have is that there's a lot of unknowns and I just have to be comfortable in what's unknown.

Stefanie O’Connell Rodriguez: Do you and your husband have a good relationship around money together?

“Carrie”: We've always been good at saving together, but I don't think that we have as good communication as we could have around our day-to-day expenses, upcoming bills. If we want to go out to dinner, one of us puts a card down. We've never really been in a position where we've had to budget for daily expenses together before.

Stefanie O’Connell Rodriguez: Conflicts around money are just one of many reasons that can lead to couples having less relationship satisfaction as they [transition to parenthood](#), which unfortunately, studies show, happens for the majority of new parents. But having conversations about money early and often can be a way to buffer against those stresses that a baby can bring.

Have you ever tracked your money?

“**Carrie**”: I track mine. I couldn't tell you if my husband tracks his, but if I was a betting woman, I would say he does not.

Stefanie O’Connell Rodriguez: How do you think it would go if you tried to introduce that as something you do together?

“**Carrie**”: I think that he might think that I was trying to control him in some way, and I'm not sure how to approach that actually, that it's a collaborative effort.

Stefanie O’Connell Rodriguez: Have you talked about it from the perspective of preparing financially for the baby?

“**Carrie**”: No, but we probably should, Stefanie.

Stefanie O’Connell Rodriguez: A shared goal is one of the best entry points into an uncomfortable financial conversation. I think once you get the conversation started and because you have this entry point that I think is really meaningful to both of you, starting your family, that's actually a wonderful opportunity because it's exciting. And this is all about supporting that maybe most important thing that's ever happened to both of you. So now it's just a question of how do we do this in a way that's going to work best for us. Especially because you are in a good place financially, you do have good benefit packages. You have so much going for you, that this does not have to be a moment of stress. This is a moment of really great joy, and it's going to be that much more so if you do take a moment to get down in the nitty-gritty of the numbers, cause that's going to relieve, I think, a lot of that fear that's coming from the unknown.

“**Carrie**”: I think that's a great point, and I mentioned before, it feels like a lot of things can't be done until the child is here, but this is one of them that we are fortunate enough to be able to start thinking about now and preparing for now and coming up with systems now to alleviate stress on ourselves in the future.

Stefanie O’Connell Rodriguez: A hundred percent, you can start tracking your money today, have a money date in 30 days, where did our money go? How much did we save? How much did we invest? What's leftover? Oh, would an extra \$3,000 a month fit somewhere in here? Where would it fit? Let's start next month trying to set that money aside as though we're paying for childcare, paying for extra rent, paying for extra insurance. The next month, how did we do? Oh, this was harder than we thought. Oh, this is easier than we thought. Maybe we can also try to save more money because let's pretend we're also investing in a 529 plan for college expenses.

There are pieces of this process you can start now and ease your way into it so that when the baby comes through not feeling this sudden change, you can practice at it first.

“Carrie”: I feel calmer after this conversation. It seems like all of these things are not as big hurdles as I thought they were. And as long as we stay calm and or mindful, we'll be okay.

Stefanie O’Connell Rodriguez: There’s no denying that having children changes your financial life as much as it does the rest of your life and anticipating that change can understandably feel overwhelming. That said, there are steps you can take to make that anticipation a little less stressful. Like estimating what new expenses you’ll have to build into your budget once your baby arrives, and practicing accommodating those priorities in your financial plans now, so you have some time to adjust as needed. While it’s unlikely your estimates will be entirely accurate, this process itself can help make the future feel a little less uncertain and reassure you that what’s coming is something you can handle and plan for as opposed to only stress about. At the same time, start talking to your co-parent if you have one, about how a child will affect your respective lifestyles, finances and careers, and what expectations you each have about the new responsibilities you’ll be taking on and how they’ll be accommodated.

For more on that and the other considerations becoming a parent can have on your money, your career and your economic power more broadly, join us after the break when we speak with Reshma Saujani, author of the recently published book, *Pay Up: The Future of Women and Work*.

Reshma Saujani: Becoming a mother is probably one of the most significant financial events, or I should say hurdles, that moms face.

Stefanie O’Connell Rodriguez: That’s Reshma Saujani, the founder of Girls Who Code, author of the recently published book, *Pay Up: The Future of Women and Work*, and the founder and CEO of Marshall Plan for Moms, a national movement to center mothers in our economic recovery from the pandemic and to value their labor.

Reshma Saujani: It takes the average U.S. mother working full-time five extra months to earn what the average U.S. father earns in a year. So, mothers working full-time outside the house are typically paid just 75 cents for every dollar paid to fathers. And that translates to a loss of \$1,275 a month or \$15,300 annually. So, we call this the motherhood penalty. When you become a mom, all of the sudden people are like, oh, you’re not as committed. You’re distracted. You’re not as worthy. But when you become a dad, we’re like, oh my God, great. We gotta give you that promotion.

Stefanie O’Connell Rodriguez: So, to Reshma’s point, when it comes to the financial implications of having a baby, it’s not just your budget you need to prepare.

Reshma Saujani: One of the things that we're really focused on at Marshall Plan for Moms and what I talk about in my book *Pay Up* is, how do we actually start teaching women to ask the questions. Like, no one told me that I was gonna become discriminated against once I became a mom. No one told me to ask, you know, what does he make? And to make sure you're making what he makes. No one told me to make sure that I fight for my legal rights against discrimination in the workplace.

I think the first thing is, what is the parental leave? Nearly one in four mothers returned to work two weeks after giving birth. Nearly four out of five private-sector workers have no access to paid leave. So, the question is, one, do you even have access to paid leave? What is the policy that you have? If it's not what you need, how do you start to ask for it?

People are actually shopping what companies to work for based on the policies that they have, whether it's affordable childcare or it's paid leave. So, this really matters. I remember before I even had a child and I was interviewing at law firms, I felt like we implicitly knew not to ask about their policies because it's almost like we didn't wanna be discriminated against. And so many of us didn't even ask. Are afraid to ask. And so, we don't know what we should be fighting for.

Stefanie O'Connell Rodriguez: And if you are trying to initiate that conversation, who am I talking to about this?

Reshma Saujani: I think you're either talking to your manager or you're talking to the head of HR. We have treated care work like your personal problem. Like when you become a mother, your childcare is your problem to figure out. When you're pregnant and you're trying to figure out how much time you can spend with your baby before you go back to work, that's your problem that you have to figure out. And we have shamelessly allowed people to piece together their sick days, just to get as much time as they possibly can have. And millions of women return to work, literally broken, depressed, sad, because they're not ready and their babies aren't ready, and we know that it's not good for them.

And so even in terms of pregnancy, there's this article, how like, Zoom is so great because you don't have to announce your pregnancy until the last possible second, like a week before you're having a baby, because we know, and that's the, implicitly, the deal that we've made to participate in the workforce is that we are going to hide our motherhood.

And then when we become mothers, we're not gonna ask for anything, we're gonna breastfeed in closets. We're not gonna have pictures up of our kids. We're literally going to ask for nothing. And so how does that change? Yes, one woman at a time, but even before that, it changes with men asking. What's your paid-leave policies? Childless women asking what are your paid-leave policies? Everybody in the workplace, whether they even are going to take advantage of those policies, wanting to have a workplace and a workforce that has those values.

Are we actually a place where mothers can thrive? Do we have the best-in-class paid-leave policies? Are we offering flexibility? Are we making sure that we're not penalizing people who take advantage of it? When we respect and value mothers, when we don't expect them to hide their motherhood or be penalized for their motherhood, and we become that kind of workplace, that kind of work culture, that benefits everybody and everybody's productivity and mental health.

Stefanie O'Connell Rodriguez: I think to your point here about everyone being a stakeholder in this, the other trend we see has this disproportionate impact on women's careers and then their financial power is how the division of the household labor winds up playing out.

Reshma Saujani: Right now, two-thirds of caregiving work is done by women. And I think that it is every company's responsibility to figure out how they're exacerbating or minimizing gender inequality at work; paid leave is a great example of this. It's not sufficient just to have a paid-leave policy. You need to be making sure that you're not gaslighting men for taking it. And that you're actually encouraging them, incentivizing them, promoting them when they do. And you're surveying, 'What is the impact that our corporate policies are having on the gender equality of domestic work of our employees at home?'

The reason why we say, "Well, why don't we have 50% of Fortune 500 CEOs are women? Why isn't venture capital going to women? Why aren't half the people in Congress women?" Well, because it has nothing to do with getting a mentor sponsor or color coding your calendar. It has to do with like, before you even show up to work, you're doing two-and-a-half jobs. And so, until you change that ratio, we don't get to equality. And so, we've got to be focused on the division of household labor and childcare responsibilities as something that is a corporate value, a goal, a KPI that every company has.

Stefanie O'Connell Rodriguez: Now if you're someone who is pregnant and you're anticipating this new care labor in your life, and you're doing it in partnership, how do you kind of set those boundaries?

Reshma Saujani: I think you have to really carefully navigate and have this conversation in the beginning and recognize that you may agree on all the right things, but it may turn out radically differently.

In my marriage, I married the guy that did the cooking and the cleaning that was very clear about what I wanted to do and that I wanted to be a mom and that I needed him to do more. And then we had our first baby, and I took paid leave, and he didn't, and I don't think we understood the impact of that decision on our family, I knew where the diaper bag was. I knew what froggy he loved. So, my to-do list just grew and his shrunk. Had we had leave together, he would've known from the beginning how to manage the household and the kids, and he would've gotten his chores. And so ever since that upset, we've been in couples counseling trying to renegotiate how this happens. I mean, one-third of divorces are about the chores.

That initial piece of parental leave I think is really, really, really, really, really, really critical. Research shows that if men took on 50 minutes more of unpaid work each day and women did 50 minutes less, we could close the gender gap, 50 minutes. Again, the problem is we live in a society that gaslights men for taking paternity leave. So, it's not just about fixing your partners. We have to transform our workplaces and our entire culture to normalize men sharing the parental load.

Stefanie O'Connell Rodriguez: Another dynamic you bring up is how at the same time that there's been this hyper-careerism for women in the workplace, there's also been this trend toward intensive parenting and the societal expectation that you have to be the perfect mom and you have to be the perfect worker and those things collide. And what I find is that same dynamic plays out financially for people too in their budgets. There's this enormous pressure. I gotta save for my kids' college. They have to have the best math tutor, best piano lessons. And if it comes at the expense of my own retirement or my own spending on my own needs, so be it. We identify our spending with our ability to be a provider and be that perfect parent. And so, there's these big, powerful, emotional, and cultural societal forces at play here. And I'd love for you to break those down for us.

Reshma Saujani: What's crazy is that working mothers today spend as much time with their children as stay-at-home mothers in the 1970s. So, this plays out with the rise of the ideal mother, which means like, you gotta be this intensive parent, you gotta drive hard at work and then you have to be always available to take your kids to every single activity and, you know, make organic snacks and smoothies and literally meet every single need that they have at the expense of your own.

And so, this idea that we're telling women to lean in all the way at work and then lean in all the way at home is why we're in this moment right now. And so, women are not investing in themselves because they're using those resources to spend it on their kids, on another French class, on another soccer class, on another piano lesson. So, we are literally being trained that being a good mom means you sacrifice yourself and you become a martyr for your children. And any amount, whether it's money or time, that you're spending on yourself means you're not fulfilling that ideal. And you're a bad mom and there's literally nothing worse you could say to a mother than telling her she's a bad mom.

Stefanie O'Connell Rodriguez: What does getting rid of that cultural script look like?

Reshma Saujani: We have to just redefine working motherhood in America, and we have to focus on the structural support for working moms. I think that there's never been a better moment for it because of the Great Resignation and the amount of jobs that are open and the fact that people are leaving. That is a massive financial burden for companies. And so, I always say it's much cheaper to have fair paid-leave policies and it's much cheaper to subsidize childcare. It's much cheaper to design technology so you can create hybrid work in a way that allows people to fully participate. So, let's start being innovative.

Stefanie O'Connell Rodriguez: You have this childcare report on Marshall Plan for Moms where you found that 45% of women cited childcare availability or expense as a reason for

leaving the workforce compared to just 14% of men, and 57% reported being held back professionally due to childcare responsibilities compared to 38% of men. And obviously these conversations are a part of that. And I wonder how you think about this question that women seem to disproportionately ask themselves if they're in a partnership, which is, can I afford to work?

Reshma Saujani: It's because the cost of childcare is just so, so high. We also live in a society that you have to work. And so, it's not even that women are staying home, they're just downshifting, or they're consulting or they're working odd hours or working night shifts because childcare is so expensive. And the reality is that childcare is an economic issue. It's not your personal problem. You cannot work unless we have affordable childcare.

Stefanie O'Connell Rodriguez: What does this mean for finances in terms of practical things?

Reshma Saujani: I think the first thing I would say is, do not hide your motherhood, even when you become pregnant. Tell your employer, as soon as you can. And almost dare them to make a change because there are laws that protect you. You shouldn't be breastfeeding in a closet. You should get flexibility. And we should stagger your paid leave so that you come back to work when you are ready. We should be supporting you with childcare benefits. We should be incentivizing partners to be taking paid leave. And so really systematically review your company's policies and ask for more when you deserve more. And when other people in the industry are giving more, this is your moment for leverage.

When I built Girls Who Code, from the beginning, when we were a nonprofit with not a lot of resources, I made sure that we had the most generous paid-leave policies. When I was a CEO, I set the example of taking my leave. I was really disappointed in COVID with my second child that I couldn't take my paid leave cause it was the pandemic and I had to save the organization. Because I wanted to be an example and I want to be an example. I use and built a workplace culture right now around Marshall Plan for Moms around flexibility and remote work and your job is not your everything. And so, every institution that I've built, every organization that I've built, I've had the values that I am fighting for. And having those policies, the most generous and I think progressive, family-friendly policies, I've done that and built the largest women-and-girls organization in the world. So, the sense that having those policies comes at a cost to scale, to productivity, to generation of capital, is just false. And I think Girls Who Code and Marshall Plan For Moms are examples of that.

Stefanie O'Connell Rodriguez: Navigating decisions around parental leave, childcare and the division of household labor, all of which have major impacts on your money following the birth of a child, can be incredibly challenging, which is why it's essential to have these open and honest conversations with your employer, your co-parent and your community to find what support and resources are available to you *before* you need to rely on them.

From there, you'll have more information from which to estimate the real impact having a child will have on your financial life. For example, if your employer offers no paid leave, you'll not only need to plan for the added expenses of childbirth, postpartum, diapers, strollers, etc, you'll also

need to plan for disruptions to your income as you take the time you need to be with your baby, both immediately after childbirth and over the long-term as they need care.

And while you won't be able to predict the specifics of everything, having these conversations and equipping yourself with knowledge, can give you some more 'knowns' from which to plan. And from there you can experiment putting your new financial priorities into practice, before your baby arrives, creating a budget that works for *your* family and *your* finances (regardless of what other parents might be doing).

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