NewDadLife

FREE GUIDE

The new dad's first year money guide

Leave pay, baby health cover, a will and life insurance, in the order you need them

A new baby changes your money in a few predictable ways. Do the right task in the right month and nothing here is hard. This guide is general information, not legal, tax or financial advice.

The four protections

1. Leave pay. The Family and Medical Leave Act lets eligible employees take up to 12 weeks of unpaid, job protected leave for a birth. Unpaid is the key word: it protects your job, not your paycheck. Whether any leave is paid depends on your employer and your state.

2. Health cover for the baby. HealthCare.gov says you have 60 days to enroll in Marketplace coverage after a birth, and coverage can start on the baby's date of birth. Employer plans can set a shorter window, so ask HR for the exact deadline in writing.

3. A will and a guardian. A will is where parents name a guardian for minor children. Life insurance pays money, and a will names who raises your child, so you need both. Ask an estate attorney about your state.

4. Life insurance. Term life pays a set amount to the people you name if you die during the term. A level term keeps the same premium for the whole term. Many dads choose a term that reaches the longest of three dates: the youngest child's independence, the end of the mortgage and retirement.

A timeline from the second trimester to the first birthday

General education, not insurance, legal or tax advice. Figures are examples unless a source is named. Prices and rules vary by state and insurer.

When	What to do	Who to contact
Second trimester	Email HR the five questions on this page. Check beneficiary forms. Do the DIME worksheet and ask for a life insurance comparison.	HR, your agent
Third trimester	Finish any health exam for the policy. Meet an estate attorney about a will and guardian. Pack the folder with policy numbers and forms.	Attorney, insurer
Birth week	Photograph both insurance cards. Tell HR about the birth. Ask about the health plan deadline for the baby.	HR, health plan
Weeks 2 to 8	Add the baby to health cover. Update beneficiary forms. Confirm the policy is in force and the premium is on autopay.	Health plan, insurer
Months 3 to 6	Review the budget with the real baby costs. Start or raise a small regular college deposit. Check childcare tax options with a tax professional.	Partner, tax professional
Months 6 to 12	Look at your dependent care FSA at open enrollment. Revisit coverage after a raise or a move. Set a yearly reminder.	HR, your agent

Five questions to email HR

1. Is my parental leave paid, partly paid or unpaid, and at what percent of pay?
2. Does my health coverage continue during leave, and what do I pay?
3. What is the deadline to add the baby to my health plan?
4. Does my group life coverage continue during leave, and does it end if I leave the job?
5. Where do I update my beneficiary forms?

> Keep the replies in one folder. A written answer is worth more than a hallway memory.

The DIME method in one page

DIME stands for Debt, Income, Mortgage and Education. Add what you owe besides the mortgage, the years of pay your family would need replaced, the mortgage balance and a college goal. Then subtract savings you would honestly spend and any life insurance from work. The result is the gap a policy fills.

A worked example with made up numbers: $12,000 of debt, 10 years of a $62,000 income ($620,000), a $230,000 mortgage, $60,000 for college and $8,300 for final bills add up to $930,300. Savings of $25,000 and work cover of $62,000 come off, so the gap is $843,300.

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10 to 15x

Rule of thumb check

Many guides suggest 10 to 15 times yearly income as a starting range. It is a starting point, not a law.

Seven mistakes to skip

- Waiting for a calmer month. Your rate depends on your age and health when you apply, and calm months are rare.
- Naming the baby as beneficiary. A minor generally cannot collect a death benefit directly.
- Counting work life insurance as the whole plan. It is often one or two times salary and often ends with the job.
- Skipping the will. Life insurance does not name a guardian.
- Choosing a premium you cannot carry through a smaller paycheck.
- Forgetting to update beneficiary forms after the birth.
- Hiding a health detail on the application. Be honest.

Where to learn more

Every rule above links to an official source in the list below. NewDadLife is a free quote service, not an insurer, and is not part of any government agency.

Sources

- U.S. Department of Labor: Family and Medical Leave Act
  www.dol.gov/agencies/whd/fmla
- HealthCare.gov: Coverage if you recently gave birth
  www.healthcare.gov/what-if-im-pregnant-or-plan-to-get-pregnant/
- NAIC: Life insurance consumer guide
  content.naic.org/consumer/life-insurance.htm
- IRS Publication 15-B: Employer's tax guide to fringe benefits
  www.irs.gov/publications/p15b

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