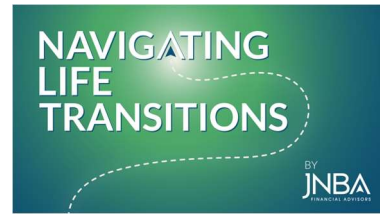


Podcast Transcript: How do you navigate growing a family?



Kim Insley:

I am Kim Insley. Thanks for joining us for Navigating Life Transitions. A podcast where we bring together advisors experienced in financial life planning to talk about ways to navigate life's biggest changes, challenges, opportunities and decisions. From growing a family to losing a loved one, promotions, retirement, marriage to divorce. We discuss these pivotal moments that could benefit from the guidance a financial advisory team can provide. So, let's talk today about growing a family. Of course, everyone has a different journey when they grow their family. Regardless of the path you take though, some considerations might help pave the way for you. Joining me are two advisors from JNBA Financial Advisors, serving clients in Minnesota, Florida and throughout the U.S., Elise Huston and Noel Silker, who work with people who find themselves at this life transition. And both are parents and so, I'll start with the question of the day. Elise, when you had kids, were you ready for that transition?

Elise Huston:

Oh gosh. Are you ever ready? No. My husband and I had spent a lot of time, before we had kids, really thinking about, we knew we wanted kids, it was just when, was the question. And is it once you have a house, is it once you are at a certain earning level, it's so hard to know what is ready. But we knew this is what we wanted and that we would make it work and we were willing to be flexible and adjust our lives for that. So I guess in theory we were as ready as one can be. But yeah, I don't know. Noel, what do you think?

Noel Silker:

Definitely not. Anecdotally, the first time I changed a diaper was shortly after my daughter was born. So you could say I had a steep learning curve.

Elise Huston:

Okay. Got it.

Kim Insley:

But you did it and I applaud you for that.

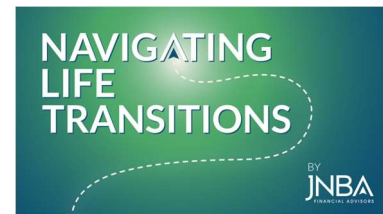
Noel Silker:

Thank you.

Kim Insley:

Well, of course, when you add a whole human being to your family, in some cases more than one, your expenses are going to increase. What are some basic considerations, Noel, that you really want to think about as you prepare to grow a family?

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Noel Silker:

Yeah, I think some are more apparent than others. I mean, the ones that stick out as obvious are, is your home large enough? Is there enough room in your vehicles for another family member? Through a financial perspective, I think the one that gets talked about the most is the cost of childcare or the cost of diapers and formula. So, people are pretty aware of that. But I think something that needs to be considered a little bit more is what kind of benefits do you have through your employer? I mean, how flexible is your job? Do you have certain flexibility around when and where you work? Other kind of benefits to take a closer look at would be, do you have a dependent care FSA that you can contribute to? Or even what kind of healthcare plan are you currently enrolled in? And is it conducive for additional doctor's visits and hospital bills? Things like that.

Kim Insley:

Yeah. Because with the life change, you can change your health plan and it makes sense to look at that. Okay, well childcare, which is enormous. I remember colleagues telling... I was fortunate, my husband and I had different work shifts, so we didn't have to do childcare in the traditional sense of taking our kids somewhere else. But colleagues would tell me what they were paying, and it was more than our mortgage payment at the time, which is astounding.

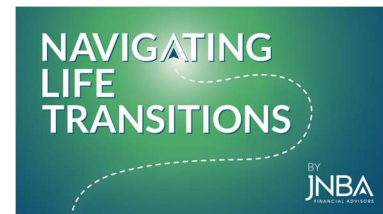
Elise Huston:

Yeah. I think that's still the case today. I mean, when talking with friends, colleagues, even clients of ours, their childcare expenses really do rival that of their mortgage expense. It's basically almost a one-for-one. Which I think is overwhelming financially, especially if you're having kids maybe in your 20s or 30s and you're still tackling student loan payments yourself and some other debt obligations that you have. But that's really just the starting point, I guess I would say, in terms of financial considerations to just start to think through. Oftentimes we'll hear people say, "Oh gosh, we've just got to get through these day care years. And then we're going to be saving so much money once we're done with that expense, it's going to be so great." I do think that there's oftentimes this misunderstanding or underestimation of just how much it does cost even after daycare, once you have expenses like summer camps, after school activities, hockey, dance. You hear often about just how expensive those activities themselves can be.

Maybe your child is needing to take advantage of some tutoring opportunities and there's some expenses with that. So, all of those are expenses just to plan for. And I guess I would say maybe not assume that there's just expenses when they're little and that it'll get a lot easier. The expenses just change over time. And another one can be education, frankly. I mean, making a decision as a family, maybe for you, it's really important to send your kids to private school. And so, understanding what that added cost could be for your family, should you be sending your kids K-12 to private school.

But also, maybe you know you want to fully fund college and grad school and all future school opportunities for your children. So, planning for that, saving for that will be important. And 529 plans are a great option. We'll be asked when to start, and I'd say, "If that's important to you once you have their Social Security number and we can open an account, it's not a bad time to start." We talk about this quite a bit in another one of our podcasts about giving to kids and grandkids and just how to save

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for education and think about that. But certainly, working with a financial advisor can help you save for not only education, but all those larger expenses.

Kim Insley:

And I just think with so many people now who understand the lifelong implication of a huge college loan, that the parents of today are going to be way more interested in those 529 plans and other strategies than parents of my generation, a lot of whom were just like, "Oh, they'll get a scholarship." No, don't count on that.

Elise Huston:

Right. And now through recent legislation, there's become opportunities too that if you don't use the whole 529 plan, there may be ways to convert some of those dollars to a Roth IRA for that child. And so there was a lot of times too, I think, fear of overfunding the plan. And so now that there's maybe some other options. But that again too is where we can do a lot of planning to try to estimate future cost of college and say, "Okay, if we want to conservatively plan to fund a certain amount of college, how do we do that?" And what amount do you need to save? Or if grandparents or aunts and uncles want to give them \$100 at their birthday, well a 529 plan is also not a bad place to save those dollars.

Kim Insley:

Yeah. That sounds terrific. Some of the change to your family expense can happen before the baby is even there. So, getting into the idea of fertility treatments and adoption, Elise, both of these things are pretty spendy items.

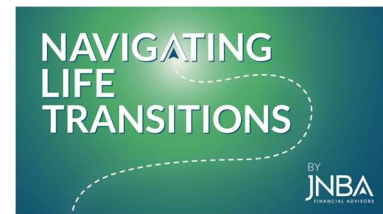
Elise Huston:

Yeah. That's exactly right. I mean, both fertility treatments and adoption are great avenues to explore when growing your family, but they can oftentimes come with just higher price tags. So, if you do end up utilizing fertility treatment or starting that adoption process, we can certainly help you think about how best to fund these expenses. Because oftentimes for people, they can be somewhat unexpected. You might not always have been planning on going through fertility treatments and adoption. So, a short-term plan might be needed.

Kim Insley:

And the number of people in terms of fertility who are looking at having to use treatment or they know someone, actually, I'll admit you guys supplied me with this statistic, but it caught me by surprise. Four in 10 adults, 42%, say that they either have used fertility treatments, or they know somebody who has. Which is a huge percentage because you tend to think that, oh, it's not going to happen to me, a tiny little percent. It's bigger than you think.

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Elise Huston:

Yeah. I think fertility treatments specifically are just much more common than we realize. This just one of those topics that people oftentimes don't talk about. It can be somewhat personal and private, so it does maybe, to some, feel a little less common than we would maybe realize. I myself have gone through in vitro fertilization or IVF to grow our family and I know many friends and family, as I went through my process, who shared that they too had taken that same journey to growing their family. But there's also many other fertility treatments that you could explore that are less invasive and less expensive, that are fairly common. Knowing that, depending on your needs, a single IVF cycle could cost \$30,000 or more. But I think on average nationally, it's closer to maybe \$15,000 to \$20,000. But that can be a really big expense for a family.

Kim Insley:

Well, that's one cycle. So, you could go through more than one?

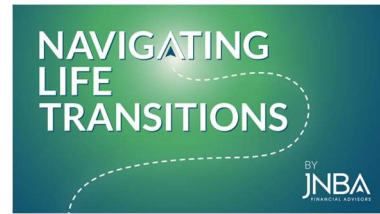
Elise Huston:

Yeah, I think they say on average the typical is maybe two if you're having to go through in vitro fertilization. And while treatments like IVF are becoming more common and maybe being talked about more and more, I should note though that they are still somewhat less frequently utilized. I think only about 5% of couples who have infertility actually go forward with IVF treatment. But again, as I mentioned, there's a lot of other fertility treatment options that are available that aren't less invasive, that are worth exploring. So I guess my recommendation would be if that's the path you want to go down or you feel like you want to explore further to grow your family, the first step in understanding how that might impact things financially for you would be to figure out what might be covered through insurance, specifically your health insurance.

Some states are quite different. Each state is actually very different in this sense. I have learned in Minnesota, it's not super common for your health insurance to cover fertility treatments, but it's worth exploring because even having some assistance from your insurance can be really helpful. But maybe you've been in a high deductible health insurance plan, and you've been contributing to your health savings account all these past years, have a good balance in that account. Now that's a great savings vehicle to use to help cover the cost of fertility treatments. That's what it was there for is for medical and health related expenses. And it'll be a tax-free distribution too to help cover these costs, which is great.

But if you don't have health insurance coverage or an HSA, I would say the next, just really maybe talk with the clinic you're working with to understand what, if any, financial packages and options they would make available to you. What, if any, financing do they have? Because then you can really start to think about, okay, based off of what insurance might cover, what the clinic is able to do for me, how much am I going to have to fund and when do I have to have those funds available? And then you can really put together a plan and budget to figure out, okay, I know I want to go forward with this, but how are we going to pay for it?

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Kim Insley:

Yeah. And I feel like having a financial advisor help with that is fabulous because I suspect a lot of people just think that the clinic is going to help them figure it all out, and that's not their specialty.

Elise Huston:

Right. And I mean, candidly, I know even going through it myself, the last thing I really wanted to be worrying about was the financial component of it. Because it is a big emotional undertaking. Be it preparing for all the different appointments and the waiting that can sometimes occur in this process.

Kim Insley:

You're already stressed out.

Elise Huston:

Yeah. And so having a partner to help you think through the financial component and just feel like, okay, I have a good plan there. You can then spend more time thinking about, okay, how can I build a community and a support system to help me get through what is sometimes an isolating process? And when you feel like you're going through it alone. And there's a lot of great community support out there, be it through in-person or online groups, if you don't feel comfortable talking with friends and family about it. So, I would definitely say it's worthwhile to create a financial plan with your professional, but to also seek other community support too, just to help you navigate this path.

Kim Insley:

And that's just one side of it. So, a lot of people will choose, Noel, the adoption path, and that is not inexpensive either. That's another consideration to take.

Noel Silker:

Yeah. And adoption is a significant undertaking, both emotionally and financially. In our experience working with our clients who have adopted, it can also be quite costly and complex as well. On average, an adoption costs \$20,000 to \$45,000 from start to finish. And it also depends a lot on what state you live in and whether you're working through an agency or with an attorney. Looking at all the various aspects of it, our recommendation would be that you work very closely with an attorney and a CPA, not only to make sure the documents and paperwork are filed correctly, but to make sure you take advantage of any eligible tax credits.

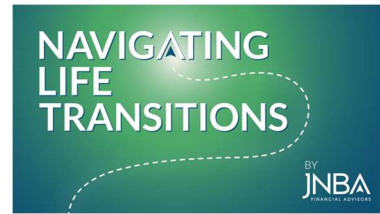
Kim Insley:

Yeah. That's a good one too. And you may not be aware of everything that's out there. So, beyond what's happening with your personal finances, the expenses, what are some other considerations that you want to be thinking about as you begin this journey of growing your family?

Elise Huston:

Other than I guess the fun of nesting and putting together your nursery and just-

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Kim Insley:

You're never going to sleep again.

Elise Huston:

Yes. Exactly. Taking that solo trip to Target one last time before you always have a companion. No. I would say another really important one is just to really think about what adjustments might be needed to your estate plan. Specifically looking at your will, naming guardians for your children. Should something happen to you and your partner, who's going to be taking care of your kids while they're minors? Are you on the same page with your spouse about who that person might be? And then too, if you have assets that you want to leave to your kids as minors, you maybe want to have provisions in your will that they be left to them in trust. So, who's going to be the trustee who helps to facilitate distributions to your kids while they're minors under that trust agreement? So yeah, certainly estate planning is going to be an important one.

Noel Silker:

Yeah. And I'd say following up what Elise said, I think it's also really important to look at life insurance needs and disability insurance needs. Because not only are you adding member to your household, you may need additional coverage there, but depending on what you end up doing on the estate planning side, you may need to change the beneficiary designations on those policies. So outside of that, looking through the tax perspective, I think it makes a lot of sense of making sure you're taking advantage of any available tax credits or deductions, whether you're contributing to a 529 plan or simply the childcare credit.

Kim Insley:

For sure. There are those who still have a parent who is at home. And I have read that a lot of times people don't consider insurance on that parent because they think, well, they're not providing any income. But if you didn't have that parent there, your financial situation's going to change drastically too. So, insurance isn't just for the primary breadwinner or the breadwinner, it's for everybody.

Noel Silker:

Definitely. Yeah. You have to look at things very holistically, I think. And it's not just about the immediate, you have to look much further out into the future about what is the financial impact going to be by one of the parents passing away or becoming disabled.

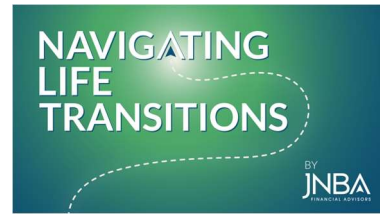
Kim Insley:

A lot to game out. And disability is a huge thing. Everyone thinks everything's going to go just fine. And we've all heard the horror stories. So, whether you're ready or not, it's a huge decision. But we do want to step back a little bit and share the joy. It is an exciting time of your life.

Elise Huston:

It is.

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Kim Insley:

Parenting is a wonderful experience.

Elise Huston:

Yeah, it is. Being a mom myself, I can say, I know for me, it's definitely one of the most rewarding things that I do in my life. And while I may still ask myself that question that you asked earlier, am I ready or am I doing a good job? I know that it's just brought so much joy to our family. And those new little members, I'm so grateful that they're here. And so, my hope is that our discussion today and this conversation just emphasizes the importance though, of bringing those professional partners into the conversation, making them aware of this big moment in your life. Because then our hope is to help you navigate that change, put together the plan that helps to sort through all these moving parts that we discussed today so that you can just really enjoy this really special time because yeah, it is definitely life changing, but it is wonderful.

Kim Insley:

Well, yeah.

Noel Silker:

Yeah. And as our clients tell us all the time, it goes by way faster than you think it will.

Kim Insley:

I can tell you that the parenting never ends. I have two adults, and it continues for as long as you're alive, obviously. But to that point, their needs will change, and that financial plan should keep changing. So, you guys are part of the equation, not just at the beginning, but throughout.

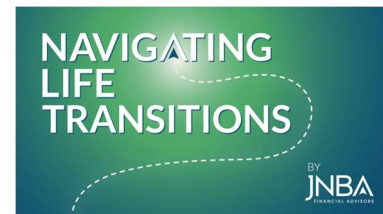
Elise Huston:

Exactly. And our hope too is to be that proactive partner to help you identify, hey, when has something changed that maybe results in us needing to revisit the plan, be it revisiting your estate documents, cashflow, savings opportunities, tax credits. That is really the role that we play in advocating for you financially.

Kim Insley:

Yes. And someday they will be on their own and you will notice the savings in your budget. Well, I want to thank Elise and Noel for a really fun discussion. And thanks to our listeners as well. We do hope you'll listen to our other Navigating Life Transitions podcasts and get the full list of available episodes online at jnba.com. Click on the insights tab and that's where you'll find the podcast page. And you can always help yourself to the free resources on JNBA's website. Once again that's jnba.com. And if you have questions about considerations as you look to grow your own family or if you want to learn more about how JNBA can help you with your financial life goals, you can give them a call 952-844-0995 or use the contact form on jnba.com. And that's where you can schedule a complimentary, no obligation call with

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their experienced and multi-generational team. Thanks again for listening. I'm Kim Insley and I look forward to navigating more life transitions with you on our next podcast.

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