



# HOW TO PLAN YOUR KIDS' FINANCES FOR THE FUTURE

As part of your retirement plan, you should plan your kids' finances for the future. It is never too soon to start. The earlier you start planning, the more time you have to put things in place. Also, you would need time to plan because there is quite a lot to consider when planning for children. In this article, we will have a look at some of your options and how to utilize them.

### **How to plan for your child's finances**

There are a few things you must keep in mind when creating a financial plan for your child. The goal is to ensure their financial security, and while there are several ways to this, consider the following tips in choosing which is best for you.

1. If your kids are minors, ensure you state a guardian for them in your will. If there is someone you would want to entrust your kids to, state it clearly in your will. If you neglect this, it could end up creating a lot of stress for them in the future. It could also open up the possibility of your children ending up in foster care

2. Set goals and priorities. You must know which aspects of your kids' future are of utmost importance. It could be their college fund, savings, emergencies, investments, etc. It requires a lot of thought and research to decide on how to create a concrete plan.

4. Make provision for emergency withdrawals. You may begin a savings plan for a particular aspect of your child's future, and then a pressing need comes up. In case this happens, your savings should have the option of partial emergency withdrawal. This way, your child can access their funds if the need arises.

5. Remember to factor in inflation. College tuition fees are constantly increasing [1]. So, if you plan to create a fund that will see your kids through college, you should factor this in.

### **How to plan for your child's finances**

Here are some ways you could plan finances for your kids to ensure that their future is secure.

1. Insurance. Insurance is a great way to ensure your kids are not lost or helpless without you. A life insurance plan will then substitute as an income source for your kids if you can no longer provide for them.

2. College funds. Saving for your kids' higher education is one of the best decisions you can make as a parent. These days, students find themselves neck-deep in student debt that takes several years to pay off after college. For this reason, it would be wise to set up a fund that will help your kids through college.

Even if this fund cannot completely pay for college expenses, it will greatly ease the burden and lessen the debt your kids may otherwise incur. The good news is, there are so many savings plans to choose from when it comes to college funds. Some examples are 529 plans, Coverdell ESAs, and UTMA/UGMA. Whichever option you choose comes with its own tax benefits.

3. Open up a savings account. While this seems quite simple, it actually could go a very long way. Whenever you receive cash gifts on behalf of your kids, you could save them in that account. You can also draw up a regular savings plan for this.

4. Buy bonds. If you need a safe long-term plan with fair yields that will not break the bank, you might want to look into buying bonds. You could buy bonds monthly in little increments. There are a lot of available research resources online if you want to learn more about this.

5. Invest in your kids' future. This includes but is not limited to your child's retirement. There are so many types of custodial accounts that would work well in growing savings for your child.

So, avoid dragging your feet when securing your child's financial future. Consult a financial advisory professional if there is a need for you to do so. Consider all your options and engage in thorough research to find what is best for you.

## **Reference**

[\[1\] The Rise and Fall of College Tuition Inflation](#)

[\[2\] Investing in the Future: A Financial Plan for Your Children](#)

[\[3\] Have You Named a Legal Guardian for Your Kids?](#)