



Budgeting for a Baby: The cost of raising a child

You're keen to start raising a family – but what are the costs that you need to factor in? Our handy checklist can help you make sure you've got everything covered.

We've split this into sections so you can see how your family finances might change over the years, and the different types of expenses you might need to consider.

How much does it cost to raise a child per year?

According to The Choosi Cost of Kids Report 2023, the average annual cost of raising kids is \$12,823 per household. Couples we talked to who wanted to start a family believed they should have just over \$31,000 saved before kids came along. And around 45% of parents believed that a household income of more than \$100k was ideal before having kids.

But first: Budgeting for life's essentials

Before we even look at the cost of raising a child, you'll want to consider budgeting for:

- ☐ Housing: rent or mortgage payments
- ☐ Food and groceries
- ☐ Utilities: gas, electricity, phone, etc
- ☐ Healthcare including a family insurance plan
- ☐ Life insurance for extra peace of mind

Conception, pre-natal care and childbirth

Having a baby costs money – given that 1 in 6 couples experience infertility, getting pregnant can cost you too! Once pregnant, there'll be different costs depending on whether you go private or public. Here's what you may need to consider budgeting for at this stage:

- ☐ Fertility consultation, tests and IVF treatment
- ☐ Doctors and hospital bills
- ☐ Ultrasounds and other medical tests
- ☐ Antenatal classes
- ☐ Maternity clothes
- ☐ Private health insurance

TOP TIP: All health funds have a 12-month waiting period for obstetrics. It's a good idea to consider getting covered for that early, and to consider upgrading to a family insurance plan when you get pregnant.

The newborn / toddler years

Setting up your baby's nursery can be a lot cheaper if you rely on second hand furniture and clothing. You might want to cut costs by doing a mixture of new and hand-me-downs. Here are some things to budget for at this stage:

- ☐ Baby clothes and wraps
- ☐ Nappies (you'll need 8-10 nappies per day for a newborn)
- ☐ Bottles, formula or a breast pump
- ☐ A cot with mattress, sheets and blankets
- ☐ Change table, pram and car seat
- ☐ A baby bouncer and baby monitor (not essential but very useful)
- ☐ Childcare (either a nanny, family daycare, childcare or a mix)

According to our research, the most expensive costs of starting to have children are childcare (59%), nappies and hygiene (54%) and food and groceries (47%).

For holidays with your baby, you'll need to budget to buy, hire or borrow:

- ☐ A travel cot
- ☐ A travel stroller
- ☐ A car seat

Government rebates: Are you eligible?

There are a range of payments you can apply for to help with the costs of raising a child:

- ☐ Newborn Upfront Payment and Newborn Supplement
- ☐ Parental leave pay
- ☐ Family tax benefit
- ☐ Parenting payment
- ☐ The Child Care Subsidy

The school years

These years can be a hit to your budget as your kids start school – and start socialising! Aside from the usual essentials, you may need to factor the following into your budget:

- ☐ Clothes, shoes and school uniforms
- ☐ School fees, whether your child goes public or private
- ☐ Parties, gifts and the festive season
- ☐ Pocket money or weekly allowance
- ☐ Toys and games
- ☐ Computers, phones and technology
- ☐ Sporting activities
- ☐ Learning and tutoring

A huge 59% of parents we talked to said the greatest unexpected cost of raising children was how quickly kids grow out of clothes and footwear!

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The total estimated cost of schooling a child for 13 years in a major city is estimated to be \$87,528 for a government school and over \$300,000 in an independent private school.

Other costs to consider

- ☐ Setting up a will or family trust – this was important to 39% of parents in our research
- ☐ Purchasing or increasing your life insurance policy – this was important to 26% of couples prior to having children
- ☐ Consulting a financial expert – around 1 in 10 couples did this before starting a family
- ☐ Assessing your insurance – making sure you have the right policies is key when you're thinking about starting a family

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