



The Cost of Raising Children

The Cost of Raising A Child

It's Way More Than You Think

Kids Are Expensive

The US Department of Agriculture released the 2015 Expenditures on Children by Families Report with the scary title: “The Cost of Raising a Child.” The Report, first issued in 1960, was developed by economists at USDA’s Center for Nutrition Policy and Promotion, and estimates that for a child born in 2015, a middle-income, married-couple family will spend between \$12,350 and \$13,900 annually – or **\$233,610** from birth through age 17 – on child-raising expenses.

The Report details spending as follows:

- Housing is 29%
- Food is 18%
- Childcare is 16%
- Transportation is 15%
- Health Care is 9%
- Clothing is 6%

This Report does not, however, include costs related to college.

According to the College Board, the average cost of tuition and fees for the 2016–2017 school year was \$33,480 at private colleges, \$9,650 for state residents at public colleges, and \$24,930 for out-of-state residents attending public universities.

Therefore, the cost to raise a child is approximately one-quarter of a million dollars. Yikes.

The Report states that child-raising costs can vary greatly based on where you live and on the number and ages of children in a household. For example, housing costs are greater in the urban Northeast, urban West and urban South, while lower in the urban Midwest and rural areas. And as family size increases, costs per child generally decrease. But the Report makes it abundantly clear – raising children is expensive no matter where you live.

The Importance of Financial Planning

The cost of raising children is just one of dozens of variables I discuss with my clients during the financial planning process. Other variables include your tolerance for risk, your age, marital status, household income, household expenses, tax liabilities, number of dependents and most importantly, your specific goals.

And just as your household will change from year to year, remember to make sure you review and change your financial planning documents as necessary.

As always, if I can provide you with any information that might help you better plan your financial future, please let me know.