

Financial Strategies For Single Parents



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The Facts: According to the Census Bureau, over twenty million children under 18 lived with one parent in 2011. Of those, 17.6 million lived with their mother and 2.4 million with their father.

The Reality: Divorce is often hard on families emotionally and financially. Not only do you face the end of your marriage, but you may face the end of your lifestyle as you once knew it. That may not be all bad, as it can give you the opportunity to start over. But it can be frustrating, expensive, and at times draining.

We've worked with thousands of single parents across the years, and know the challenges they may face. We've prepared this brochure to give you suggestions for coping with the financial realities of single parenthood.

Have a Plan: For most single parents, it's more important than ever to have a spending plan and to make sure you are setting aside money for emergency savings. While most people think of a budget as limiting and painful, it can actually be liberating to learn how to make the most of what you bring in.

Affording Legal Help: If you and your spouse have not yet divorced, or if you still have legal issues that may need to be worked out, you may wonder how you can afford to split up. Divorce can be expensive. If you and your spouse are on relatively good terms and there are no major issues, then you may be able to use the generally less expensive route of mediation. In mediation, a lawyer will facilitate an agreement.

If you must hire a lawyer but can't afford it, contact your local legal aid office to see if there is low cost assistance available. If

not, ask for referrals to attorneys that may accept your case on a sliding scale. Your local bar association or social services agency may be able to point you in the right direction. Explain your financial challenges to your attorney, explain you want them to settle your case as cost effectively as possible, and ask about payment arrangements.

Let the Kids Help: Your divorce may have been a traumatic change for your family and you may want to shield your children from your problems. You may even want to buy them things you can't afford, thinking it will make them (or you!) feel better.

But keeping your finances in check and giving your children a chance to help the family financially will be much more productive in the long run. Depending on the ages and maturity levels of your children, you can find ways to allow them to participate in your family's budget planning. Whether it's something as simple as clipping coupons and helping to create a grocery list, to allowing an older child to get a part-time job to earn money, they may be more eager to help than you think.

It never hurts to give your child structure and responsibility. Giving them specific household chores to do, and an allowance for their spending money can help you and them.

Get A Handle on Debts: Your marriage may be over, but debts may remain. Your creditors can still hold you responsible for any debts incurred jointly with your spouse, even if the divorce decree ordered your ex to pay them. Make sure any joint accounts are closed from future use, and do everything you can do get your ex to refinance debts that still have your name on them. If necessary, talk with your attorney.

If you have debt that is difficult for you to pay, talk with credit counseling agency about a repayment plan with your creditors.

Check Your Credit: It's a good idea to check your credit report at least once a year, and more often if you are experiencing debt problems or if you suspect your spouse may be applying for credit with your name. Make sure the information about your individual and joint debts is accurate, and dispute any mistakes.

Find Good Childcare: Many single parents find it difficult, if not impossible, to afford to stay at home with their children. In fact, many work not just one job, but two or more! Paying for childcare, whether it's full-time care for a young child, or after-school care for older ones, can quickly become very expensive. Here are some creative ways to handle this expense:

- YMCAs are the nation's largest provider of child care programs. Child care is open to all, with financial aid available. Programs range from infant care to on-site after school care. To find a Y near you, visit www.ymca.net. Boys and Girls Clubs also offer inexpensive and free school programs in many communities. Visit www.bgca.org.
- Child care jobs. A child in the 8-12 year old range may be able to volunteer or get a job as a "mother's helper" for a stay-at-home or work-at-home parent who would be glad for the break! This will ensure they are being cared for after school while learning valuable skills. Children 13 years or older may want to take a local Red Cross babysitting course and get an after-school babysitting job for younger children, or working as a counselor in an after school program or daycare. They'll earn extra money and get valuable experience.
- Sick Care: Taking days off work to care for a sick child can be expensive for a single parent. It's important (but not always

easy) to line up help for those emergencies. Find out if a sick child daycare program is available in your community. Some hospitals, for example, offer this service and they are often staffed by nurses for added peace of mind. If not, you may want to talk with your local hospital and find out if there are retired nurses in your community who may welcome the chance to take care of your kids and earn some extra income. If the program you need doesn't exist, see what you can do to help get one started.

- Get free babysitting: If you never have a moment to yourself, it may be time to trade with other single parents who would like a break as well. Starting a babysitting coop to exchange babysitting with other single parents can be a sanity saver. Check out the book *Smart Mom's Baby-Sitting*
- Start a babysitting Co-Op: see the book, *How We Solved the Baby-Sitter Puzzle* by Gary Myers for details on how to start a babysitting coop.
- Investigate flexible work hours: Find out whether your employer offers flexible work hours, or will allow you to do some of your work from home. Working Woman magazine publishes an annual list of the best employers for working mothers (which can often be great for working dads as well.)
- Ask for help: Many daycares, summer camp programs, and after care programs offer scholarships or will be willing to extend discounts to parents who can't afford the full fee. You don't know until you ask. If there a service you can provide in exchange for a discount (cleaning, publicity, typing, or maintenance are just a few examples), don't be shy about suggesting a trade.

Warning! Be very careful about money-making propositions aimed at stay-at-home parents. While some of these home-based businesses may be legitimate, there are many scams as well.

Remember, running a business requires time and energy (and often money). If you aren't willing to invest a substantial amount of both in a home-based business, stick with a job. Or at least keep the home business on the side until you have enough money coming in to make it worthwhile to leave your job.

Take Free Advice. If hiring a financial planner is out of reach right now, research local financial planning classes. Local community colleges, extension offices and women's resource centers may offer very inexpensive courses with expert instructors.

Get What You're Owed: If your ex owes you child or spousal support, don't assume you'll never see the money. If you've tried to collect through your attorney and/or local child support enforcement agency, your next step may be to contact a private child support enforcement agency that will try to collect on your behalf. Child Support Collectors Inc. (www.supportcollectors.com), for example, has been very successful in collecting past due support when other methods have failed. Best of all, you don't have to pay them unless they are successful on your behalf.

Get the Best For Your Children: Don't be too embarrassed or afraid to seek out public assistance programs that can help you and your children through tough times. There's no question that navigating the maze of social services can be frustrating and difficult – and may seem overwhelming if you are trying to juggle work and parenthood, but it's also important to get the help you need.

Dianne Hadaway, guide for <http://singleparents.about.com>, recommends you keep a notebook recording everyone you've talked with at government agencies for assistance. She also

recommends you ask before your appointments what kind of paperwork you will need to take with you and suggests you keep the following documents in a brightly colored, large (9"x12") envelope (so you can always locate it in your papers):

- * Driver's license
- * Social security cards/number for each family member
- * Two or more recent utility bills
- * Recent paycheck stub
- * Bank account numbers
- * Legal papers (name change, protective orders, etc.)
- * References - names & phone numbers
- * Previous address information
- * Any other documents requested by the agency

Be polite but persistent, and ask for advice when you run into roadblocks. Above all, don't procrastinate. Many of these programs require you apply well in advance.

A list of government programs is available at www.singleparentcentral.com/gov.htm

Planning for the Worst: It is vitally important that all parents, especially single parents who may be the main or sole provider for their children, have adequate life insurance, a will or estate plan, and guardianship documents. This is even more urgent if your ex-spouse is may represent a physical threat to you (but it's important nonetheless).

There are a number of ways to inexpensively prepare a will. You may be eligible for a discounted legal plan through your employer, and that may include preparation of a basic will. You may want to check out software programs that help you prepare

your own will, or you may want to talk with a couple of attorneys locally to find out what they charge. For good basic information on wills and estate plans, visit Nolo.com and type “wills FAQ” into the search field.

While it is also important to appoint a guardian for your minor children if you die, this can be a sticky situation if you are divorced. Generally, unless your ex agrees, you cannot appoint someone besides the child(ren)’s other parent as a guardian. The exception would be if you can show the other parent has legally abandoned your child(ren) or is truly unfit. If that may be the case, talk with your attorney for advice when you prepare your will.

It is also a good idea to get life insurance to at least help cover the cost of caring for your children. Term life insurance may be available at an attractive rate through your employer, or you can use a local agent to help you find an inexpensive policy. If you truly can’t afford it, you may want to talk with the person you’ll appoint as guardian (if this applies) to see if they are able to purchase at least a small policy for their protection. If your insurance proceeds would go to your ex and you are worried about how he or she would handle the money talk with your attorney about appointing a trustee to handle it.

Take Care of Yourself: If may feel selfish to take time for yourself, but you’ll be a better parent if you give yourself a break once in a while. Look for single parent networking clubs in your area. If you can’t find one, start one! In addition to emotional support, single parent clubs can offer referrals to helpful services, clothing and toy swaps for the kids, babysitting coops, and even house sharing arrangements. While it may take some work to get one up and running, the pay off may be well worth it.

Additional Resources:

Divorce & Money: How to Make the Best Financial Decisions During Divorce by Attorney Violet Woodhouse, CFP (Nolo.com)

About.com Single Parents forum, at <http://singleparents.about.com>, offers extensive information and resources.

Making Lemonade, the single parent network at www.makinglemonade.com offers a free email newsletter and advice.

Singleparenting.about.com is includes links to many helpful resources.

