

A Financial Overview for Single Moms

HERE'S AN OVERVIEW OF THE FINANCIAL TASKS THAT SINGLE MOMS MUST KEEP IN MIND, FROM INSURANCE TO ESTATE PLANNING STRATEGIES AND EVERYTHING IN BETWEEN.

Single parents often have a hard time juggling household finances and child care costs while living on one income. Moms have it even worse according to data from the U.S. Census Bureau, the 2015 median income for single mothers is only \$23,688, compared with \$30,921 for single dads. Women also report feeling less equipped to manage their finances and make important decisions regarding money. As a single mom, you may have a lot to learn. But a little financial education can go a long way in boosting the confidence you need to provide for your family.

Investing

When it comes to investing, women are generally less sure of themselves than men. 78 percent say they lack the financial savvy to make retirement investments. So if you're a single mom, it's a good idea to consult with a financial advisor. Focus on saving for retirement and avoid the temptation of hot stocks to be a successful single

mom investor. In fact, one might say the best approach is simplicity.

With these tips and your financial advisor's help, you can easily prepare a simple investing strategy:

- x Determine your short- and long-term goals and how much you need to achieve them and how much you can afford to invest each month to stay on track.
- x Figure out your risk tolerance and choose your asset allocation based on how much risk you can afford to take on.
- x Keep some liquid investments in case of emergency. As a single mom, you may have a limited income potential) to fall back on if

Estate planning strategy is all about protecting your child if you're a single mom. Your child's well-being is your most important asset to protect.

you were to lose your job or experience financial hardship.

- x Focus on saving for retirement and avoid the temptation of hot stocks to be a successful single mom investor. In fact, one might say the best approach is simplicity. With these tips and your financial advisor's help, you can easily prepare a simple investing strategy:

the end of 2018. For divorces finalized after 2018, the law reverses so that the payor will no longer get a deduction and the recipient will no longer need to include the income.

- **Child support:**

You cannot deduct it on your taxes if you're paying it, but you don't have to pay taxes on collected child support.

Money Management

Single income households are generally on a stricter budget, especially when child care costs come into play. If you're recently divorced or widowed, it's probably time for a budget overhaul. You may have insurance money or child support coming in along with the loss of your husband's income. Analyze your cash flow and make a strategy, keeping the following in mind:

- If you had joint accounts with your child's father and he's no longer in the picture, make sure to cancel them and reestablish accounts in your own name.
- Make a child care strategy that you can afford. You may have to coordinate with your ex-husband or seek a flexible work arrangement with your boss. Make sure you have an emergency plan in place in case you have to stay late at work or your child gets sick at school.
- Focus your savings efforts on big wins and don't waste valuable time on activities that don't yield big results.
- Get your kids involved in the family budget and use this as an opportunity to teach them about financial responsibility and the value of a dollar. Be careful not to spend money on them out of guilt. You may need to explain your

financial situation since they probably compare themselves to their friends' dual-income families.

- An emergency fund is just as important for single moms as adequate insurance coverage is. You don't have the added safety net of a partner's income, so focus on building an emergency fund for surprise medical bills, car repairs or other unexpected expenses.
- Child support and alimony don't last forever, so whether you're paying or receiving support, make a strategy for when it ends. The same goes for any death benefits you may have received.



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