

Today's modern parent: Daycare poor, with little to save ^[1]

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EXCERPTS:

Imagine all the things you could buy with \$90,000. Then imagine the realization that you've spent that much on daycare.

Meet Joe Henry, father of six-year-old twins Kaitlyn and Jarrett in Milton, Ont., who was stunned when he did the final tally of his bills for four years of daycare.

New parents face expenses for nursery furniture, car seats, strollers and the like, but these add up to a fraction of the recurring cost of child care once both parents are back to work.

Basic daycare costs now range from \$600 a month per child to as much as \$2,000.

Add in supplemental child care expenses during summer closures, and many mortgage-strapped householders feel there is no way they can come out of these "daycare poor" years with a balanced budget, let alone contribute to long-term savings plans.

"Daycare was a huge hit for us - by far the thing we were spending the most on," said Mr. Henry.

Statistics Canada reported in March that couples with children carry one-half of all household debt. On average, they owed \$144,600 per household - 26 per cent higher than the overall household average of \$114,400.

In an effort to weather these expensive years and mitigate the debt load, some parents are thinking outside the box, or leaning on family to help.

Take Jeff Jurmain: He and his wife bought a house in Toronto's family-oriented Leslieville neighbourhood.

For a while, they were living comfortably with two decent-paying jobs and a \$2,300 monthly mortgage, but then came the financial shock of enrolling their first son, Holden, in a daycare that cost \$1,700 a month. They decided they couldn't balance it with their other monthly expenses. Mr. Jurmain's mother stepped in, first looking after Holden herself, then footing the bill for his care.

"I wish I could take care of everything, but I'm very appreciative of my mother's offer," Mr. Jurmain said. "She offered because she knew we couldn't have done it with daycare costs being what they are."

Mr. Henry and his wife Marilyn got creative. When Jarrett and Kaitlyn were old enough to attend part-time kindergarten classes, they sent them on opposite days so they could share one daycare spot. "This way we cut our expenses in half," he said.

During that time, however, Mr. Henry did not put any money toward Registered Education Savings Plans. "The fact that we didn't invest in any long-term savings was really weighing on my mind, especially since I work in the education sector myself," said Mr. Henry, manager for student access at Humber College. "I know the value of post-secondary education and it was a tough call, but we had to deal with the immediate."

B.C. certified financial planner Biljana Manojlovic says she understands how daycare costs can bleed a bank account dry, but she urges parents to contribute to long-term savings plans.

"One of the biggest mistakes new parents can make is not saving for their own retirement or investing in education savings such as RESPs - kids are a long-term investment," she says. She added: "You can't just focus on the present, and the sooner you start saving, the better off you are."

Parents need to be especially creative to find savings elsewhere, she said. Instead of paying a babysitter for a night out, she said, try creating a neighbourhood parent babysitting exchange. In some households, it may also be worth having one parent work part-time to avoid a full-time daycare bill.

Ms. Manojlovic, a Vancouver-based private banker with RBC Wealth Management, said that new parents should build a financial plan early on - one that may include a line of credit as a back-up plan - and take advantage of every dollar that comes their way, such as the \$100 monthly Universal Child Care Benefit federal tax break for children under 6. "When it comes to budgeting - and you know daycare is going to have a big impact - every little bit counts," Ms. Manojlovic said.

One of the first things people typically put on the budget chopping block is entertainment costs, but Toronto relationship expert Sara Dimerman says while this may save your bank account, it may eat away at your relationship.

"It's quite normal for parents to want to put their children first, but financial stress can have a big impact on your relationship as a couple, too," she said. "And if you're feeling that all you're doing is stuck between work and kids, it's possible to feel resentful of the other."

Colleen Simpson, a Toronto mom of a 17-month-old son, said she misses the weekly date nights she and her husband used to go on before Sam came along.

"We're spending so much on daycare already, and then if we went out weekly and had to hire a babysitter ... that turns into quite an expense," she said. "Before, \$75 was something I wouldn't have given much thought about. Now, I'll question if I need that dress or if we need to have drinks at the fancy place."

Leaving her job as a publicist at HarperCollins just wasn't an option for Ms. Simpson, who says she didn't want to risk her career by taking an extended break to stay at home. She also said she believes daycare is the right choice for her child.

Halifax dad Sean Williams also believes in the positives of daycare, even though the annual cost of \$18,000 for his two daughters is tough to manage. "I'm not sure if my kids would get the same attention or expertise in home care as they would with early childhood experts, or learn counting and alphabets," he said. "You get what you pay for."

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