

The real cost of staying home to raise children ^[1]

How much does it cost to raise a child in the U.S.?

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EXCERPTS

With the rising costs of child care, it may appear more economical for one parent to temporarily stay home when there's a new baby on the scene. But how much does leaving the workforce really cost? The answer seems simple: Just multiply your salary by the number of years you stay home, right? But, as PBS reports, the price of taking time off goes beyond just lost wages.

Yesterday, PBS shared this childcare calculator, created by the Center for American Progress to allow parents to get a better estimate of the hidden costs of staying home. What it shows is that by only estimating based on your annual salary, you're not accounting for a whole host of (expensive) factors, like your potential salary growth during the years you opt out of the workforce and missed 401(k) contributions.

For example, if a 28-year-old woman leaves her \$50,000 salary to take care of a child for three years, she's not just losing \$150,000 — the calculator predicts that she'll also lose an additional \$168,000 in potential wage growth over her career and more than \$143,329 in retirement and benefits. That's a total income loss of \$461,329.

While the calculator shows that, in most cases, it may make financial sense for both parents to continue working, economics are not the only consideration for new parents making this decision. Other factors regarding temporary leave, including the unquantifiable costs of staying home, can come into play when deciding what works for an individual family.

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Region: United States ^[3]

Tags: women's labour force participation ^[4]
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