



MONEY *notes*

Cents and Sensibility

A Guide to Sustainable Financial Independence: A Series

Part 3 of 6 (Family Planning Years)

In celebration of Women, we present Part 3 of our 6-part series on achieving financial independence. This installment focuses on making smart financial decisions around marriage and children, helping you build the foundation for generational wealth.

Family is at or near the top of most people's list of values. But families also add a significant degree of complexity to your financial planning – from managing day-to-day expenses to saving for college and ensuring the wellbeing of your children if anything should happen to you.

71% of women see investing as a way to build generational wealth and provide for their families.¹

Getting on the Same Financial Page as Your Partner

You and your Partner may enter the relationship with very different financial values, attitudes, behaviors and resources. Careful budgeting and ongoing discussions ensure a strong financial start.

Five Steps for Productive Financial Conversations

1. Devise a basic saving, spending and investing plan that you can both live with
2. Regularly monitor income and expenses, especially during the first few years together
3. Set aside one day each month to discuss short- and long-term financial goals
4. Invite your BLBB Advisor to join quarterly discussions on specific planning areas
5. Keep financial discussions positive - focus on future actions rather than past mistakes

Managing Your Money: Yours, Mine, and Ours

Once you have a budget in place, you'll need to address the mechanics of handling your income and expenses.

In other words, how will you manage your cash flow? Will you both retain separate accounts? Will you pool assets in a joint account? Or maybe use a mix of both approaches? Consider these approaches:

Account Structure Options

- Retain separate checking accounts for direct deposits, salary, other earnings, or trust distributions and gifts – as well as any personal expenditures
- Divide monthly expenses individually or contribute to a joint household account
- Set up joint savings accounts for major purchases, travel, and shared expenses
- Maintain at least one credit card solely in your name for independent credit history

Balancing Career and Childcare Costs

As primary caregivers, women often find themselves torn between career demands and the emotional and financial care that comes with raising children. The best strategy depends on income level, state tax benefits, risk tolerance and how certain you are that the funds will be used for education.

Education Savings with 529 Plans

For most families, a 529 plan offers the best combination of tax benefits and education-focused savings for qualified expenses such as tuition, fees, room and board, books, supplies and equipment. Benefits include:

- High contribution limits (often \$300,000+ per beneficiary)
- Flexibility to change beneficiaries within the family
- Tax deductions for contributions, in some states
- K-12 tuition (up to \$10,000 annually) in addition to college expenses
- The "[grandparent loophole](#)"²

Alternative Approaches to Consider for Education Savings

- **Roth IRA:** Contributions can be withdrawn penalty-free, and earnings can be used for education expenses without the 10% penalty for non-qualified expenses
- **UTMA/UGMA accounts:** More investment flexibility but less tax advantages
- **Coverdell ESA:** Lower contribution limits but can cover K-12 expenses beyond tuition
- **Regular taxable investment accounts:** Maximum flexibility but no special tax benefits
- **Mixed:** Maxing out a 529 while also contributing to a Roth IRA for additional flexibility

In addition, with some restrictions, Section 126 of the SECURE 2.0 Act offers 529 plan owners a possible lifetime rollover of up to \$35,000 of unused funds to a Roth IRA without incurring taxes or penalties.³

Planning for Childcare Expenses

According to Care.com's "2025 Cost of Care Report," parents spend an average of 22% of household income on childcare costs. Starting to save early makes all the difference in building meaningful wealth.

Understanding Your Benefits: FSA, FMLA and Disability Coverage

If your employer offers a Flexible Spending Account (FSA) as part of your health care benefits package, you may also be eligible for a Dependent Care FSA (DCFSA). A DCFSA allows you to set aside up to \$5,000 in pretax dollars annually for childcare expenses. Eligible expenses for dependent children under the age of 13 include:

- Daycare, nursery school, preschool
- Before and after-school care
- Summer day camp
- Babysitting and nanny services

The Family Medical Leave Act (FMLA) provides up to 12 weeks of unpaid leave for:

- Birth and care for a newborn child
- Placement of adopted or foster care child
- Care of immediate family members with serious medical condition
- Your own serious health issues

Paired with short-term disability coverage, this can significantly lighten your financial burden during important family transitions.

A more confident financial future starts with just a few simple actions – things you can begin doing today to set the stage for success. And our advisors are here to help (215) 643-9100. These steps are valuable for all genders, but we understand that there may be certain financial planning and investment challenges that are unique to women. Share this series with the women in your life and be on the lookout for our next piece which will focus on the Peak Earning Years of your financial journey to independence.

¹<https://newsroom.fidelity.com/pressreleases/new-research-from-fidelity--shows-71--of-women-own-investments-in-the-stock-market/s/db3a5765-9b69-4e51-a315-66ecc51e0066>, Fidelity's 2024 Women & Investing Study, October 2024

²<https://investor.vanguard.com/investor-resources-education/education-college-savings/529-grandparent-loophole>, Understanding the 529 plan "grandparent loophole"

³<https://www.savingforcollege.com/article/roll-over-529-plan-funds-to-a-roth-ira>, 529 to Roth IRA: Rollover Rules, Conversion Guide, and FAQs, Saving for College, June 9, 2025

Asset Allocation and Diversification- While Asset Allocation and Diversification are two investment strategies used by BLBB to help manage investment risk by allocating investments across a variety of asset classes and securities, neither strategy alone, or in combination, guarantees a profit, or protects against a loss, in a declining market.



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