

SINGLE PARENT FINANCES: SIX TIPS TO FIND FINANCIAL SUCCESS WHEN IT'S ALL ON YOU

By: Mia Taylor - August 8, 2018

During your most challenging, stressful, and uncertain moments, being a single parent can seem like the craziest financial decision you've ever made.

I'm talking about those moments when you're deciding between whether to buy gas for your car or groceries to feed your family (while trying to avoid using a credit card for either purchase yet again). And the moments when you're staring at your retirement account wondering if you'll ever make any real headway. Not to mention those long, exhausting nights when many other parents are likely resting comfortably in their beds while you work a second or third job to help make ends meet and pay for the extra things you'd like to be able to give your family.

Becoming a parent is easily one of the most profoundly rewarding things I've ever done with my life, and living each day as Aidan's mom is my deepest honor, one I wouldn't trade.

But that doesn't erase the fact that being a single head of household can wreak havoc on your finances, your time, and your career trajectory, presenting challenges dual income households often do not face.

In 1960, nearly 90 percent of children lived with two parents. But by the mid-1990s, the number had fallen below 70 percent and remained there as of 2017, according to Census Bureau data.

Robert Epstein, of New Jersey-based Access Wealth Planning, says single parents typically live with numerous challenges, finances being just one of them.

"Single-parent households face issues that are often heightened by the limitation of not being able to have two earners in the family, as well as the need for one person to combine work, household, and child-rearing tasks," begins Epstein.

In fact, while the median income of married couples was \$85,300 in 2017, it was just \$35,400 among single mothers, nearly a third (31.6 percent) of whom faced food insecurity, according to the National Women's Law Center.

Still, single parenting doesn't have to be a financial boondoggle. There are countless single moms and dads who have mastered the art of rearing children, budgeting, and living frugally while still leading a full life and preparing for the future.

I'm not talking about the doctors, lawyers, CEOs, and supermodels for whom economic challenges don't necessarily apply. I'm talking about those who don't pull in six figures (or more) as a matter of course. For the latter category, here are some of the ways to improve your overall financial picture.

Have Confidence in the Plans You're Making for the Future
As someone who unexpectedly became a widower left to raise two children, Epstein learned first-hand how difficult it can be to juggle the responsibilities of a single parent. It's a reality that can inspire a great deal of self-doubt.

"A lot of people go through a trauma of one sort or another and lose their self-confidence and then end up not pursuing goals actively," explains Epstein.

The problem with that, says Epstein, is the longer you wait, the more difficult it is to achieve things, particularly with regard to financial planning, because timing is so important. So, take the time to think about and plan for the future and

have faith in yourself and your goals and dreams.

"If you see that you're not doing something every day to reach your goals, work with someone who can help you do that," Epstein adds. "Everyone needs someone to talk to, especially about their financial issues because many people have fears about them."

It's also a good idea to surround yourself with people who can keep you accountable yet support your financial goals and dreams, says Arizona-based personal finance coach Kalen Omo.

"Being single leaves you more vulnerable to the impulses of life, so have someone or a group of people who can walk with you and motivate you to succeed," said Omo.

Get Control of Your Budget and Debt

In addition to maintaining self-confidence through the challenges and valleys, it's critical to gain a clear understanding of your monthly spending.

"It's remarkable how many people are not aware of what they're really spending. Maybe it's tied to the issue of financial fear, maybe they don't want to think about it," says Epstein.

Being a single parent is a big responsibility – financially and otherwise. Getting your budget under control and understanding where your money is going and how it's spent enables you to prioritize, eliminate, or reduce unnecessary expenses and focus on what's important.

There are any number of personal finance websites and apps that make this easier than ever. Options like Mint, You Need a Budget, Pocket Guard, and Prism (to name a few) allow you to link all your accounts and expenses in one place, so you can easily view the overall picture.

"With one income stream coming into the household, knowing what money is coming in and having the power to tell your money where to go is important," says Omo.

Another important step toward securing a better financial position is banishing debt: Every ongoing obligation you can wipe out frees up more money each month to do what you need for yourself and your family.

A debt elimination strategy like the snowball method can help: List your debts from smallest to largest, and make the minimum payment on everything except on the smallest balance; throw every extra dollar at that one until you knock it off completely. Then, do the same with the next-smallest balance until it's paid off, too, and keep repeating the process.

"The goal is to build up momentum in your debt elimination by paying off the smallest, then the next smallest, and so on," said Omo.

Help Your Children Understand That Happiness Is Available Within Your Budget

Don't be afraid to talk to children and be open about the re-

ality of your financial situation. Engage them in discussions about living within a budget, which helps establish proper expectations.

"Explain to your children, 'You can't do two dance classes, you can only do one,'" says Epstein. "We didn't do as many vacations as others in the neighborhood. We took one vacation per year. Neighbors' kids took two or three vacations per year. But both of my kids, looking back on it, don't regret it. When you have less vacations, you appreciate the ones you had even more, and your life is rich in other ways."

What's most important to the child is your love. If you do everything you can for them, they're going to appreciate you, and they will also grow up with good values.

Develop a Plan to Increase Your Earning Potential

Running a household and raising children on your own leaves little time to plot a course for a better future. Not to mention finding the time to do the work to reach that brighter horizon.

"You're in a situation where your budget is tight, where you're not able to accomplish all of your financial goals, but you want to make sure you're going to improve your financial situation in the future, and that takes time," explained Epstein, who suggests taking courses in an area that will improve your marketable skills.

Educate yourself for the next step, so that in five, 10, or 15 years, you will succeed.

Keep in mind, however, that it may take a few years to complete that education and obtain a position in your chosen field. And beyond that, it may take a few more years before you realize your true earnings potential.

"You want to reach a place where you have the money you need and that gives you internal satisfaction with what you're accomplishing every day," said Epstein.

Don't Cheat Your Retirement

We all want to do as much as possible for our kids, and that often includes helping pay for college, which can be particularly challenging on a single parent's budget.

But at the end of the day, establishing financial security also means taking care of yourself, so that you don't eventually become a burden to your children, says Rafael Rubio, senior partner at Michigan-based Oray King Wealth Advisors.

"Everyone is so worried about investing for kids' college. Yes, that's good if you can afford it, but it's important to take care of yourself first," he explained. "There's financial aid available for kids to pay for college," he adds, and federal student loans offer various perks and protections. Meanwhile, you're pretty much on your own in retirement.

"Your kids are going to be your first and foremost priority, you want to make sure they're taken care of and fed, but you want to make sure you're taken care of and fed too."

Read the full story at <https://bit.ly/2LzB7Ks>

Rafael Rubio, Senior Partner and Advisor at Oray King Wealth Advisors, has over 20 years in the financial services industry. Rafael helps individuals, families and associations to create financial strategies and achieve their goals by providing strategies and advice.



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