

FINANCIAL POST

The price of stay-home parenting

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When Carolyn Sinclair's son was six months old, her mother died of cancer.

"When my mom got sick and when I started losing her, I realized that life is short. The time with my children, I was never going to get that back," the 30-year-old Toronto registered midwife says.

A recent public opinion poll from the Institute of Marriage and Family Canada found that 76% of Canadians believe that children under six should be at home with a parent. That sounds great. But not everyone can afford to be a stay-at-home parent or feels financially comfortable enough to do so.

"There are a lot of different reasons why a parent may want to stay at home versus go to work, but the biggest impediment is usually the financial implication," Chris Buttigieg, senior manager of wealth planning strategy at BMO, says. "But it comes down to money management."

Ms. Sinclair's husband makes under \$70,000 as a provincial mediator. They did the math and figured out that for them to maintain a certain lifestyle, she would have to earn \$1,500 a month; so she started her own business. Fifty-Seven offers family learning and wellness for the weeks from pregnancy to preschool.

"If I teach one evening a week and on the weekend, my husband can be home with them so we're not paying for childcare," says Ms. Sinclair who is pregnant with her second child. "Brian and I talked about our quality of life, our standard of life, what we expect and what we want. Our No. 1 priority has always been family. We said, 'If that means financially, we're going to be a little bit tight for a few years, if things aren't as easy as when I was making \$85,000 as a midwife, we're willing to do that.' "

In 2010, there were 2.8 million couples with at least one child under age 16 at home. One in five couples (486,000 families) had one employed parent and one stay-at-home parent, according to Statistics Canada. It was mostly the woman who was at home (89%), but the number of stay-at-home dads continues to grow. In the U.S. working mothers are the primary breadwinners in 40% of households with children, up from 11% in 1960, says new findings from the Pew Research Center.

Greg donnelly quit his job as a television news producer in edmonton last June after their babysitter moved away. His wife makes almost \$100,000 working for the government of Alberta. Their line of credit was swollen from recent vacations.

"When I quit, for the first six or seven months, we didn't lose money but we weren't making headway on that line of credit," Mr. donnelly, 40, says.

He started taking part-time overnight shifts at a local radio station so he could still get his five-and nine-year-old daughters to school. "

It's definitely doable," he says. "When people say I can't afford to stay at home, they're saying I can't afford to change my life."

Diego Delgado became a stay-at-home dad seven years ago when his son was born. His wife was in finance and they determined that her career had more potential for growth.

"Anything I would've brought in [as a massage therapist] would've just paid for childcare," the 34-year-old Toronto father of two says. His wife now makes about \$150,000 at a bank.

Two-thirds of respondents to the Institute of Marriage and Family Canada public opinion poll would rather see funding go directly to parents through cash payments or tax deductions, rather than government-run daycare and all-day kindergarten.

If families are thinking of living off of one income, start with a financial plan - understand what your income and expenses are.

"It's quite possible that at the end of the day, you'd break even, in terms of what you bring in and what you spend to go to work, so it could totally make sense for someone to stay at home," Mr. Buttigieg says.

He suggests that families do a "test-drive" - try living off one income as a trial (setting aside the other income as savings).

If you are already living off of one income, he stresses the importance of continuing to save for your goals and to make sure you have insurance (life, disability and critical illness) in case something happens to the breadwinner. Also, maintain a budget and live within your means.

Katie Bugbee, managing editor of Care.com, says families have a number of child-care choices including hosting a nanny or creating a "child-care co-op" (getting together with other families and sharing the responsibilities). She also suggests

asking your employer or human resources if they offer any benefits to help pay for childcare.

Christine Peterson, 25, stays at home with her four-week-old baby boy. Her husband graduated last year and became a land surveyor in B.C. He makes about \$70,000 a year.

"We are both very committed to living within our means," the Abbotsford, B.C. resident says. They rent an apartment within walking distance of her husband's work. She sticks to her weekly grocery budget. They have an emergency fund for unexpected expenses such as car repairs and another fund to support them if her husband loses his job.

"What our children really need is their parents, not things," she says.

"It's a lot of work, but financial security and being home with my little man is so worth it."