

Issues Facing Growing Families

Jeff and Melissa Brown, both in their late twenties, have been married for five years. Jeff is a sales representative for a biotechnology company and Melissa works as an ophthalmic assistant at a local eye clinic. During the early years of their marriage, they enjoyed a lifestyle supported by two incomes. Without children, they were able to be somewhat carefree about their spending. Now, however, they are contemplating having children and are raising questions about the financial implications of enlarging their family.

Discussions with family and friends have led them to the conclusion that uncertainty may be the defining characteristic of their generation. Emerging families like that of Jeff and Melissa Brown are facing a new reality, one with much more uncertainty about the future than that faced by previous generations. Some of this uncertainty is tied to rapid technological changes, and some is the result of the realization that they personally may be responsible for providing for themselves much of what was previously provided by others (e.g., pensions by employers; social programs by government).

Here are some of the issues that now concern the Browns as they look to the future:

- With their college days not too far behind them, they know their parents made sacrifices to send them to good schools. How difficult will it be for them to save for a child's education? What about saving for more than one child?
- If Melissa intends to devote most of her time to being with their children, how would she manage financially if Jeff, who would then be the primary means of support in the family, were to die unexpectedly?
- They both participate in 401(k) plans at work, but will they be able to save enough for a comfortable retirement? What about Social Security? Will the system change significantly?

Since most young couples have not had enough time to accumulate a lot of money, life insurance can help provide an instant estate, thereby assuring money will be available in the case of an untimely event (such as an early death). Depending on specific needs to be met, such an instant estate could provide annual income for the surviving spouse, money to help pay the mortgage on a house, and funds to help pay for a child's education.

Jeff and Melissa hope to arrive at a realistic assessment of what they should and should not do financially, what they can and cannot afford, and what sacrifices they might need to make to assure financial security for both today and tomorrow. They know their spending choices will have to be made carefully, and that preparing for a bright financial future will require setting goals now.

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