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Should You Stay Home or Work Part-Time?

By Denise Schipani

The decision to stay home with your baby is a deeply personal one -- but it's also a practical, financial one. You may absolutely want to do it. But can you? In many cases, yes, if you are clear eyed about what it will take, says Sally Herigstad, CPA, author of *Help! I Can't Pay My Bills*. It's partly an attitude adjustment: "If you're accustomed to living on \$80,000 a year as a two-income family, you may feel you need that much. But if you try it, you may discover that if you have less, you get by on less."

Choosing to Stay Home



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Living on one salary isn't all tag sales and garden salads -- you have to look at the big picture. Here are some financial steps you should take before quitting your job:

Run the numbers. Don't just add up your rent or mortgage, utilities, and phone and then guess the rest. Instead, look at everything you spent over the last three or four months. List fixed expenses that don't change from month to month, such as loan or car payments and mortgage or rent. Then take averages of expenses that vary, like utilities, phone, gas, groceries, gifts and entertainment, car maintenance, etc. And don't forget the last bit of unfixed expenses: cash. The amount of cash you mindlessly spend, says Monica Samuels, co-author of *Comeback Moms: How to Leave Work, Raise Children, and Jump-Start Your Career Even If You Haven't Had a Job in Years*, is often drastically underestimated by couples. The point is not so much to find ways to trim those extra expenses (that comes later), but to get a brutally realistic picture of what's going out relative to what's coming in.

Practice before you quit. If you're sure enough without detailed budgeting, or if you have run the numbers and can see in black and white that doing it is feasible, just do it! "Not only will you be testing your plan, you'll also be saving your salary to create a savings cushion," says Samuels. That said, it's actually the rare mom-to-be who is absolutely sure she'll either quit or return to work. So don't sweat it if you don't have the time to practice the one-salary lifestyle. If you're getting paid while you're on maternity leave, take your salary and put it in the bank instead of spending it. (And if you're not getting paid, you'll have a good sense of how you would manage.)

Don't forget the costs of working. There is, of course, the cost of childcare. Then there are commuting expenses, whether that means more gas tank fill-ups or train/bus/subway tickets. And although these are hard to quantify, factor in such costs as lunches out (not every working mom can brown-bag it every day!), dry cleaning, and buying new duds suitable for the office.

Think (way) outside the box. Were you thinking of upgrading to bigger digs to accommodate your growing family? Maybe now's not the time. Kristine and Jose Acevedo live in the same two-bedroom home Jose bought before they married. "Sure, I'd love to have more room to entertain our families, but we already know we can afford this house on his salary alone, so we're staying put," Kristine says.

Economize without (much) pain. If your family is like most Americans, food is probably your biggest unfixed expense. According to Jonni McCoy, founder of Miserly Moms (miserlymoms.com), it's also the one that you can most easily, and creatively, cut down. The way to do it is, in a word, planning. "I spend probably seven hours a week making menu plans, finding and using coupons, shopping, and cooking," McCoy says. Other budget trimmers aren't too draconian. Limit your cable; you can always get a cheap Netflix subscription to catch up on your favorite HBO drama. Find low-cost or free entertainment in your area, such as free days at museums or zoos, free children's shows, concerts in parks, and so on.

If you are making the leap to being a stay-at-home mom, there's one piece of advice to remember: Your kids are only small for an agonizingly brief period of time. And remember, says Sally Herigstad, who stayed home until her kids were teens, "a large segment of the population makes this decision -- and makes it work."

Working Part-Time

Many women who thought for sure they'd be stay-at-home moms may find, for budgetary or other reasons, that part-time work suits them better. If you envision yourself going back to work in a year or two or three after having your baby, you'll need to plan ahead. Some steps to take:



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Exit gracefully. Instead of simply quitting, tell your boss, your coworkers, and your contacts in your field that you do plan to come back. Planting that seed shows people who may be able to help you later that you're not disappearing completely into Mom land.

Follow up. Even if they promise to, your old work pals are not likely to keep up with you -- it'll be out of sight, out of mind -- so you have to make the effort to maintain communication. That way, when you do want to come back, you have contacts to call. Samuels knows one stay-at-home mom who, while her baby napped, would browse her old company's Web site to keep up with changes: "Whenever she saw that someone was promoted, she'd send a quick e-mail of congrats."

The Case Against Quitting



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Much as you may be committed to the idea of staying at home with your children, you may be wise to at least give some thought to some of the financial downsides, if not totally reconsider. Here, a few reasons why you might want to keep your job or explore other options (such as part-time work).

Savings

Some of your former salary may have gone to savings. And remember, too, that savings isn't just about an emergency fund to dip into. There's also retirement savings. "There are IRAs that allow nonworking

spouses to put aside tax-free retirement dollars each year," says Monica Samuels. "But that may not match what you'd be socking away with an employer-matched 401(k)."

Social Security

All the time you were working, you contributed to Social Security. But when you stop working, your eventual benefits will be smaller, Samuels says. It just happens to be that your childbearing and parenting years tend to be your most potentially productive work years too.

Career Continuity

No one likes to think of worst-case scenarios, but they happen. You may get divorced; your husband may lose his job or become ill. "I've talked to women who assumed they'd stay home forever, then their husband loses his job and they end up in financial trouble," Samuels says. It may not be that easy to get a job if you've been out of the loop.

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