

Expectation vs reality: The cost of raising kids more expensive than Aussie couples expected

New research is showing a gap between the expected costs and reality when it comes to raising children, with childcare, education, food and groceries amongst the most underestimated costs.

SYDNEY, February 2023 – With over half of Aussie parents (56%) reporting that starting a family was more expensive than first expected, there is a significant divide in the expected costs versus the reality of raising children.

According to new research commissioned by CHOOSI, childcare (38%), education (36%), food and groceries (35%) have emerged amongst the most underestimated costs by Aussie parents when starting a family.

Commissioned by CHOOSI, in partnership with consumer research group CoreData, [The Cost of Kids Report 2023](#) surveyed 1,210 Australian parents with children 18 years or younger and couples who intend to have children, exploring the key expected costs versus the real costs involved in raising children, and the general sentiment towards starting a family in Australia.

The Aussie family

Almost half (47%) of couples planning to start a family feel local and world events over the last two years, such as the increased cost of living, have impacted their decision around when to start having children – namely delaying having kids by up to two years (26%) or more (18%). Some have even considered putting off the decision altogether for now (3%)

The age parents & couples planning to have children report as being ideal to start a family is 27 years old on average, with the average couple planning to have two children. However, most couples (84%) planning to start a family feel the cost of having kids has impacted the number they are planning to have. And more than 8 in 10 (84%) parents who are likely to have more children feel the same way.

The study also shows many couples planning to start a family (63%) expect to get at least some financial support from their family, while over 2 in 5 parents (42%) reported receiving financial support once they had children. Additionally, couples also expect considerable non-financial family support when they have kids (28%), interestingly, only a few received considerable (14%) or some (31%) non-financial support, such as babysitting or help with chores.

Financial impact

The current rising cost of living and economic market conditions will likely put additional pressure on Australian families and households, which could force families to put their budget under the microscope.

Overall, the estimated annual average spend on child(ren) is \$12,823 per household. And having sufficient money saved (79%), secure employment (70%) and owning a home (60%) are among the main prerequisites for couples who are planning to start a family.

The research shows that couples planning to have children feel they should have at least on average \$32,910.00 in savings before starting a family – yet only 1 in 2 of those are willing to sacrifice their current lifestyle (53%) or discretionary income spending (53%) to save up this amount.

Amongst all expenses, childcare has come out on top as the most expensive perceived cost when starting to have children by parents (55%), followed by nappies and hygiene (55%), safety car seats (47%), food and groceries (46%).

Wealth Adviser, Kathryn Creasy, commented: “Most young families are aware that childcare can be expensive, but they don’t always anticipate that it can be more expensive on an annual basis than private school fees. It can make parenting decisions difficult – particularly when the monetary benefit of having a child in day care versus the wage a parent can earn working for that day is low.”

“Australian families are now more likely to have two working parents than was the case 40 years ago. Thus, childcare costs are increasingly part of the family budget. Rather than saving for childcare costs, families tend to ensure that the ongoing income of a second working parent can be more than enough to cover the cost of childcare. Other expenses that are not always factored in by a couple planning to have children are the cost of private health insurance, which can feel essential when a child needs urgent care, as well as activities for the child (e.g., extracurricular activities).”

Professional financial advice

When it comes to seeking financial advice, most parents (91%) did not consult a professional financial expert before having children. This was much more common amongst the younger generation that were more inclined to do so, especially Gen Z (20%) compared with Gen Y (11%) or Gen X (6%).

Kathryn Creasy explained: “Getting professional assistance when planning for children can be really useful. A financial planner can plan for the same thing a dozen times over. This means they can have insight into the future that a couple might not be considering.”

“A well thought through and professional plan can mean couples are less likely to be negatively impacted by unforeseen events, which can save on stress and anxiety at an already challenging time in their life.”

Hidden expenses

Outside of the expected increase of household costs, education and childcare fees and healthcare costs, parents may also experience additional 'hidden expenses'. The research provides an insight into what the annual costs can look like for an average household for expenses such as: the cost of a birthday party \$320; Gifts for a birthday \$233; toys and games \$423; technology (computers, phones, devices etc.) \$765, sporting activities \$875 and extracurricular classes and tutoring \$779.

Children growing out of clothes and footwear (34%), lost income and career momentum (29%), lessons, tutoring, school trips and other extracurricular activities (27%) have also surfaced as the top unexpected costs when starting and raising children.

Kathryn Creasy, stated: “There is an ever-increasing pressure for families to keep up with the latest technology, housing, holidays etc. Having a budget to help with these expenses can’t be underestimated. Families should ensure that they can pay for the important things first such as, housing, healthcare, food and clothing. Then they can plan for discretionary spending.”

“Some families budget for each child to do one extra-curricular activity per term, and parents should make sure it’s something their kids love, so they can get the most out of their hard-earned income.”

“Families should also consider that not everything needs to be brand new – websites like Facebook Marketplace have made it easy to buy second hand (and often hardly used) children’s items for example.”

Apart from the financial costs, there can also be a huge time investment involved when raising children, with parents estimating to spend an average of 35 hours per week on taking care of their child(ren). Similar to the discrepancy between expected versus actual financial costs, the study shows over 4 in 10 (42%) of parents also feel the amount of time spend caring for children is more than they expected before they had children.

Disclaimers:

- This article is provided for general information purposes only, does not consider your objectives, financial situation or needs and shouldn’t be considered or relied upon as professional advice. If you have legal, tax, or financial questions, you should contact an appropriate professional.
- Certain figures and statistics used in this article have not been included in the CHOOSI Cost of Kids Report 2023, however these figures and statistics have formed a part of the research conducted by CoreData to compile the report. A request can be made for the source of these additional statistics and figures.

Further key findings

Hidden expenses:

- Couples planning to have children also expect to go on a babymoon (34%), with an average expected spend of \$3,701.
- Parents reported going on a babymoon (13%), with an average spend of \$1,986 on their most recent babymoon.
- Couples planning to start a family intend to throw a baby shower (56%), with the expected average cost being \$1,037.

Travelling with children:

- Parents have estimated costs of \$2,563 spent per year on holidays and travel with child(ren).
- Parents have been missing their more active/preferred holidays since having children (59%)
- Parents feel family holiday types, experiences or destinations they NOW prefer have changed compared to pre 2020 (65%).
- Families report having to save money in advance to accommodate additional expenses for children when on family holidays (85%).

Workplace & careers:

- 2 in 3 working parents (66%) have purposefully put their career on the back burner for a period (i.e., make it less of a priority) when they had children. Of these, 44% regret their decision.
- Dads reported taking at least some paternity leave (44%). Of those, 90% returned to the same job and position and 9% to the same job with a different position.
- Mums report taking maternity leave when they had their children (59%). Of those, 64% returned to the same job and position and 13% to the same job with a different position.

- Working parents have had to look for different types of jobs because of having children (41%).
- Working parents had to reduce working hours or seek more flexible working arrangements because of having children (56%). Of these, 82% feel these work decisions have negatively impacted their income.
- Females are more likely than males to be willing to sacrifice career advancement (50% vs 31%)

Real estate & living:

- Aussie parents or couples who are planning to start a family who do not own their home believe that finding a suitable rental property is harder when you have children (68%).
- Renting parents report that it is more expensive to find a suitable rental property after having children (64%).

Education:

- Nearly 4 in 10 parents started saving early to prepare for education costs (39%).
- Over 4 in 10 parents who saved or planned to save for education costs reported they did not save enough for education expenses (44%).
- On average, parents with children 18 and underestimate that childcare and education is costing them \$6,928 (\$1,732 per quarter) per year, going up to tens of thousands for some.
- Over 2 in 10 parents have changed their preference or decision to send child(ren) to private school at some stage due to affordability (24%).
- Parents with a child in private school feel pressure to be able to continue affording private school with rising school fees and cost of living (70%).

Healthcare:

- Parents have incurred significant unexpected costs for their children's hospital visits (54%).
- Greatest out of pocket healthcare expenses:
 - Dental and orthodontic care (28%)
 - Private health insurance (18%)
 - Other special needs (11%)

Further insights from the research can be found on the CHOOSI website [here](#).

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About CHOOSI Cost of Kids Report 2023

The CHOOSI Cost of Kids Report 2023 is a part of the Choosi Research Series. This most recent study explores aspects of the cost of starting a family and raising children in Australia. It also explores the impact that COVID-19 has had on the experience of raising children in Australia

The report is compiled based on research commissioned by Choosi and conducted by CoreData between the 21st September and 5th October 2022. The research was conducted via a quantitative online survey, gathering 1,210 responses from Australian parents with children 18 years or younger and couples who intend to have children.

About CHOOSI

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