

Report

Momconomics

How Financially Ready are South African Women for Motherhood?

September 2023

In collaboration with



Introduction

Motherhood is meant to be magical – but what if you aren't financially prepared?

There's no two ways about it **children are expensive**: from nappies to tertiary education, the costs just keep adding up. Knowing that you've covered your bases when it comes to the cost of having your baby, raising them, and ensuring their future is a key part of family planning. It's a huge factor in your mental wellbeing as a new or expecting mom.

Being well prepared for your children is close to the heart for both [Zoie Health](#) and [Franc](#) – two startups that are trying to disrupt the status quo and open up access to more South Africans – whether that's access to investing for Franc, or healthcare for Zoie Health.

That's why we put together the Momconomics survey: to gauge how financially ready new, expecting or seasoned moms are feeling about their financial readiness for their children. The results were surprising and unexpected at times, and in some respects a bit scary.

On 31 August 2023, Franc and Zoie Health hosted a discussion with a panel of moms and personal finance experts to unpack the results, and offer practical advice for moms on how to budget for their children and invest in their future. This report is a summary for moms to absorb, share, and enrich their understanding as they embark on the adventure of motherhood.

The Panellists



Thato Schermer
Co-Founder and CEO at
Zoie Health



Ess Mukumbo
Personal Finance Creator &
Financial Columnist



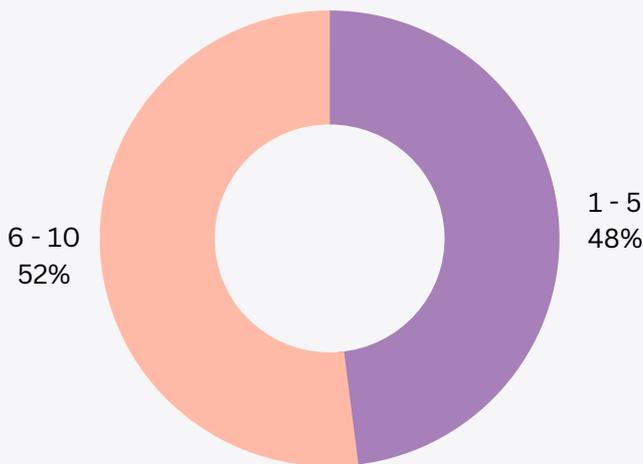
Laura du Preez
CFP & Editor at Smart
About Money

Budgeting for baby

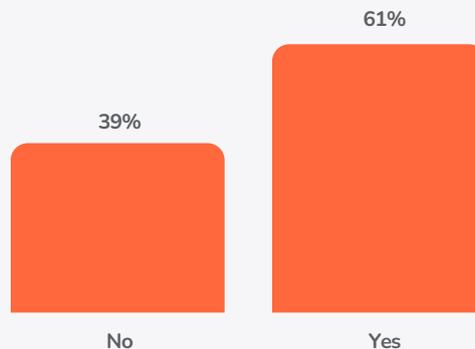
Are South African moms prepared for the extra costs of having a child?

Encouragingly, the survey results revealed that **over half (52%) of the women that responded felt financially ready to have their child** (score of 6 or over) and – even better news – **61% had set up a budget** to manage their household expenses with a child in the picture.

Unsurprisingly, having a budget was positively aligned with feeling confident in dealing with any financial crisis that might arise. So it pays to be prepared.



How would you rate your financial preparedness for motherhood on a scale of 1 to 10?



Do you have a budget in place to manage your household expenses?

“As a new mom, I was completely unprepared. So I started with just the basic day-to-day needs for my child. We created a small budget for pre-birth and post-birth. I spent a lot of time researching best investments for a child, how best to prepare, and how much my baby was actually going to cost me.”

Thato Schermer, co-founder and CEO at [Zoie Health](#)

“Many of the changes in your budget depends on whether you continue working or go back to work, and what kind of childcare costs you incur: whether you put your child in a creche or have family who are going to look after them. The most important thing is to look at your budget and to review it. And you’ll probably have to revise it again after the birth of the child.”

Laura du Preez, Editor at [Smart About Money](#)

“As new parents, you're excited. I literally bought a nappy bin that I never used. Salespeople see you all starry-eyed and they want to sell you everything under the sun. I fell for it because I wanted the best for my kids. When the child was born, I realised I didn't need some of the stuff I'd bought. I could have spent my money better.”

Ess Mukumbo, personal finance creator & financial columnist

The bottom line

If you have a household budget, you will need to relook at it and factor in baby costs. According to the panellists, there are:

- Costs that will go up (like your medical aid),
- New costs that you’ll incur (like nappies and baby food),
- Unexpected costs (like getting a bigger car or home with another room), and
- Costs that will come down (like entertaining and going out for dinner).

If you don’t have a budget, you need to start one as soon as you can. Review your baby costs regularly pre- and post-birth to ensure you’re on track.

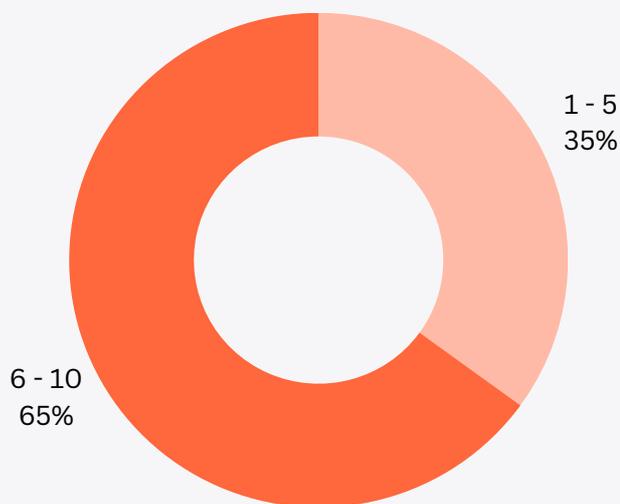
Additional resources

- [Cost of Raising a Child](#) - Huggies
- [Step-by-Step Guide to Your First Budget](#) - Francly Speaking
- [Budget Planner](#) - Smart About Money

Building your financial confidence

Can your growing family weather the challenges that might come your way?

We were also relieved to find that **65% of women who answered the survey felt confident they'd be able to manage any financial crisis that might happen during motherhood** (score of 5 or over) – which is not surprising; we were talking to women, after all!



How confident are you in managing financial challenges that may arise during motherhood?

We asked Laura du Preez what women can do *before* starting a family to increase financial readiness and boost financial confidence. This is what she had to say:

- If you plan on giving birth at a private hospital, make sure you're on a medical scheme before you fall pregnant.
- Get familiar with the benefits of your medical scheme (including number of scans, birthing costs that are covered, etc.) and upgrade if needed.
- Consider taking out gap cover to pay for gaps in your medical cover. This becomes particularly necessary if you have complications in pregnancy or during birth.

After you have your baby, there are certain things you can do to make sure you're prepared for any eventuality:

- Make sure you have life and disability cover.
- Add your children as beneficiaries on your life insurance, pension fund or retirement annuity
- Make sure you have a valid will where you've named a guardian for your child. On your will, indicate how you would like your money to be managed if your child is still a minor.

"I didn't know that my then medical aid only covered a portion of my baby's vaccination. So I depleted my medical aid savings early on after my child was born because I was going back to the hospital I'd given birth to to get all the vaccinations. I didn't realise as a new mom that you could go to government or pharmacies and get government stock, which is basically free.

Ess Mukumbo, personal finance creator & financial columnist

The bottom line

Prepare yourself for any eventuality by getting life insurance, knowing your medical cover benefits inside and out, and making sure your will and paperwork are up-to-date once your baby is born.

Additional resources

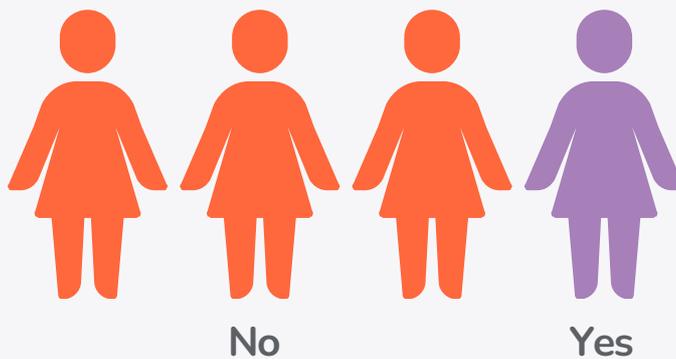
- [How do we survive the birth of a baby financially?](#) - Smart About Money
- [Who can claim on a life policy?](#) - Smart About Money
- [5 Smart Money Moves Single Parents Should Make](#) - Experian
- [10 things to know about estate planning](#) - Moneyweb
- [What waiting periods can my medical scheme apply?](#) - Smart About Money

Having a maternity leave plan

You want to spend every moment you can with your baby, stress-free.

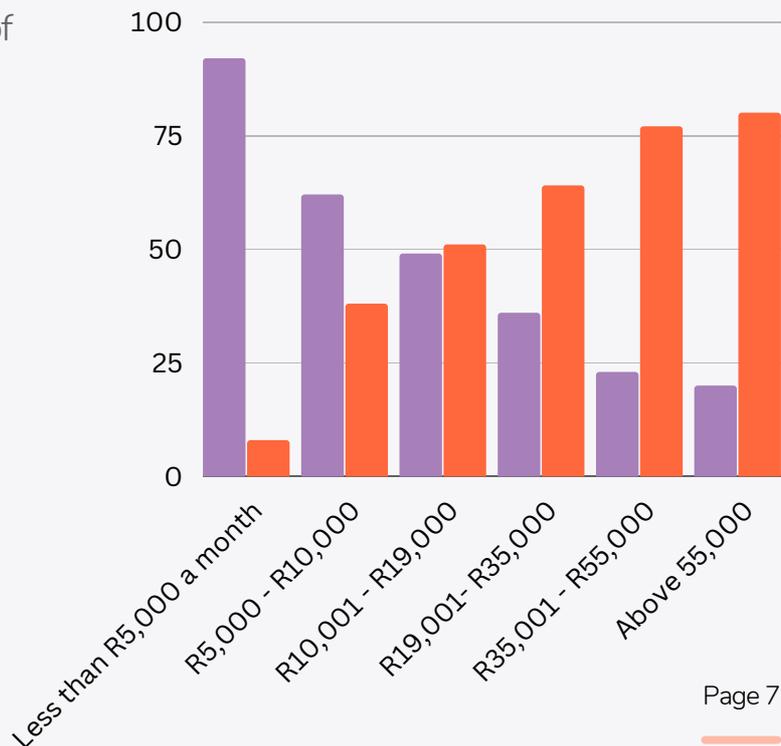
Something that really stuck out – frighteningly – was the fact that **3 in 4 women who responded (75%) do not get paid maternity leave.**

Did you, or will you be paid maternity leave?



Unsurprisingly, the percentage of respondents getting paid maternity leave increased with the earning brackets.

For example, **92% of those women earning under R5,000 do have paid maternity leave**, whereas only **20% of women earning over R55,000 do not have paid maternity leave.**



Maternity leave – whether paid or unpaid – will likely have the biggest impact on your budgeting when you’re expecting a baby. Whilst employers are legally required to give you 4 months of leave with your job secured, they’re not legally obligated to pay you during that time.

If you’re employed full-time, review your employment contract and make sure you know where you stand on the following:

- Will your employer pay you for your time on maternity leave? If so, what proportion?
- If your employer offers benefits like medical aid and retirement fund contributions, will they continue to pay these during your maternity leave?
- Is there a work-back clause you need to consider?

“If there were two incomes in the household and suddenly there's only going to be one for four months, how are you going to bridge that gap? It’s very, very important to establish upfront exactly how that's going to impact on your finances.”

Laura du Preez, Editor at [Smart About Money](#)

What if your maternity leave is unpaid? If you’ve been contributing to the [Unemployment Insurance Fund \(UIF\)](#), you are entitled to claim back from them during your maternity leave. How much you will receive is based on your income and how long you’ve been contributing to UIF. Keep in mind that UIF can take a long time to pay out your claim, so make sure you understand the claim process before you give birth and have a fall-back plan in case they don’t pay out during your maternity leave.

The bottom line

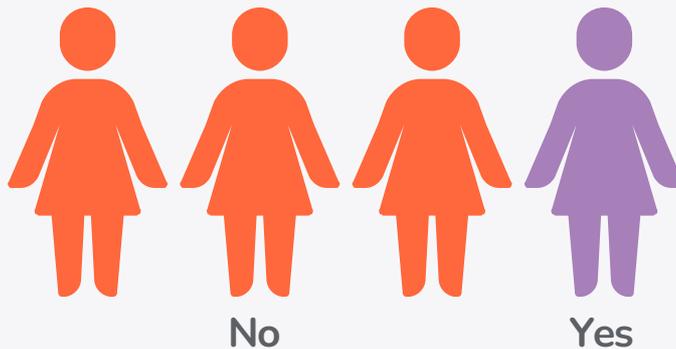
When you’re budgeting for your baby, make sure you’re clear on the income you will be receiving during this time and any additional costs (like paying into the benefits your employer was contributing to) that might arise. If you’re employed full time, be sure to understand the terms of your employment contract.

Investing for your child

Capitalise on the magic of compound interest to give your child a head start.

One of the most worrying statistics to come out of the report was the fact that **75% of respondents (3 in 4 women) hadn't set up a savings or investment account for their child's future or tertiary education.**

Have you set up a savings or investment plan to secure your child's future financial needs?



Why is this so important? Because the earlier you start investing, the more you can benefit from time and compound interest.

“I believe in starting early and starting small – even if it's R100 a month. The earlier you can start, the more you allow compound interest to happen to your money. My child is 10 years old and I know by the time he's 18 he'll be ready to go to tertiary. So for me as a mom, that's very important to me to say, maybe I might not have the full amount, but at least let me have something.”

Ess Mukumbo, personal finance creator & financial columnist

So what are some of the ways moms can invest for their child's future? Both Laura and Ess agreed on the following:

- Passive unit trusts and index-tracking exchange traded funds (ETFs) are low-cost, diversified investments to invest for future education costs.
- Start saving as soon as you can after your child's birth to give you a long time horizon to maximise your potential growth.
- While tax-free savings accounts are great vehicles to invest in while avoiding tax, be mindful of the R500 000 lifetime limit. These funds are best for very long-term savings (like retirement), and not ideal for education costs.
- While education policies have the benefit of keeping you disciplined to a monthly contribution, they are contractual and require you to keep up regular payments, so make sure you're able to stick to them. They can also have high fees.

"I factored in a three-year tertiary education, and my eldest is in her fourth year and applying for her fifth year, and she's planning for a seven-year degree. So that was a very hard lesson to learn. When they're little, you have no idea what they're going to do and how long they're going to study for, or even if they're going to study. The more prepared you are, the more options you have when they do make that decision."

Laura du Preez, Editor at [Smart About Money](#)

The bottom line

Invest as early as you can for your child's future and education. Find an investment strategy that matches your time horizon, and make a habit of putting even a little money away, regularly.

Additional resources:

- [The Secret to Securing Your Children's Financial Wellbeing](#) - Francly Speaking
- [How can I invest for my children's education?](#) - Smart About Money
- [Your Guide to Tax-Free Savings Accounts](#) - Francly Speaking
- [Investment Time Horizons](#) - Franc Academy
- [Take some lessons to lighten school fees](#) - Smart About Money

Be financially prepared.

Becoming a mother is an amazing experience. Make sure you're able to enjoy it completely by budgeting for the additional costs, getting all the relevant paperwork in place, and opening an investment account for your child's future as early as possible.





At Franc, we believe investing and growing your money should be easy and open to everyone – that's why we built a platform that makes investing simple and accessible. Franc is a licensed robo-advisor and through our simple-to-use app, we provide investment advice based on your life goals that helps investors understand what they should be investing in, and how much investment risk they can take on. Investors can invest in the leading money market and index-tracking ETFs with no minimums, low fees and full transparency.

[Find out more](#)



At Zoie Health, we believe women deserve access to affordable, convenient and caring healthcare at every stage of their lives. We're building Africa's first digital women's health clinic for 500 million women, offering a holistic portal that includes much needed support for family planning, fertility, maternity and beyond.

[Find out more](#)