

Splitting The Bills: Why Co-Parenting Can Be a Win-Win

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Separating from a partner and deciding to raise a child alone is challenging. Co-parenting, however, introduces new complexities. How can financial stability and mutual support for children's needs be maintained while living separately? Vishal Dhawan, founder and chief executive officer at Plan Ahead Wealth Advisors, provides insight into co-parenting, focusing on collaboration.

Financial Implications of Single Parenting in India

The structure of Indian households is changing, with single parenting due to divorce, death, or separation on the rise. The National Family Health Survey shows that the proportion of single-parent households in India has increased by 25% over the past decade. A study by the Indian Council of Medical Research found that nearly 8% of children in India live with a single parent.

Managing household expenses on a single income presents challenges. The Centre for Financial Studies estimates that the average cost of raising a child in urban India is Rs 54 lakh from birth to adulthood. This puts significant financial pressure on parents. "It gets hard with a single income to meet the aspirations of all other goals," Dhawan says. In a two-parent setup, responsibilities like retirement planning, education, and daily expenses are shared, which provides a buffer against financial stress.

Dividing Financial Responsibilities

Co-parenting allows parents to share responsibilities. Vishal Dhawan points out that "if you were a couple, you would have had a common retirement fund, which eases financial strain." Co-parenting enables parents to distribute financial responsibilities more equitably, ensuring a balanced upbringing for their children without overburdening one parent.

For example, one parent might handle all "Education is very important for most people, and both parents often have the same aspiration for their children. When money becomes a constraint, co-parenting can provide a solution," says Dhawan. This arrangement allows each parent to focus on specific aspects of their child's upbringing, easing financial pressure and ensuring that both parents' aspirations for their children are met.

Revisiting Financial Plans Regularly

Life is unpredictable, and co-parenting arrangements need to be flexible. New partners might enter the picture, or financial circumstances may change. Dhawan emphasises the need to regularly review and adjust financial plans. "Life can change, and therefore, one needs to be mindful that as life changes, your financial goals also need to adapt. It's crucial to revisit your financial plans at least couple of years or whenever a major change occurs," he advises.

Emotional And Psychological Support for Children

The emotional and psychological aspects of co-parenting are as important as the financial ones. A study by the Tata Institute of Social Sciences found that children who receive emotional support from both parents after a separation tend to perform better academically and socially. The study also revealed that children in supportive co-parenting environments showed lower levels of anxiety and depression.

Additionally, a survey by the Indian Council for Child Welfare found that children with co-parents who maintain a positive and cooperative relationship are more likely to have higher self-esteem and emotional resilience.