

GUIDE

Planning for Maternity and Paternity Leave

This document contains important information and you should read it carefully and keep it safe for future reference.



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IMPORTANT INFORMATION

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Introduction

Welcoming a new child into the family is an exciting and transformative time, but it can also bring financial uncertainty.

Planning for maternity and paternity leave requires careful consideration of how long you'll be off work, how much income you'll receive and how to manage your household finances during this period.

This guide provides a comprehensive overview of the financial aspects of maternity and paternity leave in the UK, along with practical tips on budgeting and financial planning to ensure a smoother transition into parenthood.



Understanding your rights

Before diving into the financial planning side of things, it's essential to understand your legal rights when it comes to maternity and paternity leave in the UK.

UK law entitles all pregnant employees to up to 52 weeks of statutory maternity leave. The first 26 weeks are known as ordinary maternity leave and the last 26 weeks are referred to as additional maternity leave. You can choose how much of this leave to take, but you must take at least two weeks off after the birth (or four weeks if you work in a factory). The earliest that maternity leave can be taken is 11 weeks prior to the due date unless the baby is early.

Fathers of the baby are entitled to 1 or 2 weeks of paid paternity leave. This must be taken in a single block within 56 days of the child's birth.

Parents can share up to 50 weeks of leave and 37 weeks of pay. Shared parental leave allows both parents to take time off together or stagger it over the first year after the baby's birth.

Do I still get paid while on leave?

Statutory pay, combined with any employer benefits, forms the foundation of your income during leave.

To qualify for statutory maternity pay you must earn on average at least £125 per week before tax and have worked for your employer continuously for at least 26 weeks by the end of the 15th week before your due date.

Statutory maternity pay can be paid for up to 39 weeks. The first 6 weeks are paid at 90% of their average weekly earnings before tax. The remaining 33 weeks are paid at £187.18 or 90% of the average weekly earnings, whichever is lower. Statutory paternity pay is also £187.18 or 90% of the average weekly earnings, whichever is lower.

Some employers offer more generous maternity or paternity packages. For example, some employers top up statutory pay to full pay for a set number of weeks.

Check your employment contract or speak with your HR department to understand your entitlements.

Budgeting for leave

Budgeting for your maternity or paternity leave is dependent upon your individual circumstances. You need to be sure that you can cover your essential outgoings while additionally factoring in the costs that having a newborn brings.

If you can, try to aim to save 3–6 months' extra of living expenses in case of unexpected costs or a delay in returning to work.

Once you know what your income will be during your maternity or paternity leave, it's time to budget. This is critical to ensure you can cover expenses and avoid financial stress during this important bonding period.

To determine the budget that you will have you need to take into account:

- Statutory Maternity or Paternity Pay.
- Any enhanced employer benefits (e.g., full pay for a certain number of weeks).
- Any savings or additional income you plan to use.

You need to be realistic about the duration of your leave and the level of income that will be available during each phase.

Following this you need to review your monthly expenses including everything from mortgage payments to any personal subscriptions such as gym memberships or streaming services.

You then need to plan for any additional baby-related costs that will include:

- Baby clothes.
- Nursery furniture.
- Nappies and wipes.
- Baby formula and/or breastfeeding equipment.
- Childcare (if necessary).

While family and friends may help with some items and baby essentials don't need to be overly expensive, it's important to factor these costs into your budget.

It is not uncommon to feel overwhelmed once everything is on paper. [A 2024 survey](#) has found that 25% of working mothers have been forced to quit work so that they can accommodate childcare.

There are some ways to make your money go further for example cutting back on non-essential subscriptions, reducing dining out and takeaway spending and shopping for baby items second-hand or borrowing from friends and family.

Financial assistance and benefits for new parents

As a parent, you may be eligible for additional financial support. Understanding the benefits available to you can help to ease the financial burden.

You can claim Child Benefit if you are responsible for a child under 16 (or under 20 if they are in approved education or training). For the 2025/26 tax year, Child Benefit is £26.05 per week for your first child and £17.25 per week for each additional child.

For the 2025/26 tax year, the High-Income Child Benefit Charge (HICBC) applies to households where an individual's adjusted net income exceeds £60,000, an increase from the previous threshold of £50,000. This adjustment means that Child Benefit is reduced by 1% for every £200 of income above the £60,000 threshold. By the time income reaches £80,000, the benefit is fully withdrawn.

From April 2026, the government plans to reform the rules to base HICBC on household income rather than the higher earner's individual income, addressing fairness concerns between single- and dual-income households.

If you and your partner are working (and meet the income requirements), you can apply for the [Tax-Free Childcare Scheme](#), which covers up to £2,000 per year per child (or £4,000 for disabled children).

Some families may also be entitled to Universal Credit to help with living costs, including childcare. The amount that you receive depends on your income and circumstances.

If you already claim certain benefits, you could get a one-off payment of £500 to help towards the costs of having a child. This is known as a [Sure Start Maternity Grant](#) in England and Wales and the [Pregnancy and Baby Payment](#) in Scotland.

CHILD BENEFIT PER WEEK FOR THE 2025/26 TAX YEAR

£26.05

For the first child

£17.25

For each additional child

Final thoughts: plan early, plan smart

Taking time off for maternity or paternity leave is a significant life change, both emotionally and financially.

By planning early, understanding your income and benefits and creating a solid budget, you can reduce financial stress.

Consider seeking advice from a financial adviser to ensure that your financial plan is tailored to your circumstances. They can help you to navigate the financial side of maternity and paternity leave so that you can make the most of your time off with your new addition.



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