Unpaid parental leave can be a valuable way to spend more time with your child, but the drop in income can make the decision feel daunting. The answer is not to hope you will "make it work" or to raid every bit of savings you have. It is to work out the real cost, protect your essential bills and make a plan that still holds up in a bad month.

Start by treating the leave as a dated financial goal. Work out how much income will stop, which costs will continue, and what you need to save before your leave begins. Keep that goal money separate from emergency savings, so a planned period of lower income does not leave you exposed if the boiler breaks or your car needs an unexpected repair.

First, check what kind of leave you are taking

"Unpaid parental leave" has a specific meaning in the UK. Eligible employees may be able to take unpaid time off to look after a child, subject to rules about eligibility, notice and how much leave can be taken. GOV.UK explains the current rules, including when an employer may postpone a request. Check the Find out more details with your employer, too, as workplace policies can affect how you arrange the dates.

Do not assume this is the same as maternity leave, paternity leave or Shared Parental Leave. Those have different rules and may involve statutory pay or other entitlements. If you are unsure which arrangement applies, check GOV.UK and ask your HR team before building a budget around it.

Also check whether your household could receive other support while your income is lower. Eligibility depends on your circumstances, so do not count a benefit, tax credit or other payment until you have checked the rules and, where relevant, confirmed what you are entitled to. MoneyHelper has guidance on managing money and checking support options. Money Trumpet can also be one place to look for practical personal-finance ideas, but use official sources for rules and eligibility.

Name the goal and put a date on it

A vague intention to "save something for leave" is hard to plan around. Give the goal a name, a start date and a target. For example: **"Cover the household income drop during my unpaid leave, starting 1 September."** Naming and dating the goal turns it into a figure you can work towards.

Next, estimate the gap between your household income and essential outgoings during the leave. Do this month by month if your pay or leave dates vary. Include any partner's income, regular benefits you have confirmed, and any paid leave or employer support that applies. Use take-home income rather than salary before tax, and make sure you account for changes to deductions such as pension contributions if your pay changes.

Budget item Example per month What to check Housing £1,200 Rent or mortgage, service charges and any change due during leave Council tax and utilities £350 Regular bills, seasonal energy use and payment dates Food and household essentials £500 Groceries, cleaning supplies, nappies and other child essentials Travel and work-related costs £180 Fuel, public transport, parking or costs that stop while you are off Other essential outgoings £270 Insurance, minimum debt payments, prescriptions and phone bills **Illustrative essential total £2,500** Replace these figures with your own actual costs

This is only an example, not a typical household budget. The housing figure shows why it matters to start with your real bills: if housing alone is £1,200 a month, it is a large part of the amount you need to protect. Check bank statements and bills rather than relying on memory.

Calculate the income drop, not just the length of leave

For each month, subtract the income you expect to receive from your essential outgoings. The result is the amount your savings or other confirmed resources need to cover. If your partner's pay continues, include it in the household calculation, but make sure you both agree how that income will be used.

For example, if essential outgoings are £2,500 a month and the rest of the household has £1,900 available for them, the shortfall is £600 a month. For three months, that is £1,800 before any contingency. Your own numbers may be very different, especially if there are loan payments, childcare costs or a mortgage change in the same period.

Look at timing as well as totals. A paycheque received after a bill is due may not help with that bill. List the dates income arrives and direct debits leave your account. This is particularly useful if your leave starts partway through a pay period or your employer pays in arrears.

Research the true total cost and add contingency

Your calculation should include more than the obvious monthly bills. Make a running list of sneaky extras: meals, nappies, travel, parking, prescriptions, school or nursery costs, and any uniforms or equipment due during the leave. Check annual and occasional costs too, such as car insurance, boiler servicing, birthdays and seasonal heating bills. Some costs may fall while you are at home, but do not assume they disappear without checking.

Then add a contingency for costs that are hard to predict. There is no single right percentage for every family. You might add a set amount, or build in one extra month of the expected shortfall if that is realistic for your situation. The important thing is to make the contingency visible in the target, rather than quietly hoping the budget will be exact.



For example, if your estimated shortfall is £600 a month for three months, the basic target is £1,800. If you decide to add £300 for unplanned costs, your goal becomes £2,100. If you have 12 months to save, that is £175 a month. A simple check: £2,400 in 12 months = £200 a month.

Keep leave savings separate from your emergency fund

Planned leave is a known cost. An emergency is an unexpected one. Mixing the two can make a savings balance look reassuring while leaving no money for a genuine crisis. Use a separate savings pot for the unpaid-leave goal, and label it with the goal and date so you can see what the money is for.

An instant-access savings account can be useful for money you may need to move into your current account during leave. Check the account's access rules, interest rate and any restrictions before opening it. You want the money available when bills are due, not tied up in an account that penalises withdrawals.

Keep your emergency fund apart. Set an emergency fund floor based on essential outgoings: the minimum amount you are not willing to spend on planned leave. A practical way to choose that floor is to ask what essential costs you would need to cover if income stopped unexpectedly, then consider how quickly you could get help or replace income. Your floor may be a set amount or a number of months of essential outgoings. It should reflect your household, not a generic rule.

If you already have savings, divide them clearly on paper or in separate accounts. For example: "£2,100 unpaid-leave goal" and "£3,000 emergency fund floor". If saving for leave would push you below your floor, consider whether you can shorten or shift the leave, save for longer, or find confirmed support. Do not count emergency money as both the leave fund and the safety net.

Build a buffer plan for a bad month

A good plan should survive more than an average month. Try a bad-month test before you commit: what if energy costs are higher, your child needs an unexpected appointment, or a car repair lands at the same time as a large bill? What if your leave lasts longer than expected, or a payment arrives late?

Your buffer plan could include:

- A separate pot covering the estimated income drop during the agreed leave dates.
- An emergency fund floor that remains untouched for genuine unexpected costs.
- A small contingency for irregular bills and child-related extras.
- A written list of bills that could be paused, reduced or rescheduled if needed.
- A plan for who to contact if you cannot meet a payment, such as your lender or provider, before missing it.

Be cautious about relying on credit cards or overdrafts as the contingency. They may help with timing, but they are borrowed money and can make the months after leave harder. If borrowing is part of your plan, include the repayments and interest in the budget rather than treating the credit limit as savings.

Make the saving target fit your real life

Once you know the target and the time available, divide the amount by the number of months. If the total leave fund is £2,400 and you have 12 months, the straightforward target is £200 a month. If that amount does not fit your current budget, do not just tell yourself to cut back. Look at the actual figures and decide what can change without putting essential bills or your emergency fund at risk.

You could save a smaller amount for longer, adjust the dates, take less unpaid time, or check whether your employer allows a different arrangement. If you do reduce spending, choose specific changes and calculate their value. For example, saving £25 a month on a recurring cost for 10 months adds £250 to the pot. Small changes can help, but the maths needs to add up to the goal.

Set up a regular transfer after payday if that suits your cash flow, and review the target every month or two. If your energy bill rises or your leave dates change, update the plan. A budget is a working estimate, not a promise that nothing will change.

Before you make the final decision

Do one last check with your partner or anyone sharing household costs. Agree which bills the leave fund will cover, what stays in the emergency fund, and what you will do if the estimate is short. Confirm dates and workplace arrangements with your employer, and check the current official guidance on GOV.UK. MoneyHelper can help you think through budgeting and support, while resources such as Money Trumpet may offer additional practical ideas.

Unpaid parental leave can still feel like a big step, even with a plan. But a named goal, a realistic cost estimate, a separate savings pot and an emergency fund floor make the decision clearer. Most importantly, test your buffer plan against a bad month before relying on it. You do not need a perfect forecast; you need a plan that protects essentials and gives you room to handle the unexpected.

