Discontinued

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Harmony in Marriage:

4. Money Matters

COOPERATIVE EXTENSION SERVICE, MICHIGAN STATE UNIVERSITY

Family Cooperation

Cooperation in money management is part of the partnership. Isabel Bevier once wrote, "If ignorance is a weakness and a disaster in places of business where the income is won, it is equally so in places of living where the income is expended." So the first requisite of family cooperation is that the husband and wife be full partners.

Dr. Paul Popenoe of the Institute of Family Relations in Los Angeles reported that of the thousands of families that had come to the institute, most were happy where the families shared responsibilities. A smaller percentage were happy where the husband was boss. Fewer were happy where the wife was boss. This is an indication of the need for cooperation in the family. If marriage is a partnership it should be a partnership in money matters, too. The homemaker should not be ignorant of the family's financial status if she is going to do the best job of spending for the home.

The family council is an accepted policy in many homes. Financial problems can be discussed patiently and completely during the council. Cooperation does not mean that one surrenders to the other, but that there is give and take. After children are old enough to realize what is being discussed they can be included in the family council.

About The Children

Parents often ask if children should have a part in working out financial problems of the home. In many cases parents avoid bringing financial and economic questions to the attention of their children because they feel that their difficulties indicate failure or deficiency on their own part. This should not be so necessarily. Children are sympathetic and often can do a great deal to help if they understand the situation. Also, children easily sense difficulties and become resentful or worry if they are not informed. When they realize that the information is confidential they seldom betray the trust.

Children need to become acquainted not only with the principal source of the family's income, but also with the main directions of expenditures. Discussion of the relative costs of food, clothing, household equipment, the share of the income that goes into taxes and what services these taxes supply, the plans for budget changes, and other financial matters can be made a valuable part of the children's education, if carried on dispassionately, and without moralizing and worrying.

An allowance helps give the child experience in handling money. Some parents prefer irregular contributions to an allowance because they feel they can control expenditures better or do not wish to commit themselves to a fixed expenditure. The evidence in families where both the irregular income and allowance have been employed suggests that the amount of money used from the family income is less with the allowance plan. But this is the least important result. An allowance gives the child an opportunity to make decisions, correct mistakes, learn the value of money and saving for something he really wants. Just as a child cannot learn to play the piano without practicing, neither can he learn how to *spend, share,* and *save* money if he never has the responsibility of managing it.

When money is doled out to the child to satisfy his immediate wants, the parent takes the responsibility

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for his mistakes and failures. It becomes the parents' education and not the child's. This system results in the child's inability to see others' needs above his own and in continued mistakes and failures due to faulty judgment.

An allowance can be given a child as soon as he begins to feel his need for money. Since his needs increase as he grows older, the allowance can be increased accordingly. If he proves he can successfully manage a small allowance he can usually manage a larger allowance as well. A child's education in money value is not complete until it includes *spending, sharing,* and *saving.*

When the child is about adolescent age, he might well begin to keep a record of his spending. There are special books set up for the purpose. This will give him fundamental training in business practices which he can apply to the farm or home business later.

The following story tells how one family adopted a democratic form of government with great success. The family consisted of a father and mother, a girl in high school, and a boy in college. The boy and girl had been given as much spending money as the parents thought they could afford, and most of the children's desires had been gratified. Sometimes they had teased and sulked before getting what they wanted, but in the end their wishes were granted.

Their wishes became more expensive, but the family income had not grown correspondingly. The boy insisted that he have a convertible for his own use; the girl wanted a trip to California during the summer vacation. Their parents could not afford these expenses, much as they wanted their children to be happy.

As the boy and girl continued to storm, rage and sulk, the mother decided something must be done. One night after dinner she told them that she was calling a family council. First, she told them exactly what the family income amounted to, saying that she knew they were old enough not to tell family secrets. Then she asked them to estimate what the family expenses amounted to each month. After some computation, the boy suddenly said, "Well, Mother, I don't see how we get all the things we do." After a little more discussion, he said, "I don't need that convertible and I think I will get a job for the summer." The girl also voluntarily decided to give up her trip to California and find work. From that time on, the expenditure of all money in that family was decided by family discussion and from that time on there was less unhappiness caused by lack of money.

Difference In Sexes

One problem young married people face would be almost amusing if it weren't often so serious. Men and women don't spend money in the same way. Each sex is likely to think of the other as a little extravagant. Men are apt to shudder when women say they have nothing to wear when the closet seems to be bulging with clothes. Women, on the other hand, are likely to recoil when they see men spend money as no woman ever would. A young husband and wife would be foolish if they expected their item-for-item expenses to balance. All they can do—all any married couple can do—is to trust each other to live up to the same spending standards. If it's necessary for the family to be extra prudent, the man should be allowed to economize in his way and the wife in hers.

Individual Planning

There are many problems that young people must face—problems that have no pat answers. If Mary has bonds or a savings account of her own, should they be pooled with her husband's or should they continue to be looked upon as being "her money"? If Mary is working, should she and her husband put their incomes together or try to keep them separate and each be responsible for separate items of family expenditure? If the first family purchase must be a choice between a new car which John wants or new furniture which Mary thinks more important, who wins? No one but the husband and wife together can answer these questions.

The following suggestions will help in financial planning:

1. Study your whole situation.
2. Decide on realistic goals.
3. Consider the costs of your present house, car, insurance program, recreation and general level of living.
4. Shop for credit and compare credit costs.
5. Use a financial plan and records as a guide.

Many people think they can make satisfactory financial plans without using pencil and paper. This is a mistake and may be just a way of avoiding the issue. Therefore, try making financial plans on paper.

The plan should be flexible. It is very important that the family make its own financial plans rather than follow those in books or magazines. No two families are alike. The number of children, their ages, whether they are boys or girls, the amount of the family income, type of community, the social and recreational desires of the family, all are factors which make it impossible to follow a plan used by other families.

Many families feel that if they make a plan at the beginning of the year and are unable to follow it to the letter, they have failed. This is not true. The plan should be changed often—several times during the year, if it seems best. Any family financial plan is valuable only insofar as it meets the family's needs.

Reports on how other families spend their money may be of interest. They also are useful for making comparisons as long as they are not considered the pattern which all families should follow.

Steps for making your plan:

1. Estimate total family income.
2. Estimate expenses—allow for emergencies.
3. Estimate possible savings.
4. Balance the three.

Leaks to watch for:

Too expensive a home, auto, or insurance program.
Too many dollars for amusements, hobbies or social life.
Careless spending for food, clothing, and other needs.
Large medical bills.
Too many time payments.
Others.

YOUR FINANCIAL PLAN

Gross Weekly or Monthly Salary	....
Deductions	....
Weekly or Monthly Take-home Pay	....

EXPENDITURES	WEEKLY	MONTHLY	YEARLY
1. Food and Beverages			
At Home	....	....	....
Away from Home	....	....	....
2. Housing			
Rent or House Payments, Insurance, Taxes, Repairs	....	....	....
Home Grounds	....	....	....
Heat	....	....	....
Utilities (Elec., Gas, Tel.)	....	....	....
Furniture and equipment	....	....	....
Laundry, Cleaning, Supplies, etc.	....	....	....
Other	....	....	....
3. Clothing	....	....	....
Other	....	....	....
4. Medical Care			
Medical and Dental Care	....	....	....
Health Insurance—Hospital, Surgical	....	....	....
Other	....	....	....
5. Transportation			
Auto Payments	....	....	....
Auto Insurance, Taxes, Registration	....	....	....
Auto Operation and Repair	....	....	....
Bus, Taxi, Airplane, etc.	....	....	....
Other	....	....	....
6. Other Goods and Services			
Recreation, Tobacco, etc.	....	....	....
Personal Care	....	....	....
Education—School expense, special lessons, magazines, newspapers	....	....	....
Gifts and Contributions	....	....	....
Occupational Expenses	....	....	....
Other	....	....	....
7. Savings and Insurance			
Retirement Fund	....	....	....
Savings	....	....	....
Life Insurance	....	....	....
Emergency Fund	....	....	....
Other	....	....	....
8. Taxes			
Federal Income Tax	....	....	....
State Income Tax	....	....	....
OASDI (Social Security)	....	....	....
Other	....	....	....
9. Other	....	....	....
TOTALS	....	....	....

Record Keeping

Records usually are needed to help you follow your plan.

Hints:

Keep them simple but meaningful.
Use check stubs, receipts and personal allowances for family members to give you the totals.
Watch the cash expenditures.
Choose a simple record sheet or book.

Kind of Book: Many people ask what kind of an account book is best. The type you make yourself is best, then it is tailor-made. You may want to keep only general accounts, giving you the sum total of the money spent for food, clothing and the other items. Or you may want to have a more detailed account, perhaps a different clothing column for each member of the family, in addition to columns for other expenses.

The summary page is important. Make sure the account book has a summary page. It should have a space for each month's totals. These monthly totals added at the end of the year will give you a total for the year's expenses for each item. These totals will be your guide in making plans for the coming year.

Consider a monthly account sheet. If you have not been in the habit of keeping accounts, you might start with a monthly account. Until you become more experienced, these monthly sheets can be assembled in a loose leaf notebook and used as an account book by themselves.

Accounts need not balance to last penny. Some people think they must. To be sure, business accounts do need to balance accurately, but home accounts are valuable even if they do not show how every last penny is spent. It is better to know where most of the money is going than to be concerned about every dime. You may want a "lost" or "unaccounted for" column. If the amount in this column continues to be small, there is no cause for alarm. However, in many cases it is these small driblets that become large amounts at the end of the month or year. If this amount grows too large, you may need to watch these driblets more carefully.

Family members need personal allowances. Family members often are unhappy over having to account for every penny they spend. This problem can be eliminated if each has an allowance to take care of small personal items. This amount can be recorded in a lump sum. This will give everyone more freedom in his personal spending.

Who will keep the accounts? A teen-age boy or girl may be interested in keeping the family accounts. This could be a learning experience and one way to better acquaint them with family finances. It matters little who keeps the accounts as long as they are kept up-to-date.

Planning and managing the family finances requires time and effort, but it can pay good dividends in satisfaction and economy.

The following shows an account sheet on which financial expenditures can be kept.

ACCOUNT SHEET

Total Income..

Date	Month ITEMS								TOTAL
	TOTAL								

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