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Family Money Problems[1]

Contact Author: Michael S. Gutter[2]

Money is not only dollars and cents, it is also a symbol of personal attitudes toward life. In a marriage, the first essential step is to acquire financial attitudes that will harmonize with what you and your spouse want out of life. As a rule, happily married people are successful not because they have no problems, but because they have learned how to face problems and arrive at working solutions.

More money will not necessarily give you more happiness and contentment in life; but it can, provided you learn to manage it.

Emotions and Money Problems

You may not realize that quite a few money problems can stem from your emotions. Solving money difficulties, not resulting from low income, requires both rational planning and insight.

Over-indebtedness is one of the biggest money management problems families face. Many over-indebted families have *always* been in debt. They add to loans or installment debts when the balance is almost paid, and consequently, are continuously paying interest charges.

Many families do not talk about money management until they have problems. An already shaky family relationship can get worse under the impact of money problems and heavy debts. Soon after marriage, a couple may incur big debts because of too many purchases or commitments.

Figure 1. Trust
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Then they might be faced with a medical emergency, a cut in pay or unemployment. Up until the emergency occurred, the problem may not have been serious. However, as creditors press for payments and the budget tightens, quarrels begin.

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2. Original written by Nayda I. Torres, professor and chair, and Vervil Mitchell, former family economics specialist, Department of Family, Youth and Community Sciences, Institute of Food and Agricultural Sciences, University of Florida (UF/IFAS). Revised by Michael S. Gutter, financial management state specialist and assistant professor, Department of Family, Youth and Community Sciences, also of UF/IFAS, Gainesville, FL 32611.

Credit is useful if its potential role in family financing is understood and the credit is handled with its costs in mind. Unfortunately, problems arise because "easy credit" is not easily rejected by people. A specific spending plan will help individuals and families who want to solve their money problems.

Attitudes About Money

You probably have noticed that different people have different attitudes about money. Some people want to collect as much as they can, while others want to buy as many goods and services as they can. Most people strike a balance somewhere between these two extremes. These attitudes are developed early in life. A husband and wife may have conflicting attitudes toward the importance and use of money. The following example illustrates different attitudes. X and Y represent two persons in a relationship.

- X *wants* clothes and electronic equipment—the latest of everything—and believes that money is to be spent. When the money does not come along fast enough, X buys on credit. Y does not care about material things and thinks money is to be saved and invested. Y likes to have a substantial bank account, investments and insurance. Y's pleasure comes from watching the bank account grow.

Conflict is inevitable between these two persons. X thinks Y is stingy. Y knows X is a spendthrift and is taking them right down the road to the poor house. Can this couple change their attitudes toward money? Or will their life together be made up of constant tension, worry, fear, ill feelings, arguments and bitterness?

Figure 2. Money on the table
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Your attitudes about money are influenced by your environment and your past experiences. Consider a person who has lived through hard times when the family could not get enough to eat. That person's attitude toward money is different from a person's who has always had enough or extra money to satisfy his or her basic needs, as well as wants.

Values Influence Choices

Good family relationships and economic security are greatly dependent upon values and attitudes toward money. It is not how much money you have, but what you do with it and how you feel about it.

When conflict about financial matters exists between parents, children will not likely develop sound attitudes. It is not necessarily a matter of who is right or wrong, but it could result from changing values and attitudes that have developed over the years. Children reflect their parent's attitudes.

Needs and Wants

Basic physical needs are shelter, clothing, and food. Wants are desires for more than the basics in life. Wants are often expressed in terms of material things like a video recorder, a remote control television or a swimming pool. Obviously, some wants are closer to needs than the rest. What would be a frivolous want for one family, might be a basic and satisfying want for another family.

Now let us glance briefly at the American family in the money world, and highlight a few of the meanings and uses of money in different phases of the family lifecycle. Just as there is a cycle of growth, development, maturation, and decline in the life of an individual, there is also a cycle for family life. The cycle is marked by the stages of marriage, the birth of children, their launching, the return of parents to the childless state, and the death of each spouse.

The degree of needs and wants changes in different phases of this family lifecycle. For example, shelter for the beginning family (a young couple) might be a rented apartment. The expanding family with pre-school and grade school children may prefer a single family house for shelter. A retired couple may feel that their family house is too big and opt for a smaller dwelling with less maintenance.

Families need to develop and understand their attitudes toward money, and decide what true personal or material value means to them, and then they need to clearly define their goals for economic security. To achieve economic security, each family needs to work out the answers to the questions:

- What will you spend your money on?

- What do you really need?
- Are you so busy trying to achieve economic security that you have lost sight of what it is?

Goal-Setting

Goal-setting is one of the first steps in a financial management program. Goals provide incentives for good management. One reason many people fail financially is because they have no long-term goals for which to strive. As a result, their lives and their income are frittered away.

Some goals are attainable immediately, some are attainable in the near future, while others are sought for a long period of time. Make your goals definite and attainable. Clearly-defined goals not only encourage the wise use of family resources, but also stimulate the cooperation of those who set the goals. Goal-setting is a continual process, and new goals should be formulated as situations change.

In the early years of their marriage, Mr. and Mrs. Wilcox set up a number of goals as a blueprint for their future. The goals were written, framed and hung in the business center of the house. Mrs. Wilcox said, "Keeping the future in sight helps us do first things first, with an eye on the total scheme." Mr. and Mrs. Wilcox set these goals:

- Finish remodeling our home by the time our youngsters enter high school.
- Save to help pay for the children's college educations.
- Maintain a checking balance of at least $300.
- Open a savings account for monthly savings for an emergency.
- Set aside a down payment in order to trade cars every 4 years.
- Agree on a realistic spending plan.
- Make money management a joint venture.
- Adjust spending plan as circumstances change.

The fact that the Wilcoxs know what they want on a long-term basis, and what they need to do to see their dreams come true, gives them a basis for making decisions and setting short-term goals.

Review your goals from time to time, especially when major changes take place. Goals differ from one stage in the family lifecycle to another, and from one individual to another.

Aid for Families in Distress

While most people strive to be self-supporting, they may find it impossible to manage at times. Unemployment, loss of the family's breadwinner due to death, divorce or desertion, old age, loss of investment, disability or illness, and such disasters as tornadoes, hurricanes and fires can reduce income or increase costs beyond the ability of the family.

For those in financial distress who have no legally-responsible relatives able to assist them, a number of assistance programs have been established. These include state/federal programs such as Aid to the Blind and Disabled, Aid to Dependent Children, and Supplemental Security Income. Local agencies provide supplementary assistance. State and local institutions are available for the care of the indigent elderly, the orphaned and certain disabled persons.

Clinical care and assistance are available to deal with certain illnesses. These include the American Heart Association, the American Cancer Society, the National Lung Association, and others. The Red Cross, the Salvation Army, religious institutions and faith-based organizations also provide assistance. Families and individuals lacking funds for their support may apply to the appropriate organizations. Families who need legal assistance, but cannot afford it, can contact the local Legal Aid Society.

The Social Security programs, which do not require proof of destitution, have helped many families meet money crises without having to seek public assistance. Such programs include Survivors and Disability Insurance and Medicare.

Have a Plan

Families should have a plan in the event of basic emergencies. Part of financial security lies with the ability to identify and develop viable resources.

Complete the Family Activity exercises on the following pages to start thinking about how you can manage money without it managing you.

Family Activity 1. What would you do?

If you received $1000 as a gift, what would you do with it?

Family Activity 2. Goals

Goals for Spending

To set up your goals for spending, list those things you need and want most. Be as specific as possible. Estimate the cost of each item. For the wife's items, put a "W," and for the husband's put an "H." Put a "B" by an item if it is a goal for both husband and wife.

NOW		NEXT YEAR		FIVE YEARS	
Item	**Estimated Cost**	**Item**	**Estimated Cost**	**Item**	**Estimated Cost**

Family Activity 3. What if...?

If you needed $1,000 for a family emergency, where could you get it?	
Source	**Amount**