

Coping with a Money Crunch: Values, Goals, and Standards¹

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As a consumer, having an array of choices is usually a good thing. But having to make choices can also be a fundamental problem for many human beings. Making choices presents a complex problem because new products, services, and ways of doing things are being developed all the time. It's even more difficult to make decisions when you're experiencing a money crunch.

The choices we make, whether consciously or unconsciously, determine what we get out of life. Setting goals for individual or family spending is not enough; we need the motivation and ability to carry out the activities that will accomplish the goals. The amount of money or other resources available is important, but these do not guarantee happiness. It is quite possible to be wealthy and unhappy. However, we always need to try our best to meet basic needs under varying circumstances.

All people need food, shelter, clothing, transportation, recreation, and social interaction. Yet many people are not satisfied only supplying these needs. They may want a great many things they do not "need," but they often want these more intensely than they want what is required for basic survival.

Consider the implications of Maslow's Hierarchy of Needs (Figure 1). The pyramid shape helps illustrate the relative importance of each level going up the pyramid. Survival

and safety form the foundation, and they are of utmost importance. Then we move up the pyramid to psychological needs.

We can distinguish between wants and needs by understanding this hierarchy. We can be clear about which of these needs are essential, even though everything listed in the pyramid is a need and there is a need for balance among all of them.



Figure 1. Maslow's Hierarchy of Needs.

Needs vs. Wants

- **Needs** are usually defined as things that are essential for survival. They include physical, social, and psychological necessities.

1. This document is FCS7006, one of a series of the Department of Family, Youth and Community Sciences, Florida Cooperative Extension Service, Institute of Food and Agricultural Sciences, University of Florida. Original publication date: November 1984. Revised: July 2012. Please visit the EDIS website at <http://edis.ifas.ufl.edu>.

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- **Wants** are usually defined as all the other things we would like to have but could survive without.

Both needs and wants are influenced by the society we live in and vary from person to person. Over time, our wants are unlimited, while the resources available to satisfy them are limited. This makes it necessary to decide on goals and set priorities. When you've experienced a financial crisis, such as losing your job, you should do some serious thinking about what's really important to you to help determine your goals and priorities.

Know Yourself

Analyze your values and behaviors. Understanding these aspects of yourself will help you understand your spending behaviors. Many people tend to be uncomfortable and dissatisfied with themselves because they talk about one set of values, while their behavior shows another very different set of values. Personal satisfaction grows out of "getting your act together," or matching your values and your behavior. Reaching a balance or compromise among conflicting goals is fundamental to getting through a crisis with the least stress possible.

It is essential to solve such conflicts before a new and satisfactory pattern of living can be developed. Check with your local Extension Office for workshops on learning money attitudes.

Plan to Achieve Your Goals

In order to plan, you must first think about your goals. While we know our goals should be S.M.A.R.T. (Specific, Measurable, Attainable, Realistic, and Time-bound; see <http://edis.ifas.ufl.edu/he169>), we also want to think about the timing of them in our planning. This includes both long-term and short-term goals because it is vital to keep these two kinds of goals working together instead of competing with each other. If you only think about long-term goals, your planning may be vague and unrealistic. You end up having wishes and dreams instead of solid accomplishments. On the other hand, if you only think about short-term goals, you may find that you are not getting anywhere because you never come close to accomplishing your long-term goals.

During a financial crisis, the main goal is usually to mobilize the resources you still have or can develop to get through the stress period. This calls for decisions about what is really important. Setting priorities is critical.

Reaching Your Goals

You can get there from here. Having goals seems to increase energy because suddenly your energy is directed in one channel instead of flowing in many undefined directions.

Almost all successful people are goal-setters—in their personal, professional, and financial lives. They do not let temporary setbacks keep them from moving forward.

One of the primary purposes of goal-setting is to force yourself to think through the situation and then to project into the future. This will help you figure out how your goals can be accomplished and what tools you will need to reach those goals.

Some good, hard thinking is required during the goal-setting process. For example, it is easier and less painful to seek product information than to decide why we want or need a particular product or service. But even a "good" product is not satisfying if it doesn't fit our needs. No product is "good" if we buy it at a time when our money is needed for something more important.

Taking Action

Setting up goals is not enough by itself. We also need the motivation and ability to take action toward accomplishing these goals.

Focus on short-term, measurable goals. As you are able to reach these, your confidence about reaching long-term goals will also improve.

We need a mechanism for coordinating goals, plans, and actions. In money management, we make a budget to distribute the income so it goes to the most important needs. In time management, we make a schedule or a "To-Do" list to help us decide what to do now and when in the future we will do other things.

One of the big temptations during a period of financial stress is to buy something, go out to dinner, or do something else expensive to try to relieve boredom or frustration. You may call it "treating yourself," but if you give in to that impulse too often or too extravagantly, the money is no longer available to put toward something more important. Then you have lost a chance to move closer to your goal, often bringing about increased feelings of frustration and guilt about having spent the money.

Instead, find an alternate form of stress release. Try taking a walk or exercising, talking with someone you trust, reading

a book, or listening to music. Find a hobby that does not cost money. Any of these alternatives are better than going to the mall or shopping online.

Revise Your Standards

Standards differ from family to family and from person to person because everybody has different values. Standards are not easily changed. Families often experience conflicts and stress when they try to develop new standards to meet changes in their lives. A lot of family discussion and strong efforts to maintain a positive outlook are needed during a period of unemployment or other financial difficulty. Whether you're single or married, discussing the problems with friends is very helpful, particularly with those who have been through the same situation.

These same ideas can work when you have lost purchasing power because of inflation, medical emergencies, a career change, or even retirement. Make wise use of the resources you still have, set new goals, and make a definite plan to move toward your goal. Focus on the things you can control and do the best you can to reach your goals.

References

Maslow, A. (1954). *Motivation and personality*. New York: Harper.