

Family Communications About Money



Cooperative Extension Service/The University of Georgia College of Agricultural and Environmental Sciences
And the College of Family and Consumer Sciences

Patrice Dollar, CFP, Financial Management Specialist

Why Talk about Money?

Arguments about money are a common problem in many families, regardless of income, age and education. Sometimes a lack of income to meet basic needs is the cause of the problem. But many times inadequate communication about money is the reason for arguments.

Many financial problems occur because family members do not understand their money situation. When family members don't "talk things over," even the most workable spending plan is doomed to failure.

Values

Values are the basic reason behind everything we do. Values represent what is the "good life" to each of us. Values shape our standard of what we want our life to be. We show our values in the way we talk and act, how we spend our time and effort, in our actions at work and leisure, and in our spending choices.

Knowing what is import to us helps us understand ourselves better. Knowing other people's values makes it easier to understand them and why they do things as they do. Living and working become easier when values are understood.

As individuals, we all have different values and attitudes toward spending and saving money. This is what makes each of us unique. When the values of family members differ, there is potential conflict. What are your values? What is important to you? It may help to list them from the most valued to the least valued.

If we determine what is important to us and why, our values become clear. These values influence how we spend our money. Values also influence how we save for important things. The following exercise might help you decide what your values are:

COUPLES: Do you want to have children? If so, how many? What type of family life would satisfy you most? Are you prepared for the financial responsibilities of a family?

WORK: Are you satisfied with your job? Do you make as much money as you would like? How do you feel about both husband and wife working outside the home? Are you willing to move for job advancement? Are you willing to move for your spouse's job advancement?

HOME: Do you want to rent or own a home? Can you afford to furnish your own home as you would like?

TRANSPORTATION: Could you get along without a car? Could your family get along with only one car? Would you be willing to drive less? Would you be willing to join a car pool? Would you be satisfied with a smaller car?

RECREATION: What do you do for recreation? Would you be satisfied spending less money on recreation or hobbies?

FUTURE SECURITY: Are you comfortable buying now and paying later? How important is savings? Have you started to plan for retirement? How would you provide for your family in case of death or disability?

Unrealistic Values

Financial disaster is sometimes the result of wanting more than you can afford. Young families often have money problems because they expect to immediately have the things that took their parents years to achieve.

Social pressure may lead families into buying a car, a home or expensive furnishings. Media advertising encourages us to overspend. For all of these reasons, families may find themselves with money problems.

Value Conflicts

Each of us has our own set of values. When there are differences in values within the family, you must try to agree on common goals.

Talking about money is not always easy. The more open your family is about "money talk," however, the more satisfied all will be with how family money is spent.

Family Involvement

In some families, one person makes all the decisions about money. This person is often the money earner. Families who believe that whoever earns the money decides how it is spent often have problems sticking to a spending plan.

If both husband and wife work together to make money decisions, there are fewer arguments. If parents openly talk with their children about finances, their children are usually more willing to carry out decisions.

Breaking the Ice

Keep these guidelines in mind when you talk with your family about money:

- Be honest about your money situation.
- Know that each family member will have different values and goals.
- Know that conflict may arise. Don't avoid it. Learn to manage conflict. Respect family members' differences. Work toward a decision agreeable to all.
- State your wants, needs, feelings and thoughts. Allow family members to do the same.
- Allow time. Don't rush the person talking.

- Use "I-messages" (I think ..., I feel ...). Avoid "you-messages" (You always ..., I feel like you never ...). I-messages state your own reactions. You-messages blame the other person and say, "I'm right."

Listen to one another. Tell each other how you feel and what you think about what others are saying. Be sure you understand what others say: *Do you mean ...* Say back **in your own words** what you think the other person is trying to say.

Be flexible. If necessary, compromise your want for the good of the family.

Involving Children

Children learn about money by watching their parents. They also learn by practicing money management. Children who take part in regular discussions about using the family income learn how to make decisions. Children influence the family's spending even if they do not earn money. The wants and needs of children are part of the family budget.

So how can a parent help a preschooler, a school-ager or a teenager become responsible with money?

Tips for Parents of Preschoolers

Small children learn by touching, not just talking. Provide your child with a choice among three items in a store. Accept the child's decision. Then let your child hand the sales clerk the money. Your child has then made a simple decision and spent money. If your child is disappointed with his or her choice, **don't** give more money. We all learn from failures.

Help your child understand how jobs and money work together to meet family needs. Members work because the family needs or wants food, clothes, toys, etc.

Allow your child to do small chores **without pay**. This teaches your child that he or she is part of the family and, therefore, shares the workload.

Tips for Parents of School-Agers

Some school-agers hoard money. This means your child is beginning to understand that money resources are limited. Use this time to teach them about wise spending and savings.

Older pre-teens can understand family spending. Let them make out checks or address envelopes and help with family shopping.

Work together to determine how much allowance your child should receive according to his or her needs. Avoid “paying” for good grades, chores well done or good behavior. Your child needs to develop personal satisfaction from good grades and “payments” interfere. Your child will learn proper behavior best through other people’s enjoyment or irritation concerning his or her actions.

Tips for Parents of Teenagers

Teenagers want and need to decide how to spend their money. Peers may influence their choices, so provide plenty of practice through the family’s financial decisions in long-range planning, record keeping and credit. Remember, when your teenager makes a poor choice, he or she will learn from that decision, too!

Emotional Uses of Money

Money is powerful. It can bring out the best and worst in people, so understanding money’s influence can help a family gain control over their finances. Insight into the emotional uses of money can help prepare a family to handle sensitive issues when they arise. Some emotional uses are positive: security, comfort, freedom, sharing, etc. Some can work against a family.

Answer the following True-False questions about your use of money. Be honest!

True	False	
T	F	1. I buy things I don’t want or need because they are on sale.
T	F	2. I feel anxious and defensive when asked about my personal finances.
T	F	3. I can never have enough money saved to feel secure.
T	F	4. I buy things I don’t need or want because they are fashionable.
T	F	5. I overspend regularly on “extras.”
T	F	6. I often insist on paying more than my share at a restaurant or on a group gift.
T	F	7. I spend money freely, even foolishly, on others but seldom on myself.
T	F	8. I feel “dumb” if I pay more for something than a neighbor did.
T	F	9. I don’t trust others in my family to spend money wisely.

T	F	10. If I earn money, I think I should have the right to decide how it is spent.
T	F	11. If someone in my family acts selfish in spending our money on him/herself, I feel I have the right to do the same.

If you answered *True* to any of questions 1-3, you may feel insecure concerning money. Money is a form of **security** but not the only one. What reasons other than money or material possessions might be causing insecurity? Think about it.

Did you answer *True* to either 4 or 5? Then you may use money for **status**. Money sometimes reflects the values of friends rather than our own. What are your values?

True answers to questions 6, 7 or 8 might mean you use money because your **self-esteem** is low. Spending on others does not win the affection of family members, friends or co-workers. Your spending is your business. It has nothing to do with the spending of your neighbors. You cannot **buy** self-esteem. If yours is low, seek help through reading, therapy, changes in appearance or actions but not through money.

If you answered *True* to questions 9 and/or 10, you may use money to **control** others in the family. In two-earner families, “his/her” money divisions can cause resentment. Not involving family members often results in lack of cooperation. A dictator may secure obedience but not love. Which do you want from your family?

A *True* answer to question 11 may indicate that money is used for **retaliation**, “to get back at someone.” This often causes “fairness” to become such an issue, it blocks love and affection. If you need to disagree, do so without using money as your weapon.

When emotional uses of money go unrecognized, trouble brews. Try to prevent it.

Family Council Meetings

One way to ensure family involvement in money decisions is by holding family council meetings. These meetings help each member explore their own beliefs, values and wishes. They also offer the chance to voice complaints, ask questions and give suggestions. Plans and decisions can be made in the family council meeting.

Plan family council meetings by keeping the following in mind:

- Arrange a regular time and place to meet.
- Involve everyone old enough (older preteens and up and some younger children if they show signs of understanding the idea of “family money”).

How do you start? What happens at the first meeting? You might begin by using the worksheet provided on the last page of this booklet. Take a minute to look at the worksheet now. You may find that you need more than one meeting to discuss the worksheet.

How do you ensure success? Follow these guidelines:

- Identify issues and stick to the subject! *Ex:* Is the problem one of spending too much, spending at the wrong time, or spending on something another family member considers unimportant?
- Work for consensus of opinion. Try to work out a solution that is agreeable to everyone. Voting is competitive. Losers may resist carrying out the decision. If consensus seems possible, try to postpone the decision for time to think cooperatively.
- Once a problem has been solved, a written agreement of what each person has agreed to do may help avoid misunderstandings later.

How does it work for a single parent or step-parent? The meetings and decisions made should involve only those living together. We may not like decisions made by family members living in another household (ex-spouse, grandparent, step-parent), but we can't make their decisions. If two ex-spouses get along well together, then including children in discussions involving both households may be appropriate.

Money Talk Worksheet

The Money Talk Worksheet may be used to help your family start a discussion on money. The worksheet will help identify values and set financial goals. Each capable member should complete the worksheet separately. Be specific and honest with your answers. Parents may need to define some of the terms for their school-aged children.

After completing the worksheet, compare your answers. Discuss how you agree or disagree. Are you able to pinpoint the conflicts?

Starting with the points of agreement, begin to write down some short- and long-term goals. This will help you develop a spending plan so your family can be saving for the things you want.

For those items of disagreement, the following decision-making steps may help you arrive at an acceptable solution.

Step 1. Define the problem. Be specific. List only one problem at a time.

Step 2. List ways the problem could be solved. Write down all possible solutions that come to mind. Don't make judgments at this point.

Step 3. Evaluate each of the solutions in Step 2. Are they workable, practical and agreeable to everyone? Can you combine several alternatives?

Step 4. Select one solution. Outline the steps necessary to arrive at this solution.

Step 5. What could prevent you from reaching your goal? How can you avoid these obstacles? Are you willing to sacrifice to solve this problem? Whose support do you need?

The Family Spending Plan

Impulse buying, daily trips to the store, inadequate insurance and poor saving habits are the result of lack of financial planning. Families cannot afford not to plan. A spending plan can help relieve stress. A budget is not a strict rule; it is a guideline open to change when needed.

Setting goals and seeking alternatives are basic to successful financial planning. Family members are more likely to cooperate in saving money when they see a way to reach both short- and long-range goals. Family members will always have differences in goals, especially the short-range ones. But these problems can be eased through family involvement and planning.

A goal-setting worksheet may be used in setting short- and long-term goals and in planning how to reach these goals. This could be used for a family council meeting. Assign a dollar amount to the goals on which your family agrees. Set a date when the money will be needed. Then decide how much money needs to be set aside each year and each month to reach that goal.

Talk about Money Worksheet

Directions: Family members should answer these questions separately. Then compare answers. The similarities and differences that turn up can spark a discussion of family money attitudes and practices.

1. If you received \$1,000 tax-free, what would you do with it?

\$ _____ for _____ \$ _____ for _____

\$ _____ for _____ \$ _____ for _____

\$ _____ for _____ \$ _____ for _____

2. Rank the following activities. Use 1 to indicate what you would enjoy doing the most and 6 to indicate what you would enjoy least.

_____ an evening at home with the family _____ a night on the town
_____ a few extra hours on the job _____ some quiet time to myself
_____ spending time with friends _____ involvement in physical activity

3. If you had to make a major cut in your current spending, what area would you cut first? _____

4. Do you agree (A) or disagree (D) with the following statements?

- A D I'm basically too tight with money.
- A D My spouse/parents is/are basically too tight with money.
- A D Equality in family decision making is important to me.
- A D I feel good about the way financial decisions are made in my family.
- A D Sometimes I buy things I don't need just because they're on sale.
- A D I believe in enjoying today and letting tomorrow worry about itself.

5. I'd like to see us spend less money on _____ and see more dollars go for _____.

6. What money problem is the most frequent cause of argument?

7. What was the most sensible thing you've done in your family with money?

The most foolish? _____

8. Do you know the dollar figures that go in the following blanks?

Family take-home income \$ _____ Rent or mortgage payment \$ _____
Money spent on food each month \$ _____ Monthly car payment \$ _____

9. Buying on credit is _____

Living with Change

Family situations can influence, disrupt and change family finances. These include divorce and remarriage. Other situations are an adult child moving home, an aged parent needing help, unemployment, and a family member's medical problem. In each of these cases, all people who are capable of being involved in the money decisions should be. This allows everyone to grow and understand.

Change, confusion and conflict are part of every-

one's life. Changing jobs and roles for men and women along with the changing economy have caused all of us to re-think how we earn and spend money.

To predict and deal with change as it affects the way money is used is a challenge to financial management. Clarify values, analyze potential causes of money problems, and develop communication skills to make money management a satisfying experience for your family.



When you have a question ...

Call or visit your local office of The University of Georgia's Cooperative Extension Service.

You'll find a friendly, well-trained staff ready to help you with information, advice and free publications covering agriculture and natural resources, family and consumer sciences, 4-H and youth development, and rural and community development.

The University of Georgia and Ft. Valley State University, the U.S. Department of Agriculture and counties of the state cooperating. The Cooperative Extension Service, the University of Georgia College of Agricultural and Environmental Sciences offers educational programs, assistance and materials to all people without regard to race, color, national origin, age, sex or disability.

**An Equal Opportunity Employer/Affirmative Action Organization
Committed to a Diverse Work Force**

HACE-E-17

Revised August, 2001

Issued in furtherance of Cooperative Extension work, Acts of May 8 and June 30, 1914, The University of Georgia College of Agricultural and Environmental Sciences and the U.S. Department of Agriculture cooperating.

Gale A. Buchanan, Dean and Director