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Money and Marriage: Making Financial Plans Together[1]

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Financial planning is important for you because many family conflicts revolve around acquiring, keeping and spending money. Many people make their lives miserable through constant striving for more and more money and material possessions in an effort to achieve economic security.

All families live under some economic pressure and tension. It is usually greater for a young, unestablished family because of inexperience and high spending needs.

Couples soon find out that two can live as cheaply as one — but only half as long. When this awareness hits, the couple has to make concrete plans concerning money matters, if they have not already done so. Before marriage, both people could spend money for their individual goals, but this changes after marriage. Previously, the money was *his* and *hers*; now it's *theirs*.

The couple will face these questions: Who opens the charge accounts? Who pays the bills? What kind of bank account will be established? Does one have to ask the other for money? Is one accountable to the other?

The best way for you to decide money matters is *together*. As a couple, you need to discuss abilities and ambitions. You need to determine who needs to do what, and who needs to have what done for him or her. Find out who can keep the checkbook balanced. Find out whose judgment on merchandise is sound. This is the time when your feelings about things are revealed. If you resent having to ask the other for money, say so. If you think that the "head of the house" has certain responsibilities, say so. To hide such feelings is far more destructive over time than to reveal them.

Money Use

In the American culture, money is usually associated with security, love and achievement. Your feelings toward money influence the decisions you make about its use. Both of you should think through your own feelings and attitudes about the purpose of money.

Money gives you the means of getting what you want. If you find fresh air, a nice house, books, music and golf enjoyable, your money will allow you to buy them. If leisure time is important, money enables you to take it. If you want to help friends in need, money

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gives you this opportunity. Money is necessary for just about everything concerning life and living.

Both of you probably have many wants. Many wants can be satisfied by using money. There will be certain years when spending and saving may seem almost as difficult as earning money. About the time when you think you are even with the world, along comes a financial emergency. In spite of unexpected events, you can manage better if you plan the distribution of your income.

Your Financial Plan

In order to get the most for your money, you have to know some facts about your own family's "income" and "outgo." You must have an understanding of some money management principles, and you should think about what is important to you and how you feel about money.

Knowing each other's values, or what is important to your spouse, and his or her attitudes about money will also help you. Planning for spending income should be a family activity whenever possible. Your children will develop their attitudes about money from you, so provide them with opportunities to learn how to manage their money.

Your feelings about money and the value you place on what money can buy will influence the procedures you use for planning and controlling your money. Here are some tips for managing your money:

- Reach an agreement with other family members about how to handle income.
- Establish in writing a clear picture of income and expenditures.
- Develop a financial plan to adapt to any new situations.
- Learn to be a master in controlling cost.

Where Does the Money Come From?

For most people, money income is earned primarily through work. Usually the head of the household is the principal wage-earner. The wage-earner may be the husband or the wife, or another relative, depending upon the make-up of the family unit. In most families, the wife contributes the second paycheck. Married women employed full-time contribute an average of two-fifths of the total family income. Children can sometimes earn money through newspaper routes or babysitting to help with personal expenses.

The major source of earning for most people is their job, profession or business. Everyone wants to make more money than he or she is making now. The way you get more money each year is to plan a program of earning. You must plan within the realm of your job(s). You can choose to increase and improve your performance or knowledge so you can be worth more to those who pay for your services.

Base your income planning on the earnings you now receive from your present job or profession. The amount of income you have has nothing to do with how well you manage it. To be able to put money to the best possible use:

- Know how much you earn each year.
- Know how much it costs you to live.
- Know how much you have left after necessities.
- Plan what you will do with what is left.

Income may also be received from the return on investments, rental property, savings and insurance. A family can also have other sources of income — such as benefits from Social Security, the Veterans Administration, Workman's Compensation, Unemployment Compensation, public assistance, annuities, pensions, alimony or an inheritance.

When you recover from the shock of realizing how much money has slipped through your fingers, look at the future. Figure out how much you can expect to earn before you retire. For example, if you are 30 years old now and expect to earn an average of $40,000 a year for 30 years, the total will be over one million dollars.

What About Non-Money Income?

Do you ever think about your non-money income? The "fringe benefits" of a job are examples of non-money income. Something the employer pays for the wage-earner, such as family's health insurance. In some cases, farm laborers or ministers have their housing provided as part of their pay. Gifts of goods and services are another example of non-money income. These can be anything from babysitting by a friend to a commodity food plan or food stamps sponsored by the government.

The family may produce goods, such as food from a home garden, or use their own services for home repairs and housekeeping tasks. When these are totaled, the value of home-produced goods and services often make a substantial contribution to the family's level of living.

Your family's own durable goods provide services, too. You are not dependent upon public transportation if you own a car. Owning a home and household equipment contributes to the family's net worth.

In addition, the family can obtain valuable services provided largely at the government's expense, such as public education, parks, museums, libraries, and the Cooperative Extension Service.

What Is Your Potential Earning Power?

Compare your Money Income (MI) with Potential Earning Power (PEP) using *Table 1*. MI refers to money from all sources, such as salaries, interest, rental income, etc. PEP refers to the MI that could be earned by concentrating all efforts on making money by using ways to save.

To establish a dollar value for non-money services (such as repairs, lawn care, volunteer work), use the actual cost of hiring someone to do the services. For figuring the dollar value of non-monetary services, do-it-yourself improvements and leisure, multiply the number of hours used for each by the wage that could be earned by working, or by the minimum hourly wage rate. Compare your figures for a one-month period.

Table 1.

MONEY INCOME (MI)	
Total for salaries	$
All other moneys	$
TOTAL MI	$
POTENTIAL EARNING POWER (PEP)	
Total MI	$
Non-money services	$
Do-it-Yourself	$
Leisure	$
TOTAL PEP	$

Do you want to increase MI? Then look at PEP and determine how you might do so.

Two-Paycheck Incomes

Job-connected expenses vary with the type of work whether the work is full-time or part-time, and with the kind of fringe benefits. If you are considering a two-paycheck situation for financial gain, consider the expenses and monetary benefits.

Expenses related to two paychecks include:

- Increased need to buy services such as child care, housekeeping and additional food expenses. Working spouses with young children have higher work-related expenses than those whose children are in school.
- Work-related expenses such as transportation, work clothes, lunches, and membership dues.
- Possible move to a higher tax rate.

Monetary benefits of two paychecks include:

- The second income can serve as a security in case of death, divorce, illness or unemployment of a spouse.

- Additional money is available to be spent on housing, furniture, appliances and clothes for the family.
- Fringe benefits opportunities such as life, health and disability insurance might increase.
- Retirement benefits should increase.

There are three general patterns of using a second income in a family. Some couples draw up a spending plan before marrying and try to follow it. They may decide to use both incomes for current living. Other couples plan to live on the principal wage-earner's income and save the second wage-earner's earnings for special purposes; such as buying a house, furniture or equipment, or investing in economic security for a dependent. In other families, the second wage-earner's income is used to pay off debts caused by spending more than the principal wage-earner's income in the past. Young couples may want to consider these three patterns of using the second wage-earner's income. Which pattern will be best for your family?

Planning Ahead

It is wise for families to begin setting their goals and planning their spending together as a family from the beginning. It may become more difficult to start handling family finances in an orderly manner after the family becomes larger and the finances become more complicated. Starting to plan from the beginning gives you a basis for future planning.