

Communicating About Money

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Money is a common problem for a family, regardless of income, age and education of family members. Sometimes a lack of income to meet basic needs causes the money hassle. But, more often, inadequate communication about money is the root of financial problems.

When family members have different values and attitudes toward spending and saving money, or when families strive for unrealistic goals, there is a potential for conflict. When family members do not “talk things out,” even the best spending plan may not work.

Communication among family members is not always the easiest thing to do, but it is important if you want to get the most satisfaction from financial resources. Generally, the more open the communication about family finances, the better the quality of those decisions.

Communication Guidelines

Preventing and overcoming money problems takes honest and candid communication. It also takes time and effort. Be willing to arrange a specific time when all family members can talk about money. Meet on a regular basis instead of waiting until problems occur. Choose a location where you will not be interrupted.

Here are some suggestions for increasing the quality of communication about money matters in your family:

- Recognize that whoever earns the money does not also earn the right to dictate how it should be spent. Family members, including children old enough to understand, need to make decisions about money as a team. Allow everyone to have input in financial decisions. Family members will be more satisfied with decisions if they helped to make them.
- Clearly identify the issue at hand. Do not drag other points into the discussion that do not address the problem, concern or dissatisfaction. Is the problem one of spending too much money, spending it at the wrong time, or spending it on something you consider unnecessary or unimportant?
- Let each family member freely state his or her wants, needs and personal feelings. Avoid judging or criticizing others. Encourage communication beginning with “I think” or “I feel.” Talk about the present. Avoid phrases such as “you always” and “you never.”
- Listen carefully to the other person. Respond to statements by others with some indication that you understand. Or ask questions until you do understand.

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- Be willing to negotiate for a realistic settlement of differences. In many cases, family members must compromise. Making a contract or written agreement may help avoid misunderstandings.

Values Affect Decisions

Begin communicating about money by identifying personal values. Values represent those qualities, situations and material things an individual cherishes most. Values are a product of your past experiences, present situation and expectations for the future. Some values and attitudes toward money can be traced to childhood. What were your parents' attitudes toward money, use of credit, or "keeping up with the Joneses?" Was money a constant point of conflict – or perhaps a subject that was never discussed openly?

Values guide decisions. How you use time and how you spend money reflect your values. Also, the goals you establish mirror what you have chosen as important things in life. Answering the following questions may help you identify some of your values:

Family: Do you want to have children? If so, how many? What type of lifestyle 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 the husband and wife working outside the home? Are you willing to move for job advancements?

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 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? What provisions have you made to provide for your family in case of death or disability?

Living with Change

Change, confusion and conflict are a normal part of everyone's life. Changing employment patterns and roles for men and women, along with uncertain economic times have caused us to rethink how we earn and how we spend. It is easy for family members to be guided by messages heard from the world around them. Often, the result can be a loss of knowing what is really important to each individual and to families as a whole.

Anticipating and dealing with change as it affects the way money is used is a challenging aspect of financial management. Clarifying values, analyzing potential causes of money problems and developing some skills in communication can make money management a satisfying experience for your family.

Money Problems Summary

Most families face money problems because of a lack of planning and communication. These problems generally fall under four categories.

Value Conflicts

To save or spend, to buy life insurance or a new car, to pay for college tuition or stereo equipment – these choices reflect values and potential conflicts. No two persons have exactly the same values, but when there are sharp differences in values in a family, negotiation is vital. Dissimilar values between spouses will either result in each establishing different goals and priorities – or none at all.

Unrealistic Goals

Striving immediately for the same quality house, furnishings and car that took your parents 30 years to earn is a common problem. Insisting on unrealistic standards often results in frustration and, worse, over-indebtedness. Setting priorities, resisting outside pressures of advertising and peers and taking satisfaction from the "no cost" aspects of life can help.

Emotional Uses of Money

Buying status, friendship or love; controlling or punishing others by withholding money; and overspending to get back at another family member are all emotional uses of money. When hidden meanings are attached to money and they go unrecognized, trouble brews. Strive to recognize and prevent emotional use of money.

Lack of Planning

Impulse buying with credit cards, daily trips to the store, inadequate health insurance and low-yield investments all indicate a lack of financial planning. Setting new goals and seeking alternatives are necessary for successful financial management. In times of inflation and rapid change, relying on old habits can be costly.

Guidelines for Talking About Money

Ask the following questions when talking about money with a spouse or another member of the family.

1. How do you feel about the way your family communicates about money?
2. Share your "ideal." How would you like your situation to be?
3. Identify where you would like some help. Do you agree or disagree about needs for help?
4. What are some sources of help available to you?
5. Are you able to talk with another person about his/her financial mistakes (such as overspending, making a large purchase without consulting you)?
6. Are you able to talk about potential money problems before they happen?

Making financial decisions is a challenge for every family. If you run into problems making decisions, these 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. Do not judge their worth at this point.

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

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

Step 5. What might stand in the way of reaching your goal? How can you avoid these obstacles? What are you willing to sacrifice to solve this problem? Whose support do you need?

The **Talk About Money Worksheet** (on the next page) is designed to give you more insight into your values and attitudes about money. It also will indicate some of what you know about your family's income and spending patterns. Ask other family members to fill out the worksheet. Do not let the other person(s) see your responses until the worksheets are completely filled out. Then compare. Talk about points of agreement and disagreement. Can you see any differences in values and attitudes that may be causing conflict in your family? Can you pinpoint potential problems? Use the above information to help with your discussion.

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 attitudes and practices.

1. If you received \$5,000 tax-free, what would you do with it?

\$ _____ for _____ \$ _____ for _____
\$ _____ for _____ \$ _____ for _____
\$ _____ for _____ \$ _____ for _____

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

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

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 is 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 with money since marriage? _____

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

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

9. Buying on credit is _____

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