



Managing Money

***Determining
What is
Important
to You***

Managing Money: Determining What is Important to You

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Wouldn't it be great to win the lottery and suddenly have enough money to pay off all of your debts and become financially secure for life? That's a nice dream. But even if that dream came true, you would probably find that simply having a lot of money does not end financial concerns. It just means having to think about other things.

Money problems affect us all, no matter how much or how little we have. That's why financial planning is so important. It's hard to think about the future when pay day is a week away and the checkbook is empty. You can make your money stretch further if you learn to manage it carefully. You can make your money stretch if you:

- Know where your money goes.
- Know how to keep your money longer.
- Plan your spending in advance.
- Know and keep within your credit limits.

What's Important to You?

Why do you spend your money the way you do? If 10 people were given a \$100 bill, they would probably all spend it in entirely different ways. Why? Because people are different and have different values. The deep-rooted beliefs you have about what is desirable and good are known as values. Values grow from personal experiences. You have and will continue to make choices based on your values. Values are not necessarily right or wrong; they express what is most important to you.

Families set goals based on their values. A major reason many couples argue about money is differing values and goals. The Values Assessment Work Sheet will help you find out what you value. Print two copies so that you can fill out one and your spouse/partner can fill out the other one. Now that both you and your partner have completed the list, take some time to compare your responses.

Do you both value the same things? Do you want more new clothing, while your partner would prefer to go on a fishing trip? It's hard for one person to decide what is more important, but even harder for two people to agree. What about your children? Don't forget to consider their priorities as well.

Do you and your partner agree on your spending values? Are you spending money on the things that are really important to both you and your family? The next step is to take some time to compare your actual spending to your rated priorities to see if they match.

How To Talk About Money

Preventing and overcoming money problems takes honest and open communication. It also takes some time and effort. Talking about money is hard. It means more than just discussing the amount of income, who is spending what and how much things cost.

Think about money—what does it mean to you? To some it means power. To others it may mean

security or status. Take some time and find out just what you and your spouse/partner think about money.

Print two copies of the Let's Talk About Money Work Sheet, one for you and one for your spouse/partner. After you have both completed the work sheets, you can use them to get your discussion started. Don't wait until a problem occurs, try to talk on a regular basis. Also choose a place where you won't be interrupted. Here are some other tips to follow:

- 1. People, in general, are more supportive of decisions when they have been asked to give some input.** Try taking the democratic approach. Include all family members, even children, in helping make decisions about money as a team. Let everyone have a chance to express an opinion. You will find that family members are more likely to be satisfied if they helped in making the decision.
- 2. Clearly identify the issue or concern.** Just what is the problem? None of us are immune to problems. Some families may have more problems or different ones than others. Is the problem spending too much money, spending at the wrong time or spending on unnecessary or unimportant items? Financial problems are made more serious by certain addictive behaviors (drugs, alcohol, gambling). If you suspect this might be the cause of the problem, please seek help from a local counseling/mental health center or from a qualified professional. It is imperative that you start working to solve these kinds of problems, as you also work on your financial ones.
- 3. Every family member should state his or her feelings, wants and needs freely.** Others should not judge or criticize. Talk about the present. Try using "I" messages instead of saying "you always" or "you never." For example, "I get really upset when I find the gas tank is on empty whenever I want to use the car."

4. Be sure to listen carefully to the other person. Let them know you understand what they said. For example, "Dad, you seemed upset when there was no gas in the car."

5. Be willing to negotiate for a realistic settlement of differences. Family members must be ready to compromise. A verbal agreement is fine, but a written one may help even more to avoid conflicts. For example, when the gas tank gets to one-quarter full, the person driving is responsible for filling the tank.

What Do You Want To Do With Your Money?

It is necessary to take a look into the future and see where you want to be before you can get there. Families set their financial goals based on their values. One family's goal list will be different from that of another family. Some examples of goals include owning a own home, paying off all debts, saving for a child's college education or taking a family vacation.

Think About Your Goals

A list of goals could go on and on. It just depends on your family's needs, wants and desires.

Use the Setting Your Family Goals Work Sheet to help plan your family goals. Now is the time to think about what you want. Take time to write down your goals so that you can see what is really important to you and your family. What do you really want for your future?

Financial goals are the specific things you want to do with your money within a certain period of time. They will give you a purpose for the way you spend your money today and tomorrow.

Short-term goals include things that can be done soon, perhaps in a week or a few months, but no longer than a year. Examples include buying new clothes or saving for a vacation. Intermediate-term goals include things that can be accomplished in one to five years. Examples

include buying a new car or paying off debts. Long-term goals include things you would hope to achieve in five or more years. Buying a house, putting children through college or saving for retirement are long-term goals.

As you set your financial goals, remember these three basic ideas:

- **Set realistic goals.** Goals that are set too high may frustrate you and cause you to abandon your plans. Maybe it is impossible to save \$100 a month right now. Why not try for \$10 or \$25?
- **Be specific.** State your objectives concisely. Visualize your goals by drawing pictures or cutting pictures out of magazines that illustrate what you want to accomplish. If goals are vague, you may not be able to meet them and others in your family may have different ideas about a goal. An example of a specific goal might be: “If we save \$100 a month for the next 12 months, we can afford new carpeting for the living room.”
- **Be flexible.** Plans may require adjustments as your income and lifestyle change. Don’t be so rigid that you have to start over with an entirely new plan. For example: An unexpected expense comes up. You can’t save the entire \$100 that month. Don’t let that get you off track. Continue to set aside something towards your goal no matter how little it might be.

More Thoughts on Goals

You and your family probably have some ideas about the things you want in the future. An advantage of setting goals is that you know you have something to work toward. You can get so caught up in day-to-day problems that you accomplish very little. While this may not be a problem immediately (whether it is college or retirement), a lack of financial planning can mean real problems.

Some goals require resources other than money to achieve. In order to reach some goals, you may decide you need to earn more money. To do that, you may need more training or education, which requires time and other talents.

Reaching long-term goals may depend on achieving several short-term goals along the way. It may be hard to give up things now to have something in the future, yet short-run sacrifices may be needed to provide for the future. Knowing what your goals are and how much money you need to achieve them may help you make decisions about spending money now.

Take time to prioritize your goals. Of the goals you have listed, which are the most important to you as an individual? Which are the most important to your family? Can you agree on an order in which to accomplish goals?

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Values Assessment Work Sheet

For you:

Read over the list below. Put a **1** beside the things that are most important to you. Put a **2** by the things you consider somewhat important and a **3** by things that are not important to you. After you have completed the list, ask your spouse/partner (if applicable) to do the same.

- ___ religion
- ___ education
- ___ vacation
- ___ saving money
- ___ our own business
- ___ jewelry
- ___ family
- ___ health
- ___ cultural events
- ___ sports
- ___ job success
- ___ food
- ___ insurance
- ___ lots of money
- ___ friends
- ___ new car
- ___ pay off debts
- ___ your own home
- ___ clothes
- ___ entertainment
- ___ pets
- ___ other?

Values Assessment Work Sheet (Cont.)

For spouse/partner:

Read over the list below. Put a **1** beside the things that are most important to you. Put a **2** by the things you consider somewhat important and a **3** by things that are not important to you.

- ___ religion
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- ___ your own home
- ___ clothes
- ___ entertainment
- ___ pets
- ___ other?

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Let's Talk About Money Work Sheet

For you:

Money often is a source of conflict in families. It is a difficult topic to discuss. This work sheet will help you learn more about your values and feelings about money. Each spouse/partner should use the sheets provided and answer separately. Then take some time to compare and discuss your answers. You also will want to include other family members in some of these discussions.

1. You've just won \$10,000 in the lottery. What will you do with the money?

\$ _____ for _____

\$ _____ for _____

\$ _____ for _____

\$ _____ for _____

\$ _____ for _____

\$ _____ for _____

2. You have just been laid off from your job. You must make a major cut in spending. What would you cut first?

3. I'd like to see us spend more money on _____
and less money on _____.

4. How much money does your household spend monthly on the following?

Rent or mortgage payment: \$ _____ Groceries: \$ _____

Car payment: \$ _____ Clothing: \$ _____ Eating out: \$ _____

Utilities (electricity, gas, water, telephone, cable): \$ _____

Entertainment: \$ _____

5. What money problem is the most frequent cause of arguments?

6. What is the most foolish thing you've spent money on in the last year?

7. What is the most sensible thing you've spent money on in the last year?

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Let's Talk About Money Work Sheet (Cont.)

8. How do you feel about buying on credit?

Do you agree or disagree with these statements? Circle A if you agree and D if you disagree.

A D I am too tight with money.

A D My spouse/partner is too tight with money.

A D I want to be included in making decisions about spending money.

A D I like to buy things because it makes me feel good.

A D I feel good about the way our family handles money.

A D Our family needs to develop a better way to manage money.

A D I think it is important to set goals and plan for the future.

A D Why worry about tomorrow, I live from day to day.

A D I would like to go out more often, even if it means doing without something.

A D I would rather do without some things for now to have a more secure future.

A D If one of us were to get sick or lose a job, we'd be able to pay our basic bills for a few months.

A D If one of our vehicles broke down and we needed \$1,000 for the repair, we could pay for it without a lot of financial stress.

Let's Talk about Money Work sheet (Cont.)

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1. You've just won \$10,000 in the lottery. What will you do with the money?

\$ ____ for _____

\$ ____ for _____

\$ ____ for _____

\$ ____ for _____

\$ ____ for _____

\$ ____ for _____

2. You have just been laid off from your job. You must make a major cut in spending. What would you cut first?

3. I'd like to see us spend more money on _____
and less money on _____.

4. Do you know how much money is spent monthly on the following?

Rent or mortgage payment: \$ _____ Groceries: \$ _____

Car payment: \$ _____ Clothing: \$ _____ Eating out: \$ _____

Utilities (electricity, gas, water, telephone, cable): \$ _____

Entertainment: \$ _____

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Setting Your Family Goals Work Sheet

Now it's your turn. Take some time to really think about what you want for the future. Then use this work sheet to write down your goals. List the goals that are most important to both you and your family. As a family, discuss the ideas and develop a plan for your future. Identify your highest priority goal by placing a 1 next to it. Place a 2 on the second highest and continue until you have prioritized each goal.

Short term: (within one year) Example: Save \$1,000 to pay for family vacation next summer.

| Goal Amount To Save Each Month | Target Date | Total Cost | Amount Already Saved |
|--------------------------------|-------------|------------|----------------------|
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Intermediate: (one to five years) Example: Save enough to have an emergency fund worth three to six months of take-home pay.

| Goal Amount To Save Each Month | Target Date | Total Cost | Amount Already Saved |
|--------------------------------|-------------|------------|----------------------|
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Long term: (five to ten years) Example: Save money to pay for child's college education.

| Goal Amount To Save Each Month | Target Date | Total Cost | Amount Already Saved |
|--------------------------------|-------------|------------|----------------------|
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*This resource is one in a series on **Managing Money** which include:*

Making your Money Work:

Determining What Is Important to You
Where Are You Now? (Net Worth Statement)
Stop Spending Leaks
Developing a Spending Plan

Using Credit:

What Is Credit and How Much Credit Can I Afford?
Types of Credit: What Are Your Choices?
Credit Cards
Credit Reports

Building Savings:

Ways to Save
How Your Money Can Grow
Where to Save
Investment Options

Selecting Financial Institutions:

Selecting a Financial Institution
Checking Accounts
Savings Accounts

Creating a Record System:

Keeping Records in Order
Where to Keep Records

Determining Readiness:

Financial Readiness
Benefits and Challenges

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