



HEALTHY, WEALTHY, & WISE

Learning to improve financial health, increase wealth, and make wise consumer choices

If you received a gift of \$5,000, what would you do with it? Pay bills? Put it in a savings account? Buy clothes? Make a down payment on a car? Buy a big screen TV? Would you and your family agree on how to spend the money?

In this issue, you will learn about the role of **values** and **goal setting** in money management. Values guide decisions about how you spend money, and goals provide a basis for making choices in how to use your resources.

As the cost of living continues its upward climb, it becomes even more critical for families to take a good look at how they are spending their income—what they are purchasing and why they are purchasing it.

It is also important to plan ahead, set goals for future spending, and save to reach those goals. Otherwise, daily spending on unimportant things can keep us from ever achieving the things really important in life. Learn to make SMART goals that can help your dreams come true.

Conflicts are to be expected when it comes to deciding how to spend money. It is difficult to understand personal attitudes and habits regarding money until actual decisions and choices have to be made.

Emotions play a big role in spending, too. If you can recognize what is happening, you can begin to think more carefully and make better decisions, rather than acting on feelings or impulses. Buying status, friendship, or love; controlling or punishing others by withholding money; and overspending to get back at another family member are emotional uses of money.

List five items you have purchased recently, then answer each of the questions for each item purchased.

- | | |
|----------|--|
| 1. _____ | Did you buy it for a need or want? |
| 2. _____ | Did you buy it for status? |
| 3. _____ | Did you buy it for friendship or love? |
| 4. _____ | Did you buy it for power? |
| 5. _____ | Did you buy it under pressure? |
| 6. _____ | Did you buy it for a collection? |
| 7. _____ | Did you buy it as a reward? |
| 8. _____ | Did you buy it out of habit? |

To plug “spending leaks,” analyze why you decided to purchase those items and what you might do differently if your budget were tight.



One place to start communicating about money is by identifying personal values.

✓ *Values represent qualities, situations, and material things you cherish most.*

✓ *Values are a product of your experiences, present situation, and expectations for the future.*

✓ *Values guide decisions. How you use your time and how you spend your money reflect your values.*

✓ *When spouses have different values and attitudes toward spending and saving money, conflict may result.*



Values

Complete the activity below to examine your attitudes and values about money. If you have others living in your household, you may want to have them answer, too, to see where you differ.

N = Need, essential, must have

I = Important, but not essential

W = Want, possible to eliminate for the sake of economy

Write the letter for each item below that shows whether you believe the item is a Need (N), a Want (W), or an Important (I) but not essential item. Then have another member of your household do the same. Then note items where your ideas differ.

| You | Family | |
|-------|--------|---|
| _____ | _____ | 1. Books, newspapers, magazines |
| _____ | _____ | 2. Vacations |
| _____ | _____ | 3. Savings account |
| _____ | _____ | 4. Housing in a good section of town |
| _____ | _____ | 5. Pets, including care, food, license |
| _____ | _____ | 6. New clothing |
| _____ | _____ | 7. Music lessons |
| _____ | _____ | 8. Political contributions |
| _____ | _____ | 9. Travel |
| _____ | _____ | 10. Motorcycle, 4-wheeler |
| _____ | _____ | 11. Housecleaning hired |
| _____ | _____ | 12. Contributions to church, charity |
| _____ | _____ | 13. New furniture |
| _____ | _____ | 14. Long distance telephone calls |
| _____ | _____ | 15. Cable or satellite dish |
| _____ | _____ | 16. Laundry done away from home |
| _____ | _____ | 17. Club membership, dues |
| _____ | _____ | 18. Gifts |
| _____ | _____ | 19. Landscaping |
| _____ | _____ | 20. Late model car or truck |
| _____ | _____ | 21. Insurance: life, automobile, home, health |
| _____ | _____ | 22. Sports, hobby equipment, supplies |
| _____ | _____ | 23. Second income |
| _____ | _____ | 24. Home ownership |
| _____ | _____ | 25. Credit cards |
| _____ | _____ | 26. Meat once a day |
| _____ | _____ | 27. Continuing education |
| _____ | _____ | 28. Celebrating special occasions |
| _____ | _____ | 29. Eating out |
| _____ | _____ | 30. Movies, sports events, concerts |

Our similar values: _____

Our conflicting values: _____



Spending Goals

Goals are objectives toward which we work and strive. Goals provide a basis for making choices in how to use money and other resources. Spending goals set early in life can serve as a guide to help you spend your money for things that are most important. Studies show that those who WRITE goals are more likely to achieve them than those who do not write their goals down. These are **SMART goals**:

SPECIFIC. Set specific goals you can clearly name. For example, “save money to get a new refrigerator,” not just, “save money.”

MEASURABLE. Measure goals by the time and money it will take to reach them.

ATTAINABLE. Make sure goals are reasonable and possible. For example, “I know I can save \$___ dollars each week to reach my goal in six months.”

RELEVANT. Make sure your goals fit your needs

TIME-RELATED. Set a definite target date.

Write your short-term and long-term saving and spending goals below:

SHORT-TERM GOALS (*within six months to one year*)

1. By _____ (*date*) I will have paid off my _____.
2. By _____ (*date*) I will have saved \$_____ for _____.
3. I will save \$_____ each paycheck for a total of \$_____ by _____ (*date*).
- 4.
- 5.

LONGER-RANGE GOALS (*within five years or longer*)

- 1.
- 2.
- 3.

Goals are dreams and wishes that could come true.



Specific goals motivate you to balance your spending and saving to maximize your happiness from your income.



*If you want to be an effective manager of your life and finances, you need to know **where** you are going, **how** you intend to get there, and **when** you will arrive. Those insights come from your **goals**—your statements of what you want to achieve in life.*





Talk About

Allen and Kate had discussed financial planning before they married. They wanted to avoid the financial struggles they had seen in their own families. Kate's mother seemed to be the controlling one—distributing the money and paying the bills. Allen's father had dominated the handling of finances in his family. Allen believed this was a good arrangement.

The first serious quarrel occurred when Allen bought an expensive hunting jacket Kate didn't think he needed. They both lost their tempers making comments about each other they regretted later.

Both apologized and agreed to figure out how they could reach a better understanding of financial concerns in marriage.

- ✓ Identify one of Kate's values.
- ✓ Identify one of Allen's values.
- ✓ What did they do right?
- ✓ What could have been done to avoid the conflict?

How to Argue about Money

1. Choose words carefully. Avoid words that may be misunderstood.
2. Check your timing. Don't discuss an issue when you both are tired or involved in a favorite television program, not feeling well, or under pressure with an important work assignment.
3. Watch your attitude.
4. Recognize whoever makes the money does not have the right to say how it should be spent. It should be a joint decision.
5. Stick to the issue. Avoid dragging other points into the discussion.
6. Encourage communication by beginning with "I think" or "I feel." Avoid "you always" and "you never."
7. Be willing to negotiate for a realistic settlement of differences. Both should be ready to offer a solution.
8. Give each other clues when the tension is letting up, such as a smile or gentle touch.

IN THE NEXT ISSUE: *Establishing Credit*

Revised by **Dr. Bobbie Shaffett**, Extension Professor, from *Marriage and Money* newsletter series by Joy Buffalo, County Extension Agent, Franklin County, and Dr. Lynn Russell, Extension Family Resource Management Specialist, University of Arkansas Extension Service.

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