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Thriving in Today's Times: Sharing Values About Money

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Thriving in Today's Times: Sharing Values About Money

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When money becomes scarce, the entire family—from young children to teens to parents—can feel the pinch. However, though family members may have no control over the causes of their financial difficulties, they can control their responses to those difficulties. In fact, parents can turn even tough times into learning situations. There are real opportunities to increase family communication and solidarity and to help children take control of their lives.

There is a long-term benefit to involving children in family finances: researchers who studied individuals during the Great Depression found that youth who worked to contribute income for the support of their families were healthier psychologically and were better off for the experience when they became adults (Elder 1999; Lindenmeyer 2005).

Examine your own values

Hard times may be the time to examine your own attitudes about money. Be honest with yourself, because there is a lot at stake: your children are watching—they are learning from you how to handle both money and stress.

According to *resource exchange theory*, love, status, information, money, and goods and services are intertwined and can be seen as exchangeable entities (Foa and Foa 1993). For example, parents sometimes substitute money (or items that money will buy) for love when time for a more-caring relationship may be scarce.

But for a person who relies on money for love exchange, if money becomes scarce, the "accustomed" balance between money and love is upset. The child may interpret "no money to buy things to give to me" as a lack of parental love.

Examine your family's values

When you have thought out your attitude toward money, then help the family clarify its values. Values can be defined as "fundamental beliefs about what is important, desirable, and worthwhile" (Garman and Forgue 2008). Values function as guides for goal setting. We express our values, in part, through our spending priorities. Because we value education, we may put money aside for a college education for our children. Because we value family, we may plan activities that bring the family members together. When family income decreases, it's helpful to know what the family's values and priorities are.

Put values into action

If you have been utilizing wise financial management principles during the good times, you should be ready to respond to a financial drop in income. If you have habitually saved a portion of your income for future expenditures or emergencies, be sure to point out how important that saving is to your family for weathering this emergency.

To regain financial security, your family can sit down and discuss some temporary options. Do not put stops on the conversation, let it be wide ranging and explore all ideas. In the later decision-making stage, your family will have an opportunity to pick and choose, to put values into action.

Those decisions may be serious in nature, as illustrated by the following options that families in 10 northwestern South Dakota counties used (by percentage of participants responding) in the aftermath of a blizzard of 1996-97 (Gorham & Stover 2000):

- postponed major household purchases (58%)
- used savings to meet living expenses (55%)
- cancelled or postponed family outings or vacations (48%)
- cut back on charitable contributions (47%)
- postponed medical or dental care (46%)
- reduced household utility use (44%)
- purchased more items on credit (43%)
- limited vehicle use, changed driving habits (43%)
- changed food shopping or eating habits (42%)
- parent took on additional employment (28%)
- sold possessions for cash income (27%)
- decreased money saved for children's education (25%)
- borrowed money from relatives or friends (19%)
- used public assistance (TANF, utility assistance, food stamps, food pantry) (14%)
- postponed children's education (6%)

If you are unprepared to respond to a drop in income, you may need to keep accurate records on the income and expenses of all family members. This information can then be used to set up a budget, which is, in essence, a goal for your earning, spending, and savings/investment behaviors.

A significant activity for all family members is to cash all income checks for the month, and then, using envelopes marked with spending categories (don't forget the envelope for savings!), show where the money goes to meet obligated fixed and flexible expenses. (However, it may be safer and more convenient to use play money or slips of paper for different money denominations that represent the monthly income for your family.) Show the difference in income and expenditures both before and during the current stressful situation. Discuss how any discretionary funds (monies not already obligated for bill payments) will be used differently to meet the current emergency situation.

To control spending, you may need to set limits on the dollar amount for unplanned purchases. For example, for any purchases of $10 or more (or an agreeable dollar limit set by parents), the rule may be that one must think the matter over for 24 hours and/or check with the record keeper. Request that future expenditure estimates be submitted as soon as possible to the family record keeper for approval at the monthly or weekly family council meeting.

Situations that force changes in lifestyles can strengthen families and force them to improve their money-management skills. With a positive attitude and the support of family members, families can overcome money problems and be more financially literate in both the good times and the tough times.

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