University of Nebraska - Lincoln
DigitalCommons@University of Nebraska - Lincoln

Historical Materials from University of Nebraska-Lincoln Extension

Extension

1964

EC64-1182 It's Your Money, Make the Most of It

Esther Kreifels

Clara Leopold

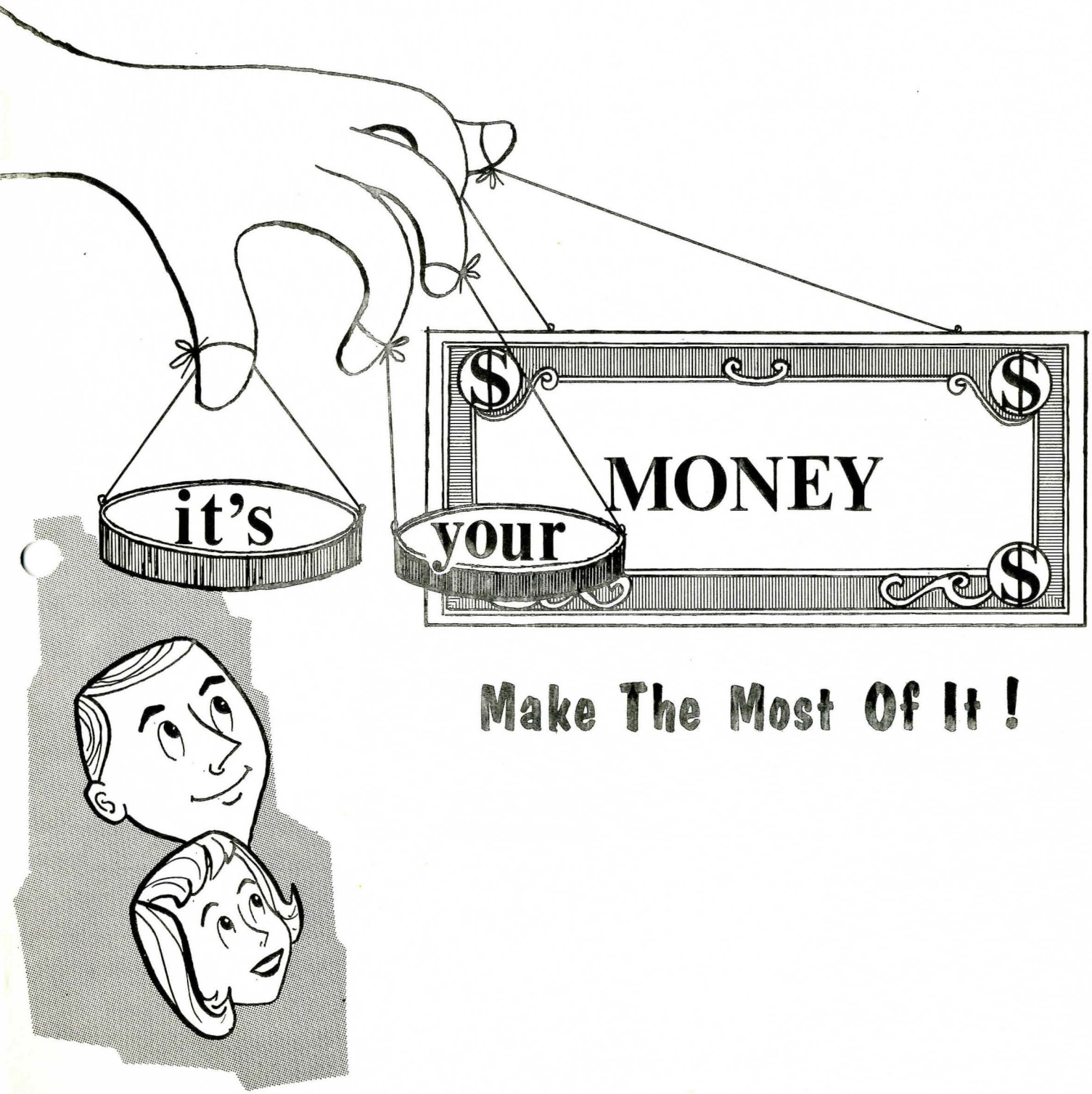
Follow this and additional works at: http://digitalcommons.unl.edu/extensionhist

Kreifels, Esther and Leopold, Clara, "EC64-1182 It's Your Money, Make the Most of It" (1964). *Historical Materials from University of Nebraska-Lincoln Extension*. 3698.
http://digitalcommons.unl.edu/extensionhist/3698

This Article is brought to you for free and open access by the Extension at DigitalCommons@University of Nebraska - Lincoln. It has been accepted for inclusion in Historical Materials from University of Nebraska-Lincoln Extension by an authorized administrator of DigitalCommons@University of Nebraska - Lincoln.

AGRI
S
85
E7
H64 1182

E.C. 64-1182



Make The Most Of It !

EXTENSION SERVICE
UNIVERSITY OF NEBRASKA COLLEGE OF AGRICULTURE AND HOME ECONOMICS
AND U. S. DEPARTMENT OF AGRICULTURE COOPERATING
E. F. FROLIK, DEAN E. W. JANIKE, DIRECTOR

It's Your Money...Make the most of it!

By Esther Kreifels, Extension Agent at Large, and
Mrs. Clara N. Leopold, State Extension Specialist

Money is important. In fact, it's essential in this business of living.

Money can't buy happiness as such, but don't you agree that the food, clothes, homes, cars, and entertainment money buys contributes to a family's happiness?

Using family income to best advantage is a challenge to every young married couple. With practice in money management you'll realize rewards in satisfaction, success, and security.

Good money management is so vital to business concerns that bookkeepers, accountants, and managers are employed to take care of business finances. Isn't good money management equally important in your own family situation? After all, isn't your family the most important business in the world?

If you are like most young couples, your income won't cover all your needs and wants. Whether funds are limited or abundant it's good sense to spend wisely to get real pleasure from each dollar. And, remember, wise spending allows a certain amount to be set aside regularly for savings.

Your family is more likely to get ahead financially instead of just "coming out even" at the end of the year if you manage family finances responsibly.

This bulletin was prepared to help young couples plan the spending of the family income -- to help them get what they want now and to help them save for the future.

STEPS TO GOOD MONEY MANAGEMENT

Each family situation is different, in size, place of residence, age of family members, or income level. Also, interests, values, and standards are bound to vary from family to family. Therefore, it's impossible to "prescribe" a precise management plan to meet the needs of all families.

It is possible though to outline steps you can follow in setting up a money management plan for your own situation. These "stepping stones" are:

1. Determine what you want.
2. Figure your net worth.
3. Determine your present income.
4. Keep a record of your expenditures.
5. Make and follow a plan for spending.
6. Check and evaluate your plans.
7. Make changes, if necessary.

Step 1. Determine What You Want

What do you, as a young married couple, want to work toward? What things are important to you? And, what are your individual needs or desires?

Successful money management involves setting clearly defined short-range and long-range goals. List the things you want soon and in the future. Find out what each will cost. Think how you will save for things you want later.

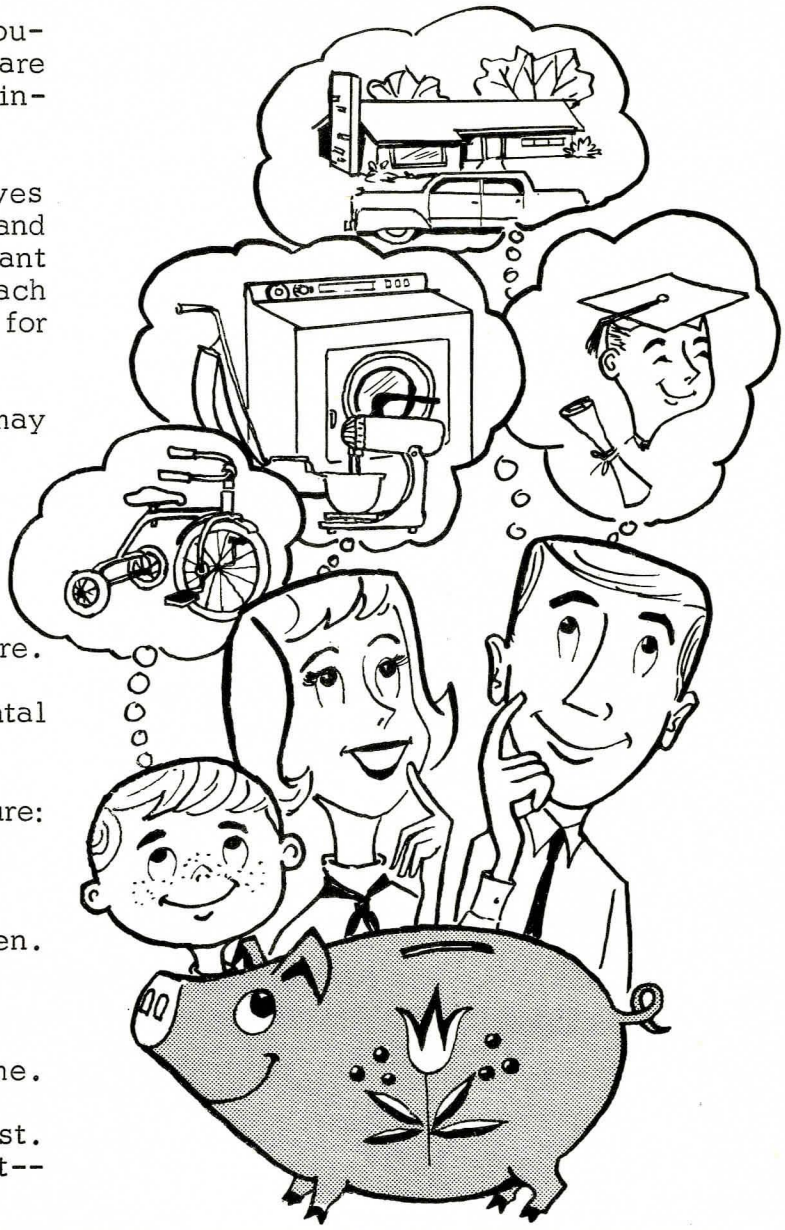
Things you want or need to do soon may include:

1. Paying existing bills.
2. Having the car repaired.
3. Buying a piece of furniture.
4. Having a physical or dental check up.

Things you may want in the future:

1. A home of your own.
2. Education for the children.
3. A vacation trip.
4. An adequate retirement income.

List first the things you want most. Here is how you might make your list--



WHAT DO YOU WANT?

To Accomplish Soon	Approx. Date	Approx. Cost	To Accomplish in the Future	Approx. Date	Approx. Cost

Goals may change, so review your "want list" from time to time.

Step 2. Figure Your Net Worth

Take account of your present financial situation. Unless you have figured recently what you own and what you owe you probably don't know exactly how you stand.

In the list of what you owe (your liabilities) be sure to include unpaid bills, installment debts, real estate and chattel mortgages, and notes payable.

Listing what you own (your assets) and what they are worth may be more difficult. Include money in bank accounts, life insurance cash value, government bonds, and the value of your real estate, furniture, equipment, and automobile.

An up-to-date list of household equipment, furniture, and clothing and its value at time of purchase can help you here. An inventory of household goods also is a basis for determining the amount of household insurance needed, a reference in case of loss by fire or theft, and helps the family to plan for replacements. F.E. Supplement #71 contains a household inventory.*

In estimating the value of your assets use one of two methods:

1. Estimate the value of the property (real or personal) at what it would sell for at the time or

2. Value the property at the price paid less depreciation based on its estimated life. This method is most useful for personal property.

The difference in total owned and total owed is your net worth at the present time. Review your net worth statement from time to time because, when you add to your belongings, when an installment payment is made, or when new debts are added, the net worth of your family changes. Net worth is usually calculated once a year -- January 1, for example.

NET WORTH STATEMENT (FARM AND HOME)

ASSETS	Beginning of year		End of year	
Land (include buildings)	$		$	
Livestock				
Machinery and equipment				
Feed, grain, and supplies				
Household inventories				
Other property				
Cash				
Accounts receivable				
Notes receivable				
Mortgages receivable				
Interest receivable (due and unpaid)				
Stocks and bonds				
Life insurance policies (cash value)				
Total Assets	xxx	$	xxx	$
LIABILITIES				
Accounts payable	$		$	
Notes payable				
Mortgages payable				
Taxes due and unpaid				
Interest due and unpaid				
Cash rent due and unpaid				
Borrowed on life insurance policies				
Unpaid installments				
Total Liabilities	xxx	$	xxx	$
NET WORTH	xxx	$	xxx	$

* Available from your County Extension Office.

Step 3. Determine Your Income

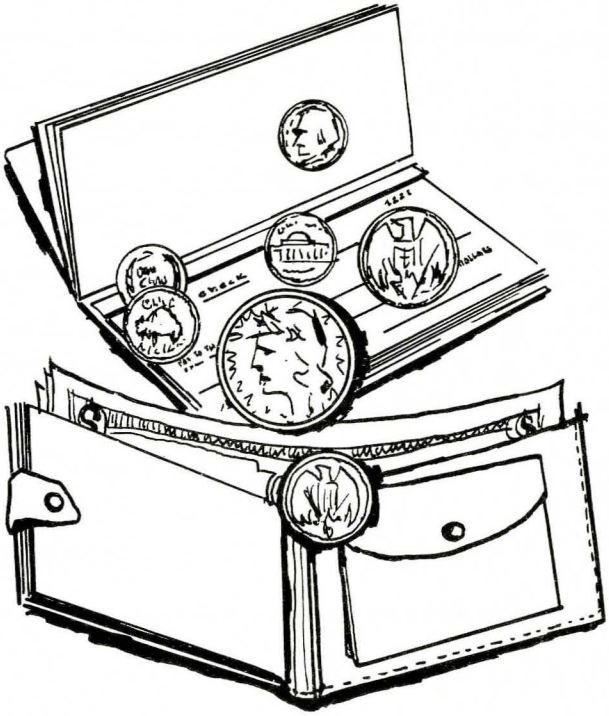
How much money do you have coming in each week, month, or year?

You may get money from only one place -- your paycheck, or paychecks if both of you work, particularly if you live in a town or city. If you are a farm couple, however, your income will not come at regular intervals. You can make a reasonable estimate based on past records, if you have them, or on anticipated income from crops and livestock.

You might also have such additional sources of income as dividends, interest, rent, or occasional cash from relatives.

Make a list of where you get your money. You may wish to list this weekly, twice a month, monthly or once a year.

List what you make before anything is taken out. Money taken out could be for income taxes, insurance, union or other professional dues, social security, retirement and savings.



HOW MUCH MONEY IS COMING IN?				
Where From	Weekly	Twice a Month	Monthly	Yearly
Totals	$	$	$	$
TOTAL FROM ALL SOURCES $_____				

DATE	INCOME		ITEMS OF EXPENDITURE	SAVINGS	FOOD PURCHASED		
	Source	Amt.		Life Ins., Bonds, Stamps	Groceries, Meat, Fruit, Vegetables	Meals Out	Eat
1			Father's Life Insurance 60.00—Groceries 40c	60.00	.40		
3	Gift from Mother	3.00	Shoes 6.00—Powder 50c—Shoe Polish 10c				6.(
3			Screening for Door 3.00—Kerosene 2.00—Ice Cream Cones 10c				
			Phone for one quarter 3.75—Soap flakes (2 boxes) 30c				
			Groceries 89c—Meat 40c—Lettuce 10c—Oranges 30c—Flour 1.50		3.19		
			Tickets for Concert 1.70—Book to Grandmother 2.00				
6	Teacher's Board	7.00	Subscription Farm Magazine 2.00—Tobacco 50c				
			Tooth filled for Mary 8.00—Lunch in town 60c			.60	
15	Salary (if town family)	60.00	Pledge to Red Cross 5.00—Movie 60c				
			Totals	60.00	3.59	.60	6.(

Step 4. Record Your Expenditures

Do you know where your money goes? It's easy to remember large expenditures, but the many small items are quickly forgotten and often the real reason for unbalanced spending plans.

Keep a written record of your spending for a few months as a basis for future planning. An expense record will help you learn how to control your spending and tell you where your money is going.

Spending records may reveal that an unusual share of the family income is going for personal, recreational, or luxury items, causing a heavy drain on the available funds. Records may show that a different purchasing method would mean a saving. For example, buying a subscription to a magazine is less expensive than buying from a newsstand every month.

Personal and family record books are available from your County Extension Office for a nominal fee. You may prefer to develop your own system by using a notebook or card file. The important thing is to be faithful in writing down expenses promptly. A small notebook in your purse or pocket helps to record as you buy and saves memory combing later.

Suggestions for column headings are given in the accompanying table. Notice the column headed "Savings." It is advisable to consider savings as a fixed expense and to set aside a certain amount each pay period to develop the habit of thrift. Savings will also help you buy those items on your "want list" which you can't afford right now. The amount you feel you can save without skimping on essentials of every day living may be small, but with regular saving your accumulation will grow.

CLOTHING AND PERSONAL APPEARANCE				SHELTER			OPERATING			DEVELOPMENT					TOTAL CASH EXPENDED
	Others														
Mary 15	John 10	Bettie 3		Rent	Repairs or Improvements	House Taxes, Insurance	Fuel, Light, Water, Phone, Ice	Services, Wages Supplies, Equipment,	Auto	Education, School, Paper, Club	Church and Charity	Recreation	Drugs, Doctor, Dentist, Health & Accident Insurance	Gifts Outside Family	
															60.40
.50								.10							6.60
					3.00		2.00					.10			5.10
							3.75	.30							4.05
															3.19
										1.70				2.00	3.70
										2.00		.50			2.50
													8.00		8.60
											5.00	.60			5.60
.50					3.00		5.75	.40		3.70	5.00	1.20	8.00	2.00	99.74

Step 5. Make a Spending Plan

Young couples today are surrounded by hundreds of tempting demands and the pressures of keeping up with friends and business associates. Developing and following a spending plan will help you meet the necessary demands, thus relieving or avoiding the pressures which may be pitfalls on your road to happiness and success. A spending plan is a plan for living, not just for buying.

If you are in business for yourself -- farmer, store owner, repair serviceman, etc., you may often face the decision: Which is more important, further investment in your business or for your home?

If you choose to make further investment in your business, consider what effect your decision will have on the personal development or well-being of your family. Planning to enjoy life today is just as important as planning for the future. A balance between these will help you derive pleasurable living both now and tomorrow.

Just as another family's goals wouldn't satisfy all your needs and desires, neither can you base your spending plan on amounts or percentages which other families spend. Make your plan fit your family situation by basing allotments on previous records, bills, cancelled checks and receipts. Records help you to see where you are and where you are going. They take the guess work out of planning.

Here are some suggestions for developing your plan:

1. Plan for emergencies. Be prepared for those unforeseen circumstances which can be expensive.

2. Allocate a certain amount of your weekly, monthly, or annual income as savings. Remember those long-range goals! A small amount grows better than none at all while you are waiting to save large amounts.

3. List expenses which are nearly the same month after month or year after year, such as insurance payments, taxes, installments, interest, or rent.

4. Subtract the sum of regular savings plus committed expenses from your income to find the net amount available for current spending.

5. List items which are relatively fixed, but which may vary slightly from month to month, such as food, utilities, or transportation.

6. List variable items which include clothing, furnishings, equipment and recreation. A "make it do" attitude can be used in regard to these items when a money squeeze is on.

7. Allow a certain amount each month for medical, dental and educational expenses, church or charity, and gifts.

A suggested form for a spending plan is on pages 10 and 11. After completing your plan, make an effort to see how closely you can follow it, but don't be disappointed if adjustments become necessary. Flexibility is a desirable characteristic of a good spending plan.

Step 6. Evaluate Your Plans

After using your plan for a time, compare your actual expenses with the allotments in your plan.

Do you have money left over? If so, you and your family can be proud of yourselves. Set aside the extra money for future wants, or perhaps a portion might be used for a small luxury the whole family will enjoy.

Have you overspent? Many people do. If so, the whole family needs to study the plan again. Where are the spending leaks? Don't be discouraged. Any good plan is flexible.

Step 7. Make Changes

Look at each of the expense categories. Where did you exceed your plan? Did you make purchases you could have done without or postponed?

Perhaps your income is inadequate to cover your needs. Investigate ways of increasing your income. If that's out of the question, reconsider your values and goals. The things you feel you need may not be in keeping with your income. Until your income can be increased, it may be necessary to get along on less.

SUMMARY

Young couples who establish a pattern of wise and careful spending early in married life will realize additional--

satisfaction from each dollar spent
success in their home and business enterprise
security in their retirement years.

Remember, you can make your money help you have--

good health
a comfortable home
funds for a "rainy day"
recreation
education.

But, you must--

know what you want
make a spending plan which includes systematic saving
follow the plan
evaluate and change the plan, if necessary.

REFERENCES

How To Get More for Your Money, Sylvia Porter, World Publishing Co., New York.

"Managing Your Money," Division of Home Economics, Federal Extension Service, U.S.D.A., Washington, D.C.

"Planning Family Spending," Bulletin 384, Mabel Spray, Extension Specialist, Family Economics, Agricultural Extension Service, Ohio State University, Columbus, Ohio.

"Ways to Manage Your Money," Special Circular 57, Louise Young, Extension Service, University of Wisconsin, Madison, Wisconsin.

OUR HOME PLAN FOR THE COMING YEAR

19__

	This Year's Record Totals	Estimates For Next Year	JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.	SEPT.	OCT.	NOV.	DEC.
INCOME														
COMMITTED EXPENSES														
Regular Savings														
Emergency Fund														
Other Savings														
Savings Accounts														
Bonds														
Pension Plans - Social Security														
Other:														
Insurance														
Automobile														
Health and Accident														
Live														
Property														
Taxes														
Income														
Automobile														
Property														
Other														
Installment Payments														
Interests														
Rent														
TOTAL COMMITTED EXPENSES														
NET AVAILABLE FOR FAMILY LIVING*														

DAY TO DAY EXPENSES Food Purchased: Groceries														
Meals Out														
Clothing and Personal Appearance Father														
Mother														
Others:														
Shelter Repairs or Improvement														
Operating Fuel, Light, Water, Phone														
Supplies, Equipment, Services														
Automobile														
Development Education, School, Paper														
Church, Charity														
Recreation														
Drugs, Doctor, Dentist														
Gifts Outside Family														
TOTAL LIVING EXPENSE FOR YEAR														

* Total committed expenses subtracted from income