

1934

EC1105 Family Financial Planning

Mary Rokahr

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

Rokahr, Mary, "EC1105 Family Financial Planning" (1934). *Historical Materials from University of Nebraska-Lincoln Extension*. 2424.
<http://digitalcommons.unl.edu/extensionhist/2424>

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.

E.C. #1105

AGRI
S
85
E7
#1105

RECEIVED
1934

MAY 27 1971

COLLEGE OF AGRICULTURE
LIBRARY

COLLEGE OF AGRICULTURE
LIBRARY
LINCOLN, NEBRASKA

Nebraska

COOPERATIVE EXTENSION WORK
IN AGRICULTURE AND HOME ECONOMICS

U. of N. Agr. College & U. S. Dept. of Agr. Cooperating
W. H. Brokaw, Director, Lincoln

Extension
Circular
1105

FAMILY FINANCIAL PLANNING

By Mary Rokahr

Extension Economist, Home Management
U. S. Dept. of Agriculture, Washington, D. C.

Recently I read in a current magazine the story of how Hans and Jacob Sass, brother farmers, living in Douglas county, Nebraska, had contributed to the beauty of gardens by growing new varieties of Iris. These brothers started more than twenty years ago to grow Iris to beautify their farm home grounds and then were so interested that it became at first a hobby and later an avocation with both of them. Through twenty years of careful planning and work, they have succeeded in developing for the enjoyment of the rest of us new species of Iris.

You are beginning to wonder what relationship the growing of Iris may have to family money management. Its relationship is this: no matter what we attempt to achieve, we need to be interested in the undertaking, and to have a real liking for the work it entails, and set a goal of what we hope to accomplish. We must be able to overcome obstacles, never lose courage and keep working at the problem until we achieve the goals that satisfy us. Hans and Jacob Sass exemplify all of these things in their Iris growing.

Progress in family money management is much harder to visualize than the growing of Iris because it deals with intangibles, but the results in the lives of family members may be even more far-reaching than the beautiful Iris.

What would you consider an ideal family money management arrangement? Let us enumerate a few ideal arrangements. In an ideal family situation, money matters would never cause family quarrels and no family member would ever be envious of another's possessions which are purchased with money. Family financial matters would be discussed frankly among family members and decisions would be reached for the best good of all family members. All members would abide honestly and justly by these decisions. The supply of family money would be so divided that the family's yearnings would always be kept within the family's earnings. Goals, such as how to save money for the education of children, how much to save, how to plan for security in old age, how to save funds for travel, or unexpected illness, would be decided upon through family council and ways of reaching these goals would become an integral part of everyday living.

In the ideal family situation there would be a business center where anyone could find immediately the necessary business papers and other materials that are needed to carry on business transactions. Every year there would be a family reckoning when the family's earnings and expenditures would be carefully checked against each other and plans made for the next year's business transactions, including perhaps definite improvements either in the house, on the farm, or the education and recreational needs of the family. No money would ever be spent unintelligently and the family would not be persuaded to buy things through clever advertising.

C.1

By this time, you have decided that no family would be able to achieve these ideals. Perhaps not all of them in one family at one time, but all are possible of human achievement providing we feel that they are important enough and we are willing to put thought into action.

Here is an unusual family money management situation. How would you go about helping the John Farmer family to manage their money affairs? Mr. and Mrs. John Farmer; John, Jr., 21 years of age; Mary, 19; Henry, 12; and Ruth, 7 live on a Nebraska farm. Mr. Farmer is considered by his neighbors to be a good farmer and Mrs. Farmer, a good homemaker. The children have an excellent reputation for intelligence and industry.

It is common knowledge among the neighbors that Mrs. Farmer has to ask Mr. Farmer for every penny she spends and must also tell him just what she wants it for. Mr. Farmer's reason for following this procedure is that he thinks Mrs. Farmer is unable to resist high-powered salesmanship. If he gives her money, he is sure the next salesman who comes to the door will sell her anything from an enlarged photograph to a poor quality rug because this happened once or twice soon after they were married.

Mr. Farmer uses this same way of dealing with the boys and girls in the family. John, Jr., 21, has never been allowed to purchase a suit of clothes by himself. His father has always accompanied him and made the decision for him. All of the children have to ask their father for every penny of spending money. If he decides to give them any money he makes them first explain just what they are going to do with it and then hands it over grudgingly.

- (1) What is wrong with this situation?
- (2) What other information should you have to make a fair decision as to what should be done?
- (3) How do you think money matters in the John Farmer family should be handled?
- (4) How would you help John Farmer's children to learn how to earn and save wisely?
- (5) Would delegating responsibility to John, Jr., for the dairy, giving him a certain percentage of the profits, be fair to all the family members?
- (6) Can Mrs. Farmer learn how to manage money wisely?
- (7) If so, how could the neighbors be of assistance?
- (8) Should the children have to account for every cent they spend?
- (9) Should the person who earns the money have complete charge of the funds?
- (10) At what age should the John Farmer children be taught to select their own clothing?

A new book which your club may enjoy studying if you are interested in family money management problems is: "Parents, Children, and Money" by Sidonie and Benjamin Gruenberg. The next generation may judge us by our ability to help them understand the relative place that money should play in their lives and how to manage money wisely. Decisions regarding attitudes and practices of spending, earning, saving, allowances, lending and borrowing, will in a year's time have

to be made over and over again in normal family life. Answers to some of the questions suggested in the John Farmer situation may be found in "Parents, Children, and Money" as well as answers to other questions listed below.

- (1) Should children be given allowances?
- (2) Is it wise to allow children to spend money before they earn it?
- (3) How may children earn money?
- (4) At what age should a child be allowed to make some of his own purchases?
- (5) When should children make budgets?
- (6) Should children help save toward an educational fund?
- (7) When should children the age of John, Jr. and Mary begin to contribute to the family income?
- (8) Should family members borrow and loan from each other?
- (9) Should we make children feel that financial success is of great importance?

Good financial money management practices deal with other relationships besides those of parent and children. Today we are in the midst of developing new agricultural methods. Never before has it been as necessary for farmers to cooperate with each other as on production control measures. We learn successful cooperation in living together in the family. The success of the new agriculture will reflect to a certain extent our ability to cooperate wisely in our homes.

The new agriculture is causing us to use business methods since contracts are entered into and business records must be kept of sales and other farm transactions. To establish the farm and family business on a sound business basis means that some records must be kept and at least once a year an analysis made of what the farm produced and how it was used. Upon the husband and wife falls this responsibility, though the older boys and girls can assist.

Two million Farm Business Records were distributed during the spring of 1934 to farmers entering into production control agreements with the government. In these records are sections dealing with the kind and amount of food produced and used on the farm. Family cooperation is needed to make this part of the record complete and in many cases no doubt, the father of the family will be delighted to have other family members assist him in keeping the records.

Many family quarrels and misunderstandings can be averted if records are kept of special items such as the cost of the automobile or how the clothing money was divided. Complete household and farm accounts when kept accurately and studied carefully can be of immeasurable value in wise money management.

If you cannot reach the perfection of keeping complete accounts the first year, do start keeping track of the money you feel is slipping through your fingers. You may discover your "leaks" in spending.

Another good family money management practice is to buy intelligently. We earn our living by farming or in other ways and work hard for it. We often turn around and waste a goodly portion of our hard-earned income by buying unintelligently. All family members should learn to get their "money's worth" in every transaction.

Some of the general rules for good buying are:

- (a) Pay cash if credit involves additional charges.
- (b) Know prices and real bargains.
- (c) Do not be over-persuaded by clever advertising.
- (d) Buy in quantity when discount is given and you have storage space.
- (e) Before buying new clothes, take an inventory and make a plan.

Home Demonstration Club members can help first by securing the adoption of good family money management practices in their own homes. Next they can carry educational money management work to the schools and urge and approve of the teaching of this important subject from kindergarten through high school and college. To help children to learn to handle money wisely is a worthy goal. Our happiness increases with our ability to manage money instead of letting money manage us.

Good Family Money Management Practices

1. Have a business center. Set aside a place in a table drawer, desk, or business shelf where all papers of importance to the transaction of family business affairs are kept. See that pencil, paper, pen and ink are handy, and that important papers are filed so that they may be easily located.
2. Hold family financial councils. Let all family members enter into the discussion of family money matters that affect their welfare, so that they may not only offer their suggestions as to solutions, but may also assume responsibilities in solving these problems.
3. Keep records. Keep records of items of your family expenditure that are causing you worry. Records will show the "leaks" in spending. Complete farm and household accounts are worth keeping and analyzing.
4. Help the children to learn to use money. This means an opportunity to make their own spending decisions, to learn how to buy wisely, how to live within their income, and how to cooperate with family spending plans.
5. Be an intelligent consumer. Study values and make a record of the brands you buy, how long the article wears, and the service it gives. Carry a small notebook in your pocket or purse for this purpose. Wise buying may increase the purchasing power of every dollar you spend by ten per cent.
6. Once a year make an analysis of your farm and home business. If you have not kept records, estimate where the money came from, where it went, and what the farm furnished toward family living. Base your next year's plans on the results you achieved in the past.
7. Set goals. Set goals for accomplishment, including the amount of food and fuel your farm should furnish toward family living. Set goals for home improvements, children's education, security in old age, and what everyday living should mean to your family. "They achieve most who plan best."