University of Tennessee, Knoxville
Trace: Tennessee Research and Creative Exchange

Financial Management | UT Extension Publications

2-1-2002

PB1646 Talking About Money and Setting Money Goals

The University of Tennessee Agricultural Extension Service

Follow this and additional works at: http://trace.tennessee.edu/utk_agexfinman

Part of the Finance and Financial Management Commons

Recommended Citation
"PB1646 Talking About Money and Setting Money Goals," The University of Tennessee Agricultural Extension Service, PB1646-5M-2/02 (Rep) E12-5315-00-039-02, http://trace.tennessee.edu/utk_agexfinman/15

The publications in this collection represent the historical publishing record of the UT Agricultural Experiment Station and do not necessarily reflect current scientific knowledge or recommendations. Current information about UT Ag Research can be found at the UT Ag Research website.
This Personal Finances is brought to you for free and open access by the UT Extension Publications at Trace: Tennessee Research and Creative Exchange. It has been accepted for inclusion in Financial Management by an authorized administrator of Trace: Tennessee Research and Creative Exchange. For more information, please contact trace@utk.edu.

Agricultural Extension Service
The University of Tennessee
PB1646

Talking About Money and Setting Money Goals

Talking About Money and Setting Money Goals

C. L. Wayne Moore
Former Assistant Professor
Family and Consumer Sciences

Good money management by family units helps to avoid several headaches. Yet, there are many challenges that may sometimes make good money management seem impossible.

Many young people like to wear costly designer clothing and spend lots of money on items such as CD players and CDs. However, as a parent, when your money supply is limited and you spend money on expensive designer wear for your child or children, you often have no money left for important household and other personal needs.

I have nothing left to buy food.

The rent-to own contract calls for so much money every month, he'd better like it.

Sometimes, you may feel that you have to buy designer clothing for your child. However, if you do, you could find yourself in the same situation as the picture above. This is just one reason for you and your family to be TALKING ABOUT MONEY and SETTING MONEY GOALS.

Why Talk about money?

Talking about money with family members will help them to:

- ***Learn what you can or cannot spend money on.*** Household members will have a better idea where all the money goes.

- ***Understand why each person cannot have everything he or she wants.*** And, family members will have fewer arguments about money.

- ***Stretch money a little further.*** Your family will have money to spend on basic needs like food and simple clothing items, and may even have money left over to spend on some extras.

Why set money goals?

Setting money goals will allow you and your family to:

Setting Money Goals is a Step-By-Step Process to Success

- ***Know what items are most important.*** By making a list of items family members would like to buy, you can help them decide which items are important and which items the family can do without.

- ***Plan for buying household and personal items that are needed.*** You will know how much money you must set aside each month to make these purchases.

- ***Stop spending more money than you have.*** By setting goals, you can save enough money to buy an item rather than use a rent-to-own contract with high interest rates. You'll be shocked at the savings.

How do I talk about money? Have a money talk.

- Choose a time when all family members can meet for a money talk. This may be once a week or once a month.

- Ensure that everyone has already eaten (the best time may be after an evening meal). This may prevent someone from being a grouch.

- Tell family members that they will have to change some of the ways they spend money. If your family is short of money to buy food or other important items, say so at your first money talk.

- Ask for ideas about where money cuts may be made. Be sure that everyone says something.

- Find a personal item that you can stop buying, and mention it at the money talk. Set a good example for everyone else to follow.

- Maintain order during your money talk meetings and make sure only one person speaks at a time. If you have trouble maintaining order, use the pencil approach. No one speaks unless he or she is holding the pencil. When one family member has finished speaking, hand the pencil to the next person who wants to speak.

- Keep the money talk focused on money issues. Encourage family members to chat with each other about other things at other times.

Saving for Money Goals

When setting money goals, you may wonder where the money is going to come from, since you have no extra money. So, to set money goals, you must look at how much money you can save from areas where you would like to stop spending money.

Look at the table on the top of page 7. It shows little ways to save big money. Then, try it yourself using the table on the bottom half of the same page.

1. List items you spend money on but that you could do without.

2. Write down the cost per item.

3. Think about how many of each item you purchase in a month and then write down the quantity that you are willing to give up.

4. Multiply the cost per item times the number or amount you plan to give up each month. This will show you how much you can save every month by reducing the number of items you buy.

5. By multiplying the monthly cost times 12, you can determine how much money you may save in a year.

6. Decide what you could do with the amount of money you will save in a year. Use more than one year if you are thinking of a high price item.

Use at a Money Talk Meeting

Use your savings-for-money-goals exercise at a money talk. Involve the entire family in this exercise, and see your money S-T-R-E-T-C-H more and more.

Little ways to save big money for those money goals

Items bought	Cost per item	Amount I will give up in a month	Monthly cost	Yearly savings
Soft drinks	.60	20	$12.00	$144.00
Pack of cigarettes	$2.00	30	$60.00	$720.00
Lunch out	$5.00	12	$60.00	$720.00
Long-distance calls	.12 per min:	180 min:	$21.60	$259.20
Movies	$6.00	2	$12.00	$144.00
Snack food	.75	20	$15.00	$180.00
Ice-cream/yogurt	$1.50	8	$12.00	$144.00
			Total Saved	**$2,311.20**

Try it yourself below:

Items bought	Cost per item	Amount I will give up in a month	Monthly cost	Yearly savings
			Total Saved	

Your Money Goals

As you think of money goals, remember that there is a difference between a need and a want. Do you know the difference?

- A **need** is something you **CANNOT DO WITHOUT**.
- A **want** is something you **DO NOT HAVE TO HAVE.**

Here is an example of Mary's money goal table.

Date to reach goal	*What Mary is saving for?*	*How much must Mary save?*	*Is this item a need or a want?*	*Mary's first, second and third choices*
Date	**Item**	**Amount**	**Need/want**	**Importance**
03/23	Dining room table	$240	Need	2
02/24	Extra pair of shoes	$45	Want	3
01/02	Pay rent on time	$250	Need	1

Now it's your turn to complete your own money goal table. Use the example above to help you prepare your table below.

Date	Item	Amount	Need/want	Importance

Get the Whole Family Involved in Talking about Money

Talking about money and setting money goals is not only for adults and teenagers. **It's important to include even the youngest child in your family.** Here are some ways you can involve children and teens in learning about money management:

Younger children

- **Give your toddler coins to save in a little plastic container or piggy bank.** Talk to your toddler about saving money.

- **Be sure that your younger children attend money talks.** Encourage them to say something. You may ask them about their money bank or piggy bank. If they are old enough, ask them what would they like to save money for. Help them to think of something they can save for.

Teens

- **Talk with your teens during the money talks about the things they're interested in, such as designer clothing and music items.** Show them the difference in price between designer and regular clothing. If buying designer clothing means you are going to be short on essentials, let them know they will have to do without designer clothing.

- **For your teens with jobs, discuss how they can contribute financially to the family's well-being.** Apart from buying items for

themselves, encourage them to save money for future goals. And have them choose which household bills they would like to help pay: light bill, telephone bill, food or other household expenses. Having your working teens help with the household bills will begin to prepare them for adult life while at the same time ease the money crunch in the home.

How can I find out about classes, one-on-one financial counseling, or receive more information on MONEY MANAGEMENT?

The University of Tennessee Agricultural Extension Service offers classes and/or individual MONEY MANAGEMENT training. Call the Extension office in your county for more information today.

You will learn:

- how to s-t-r-e-t-c-h your food and clothing dollars.
- how to make your own spending plan.
- how to use savings and checking accounts and what benefits you gain from using these accounts.
- how to get more for your dollar.

Visit the Agricultural Extension Service Web site at:
http://www.utextension.utk.edu/

PB1646-5M-2/02 (Rep) E12-5315-00-039-02

The Agricultural Extension Service offers its programs to all eligible persons regardless of race, color, age, national origin, sex, disability, veteran status or religon and is an Equal Opportunity Employer.
COOPERATIVE EXTENSION WORK IN AGRICULTURE AND HOME ECONOMICS
The University of Tennessee Institute of Agriculture, U.S. Department of Agriculture,
and county governments cooperating in furtherance of Acts of May 8 and June 30, 1914.
Agricultural Extension Service
Charles L. Norman, Dean