

Emotional Uses of Money

Money is powerful. It can bring out the best and worst in people. So, understanding money's influence can help a family gain control over their finances. Insight into emotional uses of money can help a family handle sensitive issues when they arise. Some emotional uses are positive—security, comfort, freedom, sharing, etc. Some can also work against a family—fear, greed, overspending, control, etc.

Answer the following true-false questions about your use of money. Be honest!

1. T F I buy things I don't want or need because they are on sale.
2. T F I feel anxious and defensive when asked about my finances.
3. T F I can never have enough money saved to feel secure.
4. T F I buy things I don't need or want because they are "in."
5. T F I overspend regularly on "extras."
6. T F I often insist on paying more than my share at a restaurant or on a group gift.
7. T F I spend money freely, even foolishly, on others, but seldom on myself.
8. T F I feel "dumb" if I pay more for something than a neighbor did.
9. T F I don't trust others in my family to spend money wisely.
10. T F If I earn the money, I think I should have the right to decide how it is spent.
11. T F If someone in my family acts selfish in spending our money on him/herself,
I feel I have the right to do the same.

Analysis: If you answered *true* to any of questions 1–3, you may feel insecure concerning money. Money provides a form of security, but not the only one. What reasons other than money or material possessions might be causing insecurity? Think about it.

Did you answer *true* to either 4 or 5? Then you may use money for *status*. Money sometimes reflects the values of our friends rather than our own. What are your values?

True answers to questions 6, 7, or 8 might mean that you use money in ways that reflect your low *self-esteem*. Spending on others does not win the affections of family members, friends, or coworkers. Your spending is your business. It has nothing to do with the spending of your neighbors. You cannot buy *self-esteem*. If yours is low, seek help through reading, therapy, or changes in habits or actions, but not through money.

If you answered *true* to questions 9 and/or 10, you may use money to *control* others in the family. In two-earner families, his/her money divisions can cause resentment. Not involving family members often results in lack of cooperation. A dictator may secure obedience, but not love. Which do you want from your family?

A true answer to question 11 may indicate that money is used for *retaliation*, to get back at someone. This often causes fairness to become such an issue that it blocks love and affection. If you need to disagree, do so without using money as your weapon.

Adapted from: Dollar, P. (1991). *Family Communications about Money*. University of Georgia Cooperative Extension, Athens, GA.



Evaluate Your Financial Goals

Use the worksheet below to list your financial goals and calculate the time and dollar amount required to achieve them. Be sure to categorize your goals according to the time frames suggested below. Review and update this worksheet periodically.

1 Goals	2 Approximate \$ amount needed	3 Month and year needed	4 Number of months to save	5 Date to start saving	6 Monthly \$ amount to save (col. 2 ÷ col. 4)
Short-term (less than 3 years)					
Intermediate-term (3–10 years)					
Long-term (more than 10 years)					

Date prepared ____/____/____



Financial Fitness Quiz

Want to improve your personal finances? Start by taking this quiz to get an idea of how well you've managed your money so far. Choose the score that best describes your current financial management practices:

- 5 = always
- 4 = usually
- 3 = sometimes
- 2 = seldom
- 1 = never

When you're done, add up your scores for each of the 20 questions below. The summary at the end of the quiz tells how you're doing.

Financial Management

- 1. I have a bank checking account (or credit union share draft account) with which to pay bills (write "5" for "yes" and "1" for "no" for this question).
- 2. I have enough money each month to pay my rent/mortgage and other household expenses.
- 3. I have enough money to pay for an emergency, such as a large car repair.
- 4. I have written financial goals with a date and dollar cost (e.g., \$10,000 for a car in four years).
- 5. I have a written plan (budget) for spending and/or saving my money.
- 6. I keep organized financial records and can find important documents easily.
- 7. I know my federal marginal tax bracket (e.g., 12%, 24%).
- 8. I calculate my net worth (assets minus debts) annually.

Saving/Investing

- 9. I save regularly for long-term financial goals, such as education for my children, a house, or retirement.
- 10. I have money to cover at least 3 months of expenses set aside in a readily accessible account (e.g., money market mutual fund).
- 11. I increase my savings when I receive a salary increase.
- 12. I have a personal investment account for retirement (other than an employee pension).
- 13. I have money spread across more than one type of investment (e.g., stocks, bonds, mutual funds, CDs).
- 14. The after-tax yield of my savings and investments is greater than the rate of inflation.

Insurance & Estate Planning

- 15. I have insurance to cover "big" unexpected expenses, such as a hospital bill or disability.
- 16. I have a current will (write "5" for "yes" and "1" for "no" for this question).

Credit

- ___17. Less than half of 1 week's pay goes to my credit card revolving balances, student loans, and car payments.
- ___18. I pay credit card bills in full to avoid interest charges.

Shopping

- ___19. I comparison shop for major purchases by checking at least three sources.
- ___20. I avoid impulse purchases and don't use shopping as a form of recreation.

Scoring for the Financial Fitness Quiz is as follows:

- 20 points You need lots of help, but don't despair. It's never too late to take action to improve your finances.
- 21–40 points You are headed for financial difficulty. Now is the time to take action to reverse the trend.
- 41–60 points You are doing a fair job of managing your finances and have taken some steps in the right direction.
- 61–80 points You are doing a good job and are above average in managing your finances.
- 81–100 points You are in excellent financial shape. Keep up the good work!

Note: Items that you scored with a 1, 2, or 3 indicate actions that you should consider taking in the future to improve your finances.