

## Smart Money Management: A Lifetime Issue

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The number one culprit in the break-up of marriages, it has been argued that this, not love, really makes the world go round. It is often asserted that it doesn't bring about happiness...true...but it sure can make life a lot easier. In case you haven't guessed already, I'm talking about money. When I started college in 1989 - Michigan State University, in case you're interested - I knew nothing about money. I believed that money was for spending, that if I had \$5 in my pocket, I had at least \$5 to spend. When I began to learn more about credit cards, I realized that if I had \$5 in my pocket, I actually had at least \$200 to spend. I discovered the seeming freedom of consumer debt, and everything was wonderful...until those bills started rolling in. That was another thing - I didn't really "get" the whole bill concept. I kind of figured if you ignored 'em when you couldn't pay 'em, the people sending the bills would eventually give up and go away. Of course, I was not to be so lucky.

Today, as I write the above, I cringe at my former finance naivete. I really am, and always have been, a fairly intelligent individual. Yet, my money management antics as a college freshman (and beyond) appear to prove otherwise. It's a pretty easy thing to blame adult-life set-backs on one's parents, but mine truly tried to teach me about money. It's just that neither of them were particularly wise in money-related matters, and their parents probably weren't before them. Intelligent money management appears to be a hereditary trait. At the very least, it's a positive legacy that can be learned and passed down through our subsequent generations.

Once the cold reality of poor credit hit me in the early 90's and beyond, I worked hard to pay off all of my debts, keep up with my bills, and become more conscientious with my spending. I now have a nearly perfect credit rating, a new house, two relatively new vehicles, and a husband (who probably wouldn't have stuck around too long if my old spending habits were still in place). I don't own a cell phone or too much furniture...but I know now that those things will come in time. I've learned the concept of delayed gratification - for the most part. I'm hoping I can teach my kids the invaluable lesson of smart money management some day. Although I was once budget-challenged, I hope the following tips for people of all ages will come in handy:

- Teach your kids the concepts of earning and work ethic early. Allowances are meant to be earned. They help kids develop a work ethic early. Determine chores that your kids can do *in*

*addition* to their regular helpful duties around the house. It's very important that kids understand helping out around the house is something you do as part of a teamwork mentality within a family.

So, *every* chore that is completed should not qualify for allowance.

Teach your kids the concepts of money management and budgeting early. Work on budgets with your kids. Help them to understand that a choice to spend money in one area translates into not being able to spend the money elsewhere. shop with your kids. Teach them that things they want or need can often be found at lower prices.

- **Open bank accounts with the kids.** Savings accounts can help young people learn about the importance of saving money. Help your kids set goals. If they want something that costs more than they have, they can learn delayed gratification, patience, perseverance, and the concept of earning from having a savings account.
- **Examine and process your own issues and ideas about money and spending.** We all are raised in different ways in relation to money. For some, money was used as a substitute for love in the family of origin. In other families, money was hard to come by and there never seemed to be enough. These backgrounds can lead to emotional, addictive spending habits. If you're having trouble with your own spending and savings habits, you may want to seek professional assistance from a financial advisor, credit counselor, or a therapist/life coach.
- **Discuss separate beliefs about spending and saving with your significant other BEFORE YOU GET MARRIED!** I can't stress this enough. Don't take for granted that your future spouse or partner will go along with your spending habits. Discuss how each of you was raised in relation to money and what expectations you have for how money will be handled/spent/saved throughout marriage. If you absolutely can't agree, do yourselves a favor...seek couple's counseling sooner rather than later.
- **Don't ALWAYS err on the side of caution.** I believe that there is such a thing as being **too** frugal. Commitment to smart money management should also have it's rewards - vacations, new cars, time away with family, even big screen TV's - are all important rewards for hard work. For example, saving every spare penny toward retirement can be smart, but why not have some enjoyment in life early as well? After all, none of us knows what tomorrow will bring.
- **Take your retirement seriously.** Social security funds are becoming smaller and smaller every year. Putting money in your 401k, IRA, or personal savings account is always smart. If you're not sure how much you should be putting aside, talk to a financial counselor. Incorporating the help of a financial counselor can be very helpful regardless of your plans for the future.

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