

What to Know

What's your relationship with money?

Perhaps that's a strange question to you. The fact is everyone has a relationship with money. It comes with all of the emotions present in relationships between people. Children develop their relationships with money by watching how their parents handle and talk about money.



Think about your childhood.

- What was the relationship your parents had with money?
- Did your parents often talk about money?
- How often did your parents fight about money?
- What did you learn about the value of a dollar (or peso, yen, or euro)?
- Did your parents teach you to save money, or was their focus on spending all they earned?

Your answers to these kinds of questions form the foundation of your relationship with money. Your view of money might be very much like your parents', or it might be the polar opposite.

When a dad doesn't have a good relationship with money, he might be up to his eyeballs in debt. He might spend a lot of money on gambling or the lottery. He might spend or save every dollar he earns, failing to balance spending and saving. No matter how good or bad his relationship with money, he will pass his view of money on to his children.

There are three things every good dad does for his children. **He provides, nurtures, and guides.** To do those three things well, you must learn how to manage your or your family's money well. When you manage money well, you:

- Provide your children with a stable financial home.
- Nurture your children's relationship with money by **showing them** how to manage money well.
- Guide your children by **teaching them** lessons about how to manage their own money well.

What Else

Here are seven things to know and actions to take that will help you better manage your own or your family's money.

1. **It costs a lot to raise a child.** It costs nearly \$12,980 a year for a two-parent family—with a middle income of \$59,200-\$107,400—to raise their first child. That means it will cost them \$233,610 to raise that child through age 18! The largest cost is housing, then childcare and education, then food.
2. **Avoid debt.** Too much debt can destroy you or your family. Pay off credit card balances in full and don't let debt build. It's way too easy for debt to get out of hand. Good dads are careful when to take on large debts, like those for a car and home. Good dads take on those debts only when they or their family can afford them.
3. **Create and stick to a spending plan (budget).** This plan is the most vital thing you can do to manage your own or your family's money. If you live with the mother of your children or other family members, get their input. Their input will help them buy into the plan and ensure they help you stick to it.
4. **Track costs.** Before you can create and stick to a spending plan, you have to know where the money goes. Before you create the plan, track spending for at least a month to six weeks, longer if you can. Use receipts to see where the money goes. Add up how much money goes to major areas, such as food, and minor areas, such as pet care. Don't leave anything out. You might find some costs you can cut right away.
5. **Budget to meet needs rather than wants.** To make your spending plan work, it must meet your own or your family's needs. If you need \$200 per month for food, include that much for food. Otherwise, you'll have to pull from other spending needs and come up short on meeting those needs. If you have debt, include money to get rid of the debt. You'll have to make some tough calls on where to spend money. Those calls will be even tougher if your or your family's income can't meet all of the needs. You might have to give up spending money on things you or your family wants but doesn't need.
6. **Adjust your spending plan as needed.** A spending plan is a work in progress. Learn as you go. If costs exceed income, you only have two options. You can cut costs or increase income. Make the tough calls required to land on a spending plan that works.
7. **Get help if you need it.** There are counselors who can help you **for free** to manage your or your family's money. They can show you how to create a spending plan and manage debt. Money Management International provides **free help** 24 hours a day, 7 days a week. Visit www.moneymanagement.org for details or call them toll-free at 1-866-889-9347.

What to Ask

Reflect on each of the questions below. Take your time. Write your answers if you like.

1. Do I have a good or bad relationship with money? How well do I manage my own or my family's money?
2. What kind of relationship does the mother of my children have with money? How does it differ from mine? Does the difference cause problems?
3. How often do we fight about money?
4. Do I provide a stable financial home for my children? How well do I nurture and guide them in their own relationship with money?
5. Do I have a spending plan in place for my own or my family's money? Is it balanced between spending and saving?

Learn More

Many people know how much income they have every month. **But they often don't have a handle on how much money they spend every month.** They also don't know how much their spending can differ from month to month.

Use the spending plan worksheet on the next page to better manage your own or your family's money. Make four copies of the worksheet.

Track your/your family's income and costs (expenses) for three months for each of the areas listed. (Use one copy of the plan for each month.) Each month add the income and costs together for a total overall monthly income and cost. Then subtract the overall monthly **cost** from your/your family's overall monthly **income**. Then ask these questions:

- Do I/we have money left over?
- Did any of the costs surprise me/us?
- Did the overall cost surprise me/us?

After you have three months of costs, you'll have a better idea of what you need to do to create a spending plan that works for you or your family. Use the fourth copy of the plan to create a spending plan that you or your family will stick to!