

PLANNING AND FINANCES

GOAL: To challenge us to examine our individual values and goals, and to begin the ongoing process of formulating couples' values and goals — setting the priorities necessary to achieve them; to point out the need to continually evaluate and assess the goals we establish as a couple — to see alternatives, open doors and dare to choose lifestyles that will allow openness to each other and to God.

INTRODUCTION:

The title of this podcast is “Planning and Finances.” In this episode, it deals with how you can work together to prioritize and decide what is important to both of you.

1. THE PLANNING PROCESS

2. INTRODUCTION TO FINANCE

3. ATTITUDES ABOUT FINANCE

Disagreement over money is one of the most frequently cited reasons couples give for divorcing. The life-giving attitudes available to us in other areas are especially important with finances. We all have a budget, whether we realize it or not. The question is whether we control our money, or our money controls us.

4. CHRISTIAN VALUES

5. FINANCIAL ATTITUDES SURVEY

6. SUMMARY

FINANCIAL ATTITUDES SURVEY

You will each need a copy of this survey. Read each statement and mark an “a” if you agree with the statement or a “d” if you disagree. It should take about 10 minutes. Then take a few minutes to compare your answers. When you are ready continue with the podcast.

- _____ 1. I plan to buy a new car at least once every three years.
- _____ 2. It's OK to borrow money from our relative.
- _____ 3. I'd rather spend \$100 on paint and supplies for our living room than on a new outfit.
- _____ 4. It is important to go away for a vacation every year.
- _____ 5. I believe in joint checking and saving accounts.
- _____ 6. We should not spend more on Christmas gifts than what we make in a week.
- _____ 7. I want my children to attend private school.
- _____ 8. Life insurance in the amount of five times our annual income is an absolute must.
- _____ 9. All purchases over \$100 should be discussed before the purchase.
- _____ 10. I'd rather spend \$20 for a new book than for a meal out.
- _____ 11. The spouse who makes more money should have a greater say in spending it.
- _____ 12. Even if it means cutting back on our lifestyle, it is important for one of us to be at home while our children are growing up.
- _____ 13. If we must economize, I'd rather cut back on entertainment than on clothes.
- _____ 14. Giving to the church and/or other charities should be one of our first financial priorities.
- _____ 15. Both spouses should be covered by life insurance.
- _____ 16. I'd be willing to cut back drastically on our lifestyle for four to six years so my spouse can return to school or establish his or her own business.
- _____ 17. Each spouse should be able to spend some money without having to account for it.
- _____ 18. Packing a lunch and bringing it from home is better than the expense of buying lunch out.
- _____ 19. It's important for us to buy a house before we have children.
- _____ 20. It's important to have a detailed budget and stick to it.

MAKE THIS A SPECIAL TIME IN YOUR RELATIONSHIP

1. Choose the most appropriate/difficult question below to begin writing. (Select just one question.)
2. Write for the full suggested time of 15 minutes. (There is room to write on page 6.10.)
3. Discuss for the full suggested time of 15 minutes.

QUESTION OPTIONS:

In order to plan our lives and to set up goals and priorities, it is necessary to begin with the general style or pattern we wish our lives to take. **Therefore ...**

- 1) Describe in detail how you envision living after your wedding day. (Examples; Do your plans include changing jobs, additional schooling, moving, buying a house, having children?) What is your anticipated timetable for these events?
- 2) Who will be responsible for finances in our house? Paying bills? Balancing the checkbook(s)?
- 3) How essential is it that we strictly budget our money? Will I make sacrifices to stay on budget?
- 4) What financial obligations do I have that we need to discuss? Child support? School loans? Credit cards? Bad debt history? Others?

Alternative question if you were previously married: If you have been married before, you may find this question helpful. Choose whichever question you find to be most relevant to your situation.

- 5) Have financial problems in my previous marriage made it difficult for me to relinquish control of financial matters? How do I see us dealing with this?

TWO CANNOT LIVE CHEAPLY AS ONE

Couples who talk honestly about money are less likely to get divorced. That's important to realize in a society where half of the marriages end in divorce. Talking about money means you share your dreams, lifestyle desires, plans for children, where you want to go on vacation ... just about everything you decide to do as a couple involves money.

You can make detailed money plans, or you can just wing it. Experience discloses that the more formally you plan, the less likely you are to have unpleasant financial surprises. Everyone gets stuck with an unexpected bill, but you can smooth out most of the bumps if you will plan ahead.

Following is a list containing most of the expenses that a couple will encounter. Some of the items will not apply to you. Don't overlook one important expenditure in your plan- SAVINGS. There *will* be a rainy day sometime during your lifetimes. How you come through those tough times will depend on how well you saved. Savings should be a minimum of five percent of your family budget. If you'll save more than five percent, you probably can provide for a comfortable retirement. Saving becomes a habit, so start off right!

One final word about budgets. Everyone has a budget, whether it's formal or not. Some people reach their spending levels when their credit cards reach their limits. Others curtail spending when they are unable to pay the balance off every month or can no longer save. You need to decide where you want to be. We think a formal budget is the way to go. Rather than limiting your freedom, a good budgeting program can lead to Your financial liberation. Before you begin filling out the worksheet that follows, you may want to make a few copies of the form, so you can use it again in the future when your financial situation changes.

The first step in the budgeting process is to list your sources of income. Enter the amounts as GROSS income below. Gross Income is total income before you take out any taxes. For example, a couple earning \$15.00 per hour would have a monthly gross income of \$2,580 ($\$15 \times 40 \text{ hours} \times 4.3 \text{ weeks}$) or an annual income of \$31,200 ($\$15 \times 40 \text{ hours} \times 52 \text{ weeks}$).

ADDITIONAL RESOURCE: BUDGETING QUESTIONNAIRE

If you didn't already read "TWO CANNOT LIVE CHEAPLY AS ONE," you will want to read it now or when you're done with the podcast. Following is a questionnaire to help you consider most of the expenses that you will encounter as a couple. You may want to fill this out together. As mentioned in the podcast, Dave Ramsey also offers financial planning insights.

Income from:	Monthly	Annually
Employment	_____	_____
Investments	_____	_____
Other	_____	_____
<u>TOTAL INCOME</u>	_____	_____

Following is a listing of family expenses. On the large ticket items, we suggest percentages of GROSS income to spend in parentheses. The amounts you spend will depend on your income level and personal goals.

HOUSING COSTS: Usually the largest portion of a family budget (20%-40% of total income).

	Monthly	Annual
Rent or House Payment	_____	_____
Utilities	_____	_____
Telephone	_____	_____
Cable TV	_____	_____
Repairs and Maintenance	_____	_____
Insurance	_____	_____
Homeowner Dues	_____	_____
Property Tax	_____	_____
Gardener	_____	_____
Housekeeper	_____	_____
Cleaning Supplies	_____	_____
Other	_____	_____
<u>Total Housing Cost</u>	_____	_____

TAXES: Since we started with GROSS income, we need to take out the various taxes you pay. Most people will find these amounts on their paycheck stub. If you received a refund last year, you may subtract this amount from your annual taxes. If you had to pay, add this amount (15 % to 40% of total income).

	Monthly	Annual
Federal Income Tax	_____	_____
State Income Tax	_____	_____
Social Security Tax	_____	_____
Medicare Tax	_____	_____
State Disability Ins.	_____	_____
Self-Employment Tax	_____	_____
Other	_____	_____
<u>Total Taxes</u>	_____	_____

SAVINGS: (5% to 15% of Total Income).

Savings Accounts	_____	_____
Stocks and Bonds	_____	_____
Retirement Plan	_____	_____
Real Estate Investments	_____	_____
Other	_____	_____
<u>Total Savings</u>	_____	_____

MEDICAL COSTS: (5% to 15% of Total Income)

Medical/Dental Insurance	_____	_____
Doctors and Hospitals	_____	_____
Eye Care	_____	_____
Dental Care	_____	_____
Medicines	_____	_____
Other	_____	_____
<u>Total Medical Costs</u>	_____	_____

	Monthly	Annual
INSURANCE:		
Life Insurance	_____	_____
Disability Insurance	_____	_____
Other	_____	_____
<u>Total Insurance Cost</u>	_____	_____
FOOD:		
At Home	_____	_____
Lunches at Work	_____	_____
Other	_____	_____
<u>Total Food Cost</u>	_____	_____
TRANSPORTATION:		
Public Transportation	_____	_____
Carpools	_____	_____
Auto Payment or Lease	_____	_____
Gasoline and Oil	_____	_____
Repairs and Maintenance	_____	_____
Washes and Wax	_____	_____
Insurance	_____	_____
Licenses	_____	_____
Parking	_____	_____
Other	_____	_____
<u>Total Transportation</u>	_____	_____
PERSONAL CARE:		
Clothing	_____	_____
Hair Care	_____	_____
Beauty Care	_____	_____
Dry Cleaning	_____	_____
Personal Hygiene	_____	_____
Other	_____	_____
<u>Total Personal Care</u>	_____	_____

ENTERTAINMENT:

Monthly

Annual

Meals	_____	_____
Club Memberships	_____	_____
Movies and Theater	_____	_____
Boats, RVs	_____	_____
Hobbies	_____	_____
Vacation Fund	_____	_____
Other	_____	_____
<u>Total Entertainment</u>	_____	_____

CHARITY:

Church	_____	_____
Other	_____	_____
<u>Total Charity</u>	_____	_____

MISCELLANEOUS:

Newspapers & Magazines	_____	_____
Education	_____	_____
Personal/Holiday Gifts	_____	_____
Support of Family/Others	_____	_____
Home Improvements	_____	_____
Purchases of Major Items:		
Car	_____	_____
Furniture	_____	_____
Home Accessories	_____	_____
Other	_____	_____
Interest on Debts	_____	_____
Debt Reductions	_____	_____
Child Care/Babysitting	_____	_____
College Fund	_____	_____
Spending Money	_____	_____
<u>Total Miscellaneous</u>	_____	_____

Detailed Budget by Category

Once you have filled in the items above, you can determine the amount of spending your budget requires in each category on the form below.

Divide your expenses by total income to find the percentage of your total income spent in each category.

	Amount	Percentage
<u>Total Income</u>	_____	<u>100%</u>
EXPENSES:		
Total Housing	_____	_____
Total Taxes	_____	_____
Total Savings	_____	_____
Total Medical	_____	_____
Total Insurance	_____	_____
Total Food	_____	_____
Total Transportation	_____	_____
Total Personal Care	_____	_____
Total Charity	_____	_____
Total Miscellaneous	_____	_____

