

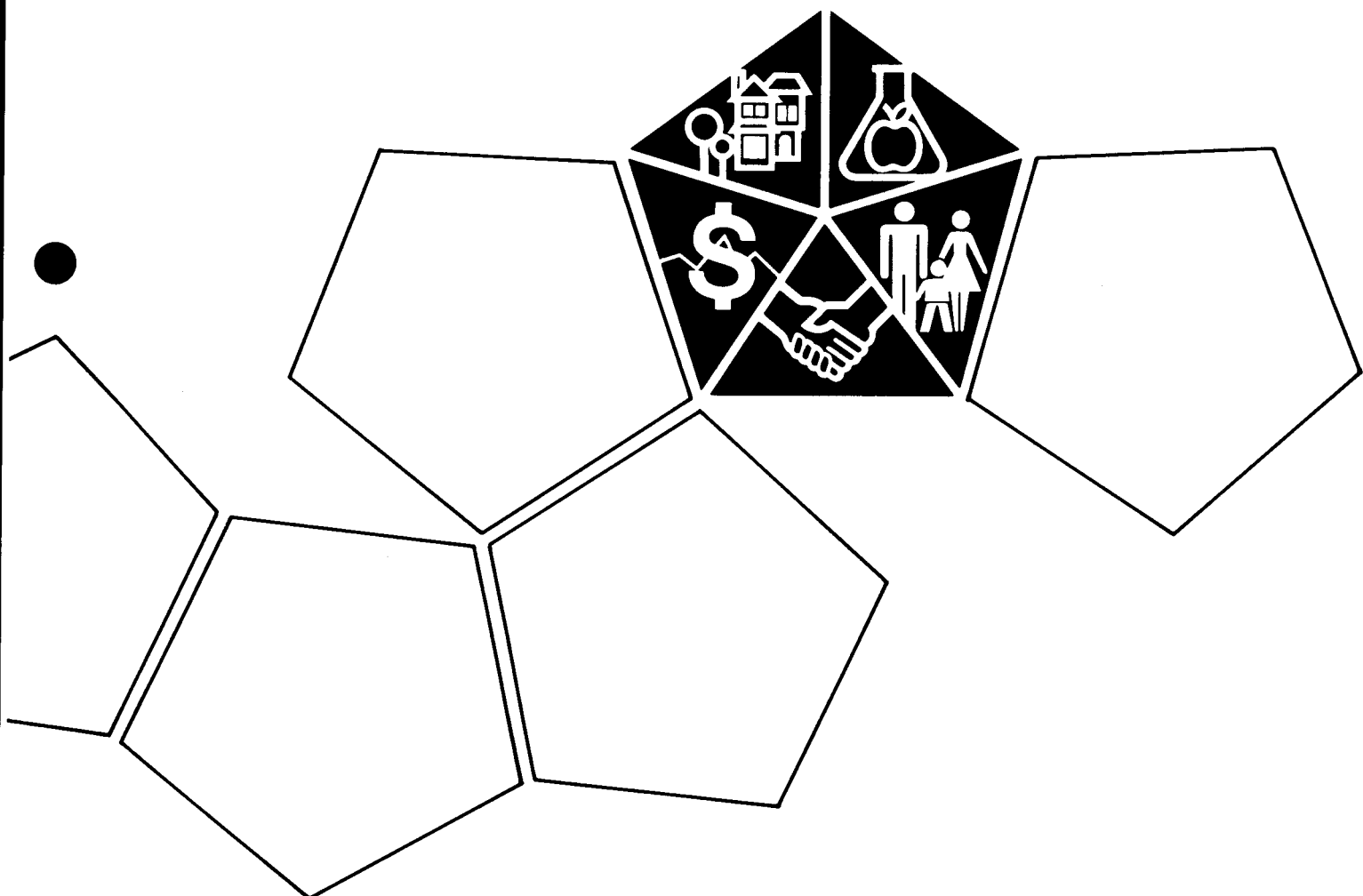
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Financial Management Extension  
Consultant Program: Extension  
Consultant Manual.

# Financial Management Extension Consultant Program

## Extension Consultant Manual



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## WELCOME!

As a volunteer, you add an exciting and important component to the Minnesota Extension Service educational program in your county. Because of your experience, talents, and abilities, you offer a valuable perspective to the families and individuals with whom you work.

Below are some suggestions that can help make the program a success for you, the consumers, and the Minnesota Extension Service.

To ensure that you are matched with an appropriate volunteer job, be honest and open with the extension agent regarding your interests, goals, needs, and ideas, starting with the initial interview.

Understand the duties and time requirements of the extension consultant position before accepting it, and subsequently fulfill these requirements to the best of your abilities.

Take the commitment seriously: participate in all the training sessions and in program planning and evaluation in your county.

Share your ideas! Consultants often offer a fresh new perspective. However, don't be hurt if all of your ideas are not used; not all staff ideas are used either!. Your idea may be excellent, for example, but may require more resources than are currently available for programs.

View the extension staff members as allies, mentors and co-workers. All of you are in the education game together; you can all learn from each other and make unique contributions.

Respect the confidentiality of the families and individuals with whom you work and of the Minnesota Extension Service.

Seek and accept honest feedback. View constructive criticism as an opportunity for growth.

Be a good will ambassador for the Minnesota Extension Service of your county.

Let your enthusiasm and gift of service show in the work you do.

**MINNESOTA EXTENSION SERVICE**

## THE MINNESOTA EXTENSION SERVICE A BRIEF OVERVIEW

The Minnesota Extension Service (MES) was created to provide educational programs and information to people of all ages throughout the state in cooperation with Minnesota's 87 counties. Its birth was the result of national and state legislation (Smith-Lever Act of 1914, and the Minnesota Extension Law of 1909), which extended the teaching and research of the land grant institutions beyond the campus, making research-based information available to people throughout the state. Although the MES originally focused on agriculture and home economics, legislation has broadened the MES mission to include other issues.

The goal of the Home Economics program is to improve the quality of life for individuals and families by enhancing their economic and social well-being. It seeks to achieve this goal through education. The well-being of American families is essential to national strength since the values that underlie national stability are forged by families. Pressures brought to bear on families as a result of social and economic change have made them an object of much concern. The MES seeks to strengthen families by giving them information that can be applied to such areas as provision of food, clothing, shelter and emotional support.

The Home Economics program recently decided to place its efforts in five program area thrusts: Energy and Environment; Families in Communities; Food Nutrition and Health; Family Economic Stability and Security; and Volunteer and Leadership Development. Many Extension Consultant Programs are joint efforts of members of different program thrusts. For example, the Financial Management Extension Consultant (FMEC) Program is a joint venture of the Family Economic Stability and Security thrust and the Volunteer and Leadership Development thrust.

Volunteers have an extremely important role in planning and delivering Extension education programs. In 1982, more than 50,000 Minnesotans were extension volunteers. They serve in many capacities, but most often as extension-trained teachers. They receive training from county agents, specialists or community resource people. In transmitting their skills and knowledge to others they immeasurably expand extension programs.

While volunteers contribute to extension, they also receive its benefits - the training and personal satisfaction they derive from volunteering results in considerable personal growth.

We are pleased to welcome you to the team of extension consultants!.

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Source: Adapted from AES Fact Sheet #116; AES Mission Statement - October 8, 1984, draft; Home Economics program development thrusts

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## WORKING WITH ADULTS

Adult learners are also volunteers. They have volunteered to participate in your program because they expect the program to meet some of their needs. They are free to drop out if the learning experience doesn't fulfill their expectations.

How do you create an environment to foster the sharing of needs and dissemination of information? Take into account the characteristics of adult learners:

- \* Adults see themselves in control of their lives.
- \* Adults judge information from the perspective of their own experiences.
- \* Adult readiness to learn is often related to need.

Any methodology used to teach adults is more successful if the facilitator is aware of adult learning traits.

Assure your participants that you value them as self-directed persons able to make decisions, face consequences, and manage their own lives. Convey your respect for their opinions, but encourage them to look objectively at their thinking and habits.

You can provide people with the information and the opportunity to learn, but you cannot make them learn. Ultimately the participant is responsible for the level of involvement and the amount learned. However, you can assist learning by building an atmosphere of informality that promotes a free exchange of ideas. Encourage the participants to express their own perceptions.

The second characteristic of adult learners, the judgment of information from personal experiences, contributes to a deeper understanding of the materials. Experience can also lead to a degree of rigidity. You may soon become aware of experiences that have made the participant less open-minded and less receptive to new ideas. An adult's self-concept is deeply embedded in his/her unique accumulation of experiences.

If you ask an adult to introduce her/himself, you are likely to hear a summary of experiences--what the person does, where the person has traveled, what training they've had and a recount of past achievements. An adult has a deep investment in experience. Adults in a situation where their experience is rejected or minimized feel it is not just their experience that is being questioned, but their worth as a person. Additionally, if an adult has experienced an emotional disruption, as many do with financial problems, they will not be as outgoing as usual.

There are positive uses for experience. Use collaborating experiences



to enrich your lesson; encourage the application of the materials and information. Avoid discounting anyone's experience, but put the experience in perspective so that others are not blocked from receiving new ideas. Sensitive handling of the participants' experiential contributions is an integral part of each session.

Following are some other general characteristics of adult learners to keep in mind as you plan your presentations.

- \* They vary in age, background and education.
- \* They have many demands on their time and energy.
- \* They are well-motivated.
- \* They are eager to learn and progress
- \* They expect printed instructions for projects.
- \* They like to feel accomplishment.
- \* They enjoy class participation and instruction.
- \* They want a stimulating facilitator.
- \* They prefer short units of work.
- \* They want to make the most of class time.
- \* They expect systematic, organized subject matter.
- \* They want practical life-like situations (projects).
- \* They want to be treated as mature persons.
- \* They welcome variety and informality.
- \* They enjoy fellowship and sociability.
- \* They are sensitive to physical comforts.

Remember that not all these characteristics apply to the same degree to each participant. For example, some people have more demands on their time than others; some are more motivated than others; some will participate eagerly, others more reluctantly in class activities, discussions, etc. However, if you plan your lessons with these adult learner characteristics in mind, you are more likely to have a successful presentation.

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Source: Adapted from Bauer and Hancock, 1980; Volunteer Clothing Consultant Program and Food Preservation Consultant Program.

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### TRAINING INFORMATION

Training is one of the most important steps on your way to becoming a Financial Management Extension Consultant (FMEC). To prepare you for your FMEC responsibilities, the Minnesota Extension Service will provide you with 12 hours of training on topics ranging from financial management to how to teach financial management. You will also receive a notebook of the content materials to use in your FMEC responsibilities.

Attendance at all training sessions is required. A minimal amount of homework assignments (reading or activities) will also be required. Homework should be completed prior to the next session.

Training dates, locations and times are:

We will try to pool rides and/or coordinate transportation to and from the training sites.

You will also receive some additional benefits at the training. These include:

- \* additional skills, techniques and forms to use in your own personal financial management
- \* new and/or different decision-making and communication skills regarding use of resources
- \* meeting and talking with other FMEC's, home economists, district program leaders and specialists
- \* increased confidence in your abilities in the area of financial management

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### **VOLUNTEER COMMITMENT: TRAINING GROUND RULES**

The training program is a very important part of your preparation as a Financial Management Extension Consultant (FMEC). Because of its importance, certain things are expected of you.

You are expected to:

- 1) Attend all training sessions.
- 2) Complete the necessary homework assignments for each session.
- 3) Participate in discussions and activities during the training sessions.
- 4) Ask questions --and remember: There is no such thing as a dumb question!

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**EXTENSION CONSULTANT JOB CONTRACT**

As a Financial Management Extension Consultant (FMEC), I am willing to:

1. Attend all FMEC training sessions as outlined in the orientation.
2. Volunteer a minimum of 50 hours teaching financial management to small groups or individuals, or as arranged with the agent.
3. Make programs available to all Minnesota (or \_\_\_\_\_ county) citizens regardless of race, color, sex, national origin, handicap, age, or veteran status.
4. Refer questions on which I have no training from Minnesota Extension Service or approved references to the supervising agent, training agent, and family resource management specialists.
5. Refer to myself as a Financial Management Extension Consultant for the Minnesota Extension Service only after I have completed training (and passed written and oral exams). I will not wear my consultant name badge or refer to myself as an extension consultant when I am working for another agency or company. I will not imply Minnesota Extension Service endorsement of any brand name product or business. I will not promote individuals, products, or financial institutions that result in personal gain.

The Minnesota Extension Service in \_\_\_\_\_ county will:

1. Provide training in the principles of financial management concepts and provide the teaching materials for various modules.
2. Give training in teaching financial management.
3. Help you find resources for or answers to your questions.
4. Write letter of appreciation to a person, group, or employer of your designation.
5. Document your service to \_\_\_\_\_ county.

Extension Consultant \_\_\_\_\_ Date \_\_\_\_\_

Supervising Extension Agent \_\_\_\_\_ Date \_\_\_\_\_

District Program Leader \_\_\_\_\_ Date \_\_\_\_\_

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### FIGURING RETURN TIME

As a Financial Management Extension Consultant (FMEC), you have agreed to return 50 hours of service to your county's extension financial management education program. Specifics on how those hours are returned will be worked out during pre-training orientation with the supervising agent in your county. However, here are some general guidelines to use in measuring your hours of service.

DO count preparation time for meetings, presentations, individual consultations with consumers.

DO count the time you spend on group presentations, one-to-one contact or telephone contact.

DO count the time you spend in required recordkeeping and reporting for the program.

DO count the time spent in conferences with the county agent.

DO NOT count travel time (to and from agent conferences, group presentations, one-to-one conferences, or for picking up supplies, materials or equipment).

DO NOT count training time or travel to and from training.



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## THE TARGET AUDIENCE

The financial management materials are designed to be used with families or individuals experiencing economic change. This change may be due to a declining farm economy, loss of a job, reduced work hours, death of a spouse, divorce, promotion, marriage, birth of a child, or any number of other reasons.

The term family, as used in these materials, includes not only the traditional nuclear grouping of husband, wife, and children. Families may also consist of:

- \* several adults living together
- \* a single adult living independently
- \* a single parent living with children
- \* a couple with or without children
- \* remarried adults with children from two previous families

Although they vary in structure, all families share the responsibility of setting goals for maintaining their household and the challenge of achieving these goals within their income.

Following are some examples of the family forms you may encounter:

- Two or more unrelated men/women living together pooling resources for some expenses (rent, utilities, food), while maintaining separate budgets for other expenses (clothing, recreation, transportation, etc.).
- A single parent and her/his child and another unrelated adult may share and/or trade services (e.g., babysitting for room and board).
- Two people who live together as husband and wife, but are not legally married. Children may or may not be present.
- An extended family including parents, aunts, uncles, and their spouses and children, who pool resources and services.
- A single parent and her/his child(ren).
- An adult child living with her/his parent.
- A couple and adult child(ren) living together. The adult child may support the parents, vice versa, or somewhere in between.
- An adult living alone.

- A household with one or more members physically absent yet contributing resources to the family.
- A blended family where some/all of the children are present only part of the time.
- A household with one or more members physically present but emotionally absent.
- A childless couple who pool all or some resources.
- A couple with one or more children who pool all or some resources.

Content modules contain information, handouts and activities for selected target audiences. You will want to direct your presentations to meet the needs of the people within your audience.

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Source: Adapted from Bauer and Hancock, 1980.

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## SCHEDULING

Most, if not all, of your scheduling as a Financial Management Extension Consultant (FMEC) will be handled through the county extension office. Groups or organizations wanting a FMEC to make an educational/promotional presentation will make those requests to the county extension office. The extension agent will, in turn, pass those requests on to you or another FMEC in the county. The larger your county's program in financial management, the more requests there will be and the greater the need for extension consultants.

Requests must be made through the extension office to ensure that one FMEC doesn't end up with all the requests while others have few or none. While balancing the requests, it is also a way to match the needs of a group, organization or individual with the skills and expertise of the FMEC.

For example, one FMEC may have requested to work with senior citizens in particular and not with young families. Those requests are more easily honored if they are handled through the Extension office.

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## VALUES AND GOALS

Values and goals, defined below, are an integral part of the FMEC program.

**Values:** The things families/individuals believe are good, desirable and most important to them. Values provide the basis for goals in that they give meaning to the goals (or objective).

**Goals:** Those purposes for which families/individuals are willing to devote their time, energy, and other resources. Goals reflect a family's/individual's interests, ambitions, needs, wants, attitudes and values.

Money matters are closely linked with a person's values and goals. And every person's values and goals will differ. As an FMEC, be careful not to impose your values and goals on the people with whom you work. Rather, you should first help them identify, clarify, evaluate and prioritize their own values and goals. From there, you can help them through a decision-making process that will enable them to satisfy those values and goals as they relate to their financial matters.

It is a good idea to identify, clarify, evaluate and assign priority to your own values and goals before you helping go through the process. Below are some of the benefits of doing this for yourself first.

- \* It enables you to plan a financial strategy to meet your goals.
- \* You become more familiar with the process of doing it, the difficulties, decision points, etc.
- \* It alerts you to your own values and goals and thus it is easier to recognize when these may be biasing your assistance to someone else.

For these reasons, you are asked to complete the exercises in the participant materials for the modules you will be teaching. Also, when working with others as an FMEC, continually ask yourself if your values are hindering the efforts of participants to identify and assign priority to their goals and to make related decisions.

**Remember:** For a financial management plan to work, it must be designed (with assistance, if needed) based on the participant's own goals and values. Your role is that of a guide.

**MINNESOTA EXTENSION SERVICE**

## WHEN PEOPLE CHANGE

Many of the people with whom you work are seeking your expertise because they are unhappy with some aspect of their financial situation and would like to change that. You can be instrumental in helping that change occur.

An awareness of conditions associated with successful change will help you to understand, facilitate and promote the person's desired change.

1. There is a strong felt need, tension, or "hurt" that moves people to want to change.

In personal financial situations, the tension or need may be the result of loss of income due to reduced hours of employment, reduced production or prices for goods, loss of jobs, farm, death of spouse, divorce, retirement. Or it may be due to an increased cost of living due to birth of a child, pay rates not keeping up with inflation, education expenses, etc. The "hurt" may be prompted by other parties (i.e., creditors, collectors) who have a problem with the person's financial behavior and present them with information that hurts them (e.g., threat of loss of farm) to get them to change their behavior.

Sometimes clear, accurate data about a person's financial situation is quite painful. They may want to avoid hearing it because it tells them reality does not match their perception of it.

2. A person is assisting in the change and is highly respected by the person changing.

You may be one person who serves as a respected model in facilitating the person's change. The person needs to believe you care about him/her. You can also provide the encouragement and support necessary to prevent the person from slipping back into old patterns of behavior.

3. The change effort moves from a general proposal to specific plans and subgoals.

Change takes place when the person stops talking about "spending less" and starts specifying specific changes (find a less expensive home/apartment) that can be documented with observable behavior.



4. The change plan increases the self-esteem of the person changing.

The desired change must fit the participants' values and enable them to think more of themselves. If they think someone who has a budget is a miser, they are not likely to spend much time developing, much less using, a budget plan.

5. The change plan results in new social ties or a reformulation of old ties around new behavior and attitudes.

Change in financial behavior within a family must be shared by all family members, and cannot be done by one person alone. How a person spends his/her money is related to who he/she has as friends and what is done with those friends. Changing one's spending habits is likely to change friendship patterns.

6. The people changing will shift from an external motive for changing to an internal understanding and commitment.

Change takes place when the person starts saying: "I really don't want to do ...; I want to do ...," instead of saying, "I should do ..., I'll have to try to do ...."

Change can be an exciting and somewhat frightening growth experience. The person is venturing into uncharted territory, giving up old patterns of behavior that don't work or fit anymore. By the same token, a whole new world is opening up for him/her--full of new opportunities and challenges.

As an FMEC, you can provide encouragement and supportive reassurance to the person who is changing. However, always keep in mind that the other person must feel the need to change, and that you are not responsible to make them change. They must find their own reasons for the change. You can help them to be rewarded by praise and support, but they must make the change themselves.

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Source: Dalton, Lawrence, Greiner, 1970 and adapted from Wenzel, 1978.

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## CONFIDENTIALITY

Money matters are, for the most part, very personal. You will generally need to spend time building trust with program participants before they are willing to talk with you about their finances. Remember that trust is not given, but earned.

Confidentiality plays a big role in earning that trust, and is an important part of being a Financial Management Extension Consultant (FMEC). Because confidentiality can mean different things to different people, confidentiality expectations for the FMEC are given below.

- \* Personal and financial information of others is **NEVER** discussed among friends, family or acquaintances.
- \* Personal and financial information of others is never discussed in public.
- \* Names of those with whom you work are shared only with your supervising agent.
- \* Personal and financial records/files of those with whom you work should be stored in a safe place not accessible to others. You and your supervising agent must decide on the location of the safe place and on who will have access to it.
- \* No participants shall be referred to other agencies without their consent.
- \* When you are not sure how to handle a particular situation, discuss it only with the supervising extension agent.
- \* While you may need to use general financial information for your reports, use no names of participants in these reports. This also applies to reports to the supervising extension agent(s) working with the FMEC Program.

Violating the confidentiality agreement between you and those people with whom you work can destroy any trust you've established or progress you've made. It can hurt both your reputation and the reputation of the Minnesota Extension Service. Violating this confidentiality is a cause for terminating the extension consultant contract. Please take these confidentiality expectations seriously!

**MINNESOTA EXTENSION SERVICE**

## LISTENING

### Introduction

Your role as a Financial Management Extension Consultant (FMEC) is primarily that of a listener. If you use good listening skills, you'll be a much more effective FMEC.

Listening is a communication skill that can be learned, just as speaking, reading and writing are learned. Listening is the first communication skill infants develop and the communication skill most often used. Unfortunately, it seldom gets the educational attention given to other communication skills because everyone is expected automatically to know how to listen.

Because listening is very important for the FMEC, and the training time is limited, this section on listening (information and exercises) is an at-home assignment. It will be briefly discussed at training and you will have a chance to practice some of the skills in the training session.

The listening skills discussed in this section can be used in many situations and settings. You can use them with your family, friends, co-workers, and the people with whom you work as an FMEC. While many of the skills are particularly applicable to visits with one other person or a couple, they will apply to small group settings as well. However, because of the personal nature of financial information, the degree to which it is shared in a group will probably be limited in a group setting.

Early in your conversation with the participant(s) assure the person of confidentiality. If you are in a group, you may want to discuss what confidentiality means to and for everyone involved. (See Confidentiality as a guide for your discussion.)

It is important for program participants to feel you understand what what they tell you. You need not agree with them, but you must make them feel you are listening to them and considering their words. After you ask the person to describe the problem situation in his/her own words, you can show that you are listening in a number of ways listed below.

At first, these techniques will seem somewhat arbitrary and you may feel uncomfortable. This is normal in learning any new skill, whether it's roller skating, riding a bike, or speaking a foreign language. With practice, you should feel increasingly comfortable and natural. using these techniques.

## Minimal Encouragers

Minimal encouragers are responses indicating agreement, understanding or acknowledgement. They encourage but do not request that the person continue talking; they imply neither approval or disapproval. Minimal encouragers include repetition of a key word(s), sounds (e.g., "Mm Hmm"), short phrases (e.g., "Go on," or "I see," or "Really!"). They may be accompanied by nonverbal gestures such as a nod of the head, a shift towards the speaker, etc. Attentive silence can have the same effect.

### EXAMPLE:

Individual: "There are so many bills coming due right now, I just don't know where to begin."

FMEC: "Mm Hmm."

## Restatement

Repeating or rephrasing the speaker's statements is a slightly more complex way to reassure the person that you are listening and that you have understood. It may be a summary of the information given, but in your own words, without adding or taking away meanings from the speaker's original intent. Not only does this show you have been listening, but it gives the other person a chance to correct any misunderstandings you may have about what has been said.

### EXAMPLE:

Individual: "Ever since my wife and I had that big disagreement over buying the car, we argue about money all the time."

FMEC: "You and your wife have had many arguments about money since then."

## Reflection of Feeling

Reflecting feelings is one way you can communicate warmth, understanding, and acceptance of the feelings others may have labeled "bad." Remember, feelings are neither good nor bad, they simply exist. Used with restatement and other minimal encouragers, reflection of feelings can do a lot to build rapport in a relationship.

Reflection of feeling is a response that may have all of the other characteristics of "restatement," but must contain references to the speaker's stated or implied feelings. It may be based on the speaker's statements about feelings, or on observed nonverbal behavior. It may also be based on your hunch about what the other person might be feeling even though there are few clues.

Here are two examples:

1. Individual: "With more careful planning, I have managed to cut our grocery bill by about \$8.00 a week."  
FMEC: "You're feeling good about the money you've been able to save at the grocery store."
2. Individual: "Tomorrow we go talk to the banker about an operating loan for this spring."  
FMEC: (Picking up on nonverbals--tone of voice, body gestures) "You seem rather nervous or anxious about that."

Talking about those feelings in a nonjudgmental manner gets them out in the open and legitimizes them. This may lead to further communication about the situation in an atmosphere of acceptance.

### Supportive Responses

Occasionally, the individual needs specific reassurances in addition to those presented through reflecting feelings or restatement. These include encouragement for a speaker's expression of, or willingness to discuss, his/her thoughts, feelings, and capabilities. Supportive responses communicate interest in, liking for, and acceptance of the individual (not necessarily of his/her specific behaviors or beliefs).

#### EXAMPLE:

- Individual: "I'm scared and I'm not sure I can do it all without Chris. A job, the kids, the house, and all the responsibilities that go along with each of them, much less any time for me."
- FMEC: "Yes, it does seem overwhelming right now. What matters though, is that you recognize that, are willing to make some changes in your life, and to seek the help of others where you need it in making those changes. That means a lot right there."

Supportive responses need to be used carefully and only when, in your judgment, the person needs more specific support than he/she is getting from your nonverbal cues (soft voice, attentive posture, eye contact) and the other responses discussed earlier. If used too often, supportive responses lose their effectiveness.

Also, it is imperative that supportive responses be accurate and in congruence with your nonverbal cues and with what the individual knows about him/herself. Otherwise, they can destroy the individual's confidence in and trust of you.

## Clarification

Misunderstanding can easily occur in any conversation, but even more so when a person is not fully relaxed and trying to describe a situation that troubles him/her, or is difficult to describe. It is then that clarification is necessary.

Clarification is a chance for you, the listener, to verify your understanding of the other person's feelings, situations, perspective, or definitions. Consider the following examples:

1. Individual: (You have just made a restatement and the individual knits his brow and looks a bit perplexed.)  
FMEC: "I'm not sure that I really understood your point there. Could you tell me some more about your situation to make it clearer to me?"
2. Individual: "Eventually, I'd like to buy a new car."  
FMEC: "A brand new one?"  
Individual: "No, a good used one. I don't need a brand new one. Just one in better condition than my old clunker."

Clearing up any misunderstandings as they occur can minimize communication problems and confusion as your relationship with the individual continues.

## Nonverbal Messages

"Actions speak louder than words." This saying points to the "loud" role nonverbal cues play in communication. It is the combination of words and nonverbal cues that comprise the total message we communicate.

When our nonverbal cues match what we say, the listener usually feels we are being honest. However, when verbal and nonverbal cues don't match, the listener often experiences discomfort or confusion even though he/she may not be able to identify what is wrong. Nonverbal cues can completely change the meaning of spoken words.

These nonverbal behaviors are significant in communication: position in relation to the listener, direction of gaze, eyebrow movement, eyelid position, position of head, feet, hands, body, movement of hands, change in skin color, voice pitch, volume, rhythm, tempo and tone. Often we are unaware of this body language and what it means to others.

## Nonverbal Referent

A nonverbal referent points out or inquires about aspects of another's nonverbal behavior without interpreting the meanings of those behaviors.

EXAMPLE:

Individual: "I don't know what's wrong. I should be happy about Terry getting a job."

FMEC: "You have tears in your eyes right now."

### Confrontation

When verbal and nonverbal cues do not match, confrontation can sometimes be a useful technique. At one level, confrontation is a variation of clarification, using restatement, reflection of feeling and/or nonverbal referent. For example: "Let's see now, I have the sense that I'm missing something here (clarification). First you said ... (restatement). You also seemed to feel ... (reflection of feeling). However, as you said that you looked like or sounded like ... (nonverbal referent)."

For the most part, in confrontation, you present your perception of some sort of contradiction or discrepancy in the other person's communications. It may be contradictions between their words and behavior, between their verbal and nonverbal behavior, between two things they have said, between fantasy and reality, or between their perceptions and yours.

EXAMPLE:

You and Jerry have been discussing his monthly spending habits and goals for 3-4 months.

FMEC: "You say you want to cut down on the amount of money you spend on recreation. But, when it continues to increase each month, I have a hard time believing you."

### Self-Disclosure

As the person discusses his/her problem and related details, you may use some or all of the verbal response categories discussed in the first section, from minimal encouragers through nonverbal referents and confrontation. When you do this with warmth, understanding, and a desire to be cooperative, the person usually feels increasing trust. You may help to develop this trust further by responding with some information from your own life. This is called self-disclosure.

Unfortunately, some people will think you are all-wise, all-knowing and perfect, without any problems. If you use self-disclosure appropriately, it will reveal that you are a "real" human being. This is especially true when you disclose your experience and/or feelings in coping with difficulties similar to (but virtually never identical with) the situation being described by the individual. In this way, you present yourself as another fallible human being entering into a cooperative problem solving venture with the person.



One way to construct an effective self-disclosure is: (1) restatement and (2) perhaps reflection of feelings, followed up by (3) something like, "I think I've had a similar experience ...". More simply, you might say, "If I've understood you correctly, that sounds like an experience I've had." It is probably never accurate to say, "I know exactly what you mean, the very same thing happened to me."

Although there are no fixed rules about the use of self-disclosure, the following principles can help avoid its misuse. In general, self-disclosure should be used sparingly and only after giving a great deal of attention to trying to understand the person's problem as accurately as possible. Great care should be taken to return the focus of the interchange to the person's situation as soon as possible. If he/she begins to question you about the disclosure, you can ask: "How was your experience similar to (and/or different from) what I've told you?" If he/she asks you how you solved the problem, you might respond: "I don't mind telling you. But from what I know about human nature, what works best for people is to find a solution to fit their own individual style and goals. Other people's solutions are often a poor fit, in the long run." Don't give them your solution, but wait for them to ask you again. If they ask again, quickly tell them your solution and return to their situation. Further questions about your situation allows them to avoid their situation.

Self-disclosure usually begins with "I," and involves sharing personal feelings or experiences with the person.

EXAMPLE:

Individual: "I am so confused. I don't want to go through the pain of selling the house and all my things and moving to an apartment, but I can't afford to keep the house any longer."

FMEC: "I had similar feelings when my husband died."

Direct Guidance

At times, you'll use direct guidance with the individuals with whom you work. This means helping the person to think through and decide how to solve his/her problem. It may include asking about what has been tried, what has been considered but not tried, "hunches" about solutions, other persons he/she has contacted, their suggestions, what has been done with those suggestions. It may also include finding out if the person knows others with a similar situation or problem and asking how those situations were handled.

The focus throughout the discussion is to get the person to explore his/her own thinking and experience as it relates to the problem or situation. There will be times when you may ask directed questions or statements that gather additional information and also offer some subtle direct guidance.

EXAMPLES:

1. Individual: "I get real tense whenever I go talk to the banker."

FMEC: "Try to talk slower, breathe deeper and relax before you go to see him/her and while you're there. Also write down questions you want to ask, and/or at least your concerns. It will help you remember, so you can be more relaxed as you breathe deeply."

2. Individual: "I seem to be spending more and more money at the grocery store every week."

FMEC: "Earlier you said you usually buy groceries on the way home from work after you pick the kids up from school. (Restatement) Have you ever tried doing your grocery shopping at a different time when the kids aren't with you and you perhaps aren't hungry?" (Direct Guidance)

Avoid using, "If I were you ..." statements. These often are signals that your values and needs are taking precedence over those of the person with whom you're working. "I know someone who ..." statements should also be avoided. These tend to lump people together rather than recognize the unique nature of each individual and situation.

Generally, the more serious and complex a person's problem is (and you can only learned it by thorough exploration) the less appropriate it is to say, "Here's what I think you ought to do." However, if you know beforehand that the contact with the person will be brief, and that a relatively unimportant decision has to be made quickly, and you also know that the individual is capable of evaluating and rejecting inappropriate suggestions, then you might say, "What do you think about ... (a specific course of action)?"

Occasionally, after exploring a person's problem and gently encouraging him/her to think of possible solutions, the situation reaches an impasse. At that point, talk to the county agent about what else you can do for the person. The county agent may suggest a possibility you can explore with the person.

In these, as in all FMEC situations, you should assume that people are capable of making their own decisions, given the opportunity. You should strive to facilitate participants' growth rather than be the expert who knows all the answers.

Refrain from giving advice if at all possible. On the other hand, giving information is different from giving advice. It is helpful to note the difference. When a person requests information, you are giving information, not advice, when you answer thoroughly and accurately. Offering the same information when the person has not requested it is giving advice.

## Interpretation

Interpretation is probably the most complex of all verbal response techniques. It usually involves giving alternative meanings for old behaviors or issues. Interpretation goes beyond what the speaker has consciously realized. It can involve pointing out connections between seemingly isolated statements or events or interpreting the meaning of feelings, defenses, resistance, etc. (False interpretation can occur.)

### EXAMPLE:

Individual: "I get really mad when my wife always asks about where I have been when I get home from work."

FMEC: "Perhaps she reminds you of how your mother used to treat you."

Many books are written on interpretation and there are many different opinions on the subject. Interpretation is included here because it is a naturally occurring mental response that can create problems if expressed verbally. Just as people try to make sense of their own thoughts, feelings and actions, they also tend to impose meaning (consciously or unconsciously) on what they see in others.

Interpretation needs to be used with caution. It can cause some people more fear or pain than they are ready to handle, especially if it deals with a personal issue the person doesn't want to admit to him/herself. Caution is crucial if the relationship has not yet become trustful. When interpretation backfires, the person often feels powerless and worthless. This breach reduces the participant's ability to gain spontaneous new perceptions and understandings that are necessary for making constructive change.

Because of the dangers involved, interpretation should be used sparingly, if at all. You may use other techniques with more success.

If you want to use interpretation, try to get the person to do most of the interpretation for him/herself, rather than doing it for him/her. One way to do this is to use some of the other techniques: reflecting feelings, restatement, asking for clarification, presenting perceived similarities and/or differences and asking the person what that means to him/her. This helps maintain a cooperative problem-solving relationship rather than a counselor and counselee relationship. Your role as a FMEC is that of educator and cooperative problem solver, not counselor. The listening skills you have been learning facilitate your role as an educator and cooperative problem solver.

## Shift of Focus

At times you will want to change the focus of the conversation to some other subject, from feelings to content or vice versa. Beware of confusing the participant as you shift the focus. Nonverbal cues can change the meaning of your "shift of focus" question, also. In the example below, consider the different meanings conveyed by the FMEC if he/she smiles and looks directly at the person, or frowns and looks away as the question is asked.

### EXAMPLE:

Individual: "The landlord's attitude made me so mad."

FMEC: "What did you go see her about?"

The shift of focus of a discussion should happen at a natural stopping place. For example, after you have discussed some aspect of a problem at length, you may sum up what you've heard and ask if there are other points. Or if the person has only talked about content, a shift to feelings may be productive and vice versa.

## Some Techniques to UN-learn

### Denial

Have you ever been told, "You shouldn't think like that!" or "You shouldn't feel that way?" These comments indicate the person listening to you refuses to accept your feelings or thoughts as valid. These kinds of denial statements are generally considered destructive because they cut off communication, decrease self-esteem, and deny people the feeling of being understood. Denial statements limit conversation to topics the participants feel are "safe" to talk about.

Denial statements indicate value conflicts and occur naturally in conversations. As an FMEC you must be well-acquainted with them can catch yourself before you use them. Problems concerning acquiring and using money offer many opportunities for denial statements. Try to remember that your role is to help participants with their situation, not impose your feelings and values on them.

You may want to refer to "Denial: A Coping Mechanism That Can Cause Even More Stress," by Pauline Boss (HE-FS-2470, 1984) for more information on denial.

## Judgment

Judgment is a way of expressing acceptance or nonacceptance of information, behaviors, thoughts, feelings and attitudes. It can be conveyed either verbally or nonverbally.

Like denial, judgment should be avoided because it tends to limit communication. If you express judgment, a person is likely to share only those things which will be accepted, thus preventing you from getting at the crux of the problem.

### EXAMPLES:

1. Individual: "I was so mad when I got the letter from the utility company telling me they were going to shut off my electricity that I went in and tore it up in front of their face."

FMEC: "You did WHAT?"

2. Individual: When the banker called and asked about my house payment yesterday, I hung up on him."

FMEC: (Say nothing, but frown, shake head and look away.)

In both of the examples above the safe topics of discussion are limited by the FMEC's judgmental attitude. A more effective technique is to reserve any judgment and rely on other techniques discussed.

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Source: Adapted from Peer Training, 1979.

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### LISTENING ACTIVITIES

The following series of examples describe things you might encounter in working with adults. In Part 1, you are asked to rate how good you think the FMEC's response is to the person's comment. Use the following scale.

- Circle "5" if you think the response is very good.
- Circle "4" if you think the response is good.
- Circle "3" if you think the response is okay.
- Circle "2" if you think the response is poor.
- Circle "1" if you think the response is very poor.

Circle whatever numbers are appropriate for each situation. You may need to circle all 5's, or all 1's, or any combination of 5's, 4's, 3's, 2's and 1's. There is not necessarily a 5, 4, 3, 2, and 1 for each situation.

#### PART I

Persons says: Our grandson, Don, brought several friends home from college for the weekend. Don asked that we not come to his parent's home--said he'd rather come by and see us at our place. We learned the reason from his mother. He is ashamed of our shabby appearance. I wonder if young folks realize how difficult it is for elderly people to live on Social Security checks these days. After we buy food, medicine, and pay for our housing and heating, there is nothing left. We can't afford nice clothes. Grandpa and I are terribly hurt.

Very Poor	Poor	Okay	Good	Very Good
--------------	------	------	------	--------------

FMEC response:

- |   |   |   |   |   |   |
|---|---|---|---|---|---|
| 1. Why don't you write him a letter and say just what you've told me, and send his mother a copy of it, too.        | 1 | 2 | 3 | 4 | 5 |
| 2. You're being too sensitive about this. He'll grow out of it. If you complain you'll just drive him further away. | 1 | 2 | 3 | 4 | 5 |
| 3. It's really painful to have someone you care about feel ashamed of you--and not understand the problem.          | 1 | 2 | 3 | 4 | 5 |

- |  |   |   |   |   |   |
|--|---|---|---|---|---|
| 4. What have you done about it?                                | 1 | 2 | 3 | 4 | 5 |
| 5. It's a shame that today's kids are so selfish and snobbish! | 1 | 2 | 3 | 4 | 5 |

Person says: I don't like being on welfare. I would much rather work. But the only jobs I have been able to find don't pay enough for me and Jessie to live on, say nothing of paying for babysitting for Jessie ... probably I could get a second job, but I want Jessie to know her mommy too, and not spend all her time at a sitter.

- | FMEC Response:  | Very Poor | Poor | Okay | Good | Very Good |
|---|-----------|------|------|------|-----------|
| 1. How hard have you looked for a job?  | 1         | 2    | 3    | 4    | 5         |
| 2. Can't your mother take care of Jessie for you?   | 1         | 2    | 3    | 4    | 5         |
| 3. What kinds of jobs have you found? What kind of job would you like to have?              | 1         | 2    | 3    | 4    | 5         |
| 4. It sounds like you are frustrated.   | 1         | 2    | 3    | 4    | 5         |
| 5. Have you checked into the baby-sitting co-op for day care for that little crumb crusher? | 1         | 2    | 3    | 4    | 5         |

Person says: I don't know where our money is going. With the salaries that Mary and I are making, we shouldn't have to scrimp and scrounge the way we do. We aren't even putting anything into savings, and still the checkbook is always empty before the end of the month. What should we be doing?

- | FMEC Response:  | Very Poor | Poor | Okay | Good | Very Good |
|---|-----------|------|------|------|-----------|
| 1. Have you and Mary ever drawn up a budget?  | 1         | 2    | 3    | 4    | 5         |
| 2. You sure shouldn't have to scrimp and scrounge. You are making much more than many families. | 1         | 2    | 3    | 4    | 5         |
| 3. What are some of your major expenses each month?   | 1         | 2    | 3    | 4    | 5         |

- |   |   |   |   |   |   |
|---|---|---|---|---|---|
| 4. You feel that your money should be stretching farther than it is. Right?             | 1 | 2 | 3 | 4 | 5 |
| 5. As far as I'm concerned, if you wouldn't eat out so often you would have more money. | 1 | 2 | 3 | 4 | 5 |

Person says: We never have any money for the house. Everything always goes back into the farm. The barn needed the new roof, the cows need the vet, Dave needs a new plow. I need a new washer, but that doesn't seem to matter to anyone but me.

Very Poor	Poor	Okay	Good	Very Good
--------------	------	------	------	--------------

FMEC Response:

- |  |   |   |   |   |   |
|--|---|---|---|---|---|
| 1. That's the way it was when we were farming, too.  | 1 | 2 | 3 | 4 | 5 |
| 2. You sound as if you're feeling "slighted" in the household share of family income.          | 1 | 2 | 3 | 4 | 5 |
| 3. Have you and Dave ever discussed the differences between farm expenses and living expenses? | 1 | 2 | 3 | 4 | 5 |
| 4. What's wrong with your washer?  | 1 | 2 | 3 | 4 | 5 |
| 5. Have you considered going to a laundromat?  | 1 | 2 | 3 | 4 | 5 |

Person says: My family has always farmed -- made it through tough times. My grandfather homesteaded this place. Farming is all I ever wanted to do. But I can't even make enough money to feed my family.

Very Poor	Poor	Okay	Good	Very Good
--------------	------	------	------	--------------

FMEC Response:

- |  |   |   |   |   |   |
|--|---|---|---|---|---|
| 1. It's not your fault.  | 1 | 2 | 3 | 4 | 5 |
| 2. Are you feeling like a failure because you can't make it farming, when your father and grandfather as you termed it, "made it?" | 1 | 2 | 3 | 4 | 5 |



- |   |   |   |   |   |   |
|---|---|---|---|---|---|
| 3. If you hadn't bought so much land in the mid 70's, you might not be in the fix you are in now. | 1 | 2 | 3 | 4 | 5 |
| 4. Tell me more.  | 1 | 2 | 3 | 4 | 5 |
| 5. I think you should plain get out of farming and find a different job.                          | 1 | 2 | 3 | 4 | 5 |

Person says: The utility company called today and said they were going to shut off the heat unless I paid the bill for the last three months. I know it's overdue, but I just can't make ends meet since the plant closed. I have told them my situation, but they just don't understand. I still have to live. What do they expect me to do anyway!!?

	Very Poor	Poor	Okay	Good	Very Good
--	--------------	------	------	------	--------------

FMEC Response:

- |  |   |   |   |   |   |
|--|---|---|---|---|---|
| 1. What do you expect them to do?                                    | 1 | 2 | 3 | 4 | 5 |
| 2. What have you told them about your situation?                     | 1 | 2 | 3 | 4 | 5 |
| 3. What would you like them to understand?                           | 1 | 2 | 3 | 4 | 5 |
| 4. These big companies just have no compassion for us "common" folk. | 1 | 2 | 3 | 4 | 5 |
| 5. Have you tried to get another job?                                | 1 | 2 | 3 | 4 | 5 |

Person says: Ted always took care of all the finances. He said I didn't have to worry about that, that he'd take care of me. I don't even know how to balance the checkbook, when taxes are due, what insurance I have or need. Why did he have to die and leave me like this? I feel so dumb and helpless.

	Very Poor	Poor	Okay	Good	Very Good
--	--------------	------	------	------	--------------

FMEC Response:

- |  |   |   |   |   |   |
|--|---|---|---|---|---|
| 1. Did you and Ted ever talk about what would happen if he should die first? | 1 | 2 | 3 | 4 | 5 |
| 2. You miss your husband, don't you?   | 1 | 2 | 3 | 4 | 5 |

- |   |   |   |   |   |   |
|---|---|---|---|---|---|
| 3. You're not helpless, and you certainly are not dumb. Look at all the talents you have ...  | 1 | 2 | 3 | 4 | 5 |
| 4. I don't understand why so many men keep their wives in the dark when it comes to finances! | 1 | 2 | 3 | 4 | 5 |
| 5. What kinds of things do you want to know?  | 1 | 2 | 3 | 4 | 5 |

In Part II you are asked to write how you would respond to the person using the indicated techniques. Responses do not have to be lengthy. You may refer to the section on listening if you need further clarification.

The final two situations ask you to respond and also indicate which listening techniques your response includes. You may refer to the section on listening, if necessary.

## PART II

Person says: I don't think I can do it all. Since Regina is gone, I haven't had any ambition. I'm moody all the time. The kids haven't had decent meals, the laundry doesn't get done like it did. My boss told me I needed to take some time off, that I needed a rest, but I can't afford to with all Gina's bills to pay. I just can't do it.

Reflection of feeling:

Restatement:

Supportive Response:

Person says: We are in so deep right now, that I don't think we'll ever get out. Perhaps the best thing to do is just end it all.

Minimal Encourager:

Clarification:

Confrontation:

Person says: I really love Jack, and we are planning to get married next month. But I get mad at how he wastes his money. We have had many discussions about money and they all end the same. He tells me to lay off!

Your response:

Techniques used:

Person says: Jerry, our 16 year old, can't seem to understand that we can't afford a second car, and that he can't have or do all of the things his friends have and do --especially now that Tom was cut to part time. He is always wanting to go here or there, or money for this or that. Tom and I can't seem to talk to him any more without getting into a heated argument. How can I make him understand?

Your response:

Techniques used:

## CONTRACTING

Contracting is the formal name for an agreement between the individual/ family and you about your mutual goals. Without such an agreement, your relationship has no clear focus and loses an important impetus toward making it work. Due to the wide range of human circumstances, contract conditions vary greatly. A good contract has all the relevant conditions specified. As an FMEC, most contracts you have with participants will be unwritten. The core of the contract is the agreement to work on specific goals. You may have to explain the concept of psychological work to participants.

Example: After about an hour of discussion, you may begin to sum up:

FMEC: "As we have been talking this morning, you have said a number of times that you 'just don't know where your money goes every month.' We can't change where it went in the past, but we can attempt to figure out where it goes in the months ahead.

Individual: "Will that help me pay my bills?"

FMEC: "It won't give you any more money, but by getting some picture of where your money goes, you can make some more conscious decisions about where you want to spend it, depending upon your priorities."

Individual: "Mm Hmm!"

FMEC: "How does that sound?"

Individual: "Well, let's give it a try."

The contract defines your role, stressing the limitations of that role. Setting limits avoids giving the participant unrealistic or excessive expectations, which could be destructive to the helping relationship. You can usually set these limits by stating what you can offer, rather than listing the things you cannot offer. Occasionally a specific limit may be mentioned to clarify the contract, as in the example above: "We can't change where it went in the past ..." or, "It won't give you any more money ..." This contract is a mutual agreement to "talk about what you can do to change things." At this point it is minimal, loose and somewhat tentative. However, you may still need to help the individual translate vague complaints into specific problems. For example:

FMEC: "I can meet with you once a week for the next 4-6 weeks. What do you want to accomplish in that time?"

Individual: "I'd like to be able to pay all my bills and maybe even put a few dollars in savings."

FMEC: "How would you like me to help?"

Individual: "I'm not sure."

FMEC: "We can talk about your goals, or what you'd like to do in the next 1-3 years, discuss the steps necessary to do those things, and then devise a "plan of attack" for you to make those things happen.

Individual: "That's what I want."

The idea here is to make the complaint into a constructive goal. It is your responsibility to provide a reasonable goal to the person with whom you are working.

Finally, the contract may be renewed and renegotiated at any time. Ideally, it is designed to be flexible to promote an expectation of change and to ensure that both participants work together under changing conditions.

Points that may be specified:

- 1) Confidentiality
- 2) Place, times of meetings
- 3) Limits - goes back to guidelines and disclaimer
- 4) Goals
  - Example 1: To make a decision on what to do.
  - Example 2: To understand my feelings about ...
- 5) Responsibilities of the individual with whom you are working
  - a) mutual working through
  - b) full pertinent disclosure
  - c) consultation

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Source: Adapted from Peer Training, 1979.

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## LEADING A SMALL GROUP

As a Financial Management Extension Consultant (FMEC), you will most likely be working with small groups of 4 to 12 people. Your role is twofold: to provide some of the technical information and to facilitate the group process. Consequently, your role in that group will fluctuate from session to session and even within sessions. At times you will be presenting information. At other times you may facilitate a discussion or activity or even occasionally be a "participant." The burden for the group's success is **not** all on your shoulders. In the most effective groups, the members interact, share ideas and offer support.

However, as a small group facilitator, you will encounter all kinds of personalities and they will affect the dynamics of the group and how it functions. Advance planning on how to handle various situations can save you stress if and when they occur and keep the group functioning effectively!

As with the listening skills discussed in the manual, you will find that the techniques discussed in the "What To Do If" section below can be applied in many situations and settings. You can use them in a family discussion, in a group discussion among friends, or co-workers, or in groups or organizations to which you belong. At first they may seem awkward, but with practice you'll be able to adapt them to your own style.

### Effective Leaders of Adult Learning Groups

Adults often participate in a group on a voluntary basis if it meets one of their needs. (Refer to Working With Adults for more information.) They may drop out if they don't feel their needs are being met.

Because of that, you should try---as a small group facilitator---to make your group as effective as possible.

The four general characteristics of an effective leader of adult learning groups are discussed below. As these characteristics are discussed, mentally rate yourself on whether you possess that characteristic, using a scale of one to ten, with ten meaning you possess little of the characteristic.

1. Warmth: gives people permission to learn.  
Do you speak well of people?  
Do you tend to like and trust people, or do you fear them?  
Do you establish warm friendly relationships with others?  
Are you approachable?

2. Indirectness: offers people the needed protection to discover their own learnings.
  - Do you let people discover things for themselves?
  - Are you willing to refrain from telling others everything you know, even when you think it would be good for them? (It has been shown that adult learners prefer people who offer helpful resources rather than spoon-feed them answers.)
  - Are you sensitive to their reluctance to talk openly about their personal money management? Training modules offer teaching techniques to support adults who feel need for privacy.
3. Organization: a signal of potent leadership.
  - Do you know what specific things you want group members to accomplish? In other words, why are you there? What do you want to get done?
  - Is the learning divided into orderly steps?
  - Are you well-enough prepared to answer questions about things other than about material you present?
  - Do you realize what you know, and what you don't know? Are you willing to admit what you don't know?
4. Enthusiasm: a sign of potent leadership.
  - Are you enthusiastic about people and the subject matter?
  - Are you enthusiastic about what you have to offer?

Where do you rate on each of these? After completing this entire section, rate yourself again. Did your scores change? As you gain more experience in facilitating small groups, you will find your leadership skills will also sharpen!

### The Physical Environment

The physical setting should make the participants feel at ease. Plan for interaction! Chairs arranged in a semi-circle or scattered informally across the room avoid the restrictive, passive feelings often associated with rows of chairs.

Get rid of barriers. Unless the participants are using a table for an activity, it is not necessary to be seated around a table. If tables are used, round ones are preferable as these facilitate better discussion. When rectangular tables are used the people at the corners contribute the least and those in the central and head positions tend to dominate. Any furniture barriers can require a special effort to draw participants into the discussion/activities, especially in the larger groups.

Podiums are another type of barrier; they give the appearance you're talking down to the audience. It's fine to prepare notes and to use them, but to make the best of these materials, avoid FORMAL LECTURES and PRESENTATIONS.

## Planning the Meeting

Review the materials in your notebook. If you have any questions, talk to your supervising Extension agent. Think about the people who will make up your group and select appropriate materials and activities for them. Again, if you have questions on how to work with that group, discuss them with your supervising agent.

Following are some basic things to do before each meeting. Many are discussed in detail later.

1. Decide on your goals. What do you want to accomplish? What do you want the group to accomplish? Possible goals are defined in the Financial Management Extension Consultant materials for each target audience.
2. State your ground rules. The group may establish additional rules.
3. Plan the opening.
4. Plan the content and activities.
5. Plan the closing. Remember to include some form of evaluation and follow-up for the group members.
6. Collect or prepare needed materials.
7. Prepare yourself. Go to the meeting enthusiastic and confident that you have something worthwhile to share with others.

## Prepare Yourself

- \* Study the content carefully. Know how you plan to do things.
- \* Allow yourself adequate preparation time. If you go to a meeting feeling rested and good about yourself, and if you're not hungry, you'll do a better job.
- \* Visualize yourself as the warm, enthusiastic, competent, dynamic speaker you are becoming. List your good qualities: Repeat these to yourself five times on the way to the meeting
  - "I am a competent, warm, caring, group leader."
  - "I think well on my feet."
  - "I enjoy leading this group."
  - "I listen to what people want and need."
  - "I'm lucky to have this opportunity and these people are lucky to work with me."
  - "I have something important to share with this group."
- \* Claim your own beliefs, affirm your ability to think, and take care of your feelings.
- \* If you are comfortable only with either/or answers, practice looking for at least five different solutions to each problem.



- \* Be aware that you set the tone of the meeting in the first three minutes. Show enthusiasm and warmth.
- \* Remember, it's okay to have fun and lead at the same time!

### Opening the Meeting

Did you know that people make lasting judgments about a class or group within the first three minutes? Keep that in mind and be well-organized when people start arriving (equipment set up, materials organized, etc.). Participants are usually willing to help arrange the physical setting, but you will have to tell them how you'd like it. It's best not to have them help the first time the group meets.

It is a good idea to use a little time before the meeting starts to mingle informally with the participants - talk with them and let them know who you are.

Begin promptly! It's all right to begin before everyone has arrived. When you start late you cater to the latecomers, ignoring the promptness of the others. Greet latecomers, but don't fuss over them. Expect them to blend in with activities. You may need to fill them in on the beginning information/activities later, but do not use group time for this.

To extend the free flow of communication, many facilitators devote time to an icebreaker or warm-up activities. Encouraging participants to talk with each other and get acquainted may serve a social as well as educational need. Icebreaker activities are included in Financial Management Extension consultant Manual and may be used with any topic.

### The Meeting

While the FMEC materials are ready to use, you may need/want to adapt them depending on your style, the needs of the group, time allowed, etc. Keep the following suggestions in mind as you plan your meetings and presentations.

Establish ground rules: Ground rules help create an environment that promotes learning, risk-taking and attitude and/or behavior change. If time permits, the group should negotiate ground rules. If time is short, you as the small group leader may state them. Sometimes it's helpful to have them written on newsprint and displayed on the wall for all to see.

Some examples of ground rules are:

- 1) Everyone is expected to and will have a chance to participate.
- 2) Everyone has the right to privacy -- people need not share information about themselves if they don't want to. It is very important to establish this when discussing financial matters.

- 3) All opinions, attitudes and beliefs are honored. Besides affirming each person's rights, this also prevents the group from deciding who is "right" and who is "wrong" when people disagree.
- 4) Confidentiality is assured. All problems stay within the group. Be sure to see that group members agree to do this because you cannot enforce it. Until the group begins to unite (second meeting or more), some people may not share. Don't call on anyone to share something about their financial situation; let them volunteer.
- 5) Leader stays in a position of respect for self and others during the meeting. This protects participants from criticism and preserves your integrity. As leader, you will need to model acceptance and respect for the group members.
- 6) Everyone is expected to stay on the subject.
- 7) No one dominates the discussion - no long speeches.
- 8) Put-downs are not acceptable.

These ground rules would apply to you, the group leader, and the group members. You may decide that some of these do not fit, and/or you may need to add others.

**Remember:** Plan an activity/discussion, etc., to involve group members within the first five minutes. If you don't, you are more likely to lose your audience. This will generally be an individual activity as outlined in the financial management program modules.

### The Group

Group learning enhances the topics presented in the FMEC Program. Always choose some activity to help the participants function as a group.

You will quickly learn things about the nature of the group. What are their motivations for participating? If participants seem to feel the need to achieve a personal goal, you might plan to recognize them when they complete the materials in the module. Another group may enjoy one another's company in addition to the learning atmosphere; they may want to plan a pot luck dinner to end the series. Key in on the strong points of your group and work together to make the series special.

The size of the group also influences the type and quality of participant involvement. A large group, more than 20 people, can inhibit the sharing and rapport necessary for an interactive program. Although the materials can be presented to a large group (particularly if a session is used as a single, independent lesson), the series is intended for two to ten people. This limited number should be large enough to provide diversity in opinions and lifestyles yet small enough so that activities and discussion work well.

Pre-registration may help keep groups to the optimum size. If it is not possible to break a large group into several small group sessions, talk with your supervising agent.

### Indirect Learning

Because adults are often turned off by lectures and formal presentations in a small group and because people learn more when they are in charge of their own learning, you'll want to include some indirect learning in each session. This can be done by:

- Giving adults chances to learn from each other
- Using experiential techniques as well as telling and showing techniques
- Providing an informal, respectful, collaborative climate

### Time

Each session has enough materials for a two-hour meeting. The length can vary, however, to suit the time constraints of the group. It may be important to schedule the session in conjunction with another event (e.g., story time at the library, or immediately after work). Consistency is helpful for people with a tight schedule. Select activities that can come to closure during the session. However, you may introduce take-home activities. Plan to stay a little longer for those wanting more information and those that want to talk privately with you about their situations. Worksheets are provided in the materials to help you promote individual progress with a subject most people are reluctant to discuss openly.

A two-hour session should always include a break. To avoid information overload and mental fatigue, stop approximately half-way through the session. If the group decides to arrange for refreshments, this may be a good time. Refreshments are not expected or necessary, however. Some of the group may want to share refreshments or you may be at a location that each can purchase what is desired.

### Closing the Meeting/Group

It is important to plan your closing--of individual sessions, of a series, and of the whole series of programs. The closing session can provide a good and memorable meeting for the group. Here are some suggestions for bringing closure to your session(s).

- \* End on time.
- \* Do an evaluation. As a group, review what you set out to accomplish. Did you do it? What was learned? How could the process have been improved. Evaluation materials are included with the FMEC materials.

- \* End on a positive note! If there is a "next" meeting, quickly review the date, time, location, and what will be discussed.
- \* If this is a last meeting, bring it to a close by reviewing what was gained through the whole group experience (from friendships to new information). Do a more in-depth evaluation to see if you accomplished your goals as a group.
- \* Encourage others to celebrate their personal growth.

If you plan a closing activity, check to see if it includes the following:

- \* Clear directions
- \* Time to clarify obligations and expectations for follow-up activities
- \* Participation by everyone (including you!)
- \* A way to celebrate new knowledge, insights, or experiences with others in the group
- \* A time to give and receive positive personal messages
- \* Ends on time!

### Finally, Celebrate Your Success!

Reflect on and celebrate the personal growth you experienced working with the group. Claim the skills you developed/refined as a group leader. Celebrate your warmth and enthusiasm.

### When Problems Arise or "What to do if..."

Every group is likely to encounter a few problems ... the meeting seems to drag, one person dominates all discussions, the group is always going off on a tangent. As a group facilitator, you can do a lot to solve these problems. Following are a number of common problems encountered by groups and some suggested techniques you could use to solve them.

#### \* A dragging meeting:

Check the physical environment: Are the chairs comfortable, yet not so comfortable that participants fall asleep? Are they arranged so all can see and participate? Is it too warm/cold in the room? Is the room well-lighted?

Keep the program moving. Don't let one point drag on too long. As facilitator, set the pace. Be enthusiastic. Get the group involved. Explain the subject matter vividly. Ask questions of the group.

#### \* The group can't get started:

Do group members have enough information? Do they understand that they need to/are expected to participate? Do they understand the directions for the task/activity at hand?

Ask someone to rephrase the discussion topic.

\* Silence:

In a discussion, some groups expect the leader to do all the talking. However, your job is to get the group members to talk. Sometimes this results in silence.

If you are sure the group understands the discussion topic, and there is silence, try to wait out the group members. You can remain silent for two to three minutes. People may need some time to think before they respond. Usually someone will say something. Meeting silence with silence of your own puts the responsibility on the group members and takes it off your shoulders.

(Refer to the section on Listening. These techniques are very useful in group discussions!)

\* One member dominates the discussion:

Some people like to dominate discussions in order to display their knowledge, exert control, and/or appear important. As facilitator, give everyone a chance to participate.

EXAMPLES:

"How do the rest of you feel about that idea?"

"Okay, that's a good point; may we move on to someone else?"

"We have heard from \_\_\_\_; let's hear from some of the rest of you."

"Chris, in order to give everyone here a chance to discuss their viewpoints, I am calling time on this discussion."

\* Someone says: Too Theoretical:

Someone complains that it's "too pie-in-the-sky, too much theory, let's get down to the real world." Point out that some learning styles differ and that some learn more quickly if they grasp theory first.

Check yourself to see if you are offering too much theory. Are you trying to spood-feed everything to the group? Listen for truth in these complaints and make your own judgments. The materials for the financial management modules give you background information. This is not intended for you to read to your group. State things in your own words.

\* Members Lack Experience/Confidence in Group Settings:

Some members of your group may have had negative experiences in school and/or have negative attitudes toward anything that resembles education. Others may have experienced put-downs and criticism of their ideas and thoughts in group settings.

Because of that, their self-confidence in their ability to interact may be low, making them hesitant to participate in discussions and activities.

Reassure them that their ideas and experiences are important.

Reemphasize the ground rules.

Do not be critical of their viewpoints.

Trust will need to be established before the person(s) participate freely.

\* The silent one

Some people are by nature quiet. Others feel their comments will not be accepted or they may be uncomfortable in a group. You can try to encourage participation.

EXAMPLES:

"Does anyone who hasn't spoken care to comment?"

"\_\_\_\_\_, what do you think about ...?" Be careful not to embarrass the person by calling unwanted attention to them. Eye contact can indicate whether they consider themselves part of the group.

When the person does take part, reinforce participation by saying, for example, "That's a good point," or "We appreciate hearing your position."

\* Off on a tangent

In a discussion, it's easy to get off the subject. Getting group members back on target is your job.

EXAMPLES:

"Are we off the subject?"

"We're talking about \_\_\_\_\_, but our topic is supposed to be \_\_\_\_\_."

"Getting back to our earlier discussion ..."

"This topic is interesting, but we still have some things we need to discuss about \_\_\_\_\_. Perhaps we can continue this discussion informally at break or after the meeting. Let's get back to \_\_\_\_\_."

\* The group acts confused

Are the directions clear? Avoid giving more than three directions at one time.

Was sufficient information presented, or is more information needed?

Was the information understood by all?

Use the clarification listening technique to determine where the misunderstanding lies.

\* Topic gets too heated

Some discussions may generate controversy. When this happens, it is not important to reach consensus on the topic. You may need to bridge the controversy so you can get on with other important tasks.

EXAMPLES:

"We have two viewpoints here. Are there any others?"

"This really isn't the place to settle this issue, so let's move on to the next topic."

"The solution may lie somewhere between the two views expressed. The most important thing is that you consider what aspects of these views are acceptable to you."

Remember the group should examine all sides.

Remind the group that in this discussion there isn't one right answer, so all views are encouraged.

\* "Yes, but ..."

Don't try to counter comments starting "Yes, but..." Invite that person to say what she/he thinks, honor it, and then go on with the meeting.

\* "That will never work."

Pessimists will often challenge new ideas with this comment. Maybe it won't work, but you need to explore it with the group.

EXAMPLES:

"Let's examine the things which will help us accomplish \_\_\_\_\_, and the road blocks we may encounter. How could we get around those road blocks?"

"It may not work for you, but it may work for someone else in the group."

"Sometimes it looks like it won't work at first. But how do you know until you try it? By trying it, you may find a much better and more creative solution to share next time with the group!"

\* Disruptive behavior

Occasionally a person's behavior may disrupt the whole group. When this happens, gently confront those being disruptive in front of the group. This is rare in adult audiences composed of voluntary attendees as most potentially disruptive people will choose not to attend. However, disruption may occur in any required session.

EXAMPLES:

"Marjorie, while we have been discussing \_\_\_\_\_, you have been moving around a lot. I'm wondering if there is something you are preoccupied with or some way the group can be helpful to you."

"Bill, this is the third or fourth time we have heard \_\_\_\_\_ about \_\_\_\_\_. Are you feeling misunderstood? Here is what I am hearing."  
(Use restatements - see Listening section.)

\* Everyone talks at once

The topic has generated so much discussion that everyone is talking and no one is listening. As a group facilitator, you need to bring order back to the group.

EXAMPLES:

"Time out! Everyone is talking at once, and we are missing some important comments. Let's back up and take one at a time."

\* You're scared

You can be scared and lead at the same time. Take care of yourself. Think of specific times when you have successfully tackled problems.  
You are capable!

\* Accepting personal criticism

Don't take responsibility for the other person's discomfort and change to please her/him.

Don't be defensive.

Don't attack the other person.

Do stay respectful of yourself and others.

Listen to the criticism Is there any truth? If not, let it pass; if there is, make the appropriate changes.



\* People won't think for themselves

People are used to being spoon-fed information, but that is not an effective way to learn. Listen to how you invite them to participate. Ask rather than demand.

EXAMPLES:

Do say, "Will you ...," "I invite you ...," "I encourage you ...," "Will someone ...," "If you are willing ...". These statements supply support and give the respondent some control. It is important to remember that "NO" is an acceptable answer, otherwise it is "demand in disguise."

Phrases like, "Do me a favor ...," "Would you ...," "Why don't you ...," and "Could you ..." imply the action is done to please you, the facilitator, rather than for their benefit.

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Sources: Bauer & Hancock, 1980; Bowman, 1983; Clark, 1984; Barkeim, Jenson, Qualey, Semmler, 1975.

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## ONE-TO-ONE CONTACT

Some persons/families may desire more individualized assistance with their financial management than can be achieved in a group setting. In these cases, you may want to set up an appointment to meet with them for this one-to-one consultation.

### The Setting

Because money matters are so personal and are often difficult to discuss with strangers, make the situation as comfortable for them as possible. To make them feel at ease, allow the person/ family to choose the location or setting of the meeting. This may or may not be their home. Depending on the person/family, you may need to suggest some possible places, but always let them suggest alternatives. Encourage all the adults and children old enough to understand to be present.

The setting should be relatively private, again because of the personal nature of the topic. For this reason, restaurants are not good locations for one-to-one consultations.

Also, you may find it helpful to work around a table, so you have room to spread things out and work comfortably. Finally, keep the setting as informal as possible.

### Build Rapport

Your ability to build a trusting, non-judgmental relationship depends largely on how successful you are in one-to-one work with individuals/families. Those relationships don't happen automatically, but need to be earned.

You may spend most of the first session getting to know one another. You may need to talk about your background, etc., but remember the focus should stay on the other person/family. The first session may be identical to the first group session, but in this case the group is the family and the sharing can be open.

Being a good listener, respecting the confidentiality of the situation, and having a non-judgmental attitude will go a long way in earning their trust. Please review the sections entitled Listening, Values and Goals, Confidentiality and complete the exercise "Am I Judgmental?" These may alert you to things to watch for in yourself and the other person as you go into a one-to-one situation.

## Your Role

Your role in a one-to-one situation is that of a guide. It may be compared to the role and relationship of a guide dog and its owner.

A guide dog helps its owner reach his/her destination by alerting the owner to the safe way along the path which he/she cannot see. In the same way, the person/family with whom you are working decides where they want to go (their financial destination). Your job as a FMEC is to help them negotiate the path to that destination. It may involve guiding them through exercises or conversations to identify their values, goals and helping them see alternative choices to reach the goals, and the consequences of each alternative. However, the decision of what to do belongs to the individual/family.

Also, a guide dog is a working dog. The guide dog and its owner need to maintain a "business" relationship as opposed to a "pet" relationship. To be most effective, you will also want to maintain a "business" role as opposed to a "friend" role with those with whom you work.

Contracting may be a useful technique, particularly in one-to-one situations.

## HOLDING YOUR AUDIENCE

Because adults are voluntary students, it is very important to give thought to holding your audience. Do you ...

- \* go to class (sessions) prepared and confident?
- \* recognize and allow for individual differences?
- \* have a technique to learn each participant's first name and recognize each one by the second session?
- \* keep the session realistic and meaningful?
- \* give credit to participants for their contributions?
- \* vitalize session activities through a wise selection of teaching methods?
- \* encourage participants to share their experiences?
- \* get to know and understand your participants?
- \* let each adult know that you are interested in him/her?
- \* praise and comment on the work accomplished?
- \* present a "teaser" for the next session?
- \* start and end each session promptly?
- \* provide for each adult a rich educational experience?
- \* provide physical comfort for the participants?
- \* make every minute count?
- \* enjoy your teaching?
- \* feel excited about sharing with others?
- \* look forward to the next time together?

**MINNESOTA EXTENSION SERVICE**

## DON'T FORGET

Below is a checklist of basics that you should not neglect. Remember, you must share responsibility for the program; don't assume that details will be handled by someone else.

\_\_\_\_\_ PROMOTION. Whose responsibility is it to ensure an audience? Work with extension agent to clarify responsibilities.

\_\_\_\_\_ MEETING ARRANGEMENTS. Where will the learning event be held? Who makes the contact? If possible, check the physical aspects of the room for comfort and safety of the group. Put the room in proper condition before leaving.

\_\_\_\_\_ EVALUATION. How will you determine what's to be learned? How will you know if the learner is able and/or willing to change behavior? Consult with county agent as to what and how to evaluate.

\_\_\_\_\_ DEPENDABILITY. Follow through on commitments. Be on time. Some participants are always early for a class, so promptness is a necessity.

\_\_\_\_\_ REFLECT -- through your successful teaching, the entire Minnesota Extension Service grows and benefits. Keep well-informed about the Minnesota Extension Service and the Home Economics Program's mission and offerings. Ask questions about other programs. Participate in other extension programs that interest you.

**MINNESOTA EXTENSION SERVICE**

**STATUS REPORT  
RELATIVE TO LIABILITY AND ACCIDENT (MEDICAL) INSURANCE  
FOR THE STAFF AND VOLUNTEERS  
OF THE MINNESOTA EXTENSION SERVICE,  
UNIVERSITY OF MINNESOTA**

- I. Definition of Minnesota Extension Service extension agents and volunteers as part of the teaching staff of the University of Minnesota as defined and approved by the central administration of the university is as follows:

"County and area Extension Agents are Extension faculty of the University of Minnesota. Minnesota Extension Service Volunteers (including among others 4-H leaders, Master Gardeners, Extension Home Council Volunteers, and Extension Consultants) are also carrying out teaching functions of the University of Minnesota. Identified and trained by University faculty in each Minnesota county, they in turn teach thousands of Minnesota citizens research-based information. These volunteers are, therefore, considered an important part of the outreach teaching faculty of the University of Minnesota."

- II. Liability Insurance Coverage - as a result of the above statement, comprehensive liability insurance coverage is provided for any employee of the Minnesota Extension Service including teachers and staff, or any authorized volunteer worker while acting within the scope of their duties. This comprehensive liability insurance is provided through the Regents of the University of Minnesota and the coverage ranks with the best in the industry at a cost of only \$1,000 more premium per year than the previous inadequate insurance policy provided. This premium is being paid by the Minnesota Extension Service.

Clarification and exclusions:

- a. It is understood and agreed that the definition of employee shall not include independent contractors.
- b. If anyone who qualified as an insured under this policy has another policy or policies of insurance or any self-insurance program or a funded or unfunded self-insurance mechanism covering a loss insured hereunder, this insurance with respect to such loss shall be excess over the amount set forth as the limit of insurance under such policy or policies.
- c. Personal automobiles and aircraft are excluded from coverage.



- III. Evidence of Liability Coverage - A certificate is being prepared which will provide upon request of any staff and/or volunteers evidence of liability coverage to those persons providing space for Minnesota Extension Programs. Staff and/or volunteers of the Minnesota Extension Service shall not sign any contract for space usage prior to the review of property/casualty insurance office.

Evidence of insurance certificate should be available from Dan Panshin, Associate Director, 240 Coffey Hall, St. Paul, MN 55108, 373-1790.

- IV. Accidental Death, Dismemberment and Medical Insurance: Patrick Borich is presently conducting a survey to determine the level of interest in the counties concerning the purchase of a comprehensive medical accident insurance program for extension participants. If the level of interest is sufficient to satisfy the carrier coverage would be effective July 1, 1984, or when the annual premium is received from the county unit following that date. Check with your supervising agent to see if your county is enrolled in this policy.

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Source: Agricultural Extension Service Policy Handbook, March 15, 1984.

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## TAX DEDUCTIONS FOR EXTENSION CONSULTANTS

The arrival of the new year brings with it the beginning of the state and federal income tax filing season. When completing income tax forms, volunteers should remember to deduct out-of-pocket expenses incurred while volunteering for a qualifying organization.

The types of expenses that volunteers may deduct include:

- \* automobile mileage and expenses
- \* bus and cab transportation expenses
- \* parking and toll fees
- \* telephone bills
- \* costs of meals and lodging, if away over night
- \* travel expenses, above per diem allowance
- \* direct gifts of money
- \* tickets to charity events

One of two methods can be used when claiming automobile-related expenses. The deduction can be based either on a flat rate of thirteen cents per mile, or on an actual expense basis.

The types of expenses that volunteers may not deduct include the value of time donated, dependent care costs, their meals, unless away overnight, and their own entertainment.

Before expenses incurred as a volunteer for an organization can be claimed as a tax deduction, the organization must receive prior approval by the Internal Revenue Service as a qualifying organization. The Minnesota Extension Service qualifies.

Although this list is not all inclusive, the types of organizations include: organizations formed for scientific, literacy, or educational purposes; charitable groups; and units of government. To be sure, the volunteer should check with organizations on its tax-deductible status.

It is important that whatever deductions are being claimed, records should be kept. The information should include the name of the organization, the amount and the date of each contribution.

A complete description of federal deductions can be obtained from local IRS offices. Ask for Publication 526, "Income Tax Deductions for Contributions."

It has been the practice of the Minnesota Department of Revenue to allow the same deductions as the IRS, therefore, this information should also apply to Minnesota income taxes.

Because this is general information and may not apply in all cases, questions should be directed to the IRS, Minnesota Department of Revenue, or a tax consultant or preparer.

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Source: Minnesota Office on Volunteer Services, January-February, 1984.

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EXTENSION CONSULTANT ACTIVITY PREFERENCE

Date \_\_\_\_\_

Name \_\_\_\_\_ Phone \_\_\_\_\_

Address \_\_\_\_\_

Please check the column that best describes you feelings for each of the following activities. There is room to explain your preferences if you wish.

Activity	Feel comfortable with and would like to do	Slightly uncomfortable but wouldn't mind doing	Feel uncomfortable-prefer not to do
----------	--	--	-------------------------------------

General small group  
(2-8 people)  
presentations

Share financial manage-  
ment information on  
radio programs

Work one-to-one with  
individuals or families  
wanting financial  
management help

Work with special  
audience in small  
group setting (i.e.,  
newly engaged, divorced,  
low-income, within  
business, widowed,  
young families, retired,  
etc.). Please specify  
group.

Larger group presenta-  
tions (9+ people)

Write newsletter,  
Newspaper copy

Facilitate a series of programs on financial management (e.g., 3 programs)

Make financial management educational displays or educational information handouts

Use computer to assist in educational programs or individual consultations

Answer financial management phone calls

Work at displays at malls, county fairs, etc.

Please indicate your self-confidence levels regarding skills and knowledge in specific content areas. Put a check under the appropriate column.

---

Content Areas (list content areas)	I am very confident about my knowledge and skills in this area	I am fairly confident about my knowledge and skills in this area	I am less confident about my knowledge and skills in this area
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Source: adapted from MSU Master Canner, Minnesota Volunteer Food Preservation Consultant Program

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## **ORGANIZATION OF FINANCIAL MANAGEMENT EXTENSION CONSULTANT MANUAL**

The Financial Management Extension Consultant (FMEC) Program is designed to provide basic and general financial management principles that will be delivered to selected audiences throughout Minnesota. This manual is designed to give you, the extension consultant, background information, teaching outlines, and visuals to use as you work with small groups of participants. This manual has four sections or modules. These are:

**Financial Management for All Families.** This provides general basic background information on how to work with families and teach them about financial management.

**Three Modules for Specialized Audiences.** The number of modules you will use in working with groups depends on how your supervising agent has organized the program in your county. The modules are organized for different types of income and resource levels. The modules are called:

Financial Management for Limited Income Families  
Financial Management for Reduced Income Families  
Financial Management for Business Income Families

The Financial Management Extension Consultant Program forms a basis for family financial management information delivery in your county. Your home economics extension agent will be available to help you with further requests for information not covered in this manual.

Your communication to your extension agent for requested information or anticipated needs helps provide a strong program in financial management to your county. You are the important link between this manual, your supervising agent, and the people of your county.



**MINNESOTA EXTENSION SERVICE**



## FINANCIAL MANAGEMENT FOR ALL FAMILIES

This module provides general basic financial management information to use in working with families.

### Author

Jean W. Bauer, Family Resource Management Extension Specialist, Family Social Science Department, Minnesota Extension Service.

### Program Basics

Includes the materials that extension consultants use in teaching financial management to small groups. Some of the concepts included are: how to gain financial security, what are financial problems, how do families change their financial habits, financial values, identifying resources, strategies to control costs, and family communication.

### Behavior Objectives

At the end of the group sessions, the participants will:

- Understand how to gain more control of their family's financial situation.

- Be able to use tools and techniques to increase or maintain their level of living.

### Time:

These general materials are used as basis for other individual modules targeted to a specific type of income.

**MINNESOTA EXTENSION SERVICE**

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## TEACHING OUTLINES

As an extension consultant and using the materials provided for you, you are responsible for helping the families learn how to manage their financial situation.

The Financial Management Extension Consultant Program is designed to reach specific types of audiences with selected topics. In order to have a consistent program throughout Minnesota, you are requested to use only the materials provided you. Materials from other sources are not to be used (i.e., any commercial source for financial information). However, your supervising agent and/or trainer agent may supplement the current manual with additional information and materials. Such materials are acceptable.

### How to organize for your teaching

Each module has been planned so that you will meet with the families in a small group or in a one-to-one session at least three times. Because the needs of the specific audiences are different, the timing of the sessions differ by module. The sessions for working with limited income audiences are planned to complement their short planning styles. The group sessions are designed to be one week apart and be either two group and an individualized session as the last session, or three group sessions.

The reduced income module helps the family to adjust to the current financial situation. These families are often faced with immediate problems that seem beyond their control. Therefore, the three group sessions are planned to be every two weeks and a fourth and individualized session one month later. This gives the family almost two and a half months of support by the participants in the group.

The business income module is designed to help the families establish a cash flow plan and rearrange expenses to fit the uneven business income experienced by many families. The shared business/family living concept poses some special challenges for the best of managers. When the economy or circumstances beyond the control of the family influence the business, the family and its level of living is also influenced. The program is designed for three monthly group sessions and if individualized sessions are requested, they are available.

See the cover page for each module for the objectives to be covered. Each module has a specific lesson topical plan. The order and/or amount of time spent on specific content will be governed by the group of participants. You may be teaching two different groups and not follow the same outline.

It is suggested that you carefully plan for each session. Review the characteristics of adult learners to help you think about how to best approach each session.

For each group and each session you are working with the group, write out your plan. A suggested worksheet for teaching has been included.

How well did you do?

It's important for reporting purposes that you know what you did for each session and what your participants reported. On the back of the worksheet, space is provided for you to record any comments by the participants that would help others to understand what this program meant to them (both positive and negative comments are to be recorded). Do not identify the person by name, but you may want to make some notation so you can remember who said the comment.

**WORKSHEET FOR TEACHING**

Group taught \_\_\_\_\_ Place held \_\_\_\_\_

Lesson No. \_\_\_\_\_ No. of persons attending \_\_\_\_\_

Date \_\_\_\_\_ Time \_\_\_\_\_

Goal(s) for the sessions:

**Outline**

---

1. Concept \_\_\_\_\_ Amount of Time \_\_\_\_\_

Group questions for discussion -

2. Concept \_\_\_\_\_ Amount of Time \_\_\_\_\_

Group questions for discussion -



3. Concept

Amount of Time \_\_\_\_\_

Group questions for discussion -

4. Concept

Amount of Time \_\_\_\_\_

Group questions for discussion -

5. Concept

Amount of Time \_\_\_\_\_

Group questions for discussion -

Notes about what happened - To be used in reporting or for impact evaluation.

For example: Someone said, "This is the first time I have ever really known how my money is used."

"These materials helped me."

"I don't know what my family would have done without your help."

## CONCEPTUAL TEACHING OUTLINE

A conceptual teaching outline provides direction, but is not rigid. These are the suggested concepts to be included in each session. Depending on your style, the group's discussion and other factors, you may want to rearrange the order of the concepts.

The basic idea is for session 1 to set the stage of how the program can help the participant and get them started on gathering their own personal information.

Session 2 is designed to answer any questions on the collection of the information for the records, to provide support to the participants and give them more information about how to work with their family's finances.

Session 3 is to look at their personal situation. In many cases this will be a one-to-one session. Have a calendar available to schedule the appointments.

The specific outlines are found in each module. However, all the outlines will use materials from the general section plus specific information for the targeted audience.

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## ROLE OF FINANCIAL MANAGEMENT EXTENSION CONSULTANT

Providing consultation on financial management does not consist solely of giving information. In order to make use of information, individuals must clearly grasp how it applies to them and how they can use it. They must feel that their plan belongs to them and that they can realistically carry it out. They must "own" it. Four levels of providing help in financial management are:

1. Information Giving
  - Providing information, advice or solutions.
2. Decision Making Assistance
  - Clarifying values and resources
  - Analyzing the contrast between the participants' realities and values
  - Help in the listing of alternatives or options
  - Support for their implementation of plans and use of feedback to improve plans and their implementation
3. Deeper Self-Understanding and Skill Development Facilitation
  - Evaluation of total lifestyle
  - Realization that money is a means, not an end
  - Deliberate shaping of use of resources to achieve a life that is spiritually and/or morally fulfilling and that recognizes that interconnectedness of one's financial practices and the world economy, including poverty and natural resource use.
4. Crisis Intervention Which Includes Financial Problems
  - No amount of financial consultation by itself will solve the problem
  - Financial problems push individual or family to seek help; situation includes other problems such as chemical dependency, family violence, or compulsive spending and/or gambling
  - All of the problems must be treated, generally with the aid of several professionals or trained objective individuals. Your supervising agent will help you to know where to refer these group participants for specific help

(adapted from "Process and Content")

To provide information only, without guidance in how to apply it, is like having all the sports equipment but having no one help you learn how to play the game.

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Source: Adapted from Wenzel, 1985.

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**MINNESOTA EXTENSION SERVICE**

## CONSULTANT BACKGROUND

Criteria for satisfactory family or personal finances are:

1. Basic needs of all family or household members are met (housing, clothing, food, medical care, transportation and other expenses crucial to employment or medical care, and other items necessary for health and safety).
2. It is consistent with family and individual values.
3. Income and expenditures are in balance; any debts incurred can realistically be paid.
4. Some savings are available or are being set aside for emergencies and to meet family goals.

How an individual or family meets these criteria is up to them. Satisfactory patterns will vary greatly from individual to individual and family to family. For example, for one family the value of economic security means being able to pay their bills when they arrive; for another family economic security means being able to buy a house, send their children to college, and plan for an adequate retirement. Their goals should direct their feelings toward the value of economic security.

Parents rarely explicitly teach their children about financial management. Moreover, practices learned from our parents may not work well in today's different and more complicated world. Television and other mass media certainly rarely encourage or teach us to be responsible, to plan and exercise self-control over our finances. Just notice the car ads and loan ads. Schools do little to teach people how to manage their money to achieve their goals.

Many people experiencing financial problems may only know others with similar problems. What they may need more than just about anything else is a real, live demonstration that people can be in charge of their finances and lives. You may be asked questions about your financial management. But refrain from commenting on your personal background. The major goal of the program is to assist families and individuals to gain control of their financial situation. They must take or increase their control for themselves. The decision is theirs. You are only a helper or facilitator. You don't have to be the perfect example or boast about how well you're doing. Your confidence and encouragement that they can control their own situation may make all the difference.

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## FINANCIAL PROBLEMS ARE THINKING PROBLEMS

People with financial problems often indicate a need for help in thinking. Most of us are entirely too shortsighted in dealing with our finances. Look at yourself and your finances. Talk with friends. You will discover that nearly all of us live day-to-day on a cash-flow basis. We live within the financial structures given to us by receiving paychecks or source of income and meeting bills.

Families rarely know if they are getting ahead or behind. Families rarely separate their spending into a system that lets them discover what they are spending. The plastic cards contribute to this confusion. Families do not know what they are spending for past consumption, what they are living on now, and what they are using up now which they will have to pay for in the future. It is very easy to have a car or other assets that are depreciating faster than the payments or replacement plans. Even professional accountants and business people rarely use the same techniques to manage their family living and personal finances as they use to manage their business. Why? Can we help people? Most families cannot tell you what they are spending, much less saving.

### Want Both a Maximum Lifestyle and Security

Most of us have an unfocused conflict between wanting a comfortable lifestyle now, and wanting some sense of financial security for the future. However, few of us have any kind of rational plan for deciding between the big items and the small items, between the meal out and the new car. We also do not have a rational plan for deciding between now and the future, between the meal out and the children's education or our retirement.

We have a lot of people in this country who have been in the same career or been with the same employer so long that they cannot imagine another alternative. They no longer are confident that their skills are marketable in the broader world, that they have other options. They are toughing it out, and working defensively to create protections rather than working creatively to be more responsive to opportunities. You may have people in your small groups that express these attitudes.

Most people and families operate in a rut or on automatic pilot most of the time in regard to their financial behavior. They spend the way they always have or the way they saw their parents use money. They save according to old maxims and they borrow according to principles rather than according to what is best for the situation. In other words, people behave rigidly rather than responsively, and they rarely think. People seem always to try to avoid analytical thinking about alternatives and consequences.



Instead of thinking for themselves, people will ask for advice on investments, or on what is a reasonable food or clothing budget. Gaining a recommendation or standard is a way of avoiding having to carefully analyze the situation. The thinking process involves sitting down and gathering the relevant data about your values, financial realities, and opportunities. Thinking means looking at available information, finding options, making choices, doing something, and then tracking what happens.

In order to balance present needs with future needs, and to balance the desire for small, everyday things with the desire for large expenditures, we need a zoom lens. We need to look at the horizon, see the overall picture and see into the distance. We need to see the monthly patterns to our spending. And then we need to look close-up at the green \$5 bill we had this morning. Most people get locked into ignoring more than one perspective. They spend hours saving pennies at a discount grocery store, and ignore the big dollars being spent on rather hasty major decisions, such as in housing, cars, life insurance, boats, or cabins. Or they figure out the major decisions but fritter away hundreds of dollars every month with the illusion that it is only small change. They often think more income on the next venture or the next refinance will solve the problem. We need to help people go back and forth between looking at the everyday spending and the major decisions. This is where you will help families to identify their financial problems.

#### Financial Problems Are Thinking Problems

Every financial problem is a thinking problem. Every financial problem is a problem in dealing with reality. Financial problems always mean that someone needs help in thinking.

"Thinking is the hardest work there is ... which is why so few engage in it." Henry Ford

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Source: Adapted from Wenzel, 1985.

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## FINANCIAL MANAGEMENT AND CHANGE

For many individuals and families, the primary needs in financial management are information, a systematic approach, and the support and example of a group and group leader. However, for others this is not sufficient. They need to break old habits, to change.

It is useful to distinguish between first and second order change. The obvious and immediate things that need to be changed are first order change.

Second order change is geared not so much to the problem, but to the solutions that have already been tried and become problems themselves. Problems are often reframed in an attempt to generate change, as opposed to perpetuating the same old games. In general, problem solving is avoided as a "fresh perspective" is tried to interrupt old patterns of resistance.

Jeanette Truchsess, graduate student in Family Social Science Department, has linked family financial management to family counseling. She indicates that in addition to problems related to change, many people have trouble with financial management due to shame. Shame is described as "the experience of being fundamentally bad or defective as a person." These people feel that "you are not good enough, nothing you ever do will be good enough." Shame blocks people from earning as much money as they could and from managing well what they have. "The shameful person has difficulty accepting responsibility and the consequences of their actions." These individuals subconsciously may feel that they don't deserve financial security.

How can you help people with financial management problems related to shame? First of all, avoid blaming or shaming participants for the situation or for how they handled the situation that is past! Look at today and deal with the consequences of the past. Be positive! Encourage participants when they do well; when they don't, point out specifically what they need to change. Their behaviors may not work very well, but they are still good people.

Encourage participants for every small move in the right direction. Most of us give up before we make major changes unless we are rewarded for small steps along the way.

Give examples, when possible, of people like them who made a series of small, realistic changes that resulted in major improvements in the long run.

You may need to force a person to face up to some very destructive habits; after he or she has admitted the problem, then be very positive about changes.

Encourage the group to provide support and positive pressure for change. Try to help people change negative thinking. "The "Little Engine That Could" had the right idea: "I think I can, I think I can, I know I can!" (But help them be realistic. "I think I can win a million dollars in the lottery" is not a very realistic financial management strategy.)

Ask the participant if there is a certain person or situation that makes him or her feel especially bad. How can this situation be changed? Can it be avoided, such as simply not talking with a neighbor about his latest purchase or telling salespeople "no" before they get a chance to get started? Do they need to communicate more clearly, such as explaining to their children that clothing purchases are going to have to be drastically cut? Remember to stress that no one can have everything they want, that changing financial management doesn't make them a bad person. Change is usually painful in the short run, but beneficial in the long run.

You are not expected to be a "junior psychologist!" But helping families and group members to deal with the problems that may block successful financial management is necessary.

To get started, use the visual on financial management.

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Source: Truchsess, 1985.

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## FINANCIAL MANAGEMENT

### Financial management must be learned.

The most basic economic concept we all deal with is that resources are scarce. We do not have enough resources to satisfy all our wants and needs. Therefore, trade-offs and choices must be made. The way that we make these choices is learned from our families, our friends, and personal experiences.

### Financial management must be practiced.

We are all controlled by our habits - both good habits and habits that do not lead us to choices we like (some people call these bad).

In order to have satisfaction and control over your financial situation, you must look at what choices you make and repeat the ones you like and change the ones that do not let you reach your goals.

### Financial management is a family affair.

Parents and children need to communicate their needs, wants and goals. Talk out your concerns and listen to the needs of other family members. Only after all family members have contributed can family decisions be made that reflect the interests of each individual.

### Financial management has no right or wrong way.

The goal is to watch what the family values and the goals they want to reach with the current resources and future resources needed. Each family will be unique. So what works for one family is not the "right" way for all families. Thus, what doesn't work is not "wrong" for the family as long as they are willing to work toward changes.

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# Financial Management

- ☆ Must be learned
- ☆ Must be practiced
- ☆ Is a family affair
- ☆ Has no right or wrong ways,  
but some are better than others

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## LOCUS OF CONTROL TEACHING OUTLINE

Families who gain control of their personal family financial management will be better able to reduce stress and make decisions. Gaining control of the finances may help them to gain control in other areas of their lives. Many of the families you will have as participants may feel that everything around them controls their lives. The economy, the government program, the international markets (farm families), etc. But if they can control the thing closest to them, then they will be more psychologically in control and better able to face other areas of their lives.

Most of the families coming to you for help may feel out of control or sometimes out of control. This will be particularly true for families with drastically reduced income, some limited income families and some business income families.

During the first meeting, talk about locus of control and ask them to find the scale in the materials you have distributed to them. Encourage everyone to mark his or her own scale. DO NOT ASK them about which category they marked. This is personal and by the last session in the series, you can ask them if they have improved in their control. Still DO NOT ASK them where they are at on the scale if you are still in a group. If you are with them in a personalized session at the end of the series, you can get them to talk about how in control of their financial situation they are today and what plans they have to move up still more on the scale in the months to come.

If anyone asks, you might want to use these definitions as guidelines for the different levels of control.

Out of control - not meeting current obligations

Sometimes out of control - have trouble in meeting some current obligations

Moderately in control - currently in control; could not handle an emergency

Almost in control - currently OK; think could handle a small emergency

In control - currently OK; could handle an emergency

Depending on the group, you may give some examples. However, it's best to let each one determine how he/she feels. This is a personal feeling and score.



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## Locus of Control

How in control do you feel of your financial situation?

- In control
- Almost in control
- Moderately in control
- Sometimes out of control
- Out of control

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## RESOURCES

As changes occur in a person's lifestyle, it is a time to identify values, establish goals, set priorities, and to look at what resources are available to you.

When asked what resources are available to them, people think of only two major resources -- time and money. Time and money resources can be invested in:

- 1) things
- 2) financial assets
- 3) people

There are different levels as well as different resources available to you than there are for your friend or even other family members. Resources are assets. They are the tools, talents and possessions people use to build lifestyles, solve every day problems, and reach goals. Resources are economic, human and environmental which include community resources.

Economic resources include money, savings, employee benefits, credit, and the family's wealth. Economic resources are often limited -- especially for the families coming to your sessions.

Human resources are less limited than are economic and environmental resources. The families you are working with can be encouraged to identify and use more human resources to improve their total economic well-being.

### Human Resources

1. Time is available in equal amounts to everyone. It's a resource that can not be saved, only used or wasted. It's limited and cannot be expanded.

2. Energy varies greatly from person to person. We all need physical and emotional energy to get the most out of our other resources.

3. Your skills and those of family members add a whole range of options to your resources. Skills may be manual or verbal and cerebral, such as communication, problem-solving, good management skills, decision-making, planning, negotiating, and bargaining.

4. Abilities and interests of family members. These differ from skills in that they may be developing or untapped as a resource until tried because of an interest. For instance, a new interest in "fixing things" or an inquiry about how things work can be a resource. Enjoying doing car repairs or changing the oil in your car can be an interest that saves purchasing a service.

5. Attitudes of family members. This can be a valuable resource or a constraint on use of resources. For instance, the family that is willing to try a wide variety of foods will greatly help to reduce food costs and will still eat better than a family with very definitely set food attitudes.

Self-confidence, creativity and awareness of other resources help the family to have pleasure and enjoy their surroundings.

Other resources, known as interpersonal resources, develop from the interaction of several people. A spirit of cooperation is a human resource that aids in achieving goals. A feeling of pride and loyalty are examples that show what the family has "going for it."

### **Needs and Wants**

Needs and wants vary for each family and there are no "magic lists."

The media have taught us to look for happiness in things that can be bought. So we all have wants that grow into needs.

When money is limited, these are some questions that will help you think about what you are buying.

Ask yourself: Do I really need this item? What is important to me?

If no,

Why do I want this item?

How much do I want it?

Am I willing to do without other things to have this item?

If yes,

What will I give up for this item?

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Source: Schultenover, Bauer, and Goss, 1986; Bauer and Hancock, 1980; Deacon and Firebaugh, 1981; Rice and Tucker, 1986.

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# HUMAN RESOURCES

**Time**

**Self-confidence**

**Energy**

**Creativity**

**Skills**

**Awareness**

**Abilities/Interests**

**Other-Interpersonal**

**Attitudes**

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## RESOURCES

How can you get more from the resources you have?

Remember that the resources you and your family have are all interrelated. They can be:

- \* used in groups and combined - not always used one by one.
- \* traded to achieve something you want.
- \* substituted. Usually the economic resources are the ones most people think about. Substitute money for time and energy. When money is tight, other human resources are often substituted for it. In some cases, one resource may be substituted for another. For instance, you can trade down (substitute) from a car you can't afford to make payments on to a less expensive car.
- \* created or converted into a new form. A familiar example is combining seeds, land (environmental resources), and human resources to have a garden. Similarly, food is converted into meals.
- \* saved to be used and combined later with other resources. At the end of the month, any money not used may be added to the other savings.

Other ways are to convert unused items into more useable form of resources. Garage sales are excellent examples of getting cash to use on current needs and getting rid of resources you no longer need.

Recycled goods are another example. Sharing of clothing or equipment are examples of how families can use resources.

Education - investment in yourself is the greatest potential for creation of resources. Newly-acquired knowledge that you learn is combined with what you already know.

Encouraging children to contribute. Children are very creative and have less constraints on attitudes toward resources.



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# RESOURCES ARE ...

combined

traded

substituted

created and converted

saved

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## RECORD KEEPING

Controlling and planning for money use requires some knowledge of the family's current commitments and spending habits that influence the changing spending. A record is a written, logical method for collecting information that the family can use in discussing where the money goes. It can also be used to plan where the family wants the money to go -- a spending/saving plan or budget.

Some type of record keeping is a necessity, because no one can remember where the money goes. Record keeping is a means to an end. It is the first step in evaluating the financial situation, making future plans for spending and saving and measuring progress toward financial goals.

The method for record keeping will vary from family to family as will the desire and skill for record keeping. The legal and personal needs will also vary.

The role of financial management extension consultants is to help the family identify its need and continue from that point. It's better to keep limited records and be able to use them to make decisions than to try to keep detailed records and stop after two weeks and not have information that helps in the decision making process.

This is the first step in building a reward system for a family. Record keeping for many is thought of as "bad." They think it only tells them what they can't have. Instead, emphasize the success they can have with a small segment of record keeping process. The next success is that they can have control over their spending by making decisions with information.

In the three modules a record keeping form has been provided. They are different types of forms based on known spending problems of families in each group.

The limited income module has a record keeping method of pictures, words and spaces for one month. It is suggested that the Financial Management Extension Consultant work with the family to choose the categories for which they have the least amount of information about their spending patterns and then keep track for a month. (HE-FO-3042 - Spending/Saving Plan for My Family)

In the business income module, it is important not only to know how much is spent, but when it is spent. Some of the greatest financial concerns come from cash flow problems. Therefore, monthly calendars for three months and a planning guide for special or irregular expenses is included. In many of these families, the timing rather than the amount of spending is the problem. (HE-FO-3041, Family Spending/Saving Plan and HE-FO-3065, Farm/Business Family Spending/Saving Plan Worksheets)

In the reduced income module, the problem is facing living with less income while still honoring prior commitments. This module has a plan for keeping the most detailed records and then readjusting the plan to try to match resources with the goals of the family. Many of these families will have high personal debt levels and so they will be working to pay off yesterday's living today, again with reduced income. (HE-FO-3043, Getting Control of My Finances, and HE-FO-3064, Getting Control of My Finances Worksheet)

### Tips to help in record keeping

Decide on a central place to keep the records. It should be convenient and allow all family members open access to the records.

Decide on how the family will keep the individual records that will be used for the family spending record.

One method that has worked for other people is to keep a big calendar. At the end of the day everyone records what cash was spent on and how much was spent.

Another method is to have each family member carry a small notebook and daily record all cash expenses in the notebook.

The last method is to have a central location for all receipts. Whoever spends the money deposits the receipts. Keep small sheets of paper there, too, so that if there is no cash register receipt the person spending the money can write down the amount, for what, date, and who spent it. These receipts and slips of paper can be put on a spindle, in a small box, drawer, or container made for that purpose.

Then once a week or twice a month one person is designated to "keep the books." The person can easily record each amount, or sort the amounts into piles (e.g., food, meals out, clothes, gasoline, etc.) and record totals for the week or every two weeks.

### Family communication tips for the record keeping process

Talk over the process first. Decide why you need the records and stress that it's important that everyone help.

A major point to success will be the agreement that no one can "accuse," "blame," or ridicule any family member over a purchase. The reason to keep records at first is to track where the money goes. If anyone does blame, accuse or ridicule others, then family members will hide expenses from the family record and it will not be accurate.

All family members need an allowance. These are dollars (appropriate to age and needs of individuals) that the individual family member does not have to account for. However, it will be important to know how much each person is allotted.

# Record Keeping Decisions

System

Recorder

Time and place

Family rules

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## **COST-CUTTING**

Everyone needs to look at ways to make a cost-cutting plan work. These are some ideas. Ask the participants to discuss examples for each idea that will make their dollars go farther.

**Don't buy it** - relate this to the values, wants and needs discussed in the first session.

**Borrow** - use this when you don't need it often.

**Share** - especially costly items with family and friends. Skills can also be shared.

**Substitute** - will something at a lower price do the job almost as well?

**Find the best buy** - use your time and other resources to shop around.

**Make it** - only if you can do it for less money.

**Rent or hire** - this is good for those items you won't use very often.

**Find it "free"** - there are many community resources that do not require a fee to use. Your tax dollars have paid for these.

**Trade** - things or skills for what you need.

Relate the entire series back to the resources of the family in the first session. This is another way of summarizing the concepts.

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Source: Field and Hathaway, 1984.

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# Make Your Plan Work

## Cost Cutting Ideas

Don't buy it

Find the best buy

Borrow

Make it

Share

Rent or hire

Substitute

Find it free

Use wisely

Trade

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## COMMUNICATION

Communication concepts will be taught in two basic ways: parent/child and adult/adult.

How to Bring Your Family Closer Together is the resource for the lessons for both groups of participants. HE-MI-2941 was developed by Dr. David Olson, Professor of Family Social Science, University of Minnesota. Give the participant a copy of the worksheet for each family member. The page numbers refer to the printed materials in HE-MI-2941.

### 1. Parent/child

#### A. Single parent and children

- Use Kathy Douglas (page 3A) as the family example.

1. For the parent - use p. 7 (left) - "The Family Satisfaction Scale"
2. For the children - use p. 7 (right) - "The Family Communication Scale." You may need to explain it to the parent and have her follow through having children complete at home and then share results at your next meeting.
3. Optional - "A Stress Scale for Couples and Families," p. 6. This can be completed by parent and, if desired, also by children (teenagers or older).

#### B. Two parents and children

- Use Elmer and Helen Sorenson and children.

1. For the parent - use p. 7 (left) - "The Family Satisfaction Scale"
2. For the children - use p. 7 (right) - "The Family Communication Scale." You may need to explain it to the parent and have him/her follow through having children complete at home and then share results at your next meeting.
3. Optional - "A Stress Scale for Couples and Families," p. 6. This can be completed by parent and, if desired, also by children (teenagers or older).

### 2. Adult/adult

#### C. Two adults (children have grown and left home).

Explain and have the adults complete the following:

1. "The Couple Satisfaction Scale," p. 4.
2. "The Couple Communication Scale"
3. "The Family Satisfaction Scale"
4. Optional - "A Stress Scale for Couples and Families"

D. Two adults - two adults living together and/or married with no children.

Explain and have the adults complete the following:

1. "The Couple Satisfaction Scale," p. 4.
2. "The Couple Communication Scale"
3. "The Family Satisfaction Scale"
4. Optional - "A Stress Scale for Couples and Families"

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Source: Olson, 1986, HE-MI-2941.

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## EXTENSION PUBLICATIONS

There are many Minnesota Extension Service publications that will help you in teaching financial management to your groups. Several of the publications are related to stress, denial, and ambiguity. Financial management problems are all related to stress, denial, and ambiguity.

In some cases you may find it appropriate to share a particular publication with someone in your group. Your small group discussions will help you to know what is needed. Check with your supervising agent to make arrangements for the publications.

Publications were specifically developed for the financial management program and are available for each module. Make sure you have a copy for each participant in your specific income group.

### Limited Income Module

- HE-FO-3042 Spending-Saving Plan For My Family
- HE-MI-2941 How To Bring Your Family Closer Together

### Reduced Income Module

- HE-FO-3043 Getting Control of My Finances
- HE-FO-3064 Getting Control of My Finances Worksheets
- HE-BU-2475 Living Resourcefully With Reduced Income
- HE-MI-2941 How to Bring Your Family Closer Together

### Business Income Module

- HE-FO-3041 Family Spending/Saving Plan (Families with shared business income)
- HE-FO-3065 Farm/Business Family Spending/Saving Plan Worksheets
- HE-MI-2941 How to Bring Your Family Closer Together

**MINNESOTA EXTENSION SERVICE**

116



**FINANCIAL MANAGEMENT  
EXTENSION CONSULTANT PROGRAM**

**LIMITED INCOME**

This module is to be used with families of limited income.

**Author**

Jean W. Bauer, Family Resource Management Extension Specialist, Family Social Science Department, Minnesota Extension Service.

**Program Basics**

These materials are developed to be used with participants that have limited income. Many of these families are dependent on low wages and other resources for their daily living. In most cases these are going to be young persons, often receiving subsistence level resources or the elderly that are dependent on limited or no retirement income, such as social security and/or social supplemental income. These families have the need to make it through the month with the limited resources

**Behavior Objectives**

At the end of the sessions the participants will be able to:

- Identify the resources available to fit their personal situation.

- Identify use of resources as income substitutes **and not as entitlements when bills are not paid.**

- Keep records of their monthly spending.

- Set a goal for family spending for the next month and figure out what resources (money and non-money) it will take to work toward the goal.

- Express what's important to them (what they value and want to spend resources to get).

**Time:**

Three bi-weekly group sessions each 1-1/2 hours and one personal session, one month later.



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Tricia Libby-O'Connor, Senior Secretary, Family Social Science Department, for format set-up and management of the information flow required to develop the manual.

## OVERVIEW OF LIMIED INCOME FAMILIES AND TEACHING CONCEPTS

Key Concepts for Teaching Financial Management to Limited Income Families:

1. Working with limited income families
2. Identifying Resources
3. Record Keeping
4. Goal Setting
5. Identifying Values
6. Family Communication

Limited Income families are the Needs-Driven Group. They may have either the Survivor Lifestyle or the Sustainer Lifestyle. The Needs-Driven groups share the burden of being poverty-stricken and their lives are driven by basic needs.

Limited Income families are described below:

### 1. Survivors

- include some minorities, families with limited income, and the elderly, especially widows
- are distrustful of other people, despairing, depressed, withdrawn, rebellious about their situation, and lacking in self-confidence.
- receive very little satisfaction from their jobs
- usually this group has the lowest incomes, but are less dissatisfied financially than Sustainers
- are conservative with respect to debt, buying on time, use of credit cards
- frequently purchase used cars (some have no car), have meatless meals, and try to get by on low-cost foods
- are concerned with high medical costs, often purchase pain relievers

## 2. Sustainers

- contain the highest proportion of minorities
- have the largest families
- they live on the edge of poverty, are unemployed searching for work, or working at part-time temporary jobs
- are angry, distrustful, rebellious, anxious, and often feel left out
- have not given up hope even though they are subject to intensive ups and downs
- are the least satisfied with their financial status and the most anxious to get ahead economically
- spend more on cars, appliances and home electronic products than the Survivors
- purchase specialty or compact cars, make frequent purchases of snack foods, canned soups and TV dinners

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Source: Adapted from Mitchell, 1983.

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## Resources

The resources available to families vary. Some families have more resources, but are less able to use them, create them, etc., because they have never realized they have very many resources other than money.

Limited income families are often very resourceful people. Unless you are very familiar with limited resource people, don't assume you know how they think or use resources. Engage them in the discussions using the visuals and ask for examples. They may help you to be more resourceful. Use the extension folder HE-F0-3042, Spending-Saving Plan for My Family, to work with the people you are helping.

## Record Keeping

Limited income families live on money and other resources by the month. The planning horizon is short-term and for immediate needs. The materials in HE-F0-3042 are prepared to help participants plan one month at a time. If you have a family that wants to look at more than one month at a time, use two folders.

### Goal Setting

Goals for the month or two months are requested in HE-F0-3042. The participants should write down the goals as they think about their personal situation. The folder HE-F0-3042 is to be distributed the first session. Ask the participants to bring the folder back each session. The last section in the folder has space for the participant to think about what to do next and what types of resources it takes to work towards the goal.

### Values

The materials from Mitchell, Nine American Lifestyles, and the visuals prepared will assist you in teaching families with limited income. Some worksheets have also been provided for you to use to teach these concepts.

### Family Communication

Use the support materials, HE-MI-2941, How to Bring Your Family Closer Together, by David H. Olson. Please read the materials first. While these materials were prepared for the general public, the reading level is approximately at seventh grade. These are, therefore, not appropriate for non-English or limited English speaking persons.

**MINNESOTA EXTENSION SERVICE**

**CONCEPT OUTLINE FOR LIMITED INCOME  
FINANCIAL MANAGEMENT EXTENSION CONSULTANT PROGRAM**

Session 1

Make sure that the room is arranged so that everyone can be together in a group. If you have a table available, this will be the best arrangement.

Introduce yourself and make everyone feel a part of the group.

Concepts

1. Locus of Control - Goal for the participants in group - use visual
2. What is financial management - Use visual
3. Distribute Spending/Saving Plan For My Family, HE-FO-3042. Discuss what's in the folder and how it can help the participants.
4. Resources - Introduction  
Briefly describe what they are
5. Record Keeping - How to use the folder
6. Homework  
Start keeping records, have participants record any information they currently have that is requested in folder.  
Ask them to bring back the folder next week.  
Announce the next session and look at each person individually and smile as you invite them back.

Session 2

Ask if anyone had any problems in finding the information. Expect some silence, so ask specific, non-threatening questions.

1. Review resources - Go into more depth and give examples of how they can extend their resources - Visuals are in the general section and application in limited income module.
2. Review record keeping - Use the materials and visual in general section.
3. Values - Use lesson on Identifying Values and visuals. Use the back of HE-FO-3042 to personalize the lesson.
4. Communication - Use HE-MI-2941, if appropriate for group. Otherwise talk about ways to share with significant persons the financial situation.

5. Goals - What do you want to do? Use cost-cutting materials and visual to help participant focus on new and changed behavior.
6. Homework - Continue keeping records. Assign them to bring back the folder to last session. Make appointment for last session.

### Session 3

#### Group or Individual

Get them to focus on what they have found out in the record keeping process. Have some pencils available so that they can add up figures. You may need to add these for them or help.

1. Reward system - what does being in control mean for me.  
Use financial management stages and visual in limited income section.
2. Make plans for next month - what can you do? Write it in folder HE-FO-3042.

Distribute a new HE-FO-3042 for next month and the completion certificate (letter) for the sessions.

## FINANCIAL MANAGEMENT STAGES

Limited income families will usually be in the hand-to-mouth stage or the basic stage.

### 1. Hand-to-Mouth (no management)

Individual or family spends all available income without planning for future needs or emergencies. Currently uses credit or has heavily used credit in the past and current spending is paying for past credit purchases. The credit use is in excess of ability to repay.

### 2. Basic Stage

These families and individuals recognize that they have limited financial resources. They recognize that financial resources can be supplemented with other noncash resources to meet their needs and wants. They have learned how to keep their expenses within limits. They want help in how to stretch their limited resources. Persons in the basic stage know how to establish credit and control its use.

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Source: Adapted from Lloyd, 1986.

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Note: Janice Holm Lloyd, Family Resource Management Specialist, North Carolina Agricultural Extension Service, North Carolina State University, Managing for Tomorrow Program.



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# FINANCIAL MANAGEMENT STAGES

Hand-to-mouth

Basic

Intermediate

Comprehensive

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Hand-to-Mouth

No control

No planning

(No management)

Basic

Current cash flow

Control of small amounts  
of current income  
and expenses

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## USE OF RESOURCES

This lesson uses the questions on Spending - Savings Plan for My Family to discuss use of resources. Examples from this lesson can be used to discuss how to fill out the worksheet. After discussion, fill in answers for the participant on the worksheet for the following:

1. How much money did you have left over to help you get an item you want?

Example: Was there money left over last month? Any amount can be filled in, even \$1.25.

Concept: Resources saved and combined - used in groups months later.

2. How can you change your spending so you can buy an item you want?

Examples: Buy no soft drinks this month, buy items on sale.

Concept: How to save and use later in bundles.

3. What new community and family resources can you use or add to help you get what you want?

Example: Use free park service and plan family picnic as recreation.

Concept: Resources are substituted; a free service of using the park is used instead of taking the family to the video arcade, which could cost you money.

4. Do you have articles you can sell to convert to money?

Example: Have a garage sale, sell unused articles in the attic or basement.

Concept: Resources can be converted into a new form - Money.

5. Is there something you want or need that will take a lot of money?

Example: New radio/stereo

Concept: Plan ahead for what you want.

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**FAMILY ASSESSMENT EXAMPLES**

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<u>Human Resources</u>	<u>Examples</u>	<u>Family Assessment</u> (What and Who)
Time	Weekly, monthly	
Energy	Energy needed for any activity	
Abilities & interests	Ability to plan, interest in gardening, woodcarving	
Skills	Skill in making wise decisions, skill in sewing	
Attitudes	Willingness to accept change	
Self-confidence	Willingness to take risks	
Creativity	Able to think of new ideas	
Awareness	Sensitive to problems of family members	
Other - Interpersonal	Cooperation, pride in family, family inner strength	

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## GOALS SETTING

Goals are value based objectives that give direction and meaning to action. The underlying individual values and goals are integral parts of family decisions. Goals are put into action through the use of resources. Thus, it is important that goals are discussed and clarified when helping families with financial management.

Goals need to be stated in specific terms. Doing so forces us to think about whether we really need or want this goal and whether we are willing to devote what is needed to achieve this goal. We are much more committed to a goal when we state, "I am going to save \$5 a week," than if we state, "I am going to save money." Other examples of goals stated in specific terms include: a visit to the grandparents in November, taking a class in financial management within a year, and losing five pounds in two months.

Goals need to be personalized. They need to be attainable or you have set yourself up for defeat before you even start. When you make the goal specific, you are making the goal more concrete and more attainable. The goal will have more meaning if it is something you really want and are willing to work toward.

Goal setting is a dynamic activity. Just because a goal is written down or spoken in words does not mean it is set in concrete. Your goals may be in various stages of development. Some may be near completion, some may be in the process of revision, some are being formed, and still others may endure for a lifetime. Others may be discarded because the cost in resources required to reach them may seem unreasonable. The goals are subject to change at any time but they serve as a reference point for the family's managerial action. The fact that goals can be changed makes them more real.

Individuals and families face multiple goals with different priorities. Priorities among goals can be evaluated as goals that must be done, that ought to be done, that people want to do, or as activities or items that once were sought but can now be forgotten. By ranking goals based on their importance, you are giving direction and meaning to decisions. This ranking especially helps when resources are limited.

Long- and short-term goals differ in the amount of time required to attain them. Personality, family life stages, and economic well-being influence the balance between goals of long and short duration. Goals are long-term when resources must be accumulated. They take a greater commitment of time, human energy, and money. They are different depending on the stage of the family life cycle the family is experiencing. Long-term goals are those things you want to accomplish so that ten or 15 years down the road, you can feel good about having accomplished these things as you look back into the past.

Some types of people can more easily identify long-term goals than short-term goals. For them, it is easier to say, "I want to have my bills paid off in a year," than to decide to target a particular bill and say, "I am going to pay \$25 on a particular credit card bill each month and charge no more on that card." Stating the goal in the latter manner requires immediate commitment to an action, whereas, it is much easier to procrastinate on the former, more general goal. It is especially important that long-term goals be specific.

Short-term goals usually contribute to a long-term goal and provide a point for checking progress toward long-term goals. They usually take a shorter time to achieve. They seem vitally important at this point in time but may seem insignificant when you look back ten years from now. Just as some people can identify long-term goals more easily than short-term goals, still other people are more easily able to identify short-term goals than long-term goals.

The limited income will most probably have only short-term goals. Their uppermost concerns are survival and meeting day-to-day needs. So their preoccupation with the immediate may be due to their lack of resources for facing the future with confidence and not an inability to take a longer view.

# GOALS ARE

- value based
- specific
- attainable and authentic
- subject to change
- prioritized
- long- or short-termed

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## RECORD KEEPING

Use HE-F0-3042 as the form to help your families keep some records. Show an example with some of the categories filled in so that they understand it's to be done regularly. (Use different colored pens and/or pencils.)

EC - Teaching Aid  
(LI - Back of Visual)

## IDENTIFYING VALUES, NEEDS AND WANTS

Why are values so important when we look at financial management for families?

Values:

- \* Give direction and meaning to life
- \* Influence how you spend your money

Values are a significant part of our culture. They provide the underlying meanings of what is right, good, best, desirable and has worth. Values permeate all aspects of human thought and action. They represent the qualities, situations, and things we hold dear, prize and cherish. Values are concerned with all of life.

Values can be concerned with: (Visual)

Behavior - What is good and right behavior? This includes values such as respect for life, search for truth, justice and moral values.

Beauty - These are our aesthetic values.

Profitability and Security - These are our economic values.

Usefulness - These are the practical values.

Sensory, Prestige and Spiritual - These are our attitude and feeling values. These are the ones we use to compare to others and give us our adequacy feelings.

Financial management for families and individuals is value based.

## Needs and Wants

### Hierarchy of Needs: (Visual)

1. Our highest needs - "Musts"  
- usually food, shelter, medicine, and basic clothing  
The needs are expressed by comfort and life values.
2. Good to have, but not essential  
-TV, stereo, some appliances  
These are our wants and can be expressed by beauty, sensory values.
3. "Unimportant" - I can live without  
Motor bike, canoe, some luxuries  
These can be expressed by health, joy, happiness values.

How do you spend your money? (handout)

### Musts - Vary depending on your lifestyle

Example - Radio/Stereo

A limited income individual may consider the radio/stereo that he/she carries with him/her a necessity. It may be the only real belonging these individuals feels they have that is of value and that gives entertainment and personal satisfaction.

### Unimportant - Vary depending on your lifestyle

Example - Car

A car may not be important to an elderly person on limited income who lives in the Twin Cities and can take the bus. A rural person may consider a used car a "must."

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Source: Adapted from Jacobson, M., 1971.

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Help your group of participants to discuss needs and wants. Ask them questions. Start with the least sensitive area first!

1. What do you think is unimportant?
2. What would you like to have, but is not essential or could wait until your financial situation is better?
3. What is a "must" for you?

**HOW DO YOU SPEND YOUR MONEY?**

Check which items you consider "musts" to buy, which items you consider "Good to have," and which items are "unimportant" for you to buy.

	<u>Musts</u> (Needs)	<u>OK-Good to have</u> (Wants)	<u>Unimportant</u>
<u>Transportation</u>			
New car	_____	_____	_____
Used car	_____	_____	_____
Taking the bus	_____	_____	_____
<u>Recreation equipment</u>			
Color TV	_____	_____	_____
Radio/Stereo	_____	_____	_____
Exercise equipment	_____	_____	_____
Camping equipment	_____	_____	_____
Snowmobile	_____	_____	_____
<u>Foods</u> (Check those you buy on a regular basis)			
TV dinners	_____	_____	_____
Hamburger	_____	_____	_____
Steak	_____	_____	_____
Fresh fruits	_____	_____	_____
Milk	_____	_____	_____

List your own items!



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Values are concerned with:

behavior

beauty

security

usefulness

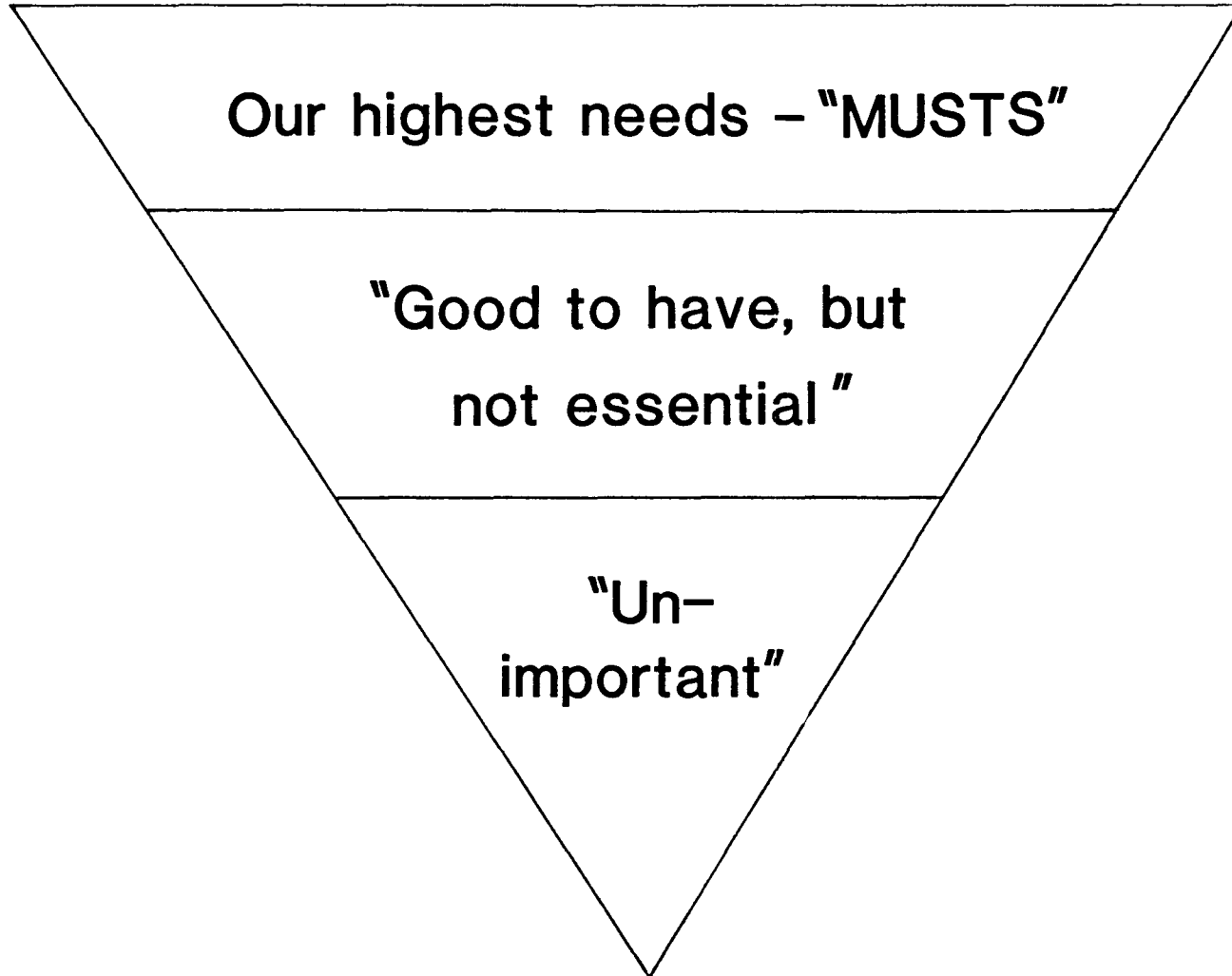
sensory

prestige

spiritual

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## Need Levels



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## FINANCIAL MANAGEMENT EXTENSION CONSULTANT PROGRAM

### REDUCED INCOME

This module is to be used with families that have reduced income. They could be families that are unemployed, have reduced work hours, loss of wage earner, or any number of reasons.

#### Author

Jean W. Bauer, Family Resource Management Extension Specialist, Family Social Science Department, Minnesota Extension Service.

#### Program Basics

This module includes materials to teach families to deal with: today's financial situations, grieving for a lost lifestyle, excessive credit use and abuse, identifying values, identifying resources, and making plans to live on today's resources while paying off yesterday's debts.

#### Behavior Objectives

At the end of the group sessions, the participants will be able to:

- Identify their current income situation and current resources available for the short term (next three to four months).

- Use forms to record all family living expenses by all family members.

- Identify realistic goals for current short term (month by month and then three months).

- Record all detailed debt information and make a new repayment plan.

- Identify values that are important to the family. Look at personal spending in relation to what's important to the family.

- Establish a new plan that includes living within current income and looking toward the future (savings).

#### Time:

Three bi-weekly group sessions, 1-1/2 hours long, and one personal session, one month later.

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**MINNESOTA EXTENSION SERVICE**

## OVERVIEW OF REDUCED INCOME FAMILIES AND TEACHING CONCEPTS

Key Concepts for Teaching Financial Management to Reduced Income Families:

1. Look at today - "Living Resourcefully With Reduced Income"
2. Grief Process - "Loss of A Lifestyle"
3. Credit Information
4. Current Expenses
5. Pay off yesterday, today and tomorrow
6. Identifying Values
7. Identifying Resources
8. New Plan (Savings)
9. Family Communications

Reduced Income Families experience a loss in income and lifestyle. Reasons for a reduced income may be loss of a job, family changes such as a divorce or death of a spouse, or illness of the major earner.

Reduced Income Families are described below as Belongers or Emulators:

### 1. Belongers

- usually are middle-aged, female, white, middle-income and middle-class, prefer to live in small towns or rural area
- are traditional, conforming, conservative, "moral", nonexperimental, and family-oriented
- cherish institutions of family, church, and express loyalty to the nation, jobs, and old associations
- their key drive is to fit in, not to stand out
- they do things in the traditional way and this is reflected in their higher-than-average ownership of freezers and lower ownership of garbage disposals, food processors and microwave ovens.
- important purchase considerations to them are convenient dealer location, cost of repairs and servicing, and safety features

- are generally financially content, financially secure, and financially conservative
- over the years they accumulate considerable assets
- purchase large and compact American-made cars, purchase abundance of cold cereal, canned soups, and snack foods

## 2. Emulators

- are youthful, include more men than women and many singles
- most are employed full-time and have attended technical schools
- are ambitious, competitive, ostentatious, unsubtle, and "macho"
- are influenced by the values of others and are intensely striving people seeking to be like those they consider richer and more successful
- they ask more of themselves and the system and have taken on greater responsibility for getting ahead than some other groups
- are definitely spenders, not savers; live on the edge of insolvency
- they are in debt because their incomes are inadequate to support their spending habits
- purchase is above-average for stereos, prerecorded tapes and cassettes, carbonated soft drinks and snack foods, stylish clothes

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Source: Adapted from Mitchell, 1983.

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## Look at Today

You will be helping reduced income families to start today to take charge of their financial situation. Three fundamental steps are taught, using HE-FU-2475, Living Resourcefully With Reduced Income.

These steps are:

1. Think - Ask participants to think about their current situation. How do you use money? Do you spend money when you are in a certain mood?

2. Reorganize - For the participants to get control of their financial situation, they must change their spending behavior. Help them to focus on starting today and making a new plan to regain control.
3. Communication - Encourage the participants to talk with family members about all the changes as well as the family's total financial situation. Reduced income families will probably find it necessary to talk to everyone to whom they owe money. Part of your role as an extension consultant is to encourage them in this communication process.

### Grief Process

A reduced income means a change in the family's lifestyle. Many families must grieve for the loss before they can survive the loss. Grief is a normal, healthy, healing activity. Support materials are available to teach these concepts.

### Credit Information

Reduced income families have been accustomed to living at a higher level than their current income will allow them to live. In many cases this has been possible by using credit to extend today's income with a promise to pay tomorrow. With reduced income the credit problem gets larger and larger. Steps must be taken to reduce debt. Materials are available to help teach these concepts.

### Current Expenses

Establishing the current expense level of a reduced income family is a must. It will take more than one session for the family to account for its current expenses. The participant worksheet, HE-FO-3043, is designed to be used to help the family record its current situation.

### Paying Off Yesterday, Today and Tomorrow

Hard decisions must be made by families with reduced income. The debt level they currently have is costing them money and preventing them from having items they would like to have for their families. Teaching materials are included to guide the participant into selecting the best alternative for the current situation.

### Values

Families in the reduced income group may express values you think are inconsistent with their income level. Remember, they have just lost a way of living and they must work through the situation. Many of these families are easily influenced by others, so it's difficult for them to have a reduced income unless their friends are also in the same state of economic constraints. In some cases these families will not be able to tell you what they value.

## Resources

The resources these families have will vary. Many of these families have always substituted money for other resources and so they may find it difficult to identify other resources. Depending on the severity of the reduction of the income, some families may resent having to use resources other than money. To them, this is a lower level of living and not a desired lifestyle. Therefore, it's important that you help them to focus on creative ways to use resources.

## Savings

An emergency fund is essential for a reduced income family. An emergency fund will make the difference in some families' abilities to gain control of their financial situation. It is also an essential step in the financial management stages for the family. Several techniques are included in visuals to help you teach these concepts.

## Communication

Read Helping Persons Cope With Change, Crisis and Loss, HE-F0-2467. This will give you a background in teaching the communication concepts. Each participant in the program is to be given HE-MI-2941, How to Bring Your Family Closer Together. This forms the basis for your discussion of the importance of communication. It also gives scales for the family members to use to rate themselves.

**CONCEPT OUTLINE FOR REDUCED INCOME  
FINANCIAL MANAGEMENT EXTENSION CONSULTANT PROGRAM**

Session 1

Make sure that the room is arranged so that everyone can be together in a group. Plan to work around a table if it's available.

Introduce yourself and welcome everyone to the group. (Wait until later in the first session for the group to introduce themselves.)

Concepts

1. Locus of control - Goal for participants in group - use visual.
2. What are financial management stages - visual.
3. Look at today - Use visual and distribute HE-BU-2495, Living Resourcefully With Reduced Income.
4. Grief process - Use lesson and visual (briefly run through idea).
5. Distribute Getting Control of My Finances, HE-FO-3043. Discuss what's in the folder and how it can help.
6. Record keeping - How to use the folder.
7. Home work assignment - Start working on keeping records and/or collecting information for the folder.

Get the group members to talk about ways they think they will use to collect these records. This is a good introduction time, if it hasn't already been done.

Make sure everyone understands about next session. Ask them to bring back materials you distributed.

Session 2

Talk about difficulty in collecting records - Remind participants about the goal of sessions. Use locus of control visual.

1. Credit information - Use materials and visuals in the module.
2. Review record keeping process - Establishing an spending/saving plan and visual. Discuss this as a process that they will be using.
3. Values - Use lesson material and visuals.
4. Resources - Use lesson material and visuals.
5. Savings - Use to discuss the importance of savings. Visual on savings games.

6. Family communication - Introduce the idea.
7. Home work - Discuss problems of record keeping with the family. Get family members to help.

Try to get them to bring the completed folder to next session. Make sure everyone knows and understands about the next session.

### Session 3

Review concerns of any member - Problems in finding the information.

1. Review goal of program for them - Locus of control, focus on today.
2. Review credit information concerns. Discuss reduction of debt use visual. It may be important for some groups to discuss a loss of lifestyle.
3. Review month 1 actual spending and plan for month 1. Use HE-F0-3043. Use visual - Building Your Spending/Saving Plan.
4. Use cost-cutting visual to help participants focus on adjusting plan.
5. Review ways to use resources - Visual.
6. Family communication - Distribute HE-MI-2941, How to Bring Your Family Closer Together. Talk about the appropriate scales for the individual families in the group.

Home work assignment - Schedule individual sessions and make sure they come with HE-F0-3043 filled in with the current information.

### Individual Session

Work out specifics of a new plan. Give them copy of HE-F0-3064, Getting Control of My Finances Worksheet.

Try to get them to focus on locus of control and work on specific goals on the first page of HE-F0-3064.

Give them a letter of completion and/or support if they need another session. Most families will not want another session.

## FINANCIAL MANAGEMENT STAGES

Reduced Income families will be in hand-to-mouth stage, the basic stage, or will be growing toward the intermediate stage.

### 1. Hand-to-Mouth (No management)

Individual or family spends all available income without planning for future needs or emergencies. Currently uses credit or has heavily used credit in the past and current spending is paying for past credit purchases. The credit use is in excess of ability to repay.

### 2. Basic Stage

These families and individuals recognize that they have limited financial resources. They recognize that financial resources can be supplemented with other noncash resources to meet their needs and wants. They have learned how to keep their expenses within limits. They want help in learning how to stretch their limited resources. Persons in the basic stage know how to establish credit and control its use.

### 3. Intermediate

These families and individuals can decide on short-term goals, including savings. They have a plan for small emergencies and set aside current income for these emergencies and/or goals. They also have some risk protection in place to help in a financial emergency.

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Source: Adapted from Lloyd, 1986.

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Note: Janice Holm Lloyd, Family Resource Management Specialist, North Carolina Agricultural Extension Service, North Carolina State University, Managing for Tomorrow Program.



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# FINANCIAL MANAGEMENT STAGES

Hand-to-mouth

Basic

Intermediate

Comprehensive

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Hand-to-Mouth

No control

No planning

(No management)

Basic

Current cash flow

Control of small amounts  
of current income  
and expenses

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Intermediate

Short-term (less than  
3 months) money  
management

Plus

Control of current  
cash flow

Comprehensive

Control current cash flow

Plus

Short-term money  
management

Plus

Long-term money  
management

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### "LOOK AT TODAY"

Reduced Income families can start to take charge of their financial situations. Three fundamental steps to begin taking control are:

1. Think - How do you use money? Do you spend money when you are in a certain mood?
2. Reorganize - What is your current situation? Focus on starting at today and making a new plan to regain control.
3. Communicate - Talk with family members and with the people to whom you owe money.

Use Living Resourcefully With Reduced Income, HE-BU-2475, with the family.

Reorganizing is the key step in creating the necessary change in your lifestyle. The current situation needs to be evaluated and accepted as the starting point. To determine the current situation, ask the following questions:

1. What is your income?
2. What do you have? What items do you own that can be turned into cash?
3. What do you owe?

Develop a new plan to regain control of your finances. The new plan must enable the family to live within its income. Use HE-BU-2475 to look at the process.



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## Steps to Looking at Today

Think about your use of money

Recognize current situation

Communicate with others

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## GRIEF PROCESS "Loss of a Lifestyle"

Grief is a normal, healthy, healing activity. Grieving is a necessary process individuals must go through in order to survive losses.

In the beginning of the grief process, one person feels that he or she can never again be satisfied with life. Normally, it is a feeling that diminishes with the passage of time. All persons who experience a loss go through the stages of the grief process.

Reduced Income families may go through the grief process due to a loss in income and lifestyle. Reasons for a reduced income may be:

- loss of a job
- family changes such as a divorce or death of a spouse
- illness of the major earner.

Use examples that apply to the participant for the stages of the grief process. Your responsibility as an Extension Consultant is not to counsel the participant if he or she is not through the grief process. The purpose of understanding the stages are to help the participant recognize the stage he or she is at and to understand the process.

The five stages of the grief process are:

1. Denial - "No, not me, it can't be true"

"I didn't or won't really lose my job."  
"The divorce won't really happen and he couldn't have spent all the money. I can't believe I can't pay off all my bills."

2. Anger - "Why me?"

- a "When I lost my job, I felt angry because other workers didn't get laid off. Why did it happen to me?"

At this stage a person can be resentful of others who do not have the same misfortune or angry at the boss for not keeping him/her employed.

3. Bargaining - "Yes me, but..."

"If only I had done..."

At this stage the person accepts the fact that the lifestyle is reduced and the financial hardship has occurred, but he or she would still like easier conditions.

4. Depression - "Yes, me"

"Poor me"

This stage is sometimes referred to "anger turned within". A person who has lost a job may feel immobilized and unable to search for work during this stage

5. Acceptance - "It's okay"

"It doesn't matter anymore. I can become self-supporting and happy. I may not need all the things I once had"

Loss of lifestyle has occurred and it is accepted as temporary condition that is okay for now.

A divorce has occurred and the single parent and children have learned to live on less money and find new ways to save money so they can have some new things once in a while as a reward.

Adjusting to the loss:

The family member may decide that they are satisfied with their new lifestyle and not feel the need to go back to the previous lifestyle. The change in lifestyle can be positive for all family members. Living on a reduced income can teach children how the work and time they contribute to the family can be helpful. It also teaches children to appreciate the value of money.

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Source: Adapted from Pitzer, 1984; Stearns, 1983.

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# **Grief Process**

**Denial**

**Anger**

**Bargaining**

**Depression**

**Acceptance**

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## ESTABLISHING A SPENDING/SAVING PLAN

A wise financial counselor once said, "A plan tells your money where to go, rather than asking politely where it went."

A spending/saving plan is an organized method of handling resources. It simply balances expected income against expected outgo.

To set up your plan:

1. Estimate income
2. Estimate expenses
3. Teach spending and saving
4. Communicate with your family
5. Adjust your plan

### 1. Estimate income

#### A. Money income:

Be sure to include all sources. Look at HE-F0-3043, Getting Control of My Finances, and discuss each category.

#### B. Non-money income: (these are not added to money income per se, but are ways of increasing real income for families

- Employment benefits: life and health insurance, retirement benefits, unemployment insurance, sick leave, worker's compensation, stock purchase plans, etc. What are their value and limitations?

- Home production: child care; meal preparation, cleaning and other housework; car and home maintenance and repair, snow removal, etc. What would it cost to hire someone to do these tasks?

Home production is a good deal - it's tax free - if you hired someone to do it, taxes would be taken from his or her salary and if you spent your earnings to purchase it, taxes would have been taken out of your earnings. What can you do to increase home production?

### 2. Estimate Expenses

Use previous records: cancelled checks, receipts, tax records, etc. If no records are available, make a best estimate. Keep records for several weeks or months so that you can revise your estimate to make it more accurate.



### 3. Track Spending and Saving

- A. Use past expenses only as a beginning point. If you are satisfied with previous spending and the results, fine. If not, decide how you would like to change the way you use your money and make your budget.
- B. Examine the pattern of your income. Is it steady, every two weeks, etc? Or does it vary, such as for farmers, salespersons, seasonal and self-employed workers? If your income is irregular you need to plan even more. Those who have peaks and valleys of income flow often put money into savings or money market accounts and transfer a certain amount for monthly spending.

Remember, too, your income will change over time, due to raises, inflation, overtime or cutbacks, wage concessions, higher taxes, retirement. Additional family or household members will put added demands on your income.

- C. This discussion is to be used with HE-FO-3043. Divide your expenses into "Committed" and "Changing" categories. Committed expenses are those that have to be paid in specific amounts at specific times. Some examples are rent or mortgage payments, utilities, insurance payments and installment debts. Put an asterisk beside all committed expenses.

Savings should also be considered a regular expense. The method of putting whatever is "left over" into savings usually results in not putting anything into savings. Make savings a committed expense for you. Pay yourself first, even if it is a very small amount.

If certain expenses occur only once or twice a year (such as insurance payments) you should divide them and set aside some money each month. Setting aside a certain amount per month is easier than taking out a large amount from one month's income. Use the "Saving Set-Aside," page 5 in HE-FO-3043.

Changing expenses vary from week to week or month to month. Estimate how much you plan to spend for food, clothing, transportation, etc., by checking your past spending records. You may want to consider your goals as flexible expenses. Figure out how much you will need to set aside monthly to achieve your goals by the set date.

### 4. Family communication and adjusting your plan

- A. Compare income with planned expenses for the month or planning period. If they balance, fine. If income exceeds expenses, great. If expenses exceed income, adjust.

Either expenses must be cut or income increased.

What can be eliminated or postponed? Get ideas from family members.

How can you trim expenses?

How can income be increased? A new job, another family or household member starts working or increases hours, moonlighting? Can family members increase the household production and reduce spending?

Do all your family or household members agree? How can you work this out as a unit? Visualize what will be difficult about your new plan. Why do you need it?

Consider carefully - Does your plan reflect your goals and values?

Do you believe in this plan? Think about how your life will be improved by using it. List all the improvements to yourself.

Be realistic! Don't set up a plan you know you can't keep.

A plan that is working is one that must be flexible for the new situations. An emergency fund can provide cushion and flexibility. Put yourself more in control of your family's finances.

- B. Periodically review your spending/saving plan to make sure it is still helping you to reach your goals.

Guidelines for record keeping:

1. Establish a financial center. A convenient, comfortable work station supplied with pencils, files, paper, records, calculator, etc., makes planning easier.
2. Keep it simple! Eliminate unnecessary detail.
3. Re-evaluate as income and/or expenses change, as goals are reached or changed, and as your family develops and changes.

- C. Work for a long-term plan.  
Use HE-FO-3064, Getting Control of My Finances Worksheet, to keep your records for more than two months. Once you get started, you can see how easy it is to adjust your plans until you have a workable plan.

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# Building Your Spending/Saving Plan

Estimate income

Estimate expenses

Track actual spending and saving

Communicate with family

Adjust your plan

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**FAMILY LIVING RECORD AND PLANNING SHEET**

Items in a family living spending/saving plan are either committed for a specific amount and specific time period or they are items for which the dollar amount and payment timing also changes. Thus, you have committed expenses and changing expenses. Although the committed expenses can be changed, reduced, or cut out, it takes more careful planning to alter committed expenses than some of the changing expenses.

The following list of categories have been put together to help you remember what you spent. If a category does not fit your situation, cross it out and relabel it. Remember this is your plan, not someone else's.

A separate form has been provided for you to look at your current installment and revolving credit responsibilities. Be careful not to include items twice. For instance, if you buy clothes and sheets at Sears, either use the outstanding debt section or the individual categories. It's up to you to determine how you want to use your records. If you have never kept records before, try recording all outstanding debt in the debt section. More detail can come later.

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## CREDIT USE

Some of your families will use credit more than others. Those that seem heavily in debt probably will feel like they have less control over their financial situation.

Your goal as an extension consultant is to get the family to look at its credit use and make some decisions about what to do to gain more control. Get across the idea of how much a family is spending for paying off yesterday's living. Make the credit payments a major consideration of the total spending plan. Worksheets are provided to help you in explaining what is important information for the family to use in deciding what's the best way to reduce its credit use.

The worksheet is divided into two sections for the type of credit--open or closed. In many cases it is the open-ended credit that families have trouble controlling on a day-to-day basis. Our society has become a "flash the plastic" society. Before you have the group members look at their personal credit situation, ask them a few questions. Ask them to jot down their answers on a piece of paper.

1. How many credit cards and charge accounts do you have (open-ended credit sources)?

The average number of open accounts for a person in the U.S. is seven.

2. How many do you currently have with an outstanding balance?

Very few people pay off their charge accounts at the end of the month. The only accounts that require this are the travel and entertainment cards such as American Express.

3. Which cards have the highest interest rates?

In 1986 the Minnesota legislature raised the maximum interest level of credit cards and open-ended accounts to 21 percent. Cards issued in other states will be governed by the laws of the state issuing the card.

### Credit Trouble Signs

Some families have difficulties in using credit. In many cases, credit is used first as a convenience to buy an item when wanted or needed rather than to wait until cash is available. This becomes a habit and soon families are using credit for more and more items. Many times the items purchased are not being used but payments are still being made. This is the case for any entertainment or totally consumed item such as a dinner.



In other cases credit is being used so heavily that it becomes abused credit. Overuse of credit without adequate and stable income many times increases the risk of bankruptcy for families.

This program is not designed to help this type of person. If you have a participant that you think is in debt so deeply for personal family living (not business), get your supervising agent to help you.

Most of the families can be helped by leading them through a process to look at credit trouble signs and then ways to reduce debt.

The credit trouble signs are:

1. Continually pays only minimum balance due on open-ended accounts.
2. Can't pay all monthly bills and/or make monthly payment for closed-ended credit.
3. Uses savings or emergency fund to pay for everyday expenses. (This does not include those items that are planned for with the special bills.)
4. Uses credit more and more. Family finds itself using credit to pay for items it formerly purchased with cash. This happens often with suddenly reduced income families. They tend to think it's okay to purchase because they have a long time to pay back the lender or company.
5. Juggling credit purchases to avoid going over the credit limits.

Get the participants to record their personal credit use. Many will take more than one session to do this correctly. When they have the credit use recorded, then discuss techniques to reduce credit.

#### What's Your Credit Record?

Your credit record or credit history is a public record of how well you pay off your debt (on time, full payments, and who makes payment).

Laws govern credit application and guidelines for granting credit. Laws also govern information required to be given to a loan applicant. Protection is also provided by law to the consumer for billing errors and stolen credit cards or unauthorized charges. This information could make an excellent supplemental session to be taught or coordinated by your supervising agent.

If there is interest, discuss the idea with your supervising agent.

Additional support publication: HE-FS-2652 Credit Use

## Credit Trouble Signs

- Pay only minimum balance due
- Can't pay all monthly bills
- Use savings to pay for everyday expenses
- Use credit to pay for things you paid for with cash in the past
- Near credit limits – must be careful not to go over

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## Types of Credit

Open – loans are continuous with some limits and billed for at least a minimum

- credit cards
- charge accounts
- checking overdraft accounts

Closed – installment credit

- one-time loan for a specific period with a given payment
- major purchases
- credit approval for each loan
- down payment usually required

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## Credit Concepts

Paying off yesterday, today and tomorrow  
– renting someone else's money

Two types of credit—open and closed

Cost of credit – interest

Credit records

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## DEBT REDUCTION

Families with reduced income must make a plan for reducing their debt load. When the family pays only the minimum balance each month, it puts itself further into the future for paying off yesterday tomorrow. The cycle must be changed. In some cases, drastic action is necessary to break the cycle.

Make no new commitments. Do not make another installment agreement or use open-ended credit accounts. Every time you are tempted remind yourself that this is a high price to pay for tomorrow. The family that finds temptation hard to resist should stop carrying credit cards. Advise them to put the cards in an envelope, seal the envelope, and put in a very safe place. Compulsive spenders should cut up the "plastic" so no new charges will be made.

Plan for repayment of all debts. This plan will be adjusted each time income or support is received. The concept should remain constant, but the amounts may change.

Reduce the highest interest rate debt first. This will lessen the cost you are paying for yesterday's choice. Reduce the highest dollar amount. Psychologically it's important to see something happening. The dropping of larger dollar amounts to lower dollar amounts could be a reward for families.

Reduce number of debts by paying off debts. Sometimes a smaller debt can be paid off, then the family has achieved a goal. Also it's easier to make a decision to allocate dollars to ten places rather than 12, etc.

Plan to pay a small amount on each debt every month (or designated length for loan). Do not let any debt go without payment. Use HE-BU-2475, Living Resourcefully With Reduced Income, to look at priorities for payment of debts. Pay more on your high risk debt.

Many families have problems in deciding how they should approach the problem of too many expenses and not enough income. A plan must be made. Use the worksheet HE-FO-3043, Getting Control of My Finances, to plan an estimated amount for each loan repayment.

You must choose the best alternative for your current situation. This is not what you think it will be or want it to be, but the current situation. The best alternative for today may be a choice from several undesirable choices. However, it is the start for a realistic plan for your family.



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## Reduce Debt

1. Make no new commitments
2. Plan for repayment of all debts
3. Reduce the highest interest rate debt first
4. Reduce highest dollar amount
5. Reduce number of debts by paying off debts
6. Plan to pay a small amount on each debt every month

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## Best Alternative

Best means for your current situation

Best today may be a choice  
from not desired choices

– realistic plans

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## IDENTIFYING VALUES, NEEDS AND WANTS

Why are values so important when we look at financial management for families?

Values:

- \* Give direction and meaning to life
- \* Influence how you spend your money

Values are a significant part of our culture. They provide the underlying meanings of what is right, good, best, desirable and has worth. Values permeate all aspects of human thought and action. They represent the qualities, situations, and things we hold dear, prize and cherish. Values are concerned with all of life.

Values can be concerned with:

Behavior - What is good and right behavior? This includes values such as respect for life, search for truth, justice and moral values.

Beauty - These are our aesthetic values.

Profitability and Security - These are our economic values.

Usefulness - These are the practical values.

Sensory, Prestige, and Spiritual - These are our attitude and feeling values. These are the ones we use to compare to others and give us our adequacy feelings.

Financial management for families and individuals is value-based.

### Needs and Wants

Hierarchy of Needs: (Visual)

1. Our highest needs - "Musts"  
- usually food, shelter, medicine and basic clothing  
The needs are expressed by comfort and life values - Good to have, but not essential.
2. Good to have, but not essential  
-TV, stereo, some appliances  
These are our wants and can be expressed by beauty, sensory values.

3. Unimportant - I can live without  
Exercise bike, sailboat, some luxuries  
These can be expressed by health, joy, happiness values.

How do you spend your money? (worksheet)

Musts - Vary depending on your lifestyle

Example -

A snowmobile may be necessary for someone who values it for safety and security reasons because they live on a lake or have a long, difficult-to-plow driveway. The snowmobile has been a necessity in the past and continues to be a high need even with a change in lifestyle.

A person living in the Twin Cities may consider a snowmobile a luxury item, but not a must.

Unimportant - Vary depending on your lifestyle

Example:

A traditional individual may not have the need for a garbage disposal and food processor. Money spent on these items, which are considered luxuries to some people, may seem unimportant to a person who is trying to reduce expenditures and cut costs.

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Source: Adapted from Jacobson, M., 1972.

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Help your group of participants discuss needs and wants. Ask them questions. Start with the least sensitive first.

1. What do you think is not important? Have you ever thought the item just described as good to have or a must? What changed your need or want level?
2. What would you like to have that is not essential or could wait until your financial situation is better?
3. What are musts for you? Are these different for your family members? Have any of you been able to decide what are "musts" for your family?

**Values are concerned with:**

**behavior**

**beauty**

**security**

**usefulness**

**sensory**

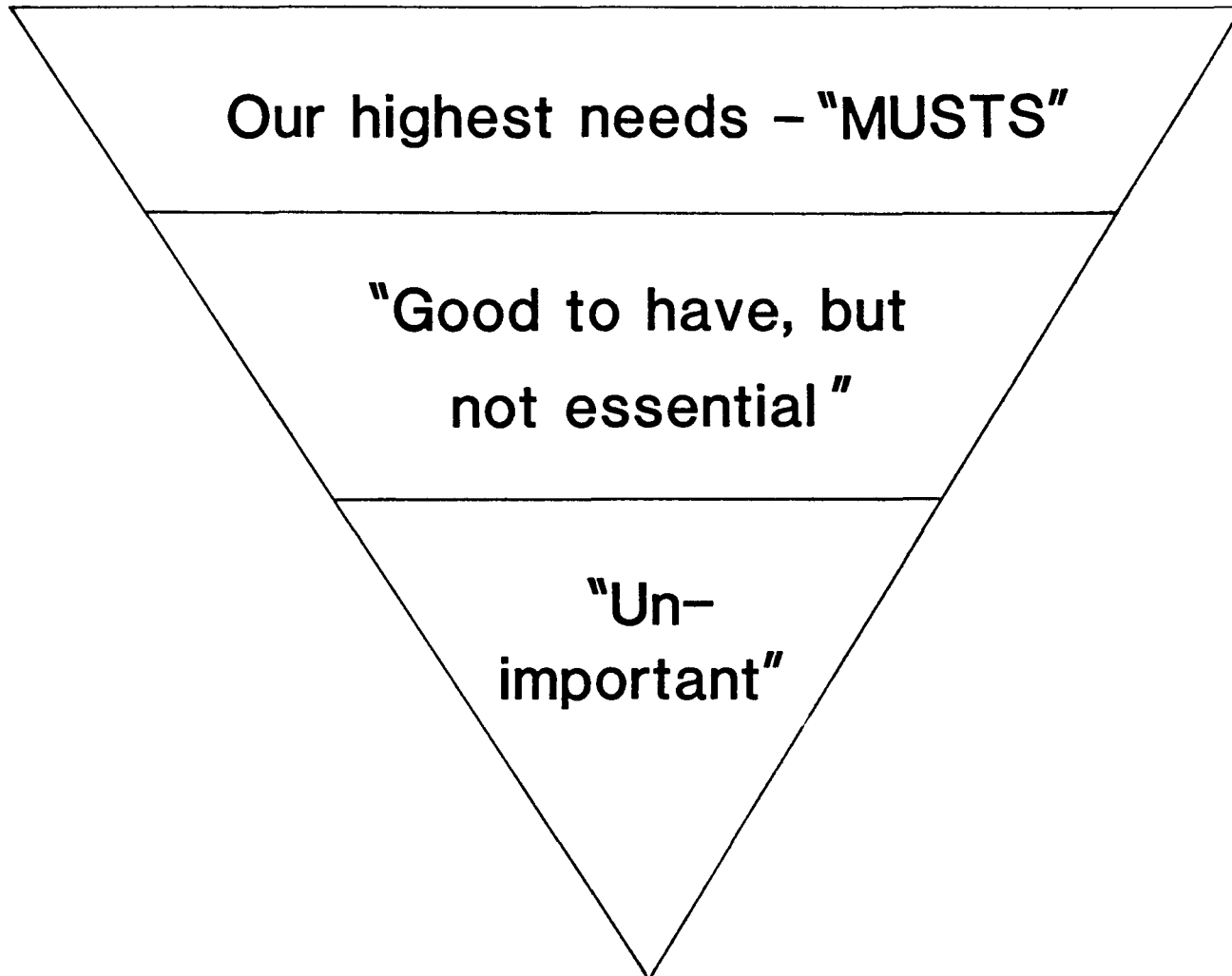
**prestige**

**spiritual**



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## Need Levels



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**HOW DO YOU SPEND YOUR MONEY?**

Check which items you consider "musts," which items you consider "good to have," and which items are "unimportant" for you to buy.

	<u>Musts</u> (Needs)	<u>Good to have</u> (Wants)	<u>Unimportant</u>
<u>Appliances</u>			
Dishwasher	_____	_____	_____
Range	_____	_____	_____
Microwave oven	_____	_____	_____
Toaster	_____	_____	_____
Washer	_____	_____	_____
Dryer	_____	_____	_____
Garbage disposal	_____	_____	_____
Home computer	_____	_____	_____
Freezer	_____	_____	_____
 <u>Foods</u> (Check those you buy on a regular basis)			
TV dinners	_____	_____	_____
Hamburger	_____	_____	_____
Steak	_____	_____	_____
Fresh vegetables	_____	_____	_____
Fresh fruits	_____	_____	_____
Frozen vegetables	_____	_____	_____
Milk	_____	_____	_____
Instant potatoes	_____	_____	_____

List your own items:

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## GOALS SETTING

Goals are value based objectives that give direction and meaning to action. The underlying individual values and goals are integral parts of family decisions. Goals are put into action through the use of resources. Thus, it is important that goals are discussed and clarified when helping families with financial management.

Goals need to be stated in specific terms. Doing so forces us to think about whether we really need or want this goal and whether we are willing to devote what is needed to achieve this goal. We are much more committed to a goal when we state, "I am going to save \$5 a week," than if we state, "I am going to save money." Other examples of goals stated in specific terms include: a visit to the grandparents in November, taking a class in financial management within a year, and losing five pounds in two months.

Goals need to be personalized. They need to be attainable or you have set yourself up for defeat before you even start. When you make the goal specific, you are making the goal more concrete and more attainable. The goal will have more meaning if it is something you really want and are willing to work toward.

Goal setting is a dynamic activity. Just because a goal is written down or spoken in words does not mean it is set in concrete. Your goals may be in various stages of development. Some may be near completion, some may be in the process of revision, some are being formed, and still others may endure for a lifetime. Others may be discarded because the cost in resources required to reach them may seem unreasonable. The goals are subject to change at any time but they serve as a reference point for the family's managerial action. The fact that goals can be changed makes them more real.

Individuals and families face multiple goals with different priorities. Priorities among goals can be evaluated as goals that must be done, that ought to be done, that people want to do, or as activities or items that once were sought but can now be forgotten. By ranking goals based on their importance, you are giving direction and meaning to decisions. This ranking especially helps when resources are limited.

Long- and short-term goals differ in the amount of time required to attain them. Personality, family life stages, and economic well-being influence the balance between goals of long and short duration. Goals are long-term when resources must be accumulated. They take a greater commitment of time, human energy, and money. They are different depending on the stage of the family life cycle the family is experiencing. Long-term goals are those things you want to accomplish so that ten or 15 years down the road, you can feel good about having accomplished these things as you look back into the past.

Some types of people can more easily identify long-term goals than short-term goals. For them, it is easier to say, "I want to have my bills paid off in a year," than to decide to target a particular bill and say, "I am going to pay \$25 on a particular credit card bill each month and charge no more on that card." Stating the goal in the latter manner requires immediate commitment to an action, whereas, it is much easier to procrastinate on the former, more general goal. It is especially important that long-term goals be specific.

Short-term goals usually contribute to a long-term goal and provide a point for checking progress toward long-term goals. They usually take a shorter time to achieve. They seem vitally important at this point in time but may seem insignificant when you look back ten years from now. Just as some people can identify long-term goals more easily than short-term goals, still other people are more easily able to identify short-term goals than long-term goals.

#### Limited Income

The limited income will most probably have only short-term goals. Their uppermost concerns are survival and meeting day-to-day needs. So their preoccupation with the immediate may be due to their lack of resources for facing the future with confidence and not an inability to take a longer view.

#### Reduced Income

Those families with reduced incomes must be concerned about short-term as well as long-term goals. They will be most concerned about short-term goals because of the immediate critical needs of reduced resources. However, with the reduced income families, in most cases there is hope that there will be more income in the future, although the time frame is uncertain. So decisions made in the short-term must take into account the family's long-term goals. Some reduced income families may never return to the levels at which they were, so the goals established must reflect this possibility.

#### Business Income

Business income families will need to be concerned with short-term goals as well as long-term goals. The first month you meet with them, the short-term goals will be uppermost in their minds. Hopefully, over the three months, they will think with a longer view. The more limited the resources, the more concerned the family is with survival, and the harder it is to think about the future with certainty, so the shorter will be their view for goals.

It is important for families with business income to separate family goals from business goals. Too often they have been tied together without any specific attention to family goals. There is more flexibility when resources are plentiful. When resources are scarce, the family goals as separate from business goals must not be neglected.

# GOALS ARE

- value based
- specific
- attainable and authentic
- subject to change
- prioritized
- long- or short-termed



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## USE OF RESOURCES

For many families, a lifestyle change can be a time to identify your values, establish goals, set priorities and look at all your available resources.

When asked what resources are available to them, people think of two major resources -- time and money. There are other resources that you can use to reach your goals.

Use HE-F0-3043, Getting Control of My Finances, to look at sources of economic resources. These are money income on page 1 and non-money income on page 6.

In addition to those limited economic resources, families have other resources available to them. Human resources are less limited and help families to have a satisfying life with limited economic resources.

Let's look at some of the resources and how families are able to use them to get satisfaction and reach their goals. Resources can be used, combined, traded, substituted, created or converted and sometimes saved or stored. Some sources are available to be used and some must be created.

### Human Resources

1. Time is available in equal amounts to everyone. It's a resource that can not be saved, only used or wasted. It's limited and cannot be expanded. It is the only resource that is equal for everyone on a daily basis. However, the way in which time is allocated is different for each family.

2. Energy varies greatly from person to person. We all need physical and emotional energy to get the most out of our other resources.

3. Skills of yourself and family members add a whole range of options to your resources. Skills may be manual, communication and thinking such as problem-solving, and good management skills, decision-making, planning, negotiating, and bargaining.

4. Abilities and interests of family members. These differ from skills in that they may be developing or untapped as a resource until tried because of an interest. For instance, a new interest in "fixing things" or an inquiry about how things work can be a resource. Enjoying doing car repairs or changing the oil in your car can be an interest that saves purchasing a service.

5. Attitudes of family members. This can be a valuable resource or a constraint on use of resources. For instance, the family that has a willing attitude to try a wide variety of foods will greatly help to reduce food costs and still be able to have adequate meals easier than a family with very definitely set food attitudes.

Self-confidence, creativity and awareness of other resources help the family to have pleasure and enjoy their surroundings.

Other resources, known as interpersonal resources, develops from the interaction of several people. A spirit of cooperation is a human resource which aids in achieving goals. A feeling of pride and loyalty are examples that show what the family has "going for it."

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Source: Adapted from Ludwig and Meyers, 1979; Buehler and Hogan, 1986; Schultenover, Bauer, and Goss, 1985; Deacon and Firebaugh, 1981; Rice and Tucker, 1986.

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Ask these questions in your group.

- Does your family have an activity that uses many human resources to reduce your money costs? Would anyone like to share?

- Do you have any examples of people that have used their creativity to work toward their goals?

If appropriate, reproduce a copy of Family Assessment Examples and give to each participant to think about their human resources.

**RESOURCES ARE ...**

**combined**

**traded**

**substituted**

**created and converted**

**saved**

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# HUMAN RESOURCES

**Time**

**Self-confidence**

**Energy**

**Creativity**

**Skills**

**Awareness**

**Abilities/Interests**

**Other-Interpersonal**

**Attitudes**

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**FAMILY ASSESSMENT EXAMPLES**

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<u>Human Resources</u>	<u>Examples</u>	<u>Family Assessment</u> (What and Who)
Time	Month to month	
Energy	Energy needed for any activity	
Skills	Problem solving, decision making, skill in sewing	
Abilities & interests	Ability to plan, interest in gardening, woodcarving	
Attitudes	Willingness to accept change	
Self-confidence	Willingness to take risks	
Creativity	New ideas, artistry	
Awareness	Sensitivity to problems	
Other - Interpersonal	Cooperation and family pride	

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**SAVINGS -- YOU ARE IMPORTANT**

You and your family members are very important. How much of your spending/saving plan is for your goals? It's up to you. Many people have trouble saving anything for tomorrow. In some cases, they have never learned how to save money for their goals and then practiced saving to reach their goals. Research tells us that when families save, they have a plan for using the savings. They also save when it is habitual. A small amount put away regularly is better than a larger amount put away and then immediately withdrawn. Systematic saving, no matter how small, will help a family reach its goals and get ahead faster than erratic saving.

In today's financial market, it's important to check what the limits are on your savings accounts. Some now are charging a monthly fee if a minimum balance is not kept.

In some cases you may want to shop around to find an institution, bank, savings and loan, or credit union that fits your needs.

If you have trouble saving, play a game with yourself. Some games are:

1. Pay yourself first -
  - Set aside an amount and deposit it into your account yourself.
  - Have your banker set aside a specified amount of your paycheck into your specific account. This takes careful record keeping if the amount is transferred after the check is deposited. Many people forget about the automatic funds transfer.
  - Have your employer deposit a certain amount into a specific account before you get your paycheck. This is often possible when your employer is connected to a credit union.
2. Save the increase per paycheck over last year's income. If the family is currently living within the income, this will be much easier. If the family is currently living beyond its income, rescale to help reach a saving goal.
3. Save all "loose change" each day. Periodically put the money into an interest-earning account. Some people only save specific types of coins, e.g., quarters, nickels, etc.
4. Help your children to start the habit. Help them to save small amounts and reach small goals. If the goal is too far off (i.e., a six-year-old saving for schooling), then it does not have significance for a child.

5. Let another income system help you. Some people claim fewer exemptions on federal income tax so that a return is certain. This plan has several limitations. First, there is no interest earned on money and no access for emergencies. Second, it does not help the individual to form the habit of saving. This may not be available in a short time with all the tax changes that are being discussed.

Ask the participants how they save money. What way was least desirable for them? What way was the most desirable?

## Ways to Save

- Pay yourself first
- Pay increase
- Loose change
- Help children save
- Deductions

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## FINANCIAL MANAGEMENT EXTENSION CONSULTANT PROGRAM

### BUSINESS INCOME

This module is to be used with families that have shared business-family income and cash flow problems.

These could be engaged in tourism, farming, or any occupation that has shared expenses, such as a minister.

#### Author

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#### Program Basics

This module includes materials on establishing a cash flow plan for the family and matching spending to peak income periods. The record keeping is encouraged by use of separate accounts from the business accounts. Other concepts considered are identifying values, resources, setting goals that are consistent with the business and family needs and wants.

#### Behavior Objectives

At the end of the sessions, the participants will be able to:

- Identify sources of income and establish a cash flow plan.
- Record expenses and allocate expenses to the cash flow plan.
- Identify resources that can be used by the family to achieve goals.
- Write short-, intermediate- and long-term goals.
- Match income and resources to goals.
- Identify values important to the family and match spending/saving to the values.
- Set up a family financial system that is separate from the business.
- Set up a long term plan to keep selected records to aid in family decision making.

#### Time:

Three monthly sessions, 1-1/2 hours each.

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## OVERVIEW OF BUSINESS FAMILIES AND TEACHING CONCEPTS

Business families are those families that share income with the business and family. This will include families engaged in activities such as farming, tourism, or any home-based business. In addition, some other families such as ministers' families, have some of the same cash flow concerns as the other families listed.

Key concepts for teaching financial management to business families:

1. Identifying sources and allocation of income
2. Establishing a cash flow plan
3. Current expenses
4. Matching expenses and need for large, irregular expenses to cash flow
5. Identify goals of family
6. Identify resources to be used to reach goals
7. Establish short-, intermediate and long-term goals and plans for reaching these
8. Identify values
9. Identify community resources

In general, business income families do not keep family living records and many do not keep separate business and family accounts.

However, many of the families requesting help may have some of the same concerns as the limited income families (those in mediation, or extreme levels of debt) and others may have some of the concerns of the reduced income families.

Therefore, the materials in this module may need to be supplemented with materials from the other modules, depending on the specific situation.

The Mitchell Study of Values and Lifestyle Typology did not describe business families per se, but many of the characteristics match those in other groups. However, business families are more diverse than some other groups in certain areas and very similar in other areas. The two major groups they resemble are the outer-directed belongers and emulators. Some of the families have become achievers and many of them are the integrateds. However, due to the economic climate, many of these families may be on a downward spiral such as from achiever to belonger, etc.

The characteristics are:

### Belongers

- usually are middle-aged, female, white, middle-income and middle-class and prefer to live in small towns or rural area



- are traditional, conforming, conservative, "moral", nonexperimental, and family-oriented
- cherish institutions of family and church, and express loyalty to the nation, jobs, and old associations
- their key drive is to fit in, not to stand out
- they do things in the traditional way and this is reflected in their higher-than-average ownership of freezers and lower ownership of garbage disposals, food processors and microwave ovens.
- important purchase considerations to them are convenient dealer location, cost of repairs and servicing, and safety features
- are generally financial content, financially secure, and financially conservative
- over the years they accumulate considerable assets
- purchase large and compact American-made cars, an abundance of cold cereal, canned soups, and snack foods

#### Emulators

- are youthful, include more men than women and many singles
- most are employed full-time and have attended technical schools
- are ambitious, competitive, ostentatious, unsubtle, and "macho"
- are influenced by the values of others and are intensely striving people who are seeking to be like those they consider richer and more successful
- they ask more of themselves and the system and have taken on greater responsibility for getting ahead than some other groups
- are definitely spenders, not savers; live on the edge of insolvency
- they are in debt because their incomes are inadequate to support their spending habits
- purchase is above-average for stereos, prerecorded tapes and cassettes, carbonated soft drinks and snack foods, stylish clothes

#### Achievers

- upper-middle class, many are male
- are a diversified happy group, gifted, hard-working, self-reliant, successful
- have learned to live the comfortable, affluent, outer-directed life

- are the core market for capital-intensive sports such as boating, sailing, flying, and gliding and own many types of recreational equipment, home electronic products and photographic equipment
- own more appliances than other groups, especially dishwashers, food processors, garbage disposals, and microwave ovens; own electric typewriter, patio furniture, and encyclopedia set
- as is evident from the data regarding fathers' educational attainment, they are self-made people
- have more financial resources than others such as stocks, bonds, mutual or money market funds, investment real estate, and credit cards. They use services of a stock broker

### Integrateds

This study did not include demographics, attitudes, financial status, activities or consumption of this group since they felt they have not been successful in defining the Integrateds in statistical terms. However, the following description of the combined outer-directed and inner-directed group was given.

- this group includes young people who have had the means and gifts to find themselves early in life; and older individuals in the middle or upper-middle years who have lived decades as Achievers or Socially Conscious adults
- prime characteristics of integrateds are maturity, balance, and a sense of what is fitting
- they are psychologically mature and have an unusual ability to weigh consequences and to see the potential advantage in a situation where something has gone wrong
- have inner completeness and deep-core certainty; do not feel rebellious or express much need for social status although they have it

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Source: Mitchell, 1983.

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### Allocation of Income

Families must decide the method that they are going to use to allocate income for family living expenses. Some families allocate only for known expenses, others don't allocate but just spend as needed. Many families do the latter, but when there is not enough income, a plan must be made.

## Cash Flow

Cash flow is the matching the income with the outgo--expenses. This is probably the most difficult financial management process for business families. It takes planning, communication, adjusting and trying again to match income with outgo for families.

## Current Expenses

Many business families have kept records for tax purposes, but never family living expense records. Consequently, the first stage is get them to estimate and/or reconstruct family living expenses for the month. The worksheets to be distributed to the participants will facilitate this process.

## Matching Current Expenses, Large Special Expenses and Cash Flow

Cash flow is irregular for many business families. It is sometimes hard to plan to have the amount of money needed to cover special expenses. The worksheet, HE-F0-3041, Family Spending/Saving Plan (Families with shared business income), uses a three-month planning cycle for expenses and a six-month planning cycle for large special expenses. The technique is explained in the folder.

## Goals

Identifying goals for the family is important to business income families. Many times the goals for the business and the goals for the family seem in conflict. They often compete for the same resources. This program is not aimed at resolving for the family the differences of goals and a plan of how they can be obtained. This program is a starting point for the families to begin to think about family goals. The outcome could be some additional sessions that work with the total business/family future as a unit and help the family resolve the differences.

## Resources

The resources that the families have will vary. The time and energy commitment of the family members to the business will vary. If family members are involved in both gaining income from the business as well as outside the business, then they may view their time and energy and many of the other human resources as highly constrained. This module will help them to identify their own personal resources that can be contributed to the economic well-being of the family.

## Values

Families in the business income group are highly motivated families that assume more risk than families not engaged in a business. These families in general have close family and community values. This module helps the family to recognize its values, goals, and spending patterns.

## Community Resources

As the economic climate changes for rural families, the need to know about and sometimes use community resources increases for business income families. This module helps them to recognize sources for the community resources. Use HE-BU-2475, Living Resourcefully With Reduced Income, as the background source for this discussion.

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**CONCEPT OUTLINE FOR BUSINESS INCOME  
FINANCIAL MANAGEMENT EXTENSIONCONSULTANT PROGRAM**

Session 1

Make sure the room is arranged so that everyone can be together in a group. If you have a table available, this will be the best arrangement.

Introduce yourself and make everyone feel a part of the group.

Concepts

1. Locus of control - Goal for participants in group - use visual
2. What is financial management stages - Visual
3. Cash flow concepts
4. Distribute Farm/Business Family Spending/Saving Plan, HE-F0-3041. Discuss what's in the folder and how it can help.
5. Record keeping - How to use the folder
6. Home work assignment - Start working on keeping records and/or collection of information for the folder.

Get the group to talk about collection of records and which categories are most important for them.

Make sure everyone understands about next session. Ask them to bring back materials distributed.

Session 2

Talk about cash flow concepts and review why all the parts are important to make it work.

1. Matching current expenses, large special expenses, and cash flow.
2. Goals - Sorting out family goals, business goals and shared goals. This program is deals only with the family and shared goals. Other programs by both agricultural and home economics extension agents will work with families to a greater extent in establishing family business goals.
3. Resources - Use lesson material and visuals
4. Values - Use lesson materials and visuals
5. Family communication - Introduce the idea
6. Give assignments for next session and tell what session will include.

### Session 3

1. Review goal of program for locus of control
2. Credit information
3. Savings - How to establish emergency funds for family use
4. Review human resources - Visual and add community resources
5. Use cost-cutting visual to focus on look at cash flow plan
6. Family communication - Distribute HE-MI-2941, How to Bring Your Family Closer Together. Talk about the appropriate scales for the individual families in the group.
7. Schedule individualized sessions.

### Individual Session

1. Look at goals and cash flow plan - Help the family to make adjustments if needed.
2. Give family the yearly worksheet for Farm/Business Family Spending/Saving Plan, HE-FO-3064.
3. Give family a letter of completion. Support families if they think they need another session.

## ALLOCATION OF INCOME

Families engaged in business for themselves have several potential sources of income that can be used for family living expenses. Once they have decided on the source, then families may have to decide how much to allocate.

The sources of income are:

Farm/Business income - The enterprise generates income that is used for the continuation of the business as well as a source of family living income.

Off-farm/Business income - Family members have a source of employment that generates income that is used for family living and/or contributes to the enterprise.

Unearned income - Income that comes from indirect sources such as investments and pensions or social security. It's often difficult to think of this as unearned, since at one point in the past investment was made in order to have current unearned income.

These are the main three sources of income that families use for family living. Ask the question - Do you know of any other sources of income?

How do families allocate income? Some families know what their family living expenses are likely to be and so they set aside the known amounts for family living.

Some families allocate a percent of farm/business income to be used. It's then up to the family to live within that amount.

Others transfer a fixed amount per period - usually each month or some agreed-upon timing. This fixed amount needs to represent some agreed upon decisions.

Some families use only off- or non-farm/business income. This could also be a pooled amount, with several family members contributing to family living expenses.

Still other families have no idea what family living costs and they just spend as needed. Families that have only one checking account and do not keep records will have a difficult time in making some decisions about family living costs.



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## Plan(s) for Family Living

1. Know expenses—allocate for only known expenses
2. Allocate percent of income
3. Transfer a fixed amount
4. Use non—farm income
5. Spend as needed

***A PLAN REDUCES CONFLICT***

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## CASH FLOW

Cash flow is matching the income with the outgo -- expenses. This is probably the most difficult family financial management process for business families. The family's income and cash flow management can be influenced by both the timing of the income and the amount of the income. The timing and amount is either known or unknown. The difficulty of the cash flow process depends on how these concepts come together for each family.

Use the visual to explain what can happen to the cash flow timing and amount. Ask the participants to help you with examples of families that have these concerns.

### Known timing - Known amount

Regular/constant flow. This is a situation with a regular paycheck. Some off-farm/business income is like this for a salaried or wage earner. This is the easiest of all cash flow concepts to manage.

### Known timing - Unknown amount

This is regular but with a variable amount of income. Many farming operations with some laborers have this situation. This is usually easy to manage, especially if income allows for some flexibility.

### Unknown timing - Known amount

This is irregular timing, but the amount is always known. This constant dollars but never knowing when. Income like this is the price per job or by the hour with no guarantee of how long or many jobs can be completed. This is often difficult cash flow to manage. Seasonal workers would be an example of this type of worker.

### Unknown timing - Unknown amount

This is very irregular income and its variability in both aspects makes it the hardest to manage. This would be for any self-employed person, some sales people, and some ministers.

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## Cash Flow

### Source of farm income

- Off-farm income
- Unearned income (rent, interest, social security)

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# Family Income Timing

Known

Unknown

Known	<p>Regular/Variable</p> <p>Easiest to manage</p>	<p>Regular/Constant</p> <p>Often difficult to manage</p>
Amount	<p>Regular/Variable</p> <p>Usually easier to manage</p>	<p>Irregular/Variable</p> <p>Hardest to manage</p>
Unknown		



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**FAMILY LIVING RECORD AND PLANNING SHEET**

Items in a family living spending/saving plan are either committed for a specific amount and specific time period or they are items for which the dollar amount and timing also changes. Thus, you have committed expenses and changing expenses. The committed expenses can be changed, reduced, or cut-out, but it takes more careful planning to change committed expenses than some of the changing expenses.

The following list of categories has been put together to help you remember what you spent. If a category is not appropriate for your situation, cross it out and relabel it. Remember, this is your plan, not someone else's.

A separate form has been provided for you to look at your current installment and revolving credit responsibilities. Be careful not to include items twice. For instance, if you buy clothes and sheets at Sears, either use the outstanding debt section or the individual categories. It's up to you to determine how you want to use your records. If you have never kept records before, try recording all outstanding debt in the debt section. More detail can come later.

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## CREDIT USE

Some of your families will use credit more than others. Those that seem heavily in debt probably will feel that they have less control over their financial situation.

Your goal as an extension consultant is to get the family to look at its credit use and decide what to do to gain more control. Get across the idea of how much a family is spending for paying off yesterday's living. Make the credit payments a major consideration of the total spending plan. Worksheets are provided to help you in explaining what is important information for the family to use in deciding what's the best way to reduce its credit use.

The worksheet is divided into two sections for the type of credit--open or closed. In many cases it is the open-ended credit that families have trouble controlling on a day-to-day basis. Our society has become a "flash the plastic" society. Before you have the group look at their personal credit situation, ask them a few questions. Ask them to jot down their answers on a piece of paper.

1. How many credit cards and charge accounts do you have (open-ended credit sources)?

The average number of open accounts for a person in the U.S. is seven.

2. How many do you currently have with an outstanding balance?

Very few people pay off their charge accounts at the end of the month. The only accounts that require this are the travel and entertainment cards such as American Express.

3. Which cards have the highest interest rates?

In 1986 the Minnesota legislature raised the maximum interest level of credit cards and open-ended accounts to 21 percent. Cards issued in other states will be governed by the laws of the state issuing the card.

### Credit Trouble Signs

Some families have difficulties in using credit. In many cases, credit is used first as a convenience to buy an item when wanted or needed rather than to wait until cash is available. This becomes a habit and soon families are using credit for more and more items. Many times the items purchased are not being used but payments are still being made. This is the case for any entertainment or totally consumed item such as a dinner.

In other cases, credit is being used so heavily that it becomes abused credit. Overuse of credit without adequate and stable income many times increases the risk of bankruptcy for families.

This program is not designed to help this type of person. If you have a participant that you think is in debt so deeply for personal family living (not business), get your supervising agent to help you.

Most of the families can be helped by leading them through a process to look at credit trouble signs and then ways to reduce debt.

The credit trouble signs are:

1. Continually pays only minimum balance due on open-ended accounts.
2. Can't pay all monthly bills and/or make monthly payment for closed-ended credit.
3. Uses savings or emergency fund to pay for everyday expenses. (This does not include those items that are planned for with the special bills.)
4. Uses credit more and more. The family finds itself using credit to pay for items it formerly purchased with cash. This happens often to families with suddenly reduced income. They tend to think it's okay to purchase because they have a long time to pay back the lender or company.
5. Juggling credit purchases to avoid going over the credit limits.

Get the participants to record their personal credit use. Many will take more than one session to do this correctly. When they have the credit use recorded, then discuss techniques to reduce credit.

#### What's Your Credit Record?

Your credit record or credit history is a public record of how well you pay off your debt (on time, full payments, and who makes payment).

Laws govern credit application and guidelines for granting credit. Laws also govern information required to be given to a loan applicant. Protection is also provided by law to the consumer for billing errors and stolen credit cards or unauthorized charges. This information could make an excellent supplemental session to be taught or coordinated by your supervising agent.

If there is interest, discuss the idea with your supervising agent.

Additional support publication: HE-FS-2652 Credit Use

## Credit Trouble Signs

- Pay only minimum balance due
- Can't pay all monthly bills
- Use savings to pay for everyday expenses
- Use credit to pay for things you paid for with cash in the past
- Near credit limits – must be careful not to go over

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## Types of Credit

Open – loans are continuous with some limits and billed for at least a minimum

- credit cards
- charge accounts
- checking overdraft accounts

Closed – installment credit

- one-time loan for a specific period with a given payment
- major purchases
- credit approval for each loan
- down payment usually required



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## Credit Concepts

Paying off yesterday, today and tomorrow  
– renting someone else's money

Two types of credit--open and closed

Cost of credit – interest

Credit records

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## DEBT REDUCTION

Families with reduced income must make a plan for reducing their debt load. When the family pays only the minimum balance each month, it puts itself further into the future for paying off yesterday tomorrow. The cycle must be changed. In some cases, drastic action is necessary to break the cycle.

Make no new commitments. Do not make another installment agreement or use open-ended credit accounts. Every time you are tempted remind yourself that this is a high price to pay for tomorrow. The family that finds temptation hard to resist should stop carrying credit cards. Advise them to put the cards in an envelope, seal the envelope, and put in a very safe place. Compulsive spenders should cut up the "plastic" so no new charges will be made.

Plan for repayment of all debts. This plan will be adjusted each time income or support is received. The concept should remain constant, but the amounts may change.

Reduce the highest interest rate debt first. This will lessen the cost you are paying for yesterday's choice. Reduce the highest dollar amount. Psychologically it's important to see something happening. The dropping of larger dollar amounts to lower dollar amounts could be a reward for families.

Reduce number of debts by paying off debts. Sometimes a smaller debt can be paid off, then the family has achieved a goal. Also it's easier to make a decision to allocate dollars to ten places rather than 12, etc.

Plan to pay a small amount on each debt every month (or designated length for loan). Do not let any debt go without payment. Use HE-BU-2475, Living Resourcefully With Reduced Income, to look at priorities for payment of debts. Pay more on your high risk debt.

Many families have problems in deciding how they should approach the problem of too many expenses and not enough income. A plan must be made. Use the worksheet HE-FO-3043, Getting Control of My Finances, to plan an estimated amount for each loan repayment.

You must choose the best alternative for your current situation. This is not what you think it will be or want it to be, but the current situation. The best alternative for today may be a choice from several undesirable choices. However, it is the start for a realistic plan for your family.

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## Reduce Debt

1. Make no new commitments
2. Plan for repayment of all debts
3. Reduce the highest interest rate debt first
4. Reduce highest dollar amount
5. Reduce number of debts by paying off debts
6. Plan to pay a small amount on each debt every month

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## GOALS SETTING

Goals are value based objectives that give direction and meaning to action. The underlying individual values and goals are integral parts of family decisions. Goals are put into action through the use of resources. Thus, it is important that goals are discussed and clarified when helping families with financial management.

Goals need to be stated in specific terms. Doing so forces us to think about whether we really need or want this goal and whether we are willing to devote what is needed to achieve this goal. We are much more committed to a goal when we state, "I am going to save \$5 a week," than if we state, "I am going to save money." Other examples of goals stated in specific terms include: a visit to the grandparents in November, taking a class in financial management within a year, and losing five pounds in two months.

Goals need to be personalized. They need to be attainable or you have set yourself up for defeat before you even start. When you make the goal specific, you are making the goal more concrete and more attainable. The goal will have more meaning if it is something you really want and are willing to work toward.

Goal setting is a dynamic activity. Just because a goal is written down or spoken in words does not mean it is set in concrete. Your goals may be in various stages of development. Some may be near completion, some may be in the process of revision, some are being formed, and still others may endure for a lifetime. Others may be discarded because the cost in resources required to reach them may seem unreasonable. The goals are subject to change at any time but they serve as a reference point for the family's managerial action. The fact that goals can be changed makes them more real.

Individuals and families face multiple goals with different priorities. Priorities among goals can be evaluated as goals that must be done, that ought to be done, that people want to do, or as activities or items that once were sought but can now be forgotten. By ranking goals based on their importance, you are giving direction and meaning to decisions. This ranking especially helps when resources are limited.

Long- and short-term goals differ in the amount of time required to attain them. Personality, family life stages, and economic well-being influence the balance between goals of long and short duration. Goals are long-term when resources must be accumulated. They take a greater commitment of time, human energy, and money. They are different depending on the stage of the family life cycle the family is experiencing. Long-term goals are those things you want to accomplish so that ten or 15 years down the road, you can feel good about having accomplished these things as you look back into the past.



Some types of people can more easily identify long-term goals than short-term goals. For them, it is easier to say, "I want to have my bills paid off in a year," than to decide to target a particular bill and say, "I am going to pay \$25 on a particular credit card bill each month and charge no more on that card." Stating the goal in the latter manner requires immediate commitment to an action, whereas, it is much easier to procrastinate on the former, more general goal. It is especially important that long-term goals be specific.

Short-term goals usually contribute to a long-term goal and provide a point for checking progress toward long-term goals. They usually take a shorter time to achieve. They seem vitally important at this point in time but may seem insignificant when you look back ten years from now. Just as some people can identify long-term goals more easily than short-term goals, still other people are more easily able to identify short-term goals than long-term goals.

Business income families will need to be concerned with short-term goals as well as long-term goals. The first month you meet with them, the short-term goals will be uppermost in their minds. Hopefully, over the three months, they will think with a longer view. The more limited the resources, the more concerned the family is with survival, and the harder it is to think about the future with certainty, so the shorter will be their view for goals.

It is important for families with business income to separate family goals from business goals. Too often they have been tied together without any specific attention to family goals. There is more flexibility when resources are plentiful. When resources are scarce, the family goals as separate from business goals must not be neglected.

# GOALS ARE

- value based
- specific
- attainable and authentic
- subject to change
- prioritized
- long- or short-termed

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