Family financial management: a real world perspective

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Family financial management: A real world perspective

by

Glenn Allen Muske

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The purpose of this study is to examine techniques used by families in the day-to-day management of their finances. The purpose is accomplished by analysis of data gathered through a series of in-depth interviews with the family money manager in seven different families. Each family was interviewed for a minimum of four hours, to examine what the family actually does and their reported explanation of why they do it. The families are all white, in first marriages, with children living at home. The family financial managers have a bachelor's degree or less, and both spouses are employed at least part-time. Family income ranges from $40,000 to $60,000 annually.

Several themes emerge from the data. These themes, in turn, are developed into a proposed financial management process. The proposed model, a grounded theory, suggests that families have a process for managing their money and that it focuses on the ideas of safety, control, comfort, and routine, with an overall goal of the family's financial viability. The specific activities, largely mental, seen in the model are a result of a decision process that is shaped by several motivating factors including cash flow, the near future, feelings and values, experience, and situational knowledge. Respondents all said their goals are to "live life to the max." and to be able to "pay our bills." Although long-term planning, saving, and net worth appear to be of little or no concern, all respondents are home owners, have retirement programs (some minimal), and are protected from at least some catastrophic occurrence by health, property, and liability insurance.
The study suggests five areas that have implications for the development and teaching of financial management practices: (1) motivators and how they influence the entire process; (2) tools and the need for a variety; (3) teaching and how formal educational efforts must expand on the motivational forces at work and include a variety of methods; (4) timing, including the short-term focus of the manager's planning horizon and how life experiences impact financial decisions; and (5) the use of the mass media outlets to educate regarding family financial management.
CHAPTER 1. INTRODUCTION

Purpose of this Study

The purpose of this study is to examine techniques used by families in the day-to-day management of their finances. The purpose is accomplished by analysis of data gathered through a series of in-depth interviews with the family money manager in seven different families. The findings are used to inform the development of teaching materials and techniques on financial management to be used in formal and informal educational settings with a broad range of audiences.

Importance of this Study

Family financial management has been of interest to the family/consumer/home economist for some time. Numerous studies have been done examining the behaviors of families when handling their personal finances (e.g., Beutler & Mason, 1987; Ferber, 1973; Ferber & Lee, 1974; Foster & Metzen, 1981; Godwin & Carroll, 1986; Heffran, 1982; Hira, 1987; Mullis & Schnitgrund, 1982; Rosen & Granbois, 1983; Titus, Fanslow, & Hira, 1989; Wells, 1959). The premise behind many of the studies is that use of recommended behaviors, or the “normative” model (Rettig & Mortenson, 1986), leads to positive results such as increased net worth or higher satisfaction (Godwin, 1990a, 1990b; Lawerence, Carter & Verma, 1987). Although studies have found that families using the recommended practices have higher net worth or increased satisfaction with their financial situation than those not
following the recommended practices (e.g., Beutler & Mason, 1987; Godwin & Carroll, 1986; Mullis & Schnittgrund, 1982; Titus, Fanslow, & Hira, 1989), the same studies also have found few families using the recommended practices.

The practices studied by Beutler and Mason (1987), Godwin and Carroll (1986), and Titus, Fanslow, and Hira (1989), as examples, are those that have been recommended in personal financial management textbooks (e.g., Garman & Forgue, 1994; Winger & Frasca, 1993). These practices include the preparation of a written budget, record keeping and control, and constant monitoring. The recommended practices are prescribed not only in college textbooks for family resource management and in consumer economics textbooks (e.g., Lee & Zelnick, 1990), they also are used by writers of popular family financial management materials (Bainford, Blyskal, Card, & Jacobson, 1992; Dolan & Dolan, 1988, 1993; Givens, 1990; Klein, 1987; Porter, 1990; Quinn, 1991), by extension personnel (Fletcher, 1995; Goetting & Ward, 1994; Volker, 1995), and by those in financial counseling and planning areas (e.g., Hira, 1994; Swift, 1994). Although the practices are widely prescribed, Godwin (1990a, 1990b, 1994), Godwin and Carroll (1986), Varcoe (1990), and Winter (1986a, 1986b), among others, have pointed out that such practices are not based on research findings, and have questioned the usefulness of the practices in light of the findings about the use, or lack thereof, of the practices among American families. The issue is, if the practices are useful, why do more families not use them? Varcoe (1990) challenged the family resource management profession to “help identify the financial practices...of households” (p. 57).
There is no argument that the American family is managing their financial affairs. Using the most basic of standards, the rates of foreclosure and bankruptcy, although certainly higher since 1982, have stabilized somewhat in the last five years even though income remains relatively constant and debt continues to grow (Statistical Abstract of the United States, 1994, Table 714). One must conclude that some form of management is taking place. The question is what are families doing as they manage their finances (Godwin, 1990a, 1990b, 1994; Varcoe, 1990; Winter, 1986a, 1986b)? The purpose of this study is to provide some insight into this question through an in-depth look at the techniques used by a few families. The examination of these data resulted in (1) the development of a conceptual framework for financial managerial behavior; and (2) the development of enhancements or modifications regarding the application and teaching of the standard recommended practices that would be more congruent with practices used by families.

Organization of the Dissertation

The study consists of seven chapters, a bibliography and an appendix. The relevant literature is reviewed in the next chapter. Qualitative research, or as referred to in this study, interpretive inquiry, is reviewed and the methods outlined in chapter three. The families included in the study are described in the fourth chapter. The themes that emerged from the respondents are developed in chapter five. Following the themes, chapter six is devoted to the development of a conceptual framework. The last chapter, chapter seven, offers a summary, conclusions, some proposed changes to the teaching of recommended practices, and some
ideas for future research. The appendix is a list of areas of interest used to begin the interviews with each respondent.
CHAPTER 2. LITERATURE REVIEW

Literature relevant to the study of family financial management is reviewed in this chapter. Because the topic under examination is how selected families are managing their money, the literature reviewed is divided into four sections: (1) the family in the economy of the 1990s; (2) normative practices, their definitions, historical roots, benefits, and use; (3) research regarding family financial management; and (4) the research question in general.

The Family in the Economy of the 1990s

An examination of the current economic picture is useful to provide the context for financial management by the American family in the 1990s (Varcoe, 1990). Rettig (1993) noted that the family today is faced with a rapidly changing environment in the economic, technological, and social arenas. Several things are taking place that would seem to threaten the financial solvency of the American family. First is the increase in consumer debt, which is in part fueled by the growth of credit opportunities (Godwin, 1990a; Statistical Abstract of United States, 1994, Table 791, 797). Other factors that have been linked to the growth of consumer debt are higher incomes, the large swell of individuals (the baby-boom population) entering their peak earning and spending years, the general rise in the standard of living, making what was once a luxury now a necessity, the wider acceptance of credit, newer forms of credit, an increase in loan length, and changes in consumers' attitudes towards credit (Horner, 1981; Luckett & August, 1985; Wasberg, Hira, & Fanslow, 1992). A second
consideration is a decrease in the savings rates among American families (Godwin, 1990a; Statistical Abstract of United States, 1994, Table 706). These two factors, working in opposite directions, diminish the family’s ability to maintain financial solvency.

According to some studies, the American family is experiencing financial difficulty. Based on 1987 and 1988 data, Godwin (1990b) noted that “available evidence suggests more families are experiencing problems managing their finances” (p. 221). According to more recent data, items such as mortgage debt and consumer installment credit levels are higher now than in Godwin’s study (Hira, 1994; Statistical Abstract of the United States, 1994, Table 791, 797). One side of the equation, median income, has remained stagnant, thus eliminating one solution to rising debt loads (Danziger & Gottschalk, 1994; Statistical Abstract of the United States, 1994, Table 791, 794). Varcoe (1990) found that 60% of her survey group said they experienced some financial problems, including: being unable to save (42%); using savings for everyday expenses (40%); being too far in debt (18%); being unable to make ends meet (15%); and being unable to pay their bills (14%). The problem of adequate finances is highly subjective in that, in public opinion polls since 1940, people have always expressed high levels of dissatisfaction (Erskin, 1973).

Yet even while debt loads have increased and income has remained stagnant, some measures, such as the rates of foreclosure and delinquency rates on consumer debts (Statistical Abstract of the United States, 1994, Table 794), have come down since Godwin’s 1990 analysis. It could be concluded that the consumer is doing a better job of managing his or her financial affairs today. However, there is no evidence to indicate that the lower rates of foreclosure and bankruptcy are caused by greater utilization of normative practices.
Although macroeconomic events are certainly a part of the economic picture, another part also lies in the skills, expertise, and knowledge of the family members. Godwin and Carroll (1985, 1986) have suggested that financial difficulties are partially a result of the lack of knowledge and skills in financial management among family members. Godwin and Carroll (1986) found 88% of wives and 80% of husbands had not taken any type of consumer education course. Similar assertions, although not always empirically based, have been made by other authors (Fitzsimmons & Williams, 1973; Northcutt, 1975; Wright, 1978).

Besides unique economic events facing the family, there must be consideration of the list of events that could have negative consequences for the family. Such events include job loss or change, retirement, health problems and the possibility of income decreases, along with additional medical expenses, divorce, or death of a wage earner (Varcoe, 1990). Duncan (1984) noted, however, that most families do not experience such potentially damaging events; nevertheless, this probability is a part of the economic environment in which the family manages its money.

In conclusion, the family in the 1990s is faced with stagnant income, slowly rising costs of their necessities, and intense marketing to increase one’s level of living. In addition, the family is concerned with building assets for retirement and assisting in the college plans of their children.
Recommended Practices

Definitions

The field of family resource management includes family financial management as well as the management of a family’s other resources. Some examples of the other resources are time, energy, human capital, goods, and attitudes and beliefs (Deacon & Firebaugh, 1988).

Godwin (1990b) defined family financial management as:

the planning, implementation, and evaluating by family members that is involved in the allocation of their current flow of income and their stock of wealth toward the end of meeting the family’s implicit or explicit financial goals (p. 103).

Godwin (1990b) then narrowed the definition of family financial management to what she labeled as cash flow management. Cash flow management is that part of financial management that all families must accomplish. A family may not handle such things as insurance, investing, retirement, or estate planning, but they are involved in the management of the family’s cash, income received and bills to be paid. This study considers Deacon and Firebaugh’s (1988) broad conceptualization of resource management while focusing on the cash flow management defined by Godwin (1990b).

For years, family resource management teachers have advocated using a set of recommended practices for handling personal finances. The recommended practices have evolved over time, but the intent behind them has remained static for many years. In 1935, Andrews discussed the basics of what is still taught today. An examination of one of the earlier textbooks on personal finance (Hanson & Cohen, 1954) shows remarkable similarity to
Rettig and Mortenson (1986) called the practices recommended the "normative model" of personal financial management. The term, "normative model of family resource management," has also been used by authors such as Beutler and Mason (1987), Key, Stafford, and Dickson (1989), Prochaska-Cue (1991, 1993), and Rettig and Schultz (1991).

An examination of current college textbooks shows that most include the recommended, or normative, activities of: generation of income statements and balance sheets on a regular basis; goal setting; budgeting, monitoring and control of spending; recording income and expenses; routine and regular review; evaluation and control of accounts; keeping and storing records; tax planning; insurance planning; investing; retirement and estate planning; and cash management, including the use and control of all types of credit. To be considered normative, most of these recommended activities are to be done in writing (Benisch, 1994; Garmon & Forgue, 1994; Kapoor, Dlabay, & Hughes, 1994; Lang, 1993; Rosefsky, 1993; Winger & Frasca, 1993). Rettig and Mortenson (1986) included the calculation of certain ratios such as savings, liquidity, solvency, and asset-to-debt as crucial to the model's success. Drawing from the normative practices, Godwin and Carroll (1986) identified and studied 18 behaviors they considered important in the normative model (Figure 1).
Financial Management Behaviors

- Have a fixed place in home used as a financial center.
- Have verbally discussed financial goals within the past three months.
- Keep records of expenditures.
- Have a specific amount of money you save each month.
- Have made and keep updated a form listing all your debts.
- Have a will.
- Have purchased or used any type of budget workbook.
- Have a written list of due dates of all bills.
- Have a written budget showing a plan for the use of income.
- Have a budget workbook or forms for planning and expense recording.
- Have a form where once- or twice-a-year expenses are listed.
- Use prepared forms received from a bank or some other source.
- Have a written list of all insurance policies.
- Have a written list of all credit cards.
- Have a written household inventory of all furniture, household goods, and belonging.
- Have a written list of the family's financial goals for the next year.
  - ...for the next five years.
  - ...for the next 20 years.

Figure 1. Godwin and Carroll's (1986) recommended financial behaviors
Historical roots and the normative practice

When considering the normative practices, one questions where and how they arose. The puzzle becomes less difficult to solve, however, when one considers the origin of home economics, that being general economics (Liston, 1993). David Kinley (1911) shed some light on the origins. Kinley noted that general economics is a foundation course that young women should have. Kinley defined the family as an economic unit and noted that it is simply "one form of business organization" (p. 253). Likewise Stewart (1909) wrote that students of home economics must realize the importance of the principles of economics. Indeed Monroe (1974) suggested that:

keeping of household accounts... is not a practice introduced in modern times.

Probably it dates back to the time when man first learned to keep accounts of any sort, for in the days of the independent domestic economy the accounts of the household were also to a great extent those of the business (p. 47).

Andrews (1928, 1935) also examined the similarity between management of the home and of a business. He wrote that "economics is the theory of management" and that an extension of economics "is household administration" (Andrews, 1935, p. 3). Later Andrews referred to "the business economics of the household" (p. 47) and "the household as a business enterprise" (p. 51). Andrews suggested that there are parallels between the management of home and the management of business. The similarities are: balancing costs and values to create a surplus; studying results and outcomes; analyzing costs into various types such as fixed and flexible; setting up records; and using records for planning. "These
and other traits of the outside business enterprise will generally be found to characterize the business of the individual family-household unit” (Andrews, 1935, p. 52). In his early work, Andrews (1928) said the purpose of the text was to “examine the ‘business’ of housekeeping and homemaking” (p. 1). In Andrews’ earlier work, he cited Taber (1926) as important in helping him develop his work. Andrews’ later work recognized the influence of Hoyt (1928) and Kyrk (1928).

Not all writers have seen the management of the home and business as similar, however. Mitchell (1912) noted that, although the two are often considered similar, there are, in reality, major differences between the home and the business. These differences include the variety and type of activities performed, the process of selecting members, the level of professionalism shown in each area (Mitchell stated that the housewife does not approach her job in a professional manner), the sets of values held by the business and by the home, the division of labor, in which the household manager often is also the performer of the exhausting routine of manual labor, and finally, the goals of each, with the goal of business (profit) being much easier to define than the goal of the family (Mitchell, 1912).

In 1944, Kyrk noted the development of a split between economics and what she labeled “personal or consumer economics.” Personal economics was designed to help improve one’s financial position by better budgeting, better planning for insurance, investments and saving, and better choice. Kyrk cited personal economics as the “new economic education,” and noted, like Mitchell (1912), that “the idea that home management is, or could be, like business management” is a fallacy. Kyrk saw the cross-over of
management practices as largely impossible and only done if "the objectives of consumer education are very narrowly and imperfectly conceived" (Kyrk, 1944, p. 137).

The proponents of the personal financial planning model have failed to heed the advice of authors such as Mitchell (1912) and Kyrk (1944), who distinguished between home and business management; therefore, the normative or recommended practices for personal financial planning remain a direct development from business management. Not only are the recommended practices a remnant of business management, but, over the years, they have remained largely unchanged. A comparison of the earlier personal finance texts by Lasser and Porter (1953) or Hanson and Cohen's first through fourth editions (1955, 1958, 1968, 1972) to those most recently published (e.g., Garman & Forgue, 1994; Lang, 1993; Winger & Frasca, 1993) shows just how little change has occurred over time. Wicker (1985) and Cronity (1970) have suggested the discipline is in a "rut," thinking "recurring thoughts" (Wicker, 1985, p. 1094) that limit family resource management in theory, research, and practical solutions.

Success in financial management

Assuming that the normative model includes the practices discussed earlier, an important question is whether the use of the recommended practices brings success. Success in the model has most often been objectively measured and defined as maximization of income or net worth (Danziger & Gottschalk, 1994; Garman and Forgue, 1994; Haveman, 1987; Hyman, 1986; O'Hare, 1989; Palmer, Smeeding & Jencks, 1988; Porter & Garman, 1992).
At times the dependent variable of interest is a subjective one, such as satisfaction (Andrews, 1981; Hira, 1987; Hira & Nagashima, 1988; Mugenda, Hira & Fanslow, 1990; Porter & Garman, 1993; Wilhelm, Varcoe, & Fridrich, 1993). Only rarely is success considered as maximizing a combination of subjective and objective indicators (Godwin, 1990a; Williams, 1985). Subjective measures of financial well-being have been found to be more difficult to measure in comparison to objective measures such as income or net worth. (Income and net worth are not easy to define or measure, but, in comparison, they seem to be more easily constructed and measured than subjective indicators (Andrews, 1981; Douhitt, MacDonald, & Mullis, 1992; Haveman, 1987; Mullis, 1992)). Numerous studies have indicated that individual reports of well-being are not closely related to income or wealth (Katona, 1953, 1975, 1976; Lown, 1986; Strumpel, 1976; Thoreson, 1985; Williams, 1985; Winter, Bivens, & Morris, 1984). Strumpel (1976) noted that economic satisfaction is often a relative issue and that the subjective perceptions of the individual have a great deal to do with the satisfaction of that individual. Likewise, in a study of adjustment to aging factors, Thomae (1992) found that reported situations, rather than the objective situations, more often direct individual behavior.

In their text, Garmon and Forgue (1994) offered two definitions to help understand the definition of success in the area of personal financial management. They wrote, “personal finance is the study of personal and family resources considered important in achieving financial success” (p. 2). They went on to define financial success as the “achievement of financial aspirations that are desired, planned, or attempted” (p. 3). Again, Garmon and Forgue’s definitions and ideas about personal financial management are similar to those of
other writers of college textbooks (Bertisch, 1994; Garmon & Forgue, 1994; Kapoor, Dlabay, & Hughes, 1994; Lang, 1993; Rosefsky, 1993; Winger & Frasca, 1993). Garmon and Forgue (1994) have helped to break down the idea of financial success into smaller domains that they considered to be people's lifetime financial objectives. Their list includes: (1) maximizing earnings and wealth; (2) practicing efficient consumption; (3) finding life satisfaction; (4) reaching financial security; and (5) accumulating wealth for retirement and a financial estate to leave to heirs. The goals are largely focused around developing an ample base of assets that are free from debt or, in terms of the normative model, net worth. These goals are similar to what popular literature includes (Alderman, Belsky & Branch, 1995; Davis & Wilcox, 1995).

Benefits of using the recommended practices

Recommending specified practices is based upon the idea that their use will enhance the well-being of families (Godwin, 1990b; Lown, 1986; Prochaska-Cue, 1991, 1993).

Writing about the benefits that come from more extensive cash flow management, Godwin (1990b) said, "...there is a clear presumption in the family finance texts that performing the recommended tasks...will result in more positive outcomes" (p. 106). In the discussion of the normative model, Rettig and Schultz (1991) wrote, "The textbooks in financial management assume that the 'normative' planning processes are better" (p. 25). Williams (1985) commented that "an individual's ability to effectively manage available resources is presumed to increase satisfaction" (p. 238). Thus the presumption of the normative model is that use of
the recommended practices will more likely assure enhanced economic well-being as assessed by objective or subjective measures.

Beutler and Mason (1987) found a modest positive relationship between net worth and budget formality. Titus, Fanslow, and Hira (1989) found a positive relationship between a family's net worth and the financial planning behaviors used by a household. Hira (1987) found a positive relationship between level of financial assets, the presence of explicit financial goals, and the usage of credit cards. Using systems theory as a model, Hira and Mueller (1987) found a positive relationship between planning activities and objective outcome measures. Godwin (1990a) also noted a positive relationships between financial planning behavior and a family's net worth.

Researchers also have linked the use of the normative practices with subjective indicators of financial well-being (Davis & Helmick, 1985; Davis & Schumm, 1987; Godwin & Carroll, 1985; Hira, 1987; Hira & Nagashima, 1988; Jeries & Allen, 1986; Lawrence, Carrier, & Verma, 1987; Sumarwan & Hira, 1992; Williams, 1985). Williams (1985) considered the link between management (or the use of the normative practices) and satisfaction and hypothesized that "in order to attain satisfaction and quality of life, individuals must apply management knowledge and skills" (p. 237). She found that "effective management procedures significantly contributed to resource satisfaction" (p. 242) and that resource satisfaction had direct and indirect effects on quality of life. Circirelli (1980) and LeFcourt (1982) also discussed the link between the effective management of resources and how it adds to overall increased satisfaction. Campbell, Converse, and Rodgers (1976) found that individuals with feelings of competence and control over life express the greatest
satisfaction with life. Competence and control are often displayed in one’s personal financial management practices. Similarly, Andrews and Withey (1976) found satisfaction with one’s personal finances as a major determinant of one’s life satisfaction.

Although most researchers agree that there is a link between management and outcomes, there is some disagreement whether the existing recommended practices are necessarily the only way management can be done (Heck, Winter, & Stafford, 1992). Varcoe (1990) and Lown (1986) questioned the relationship of budgets to outcomes. Godwin (1990b) simply asked if the “textbook prescriptions” are truly effective. Thus, as noted earlier, the recommended practices seem to have a modest positive relationship to some measures of satisfaction or economic well-being. Given the positive relationship, one would expect significant use of the practices. The next question is, therefore, what is known from previous research about the use of the normative practices.

Use of the normative practices

Given the benefits attributed to the use of the normative recommended practices, one would hypothesize that they would be used by the majority of American families. Research findings indicate, however, that very few families use the recommended practices (Beutler & Mason, 1987; Godwin, 1990b; Godwin & Carroll, 1986; Mullis & Schnittgrund, 1982; Titus, Fanslow, & Hira, 1989). Davis and Carr (1992) stated that the “process of making a formal budget is well understood. It is the incentives that actually lead people to embrace (or reject) the process that remains unclear” (p. 14). A review of the research on the use of the
recommended financial management practices does offer clues, however, to potential incentives or disincentives to the use of the normative model.

Looking at some of the specific practices, Davis and Carr (1992) found that, whereas, most respondents have some type of a budget, only a minority do the budgeting in writing as the recommended practices suggest. Similarly, Schnittgrund and Baker (1983) found that although two-thirds of their sample report having a budget, the majority of these budgets are only a "general idea" rather than a written plan (p. 5). Beutler and Mason (1987) found that one-third of their respondents seldom use written plans and another third used no plans at all. Although 80% of their sample say they budget, Davis and Weber (1990) found that only 8% do so in writing and only 16% have a planning period of one year or more. Davis (1992) found only one third of low income respondents have a spending plan in writing.

Regarding the formal tracking of spending, Godwin and Carroll (1986) found that 73% of their sample track their spending; however, it is often not at a detailed level. Likewise Schnittgrund and Baker (1983) found the majority of record keeping is done with checkbook registers, receipts and memory. Lawrence, Carter, and Verma (1987) noted that only 31% of their sample prepare an annual net worth statement, a finding similar to that of Muller and Hira's (1984) finding of 32% who do an annual net worth statement. Lawrence et al. (1987) found 35% say they never prepare a net worth statement. Hira (1987) found that 59% of the respondents in her study have formal goals. Finally, in a multivariate analysis, Davis and Weber (1990) noted that only 37% of families do all four of what they considered the most important financial management practices: budgeting, record keeping, comparing records and budgets, and estimating net worth.
A factor that may affect the likelihood of using the normative practices is the stage of the family life cycle. Davis and Carr (1992) found that the presence of spending plans (budgets) vary across the life span and concluded that a more formal budget is more likely earlier in the life cycle stages.

Other factors have been studied to assess their effect on the use of the recommended practices. Mugenda, Hira, and Fanslow (1990) found that estimating income and expenses; reviewing of actual expenses and comparison to budgeted expenses; and net worth preparation are practiced more by people who have more knowledge and greater communication with their spouses and friends than by those with less knowledge of the practices and lower levels of communication with other significant individuals in their lives. Anderson (1975) suggested that education and income are positively related to an increase in cash flow management behaviors. However, Godwin and Koonce (1992) found that low-income families do more record keeping, monitoring and budgeting than higher income families, an opposite result from Anderson’s prediction.

Another issue in the use of the normative practices may be a person’s predisposition. Wasberg, Hira, and Fanslow (1992) found attitudes towards credit affect borrowing behavior. This finding confirmed earlier studies of Sullivan (1986) and Slocum and Mathews (1970). The idea of predispositions was reinforced by Rettig and Schultz (1991) who wrote, “These assumptions [regarding the enhancement of the family’s financial position because of the use of the normative practices] imply that ‘good financial management’ practices are implemented by people who have high preferences for an analytical style of thinking and high levels of competence in the use of this cognitive style” (p. 25). Predispositions reflect the work that
Prochaska-Cue (1993) has done on cognitive learning styles and money management. Nelson and Dannefer (1992) have suggested the need to consider interindividual differences in working with people.

In addition to a person’s predisposition, attitudes towards the use of the normative model are a variable affecting its use. Attitudes, according to Fishbein and Ajzen (1975), are “learned predisposition[s]” (p. 336). Attitude alone, however, does not guarantee use, as Fishbein and Ajzen suggested when they hypothesized that attitudes influence intentions and intentions influence behavior. Mullis and Schnitgrund's (1982) work supported the idea of the mediating effect of intentions by noting that, whereas families felt positive that doing a budget would enhance their family’s financial satisfaction, overwhelmingly, families still did not budget.

Several reasons have been suggested as explanations for the lack of use of the normative model. First is a lack of knowledge about the practices. Second is a lack of awareness of the benefits when using the recommended practices (Davis & Carr, 1992). Research seems to indicate, however, that neither lack of knowledge nor awareness of benefits are the issues (Davis & Weber, 1990). Lown (1986) asked if non-use arises because “few comprehensive studies address which strategies are most effective in helping families attain their financial goals.” The suggestion is that individuals would use the most effective practices of all those available if they could distinguish which practices those were (Lown, 1986, p. 6). Winter (1986a) argued that the decision is made on a cost/benefit analysis and that families do not see a sufficiently positive result when balancing the equation. Other reasons, suggested by Davis and Weber (1990), are: no change in spending or income; the
irregularity of income and expenses; or, in the case of net worth, something that the individual just had never considered doing. Obstacles found by Davis and Weber included time, effort, knowledge, assets, debts, and the cooperation of the family members.

One final consideration is the “status quo” theory or to leave things alone if the outcomes are acceptable. The saying, “if it ain’t broke, don’t fix it,” comes to mind. When studying choice, Atchley (1989) found that middle aged and older adults try to maintain or preserve existing structures or ways of doing things. He has developed this idea into what he terms “continuity theory.” Davis and Carr (1992) suggested something similar when they commented that use of a budget may occur only if there is a major financial change. Winter (1986b) and Godwin (1990a, 1990b) likewise have voiced agreement that, only when faced with a major shift, do individuals use the recommended financial practices. Life-cycle changes seem to be one of those major shifts, thus linking Davis and Carr (1992), Winter (1986a), and Godwin (1990a, 1990b) to the earlier discussion. Drawing from the discipline of theory building, Wicker’s (1985) ideas about getting into “ruts” might be applied to how individuals operate (perhaps “cope” might be a better term in light of the management comments of authors such as Deacon and Firebaugh (1988)). Likewise, O’Neill’s (1991) comment that women do not meet their changing financial needs because of inertia seems relevant.

In addition, there has been some literature that has examined the novice versus the expert in various domains and how past experience is used by the expert to make easier, quicker, and more accurate decisions (Antle, 1983; Ericsson & Simon, 1980; Rasmussen & Jensen, 1974). In particular, a study by Hershey, Walsh, Read, and Chulef (1990) examined the expert versus novice financial planner. When finding that experts solved problems in less
time using fewer steps, they interpreted the results as indicating that the experts’ skills came
from repeated experience with a particular problem. The solving of a particular problem
evolved into a script or a generic set of operations that could then be used at a later point in
time when faced with the same or a similar problem. The idea of scripts relates to the fact that
families continue to use the same financial management processes over time.

**Family Financial Management Practices**

The literature reviewed thus far provides a picture of what the family has not been
doing regarding the management of its finances. Most work has addressed the effectiveness of
the normative practices and has shown the lack of use of the normative practices but has failed
to then answer the question of what people are doing. Clues to family financial management
practices can be found in qualitative and quantitative studies of family life in general. The
literature regarding the growth and development of classes within American society (e.g.,
Blau, 1992; Newman, 1988; Rubin, 1976), the family and family business (e.g., Rainwater,
Coleman & Handel, 1959; Rosenblatt, de Mik, Anderson, & Johnson, 1985), change in the
modern family (e.g., Cheal, 1993; Hochschild, 1989; Quinn, 1986; Rose: 1993; Smith & Reid,
1986; Stacey, 1990), and decision making among couples (e.g., Blumstein & Schwartz, 1983;
Sheppard, 1982) all offer small pieces of useful information about the family’s financial
management activities.

Rosenblatt et al. (1985) noted the importance of goal setting for both the family and
the family business and recognized that goals need to be blended together to ensure no
overlap or conflict among them. Rosenblatt et al. found that communication and leadership were important factors in preventing the overlap or conflict among goals from developing. Jackson (1985) noted that societal values play an important role in the determination of family goals. Rainwater et al. (1959) noted that striving for financial security is a negative goal since the rainy day one is saving for looks so bleak and would require such a large amount of savings. On the other hand, a more positive goal and one that can be seen immediately is the maintenance and enhancement of the "family's status" as viewed by those outside the family (p. 208). In Rainwater et al.'s (1959) study, few women were found to budget for an entire year.

Rubin (1976) noted the need to balance plans that have been made with results and then to make adjustments. Similarly, Stacey (1990), while not directly stating it, inferred such adjustment as she discussed the changes taking place within Silicon Valley and the corresponding alterations in spending habits, such as buying less expensive items and less travel, that were being done by the family. Finally, Rainwater et al. (1959) offered an interesting examination of what is called the "tin can" economy (p. 156). Instead of doing a paper and pencil budget, the family puts the money for each budget item into envelopes or tin cans and then as items are purchased the money is withdrawn. When the tin can is empty, no more is spent in that category until the can is refilled. Turk (1985) noted that, in only 1 of 36 cases, was budgeting considered a valuable skill that had been acquired in school and was only considered as a skill needing improvements in 3 of 36 cases.

The literature has also provided a picture, although not clear, of who may perform the family's financial management tasks. Hochschild (1989) noted in two cases that the male did
it. first because the wife could not do it correctly and, second, as part of the male's responsibility for the nondaily household chores. Stacey (1990), however, noted that money management is largely a task of the female, although at times men have the responsibility. Stacey noted that, in the one case in which the husband had the financial responsibilities, the wife had turned over the role because she was brought up with the man managing the money (p. 156). Rainwater et al. (1959) stated that, although the working class family is more likely to do the financial management unilaterally, it is not clearly spelled out who might do it. It is implied that it is the female's responsibility. In the middle class families, Rainwater et al. noted that the responsibilities are more likely to be shared. Similarly, Rubin (1976) noted that the female in the working class family is more likely to undertake the financial management tasks. Rubin hypothesized that women in working class families are more likely to have the financial management tasks as there is little discretion in cash flow management. Because the family is so close to disaster, the decisions are limited to "what bills to pay now; what can be deferred, in effect, to assessing the best strategy for juggling creditors" (p. 107). In higher income families, then, it seems more likely that men would become involved as there is "real decision making" (p. 108). Thus, managing family finances is judged an onerous task, one that often is the female's responsibility.

Several authors noted the individual who does the purchasing for the family. Rainwater et al. (1959), Rubin (1976), and Newman (1988) all found the woman to be primarily responsible. In one case reported by Hochschild (1989), both adults did the grocery shopping as one picked the items off the shelf (the male) while the female ran a calculator to monitor the battle between wages and rising prices.
Sheppard (1982) examined the decision making that occurs within a family. She noted that often families are not aware that they are making decisions, that decision making is routine and embedded in everyday life. Because it becomes a part of the routine, decision making tends to get forgotten, with even key decisions being handled routinely. Glaser and Strauss (1965) suggested that awareness of decision making is even occurring is a “strategic general variable” that must be included in many studies. Sheppard (1982) and Dewey (1930) supported the idea that decision making becomes the habit by which people control much of their lives. Dunnegan (1993) and Mitchell and Beach (1990) confirmed the idea of automatic processing.

Overall, a portrait of families trying to achieve a better life is offered (Rubin, 1976). In spite of concerns about safety (Rosenblatt et al., 1985), financial behavior does not seem similarly focused (Rainwater et al., 1959). Although not as close to the edge as the working class, the middle class is similarly concerned with financial satisfaction (Jackson, 1985) and wants to assure that the image they portray to the outside world remains stable and shows competence and achievement (Blau, 1964; Newman, 1988). Financial satisfaction has been shown to be related to home ownership (Rainwater et al., 1959; Rosenblatt et al., 1985; Rubin, 1976); automobile ownership (Jackson, 1985); vacations, “going out on the town” (Rainwater et al., 1959); stocking of the home with goods (Blau & Duncan, 1967; Hochschild, 1989; Rainwater et al., 1959; Rubin, 1976); and a college education for the children (Ehrenreich, 1989; Stacey, 1990). Because people react more strongly to potential loss versus potential gain, if prior behaviors have achieved acceptable results, the behaviors are more likely to remain in place even in important decisions, suggesting that the family will continue with the
financial practices that have provided acceptable gain in the past (DunneGAN, 1993; MITCHELL & BEECH, 1990; TVERSKY & KAHNEMAN, 1981).

Children are not often made part of the family budget discussions, yet they sense when things are not going well financially (NEWMAN, 1988; RUBIN, 1976). As noted by RAINWATER ET AL. (1959):

as a result of childhood experience, a person enters adulthood with a set of relatively enduring attitudes, emotions, personal resources and skills, and apprehension....While these may develop, or be altered with further experience, continuity or personality is maintained throughout adult life" (p. 43).

Thus a family's financial management patterns affects not only the family today but future generations of the family.

**Question of Interest**

In the literature, a number of comments have been made regarding the normative model. PROCHASKA-CUE (1991, 1993) commented that educators and clientele have observed that, whereas the system teaches the ideal, individuals are using something else. DAVIS AND WEBER (1990) discussed the barriers to the adoption of the recommended practices and pondered why the academic and professional communities have not questioned what causes or encourages the use of certain practices. Likewise, DAVIS AND CARR (1992) examined the incentives that may lead individuals to utilize a specific practice. WINTER (1986a) suggested that a sudden change in financial position could be a reason why people may use the
normative system “at least for the short term” (p. 146). Godwin (1990a) stated there is “little knowledge of why some families engage in more extensive financial management behavior” (p. 223). From the position of a family resource management professional as an educator, Lown (1986) offered one of the most telling comments when she stated:

Those of us who teach personal finance have most likely perceived skepticism when the class topic is budgeting. The expression “Do as I say, not as I do,” may come to mind...knowing full well that few families have a written plan resembling those in personal finance textbooks. (p. 5)

From the literature, then, it is noted that family resource management professionals and textbooks emphasize the normative model (Garmon & Forgue, 1994; Godwin, 1990a, 1990b; Lown, 1986; Prochaska-Cue, 1991, 1993; Rettig & Mortenson, 1986; Rettig & Schultz, 1991; Vareoe, 1990; Winger & Frasca, 1993; Winter, 1986a, 1986b). The normative model is rooted in economics and has developed from what might be called the business model of management. The recommended practices were and are considered successful in the business world but have not always been viewed positively when used by the family (Andrews, 1935; Rettig & Mortenson, 1986; Taber, 1926). Some studies have indicated that use of the recommended practices from the normative model might enhance one’s financial outcomes whether measured objectively or subjectively (Beutler & Mason, 1987; Davis and Helmick, 1985; Hira, 1987; Hira & Mueller, 1987; Titus, Fanslow, & Hira, 1989; Williams, 1985). The literature, however, does not support findings that families use the normative processes (Beutler & Mason, 1987; Godwin, 1990a, 1990b; Key, Stafford, & Dickson, 1989; Prochaska-Cue, 1991, 1993; Rettig & Mortenson, 1986; Rettig & Schultz, 1991; Sharpe &
Winter, 1991; Varcoe, 1990; Winter, 1986a, 1986b). Godwin (1990a) wrote that "much of the literature on family financial management is prescriptive, including extensive discussions of what families should do in managing their financial resources....little empirical research has focused on what families actually do" (p. 222). To consider variation in the management process is in sharp "contrast to prescriptive listing of correct managerial behaviors" (Sharpe & Winter, 1991, p.307).

Several authors have suggested the central question for this study: "what are families doing as they manage their finances?" Winter (1986a) wrote "Our first priority should be to ascertain the [financial management] processes families actually use" (p. 146). Godwin (1990b) said "little research has been done on how and why families manage their cash flow the way they do" (p. 96) and that "little good research undergirds the advice given" (p. 97). Beutler and Mason (1987) questioned the conventional (use of the normative process) point of view. Schnittgrund and Baker (1983) concluded that "a better understanding of family economic behavior is needed to help families maintain their economic well-being" (p. 206).

Similarly, Turk (1985) discussed the need to understand exactly what behaviors are occurring to be able to educate in the management skills needed. The lack of strong empirical results and the questioning of the normative model make it difficult for the family/home economist to make recommendations regarding family financial management.

The review of literature offers some guidance on the study of what families are doing to manage their finances. Such help comes from family resource literature but also from other disciplines. In studying business management, Fayol (1929) suggested one way to see what a manager did was to watch and follow the manager. Writing about the study of a culture,
Geertz (1983) stated that "if you want to understand..., you should look at what the practitioners do" (p. 5). In a study of the working class, Rubin (1976) wrote that a number of the statistics describing the middle class have been gathered, but there is not the "experiences of the flesh-and-blood women and men who make up the numbers" (p. 14). From the family resource management perspective, Winter (1986b) wrote:

would it not be possible to work with a small group (I hesitate to call it a sample) of money managers on a monthly basis (or even more frequently) as they prepare to pay their monthly bills, asking them to verbalize as much as possible the kind of things that are going through their mind as they consider their needs and resources? (p. 13-14)

Winter (1986a) noted that families are managing by having "food on the table,...clothes on their backs,...and utility bills paid on time" (p. 145) and avoiding serious trouble such as bankruptcy, problems with creditors, etc. Marlowe, Godwin, and Maddux (1995) similarly agreed that management is taking place and the people are not just throwing their money away. The question is, what are they doing.
CHAPTER 3. METHODS

The comments of Winter (1986b) and Fayol (1929) have suggested that qualitative methods are the most appropriate to assess techniques being used by families in managing their financial affairs. Before outlining specific methods for the study, a review of literature surrounding qualitative research is presented. Next the methods to be used in this study are outlined and, finally, the idea of grounded theory is explored.

Qualitative Research in the Literature

Because qualitative research brings different ideas to mind (e.g., is it a method, methodology, or paradigm?), in this study the research process has been called interpretive inquiry. The intent behind interpretive inquiry is to learn about people in the context of their lives, in their natural surroundings, performing their normal routines, surrounded by the social structures and individuals with which the individual normally comes in contact (Denzen & Lincoln, 1994; Guba, 1987, 1990, 1992; Lincoln & Guba, 1985; Meloy, 1994, 1995; Scarr, 1985; Seidman, 1991; Wolcott, 1990). Interpretive inquiry studies things in “natural settings, attempting to make sense of, or interpret, phenomena in terms of meanings people bring to it” (Denzen & Lincoln, 1994, p. 2).

In interpretive inquiry, paradigm and methodology (and even at times, methods) are used interchangeably; however, the field of qualitative research has begun to distinguish between those three terms (Guba, 1981, 1990; Denzen & Lincoln, 1994; Guba & Lincoln,
1994; Lincoln & Guba, 1985). A paradigm, according to Lincoln and Guba (1985), is a “set of beliefs about what we think about the world” (p. 15). Kuhn (1970) defined a paradigm as a way of looking at the world. In his consideration of how to select a paradigm, Schwandt (1989) stated that each (he considers two, qualitative and quantitative) “...holds a radically different view of nature, values a different kind of knowledge, and promotes a different set of standards for evaluating claims” (p. 379). Paradigms are used to guide the action of the researcher or help to guide inquiry (Guba, 1990). Paradigms are individualistic and must be taken at face value (Guba, 1992). Paradigms are developed from the answers to three different questions that revolve around the ontological issues, epistemological issues, and methodological issues. The first, “what is the nature of knowledge?” represents the ontological issue. “What is the relationship between the knower and the known?” represents the epistemological issue. Finally, “how should the inquirer go about finding knowledge?” is the methodological issue (Guba, 1990). Methods are neither qualitative nor quantitative. Methods are changeable and vary according to the question one wishes to study (Bloom, 1995; Denzen & Lincoln, 1994; Guba & Lincoln, 1994; Schwandt, 1989).

In this study, the question of interest is what families are doing as they manage their financial affairs. According to family management authors (Deacon & Firebaugh, 1988; Gross, Crandall, & Knoll, 1980; Paloucci, Hall, & Axinn, 1977), these activities are part of management taking place within the family. Studies (Beutler & Mason, 1987; Godwin & Carroll, 1986; Mullis & Schmittgrund, 1982; Titus, Fanslow, & Hira, 1989) have examined the money management behavior of families by asking them to report if their behavior regarding such items as budget formality, formal record keeping, and setting financial goals matches the
practices recommended, and have found that such behaviors are rarely present. The studies have not answered the question of what is used, however. Interpretive inquiry allows the researcher to pursue what the family is actually doing and to examine why the behavior is occurring (Glaser, 1992; Stainback & Stainback, 1984).

To understand how interpretive inquiry can answer the study questions, Bogdan and Biklen (1992) suggested five features of interpretive inquiry that help to provide understanding. First, interpretive inquiry occurs within the natural setting examining natural and ordinary events (Bogdan & Biklen, 1992; Miles & Huberman, 1994; Stainback & Stainback, 1984). The second characteristic is that the results are “descriptive” (Bogdan & Biklen, 1992, p. 30), with the data collected being words and observations. Third, interpretive inquirers are “concerned with process rather than simply with outcomes or products” (p. 31). Fourth, the data are analyzed inductively so that development is from the bottom. The idea of emergence and portrayal is what Fayol (1929) suggested when emphasizing following successful managers to understand the successful manager. The process is a continuing, circular, interactive process. Data are collected, analyzed, and displayed, with working hypotheses developed and tested with additional data and so forth. The process is continued until a “point of redundancy is reached where no significant information emerges or no new major constructions are being developed” (Erlandson, Harris Skipper, & Allen, 1993, pp. 70-71). The emergence of theory inductively is the idea behind the “grounded theory” concept examined later in this chapter (Bogdan & Biklen, 1992; Glaser, 1978, 1992; Glaser & Strauss, 1967; Lincoln & Guba, 1985; Miles & Huberman, 1994; Rosenblatt & Fischer, 1993; Strauss, 1987; Strauss & Corbin, 1990). Finally, “
'meaning' is of essential concern to the qualitative approach" (Bogdan & Biklen, 1992, p. 32). Rosenblatt and Fischer (1993) noted that the qualitative approach is most useful when "one wants answers about meanings, understandings, perceptions and other subjects in and about the family" (p. 172), and considered it useful for investigating matters that are sensitive or touchy. Rosenblatt and Fischer went on to say:

qualitative family research will always be at the leading edge because people's verbal accounts of their own life in their own terms always takes us beyond our theories and because it is people's own accounts that speak best to many research questions and to most consumers of social science research (p. 175).

Outline for the Study

Method

This research uses a case study approach. The case study approach attempts to gain information from informants who are "ordinary people with ordinary knowledge" (Spradley, 1979, p. 25). The case study, one of many qualitative methods, allows one to build an understanding from the perspective of the respondent (Guba & Lincoln, 1994). Case studies can provide "insight into issues" (Stake, 1994, p. 237). The idea of the case study is to seek out both what is common and what is particular about the case (Bromley, 1986; Stoufer, 1941).

The primary data gathering tool is in-depth interviews. In-depth interviews are an attempt to understand the experience of people and the meaning they make of that experience.
The in-depth interview offers the opportunity to follow an item of interest, to go beyond the behavioral level to an exploration of the underlying reason of the respondent behind the behavior (Schutz, 1967; Seidman, 1991).

A case study is built from the question of "what specifically can be learned from the single case study." In designing a study, the emphasis is on "understanding the case rather than the generalization beyond" (Stake, 1994, p. 236). A case study, however, need not be of only one case. As Stake (1994) pointed out, a case study can be a collection of cases. In the collective case study, individual cases may be redundant or dissimilar, with the selection done on the basis of what each case can bring to understanding (Stake, 1994). Even where multiple cases are used, understanding overall, however, cannot occur without an understanding of each individual case. Across-case understanding is not even necessary in a multiple case study. Although there is some value in the comparison of multiple cases, researchers interested in an issue can learn more from the case than from the comparison because there are often too many variables in which the cases can differ. In fact, Stake warned that generalizations from two cases are more suspect than those from one case alone (Stake, 1978, 1994). Meloy (1994) urged the researcher not to treat multiple cases as a comparison but instead to see if the same or similar themes emerge from the separate backgrounds. Glaser and Strauss (1967), however, supported the idea that the use of multiple groups makes credibility easier by allowing comparison of the findings to one's own experiences.
Case selection

Central to the case study approach is the manner in which the cases are selected. Firestone (1993) considered that even the best possible selection would not give a compelling representation of the whole and certainly not any statistical basis for generalization. Winter (1986b) also implied this when she talked about just such a study of a “small group ( I hesitate to call it a sample) of money managers” (p. 13-14). In selection of the case(s), “opportunity to learn is of primary importance” (Stake, 1994, p. 244). Meloy (1995) argued for “purposive sampling” or selection based on opportunity to learn (Stake, 1994). Still, the idea of choosing cases because of the opportunity to learn leaves a wide choice in the types of cases that can be selected. Kuzel (1992) and Patton (1990) considered cases to range from maximum variation to extreme or deviant case to homogeneous case to convenience case. Bromley (1986) recommended that case studies need not be of deviant cases. In fact, he encouraged new qualitative researchers to begin with nondeviant cases. Each of the sampling strategies has a purpose and situation that it best fits. In this study, cases were selected that are homogeneous and match closely the median family according to U.S. Census data. The criteria for case selection were age, first marriage, number of children, income, and education.

Who is the “average” family? According to the 1990 Census, a family with children has a median income of $35,225 and a married couple with children have a family income of $39,584 (according to the 1994 Statistical Abstract, 1992 median family income was $36,812) (Table 714); the family make-up includes an adult male, an adult female, and one to three children (the average number of children per female is 1.96 and 6.6 million families have two children; there are twice as many two-child families as any other group); the wife works
outside the home (57% of all females are employed); the educational attainment of the money manager did not exceed a bachelors degree, as only 20.3% of the population have achieved even that level according to the 1990 census. The greatest number of families have adult family members ranging in age from 35-44 (1990 Census of the Population and Housing-Social, Economic, and Housing Characteristics, Table 5: 1990 Census of Population-Social and Economic Characteristics, Table 16, 17 & 23).

Meloy (1995) offered insight into the question of total numbers of cases that must be selected. Meloy and others (Guba & Lincoln, 1985; Miles & Huberman, 1994; Spradley, 1979; Strauss and Corbin, 1990), suggested that "the researcher will talk to as many as needed to saturate the issue and the responses began to become redundant" (Meloy, 1995).

Seven families who generally match the statistical averages of the U.S. population were the respondents for this study. Interviews with each family took place with the primary money manager, defined as the individual who is most responsible for the money management of the family. The determination of the financial manager was made by the family members. One family was part of an earlier work leading to this study (Muske, 1995a, 1995b). The use of a previously interviewed family helped to assure access, a sometimes troublesome issue (Bogdan & Biklen, 1992). Although this family had participated in what might be called a pilot study (encouraged by Seidman, 1991), they need not be excluded from further analysis. First, the data gathered thus far have not been analyzed utilizing the grounded theory methodology (Glaser & Strauss, 1967) and second, as rapport is already established with this family, exploration of meaning and feelings surrounding the family's financial management process is easier.
Plan of study

One of the positive considerations of doing interpretive inquiry is the allowance in the design to pursue avenues of interest as they open (Guba & Lincoln, 1994; Lincoln & Guba, 1985; Miles & Huberman, 1994). In doing interpretive inquiry, however, preplanning must be done prior to going out into the field. The literature was of help in the development of a guiding framework of questions and in focusing the study (Strauss & Corbin, 1990). Although the focus in this study is cash flow management, something that all families must do (Godwin, 1990b), the search for data did not stop there, but included other areas such as insurance, investing, retirement, and estate planning. Using the literature (Wicker, 1985), a guideline to questions was proposed (Appendix) (Marshall & Rossman, 1989).

Interviews were done with each family money manager. The minimum length of time each respondent was interviewed was about five hours. The amount of time taken was in close correlation to that suggested by Seidman (1991), whose interviewing outline suggested it will take three interviews, one to do history and set context, one for details regarding questions of interest, and a third for a reflection on meaning, with each interview scheduled to last approximately 90 minutes. Interviews were generally recorded and transcriptions made of the relevant portions of each tape. A modified informed consent was obtained from each respondent. In addition, a human subjects review form was filed with the Human Subjects Review Committee of Iowa State University. After development of the data chapter (Chapter
4), each respondent was provided with a copy of the relevant portion and asked for his or her comments on its accuracy.

Data analysis

Qualitative data are the rough material gathered in the course of field work and include field notes, journals, daily journals, logs, and materials gathered such as letters, records, and other written materials (Bogden & Biklen, 1992; Lederman, 1990). The data gathered in the study contains both descriptive and reflective observations. Descriptive parts include sections of dialogue; the description of the respondent, physical setting, and events; and the respondent's behavior. The reflective portion of the data involve reflection on analysis, methods, the observer's frame of mind, and points of clarification.

The analysis of data in qualitative work differs from quantitative data analysis. Qualitative analysis is an on-going process that begins as soon as the first data are gathered (Bogdan & Biklen, 1992). Huberman and Miles (1994) and Miles and Huberman (1994) noted that, even given the diverse approaches to qualitative methods and the diversity of data gathered, there are some analytic practices that can be used across methods. For the purposes of this study, the set of analytic tools noted by Miles and Huberman, along with the order suggested, are used. The tools are: (1) affixing codes to field notes; (2) noting reflections or other remarks in the margins; (3) sorting and sifting through the material to identify similar phrases, relationships between variables, patterns, and themes; (4) isolating the patterns and processes, commonalities and differences, and taking them into the field in the next wave of
data collection; (5) gradual elaboration of a small set of generalizations; and (6) confronting
the generalizations with a formalized body of knowledge in the form of constructs or theories.
These steps are similar to those outlined in several procedural texts done by qualitative
researchers (Bogdan & Biklen, 1992; Gilgun, Daly, & Handel, 1992; Meloy, 1994; Miles &
Huberman, 1994; Spradley, 1979; Strauss & Corbin, 1990). One additional recommended
step is that the researcher keep a journal of his or her thoughts and reflections regarding the
development of the study. Such a journal is considered part of the data and helps to focus the
research (Bloom, 1995; Bogdan & Biklen, 1992).

Bogdan and Biklen (1992) recommended that as the study, including the analysis,
moves forward, thought must be on gradually focusing or narrowing the scope. They
encouraged the formulation of each interview session in light of what has been already learned
in earlier sessions. Miles and Huberman (1994) referred to the idea of narrowing as
"bounding the data." Bogdan and Biklen (1992) also encouraged the writing of memos about
what is emerging, as did Miles and Huberman (1994).

The analysis of qualitative data continues from the design of the study through the data
gathering stage into the interim analytic stage and finally through the writing process itself
(Bogdan & Biklen, 1992; Glaser, 1992; Glaser & Strauss, 1967; Miles & Huberman, 1994;
Richardson, 1994; Strauss & Corbin, 1990). Part of the analysis includes returning to the
respondent for verification of the themes that emerged from the data (Borland, 1991; Miles &
Huberman, 1994). The movement "from field to text to reader is a complex, reflexive
process" (Denzen, 1994, p. 501).
An important step in the analysis process, coding of qualitative data, is “the heart of the analysis” (Strauss and Corbin, 1990). The process of coding assigns conceptual labels to portions of data. The conceptual labels are researcher-based identifications for phenomena seen in the data. The conceptual labels are modified over time. The initial set of codes is developed from the questions asked, the literature, and key variables of interest (Miles & Huberman, 1994).

Bogdan and Biklen (1992) offered a set of initial codes to group data that are helpful in this study. These codes include: setting/context; definition of situation; perspectives held by respondents; respondents’ ways of thinking about people/things; process codes; activity codes; event codes; strategy codes; relationship and structure codes; and methods codes. The concepts are then grouped into categories, which are more abstract groupings of data pertaining to a similar phenomena (Strauss & Corbin, 1990). Strauss and Corbin (1990) pointed out, however, that rarely are the data only coded once. Instead, data are coded multiple times with new and updated coding schemes for the purpose of pursuing different potential analyses.

Writing should be started early as categories are built and relationships are being tested (Bogdan & Biklen, 1992; Richardson, 1994). Through writing, one discovers more about the subject. (Richardson, 1994; Spradley, 1979). Spradley (1979) suggested that the process of writing allows others to understand the meanings and underlying concepts discovered in the research. Writing is translating the data into an understandable message. Effective translation is accomplished if the reader has the same understanding of a concept as
did the original respondent. Accomplishment of an effective translation is determined by member checks, one of the triangulation or verification strategies of interpretive inquiry.

Writing is a daunting task, one that requires knowledge and understanding of the respondent and the potential audience. Geertz (1983) called good qualitative writing "thick description" with the intent to give not only the facts but also the surroundings, the intentions and meanings, and the experience of the process of the phenomena under study. Van Maanen (1988) had a similar definition to writing. Denizen (1994) offered four issues that must be considered when writing. These issues, used in the writing of this study, are: (1) sense making - what is to be written about, what is to be included, how it is to be represented; (2) representation - includes topics such as voice, audience, and author's place; (3) legitimization - how the text makes claims of authenticity, accuracy, representiveness; and (4) desire - the final text must not be boring but "invite readers to engage the author's subject matter" (p. 504). The researcher must build an "emergent, reflexive interpretation of the subject matter" (p. 504).

Grounded theory

One of the proposed outcomes of the study was to develop a framework for financial management as it occurs within the family. One of the ways that such theory development occurs is through "grounded theory" (Glaser & Strauss, 1967). Grounded theory is theory that is "inductively derived from the study of the phenomenon it represents" (Strauss & Corbin, 1990, p. 23) or "discovery of theory from data" (Glaser & Strauss, 1967, p. 1).
Grounded theory is a “general methodology for developing theory that is grounded in data systematically gathered and analyzed” (Strauss & Corbin, 1994, p. 273). It is developed by “interweaving observations of phenomena of interest, abstractions from these observations, and previous research and theory” (Gilgun, 1992, p. 29).

Glaser and Strauss (1967) first conceptualized grounded theory and defined it as “the process of data collection for generating theory where the analyst jointly collects, codes and analyzes his [or her] data and decides what data to collect next and where to find them, in order to develop his [or her] theory as it emerges” (p. 45). Data gathering and analysis is continued until “the researcher is convinced his [or her] conceptual framework forms a systematic theory of the matters studied, that is couched in a form possible for others to use in studying a similar area, and that he [or she] can publish his [or her] results with confidence” (Glaser & Strauss, 1967, p. 224). The theory is not developed from a series of scattered analyses but in systematic order (Zetterberg, 1963). The data are presented as evidence for conclusions, thus making the link between theory and data.

Grounded theory had its beginnings in sociology and was first discussed by Glaser and Strauss in 1967. Since then, the use of grounded theory has expanded into other disciplines. Grounded theory provides “plausible relationships among concepts and sets of concepts” (Strauss & Corbin, 1994, p. 277) or “a coherent group of general propositions used provisionally as principles of explanation for a class of phenomena” (Stein & Urdang, 1981, p. 1471). Grounded theory is designed to help develop theory that is “conceptually dense” or with many conceptual relationships (Glaser & Strauss, 1967; Strauss, 1987; Strauss & Corbin, 1994). Rettig (1993) suggested that family resource management is such a theory, theory
with many conceptual relationships. Patterns and themes that emerge are of interest to the
grounded theorist. Well-constructed grounded theory can be judged on its fit, understanding,
generality, and control (Glaser & Strauss, 1967; Glaser, 1967, 1978, 1992; Strauss & Corbin,
1990).

Grounded theory is generated by what Glaser and Strauss (1967) called comparative
analysis. Their definition of comparative analysis is that data analysis occur as the data are
gathered. The constant comparative method includes four steps: (1) compare incidents
applicable to each category; (2) integrate categories and their properties; (3) delimit the theory
and categories; and (4) write the theory. Comparative analysis is used in the analysis of the
data gathered in this study (Glaser & Strauss, 1967).

Comparative analysis can generate both substantive (area specific) or formal theory.
Both theory types fall into what Glaser and Strauss (1967) term middle range theory.
According to Doherty, Bess, LaRossa, Schumm and Steinmetz (1993), middle range theories
are somewhat abstract but are "confined to a particular content area....a middle range theory
usually involves more elaborate theoretical writing about a particular domain and then is
tested in a variety of studies using a variety of methods" (p. 21).

Although theory development is a worthy goal, the theory generated may not be
complete nor is it necessarily the only way the themes could be related. Glaser (1992) noted
that the researcher's conceptual ability to do grounded theory may not always be in line with
the reader's. Glaser (1992) also noted that such data still provide useful information to others
in the field and that theory development occurs over time as a building process. The goal of
this study was to learn what families do as they manage their finances. The imprecise nature
of theory development does not hinder what the study offers to the field of family resource management.

Reliability of Inquiry

Interpretive inquiry, just as in quantitative studies, is faced with issues regarding the validity and reliability of the data gathered. Whereas quantitative studies have statistical tests developed to help check for reliability and validity, interpretive inquiry has no such tests available. At times qualitative writers have suggested that such terms are not meaningful in interpretive inquiry, arguing that qualitative research is a search for meaning and interpretation in individual cases. To suggest that interpretive inquiry needs to examine issues of reliability and validity is to an attempt to force the development of meaning and understanding into a positivist paradigm (Donmoyer, 1990; Guba & Lincoln, 1994; Janesick, 1994; Schwandt, 1989; Wolcott, 1990). However, the idea of assuring the reader, to the extent possible, that the data have been gathered and analyzed in a scientific manner is generally accepted in interpretive inquiry (Guba & Lincoln, 1985, 1994; Miles & Huberman, 1994). To do so, criteria have been proposed for interpretive inquiry that attempt to provide a sense of legitimacy regarding the data (Guba & Lincoln, 1994). Because the researcher is also the instrument for data collection, it is necessary to respond to the concerns about the "role of the researcher..., the basis for knowledge claims, and how such research...can produce solid findings (Altheide & Johnson, 1994, p. 485). Without responding to such concerns, interpretive inquiry can be accused of being subjective or sloppy (Lincoln & Guba, 1985).
Two sets of criteria have been outlined that are helpful in judging the goodness or the quality of interpretive inquiry: trustworthiness and authenticity (Guba, 1981; Guba & Lincoln, 1989, 1994; Janesick, 1994; Lincoln and Guba, 1985; Miles & Huberman, 1994).

**Trustworthiness**

The first set of criteria is built around the concept of trustworthiness. Trustworthiness is defined as the persuasion that the data, and the findings generated from the data, are an accurate reflection of the phenomenon under study (Lincoln & Guba, 1985). The criteria in trustworthiness include credibility, transferability, dependability, confirmability, and application (Lincoln & Guba, 1985; Miles & Huberman, 1994).

**Credibility**

In order to show that credibility exists, several methods are used, including peer debriefing, member checking, redundancy of data gathering, and triangulation. The first methods are self-explanatory: triangulation requires definition. According to Stake (1994) and Marshall and Rossman (1989), triangulation is to attempt to reach the same conclusion using various data types. Miles and Huberman (1994) wrote that triangulation is used to “support a finding by showing that independent measures of it agree, or at least, do not contradict it” (p. 206).

Credibility exists to the degree that the findings represent the constructed realities of the respondents (Guba & Lincoln, 1985), it is parallel to the idea of internal validity in quantitative research (Guba and Lincoln, 1994). For this study, peer debriefing has been used.
as part of the attempt to assure credibility. Several sources of credibility have been used: meetings with a colleague on a periodic basis to discuss the themes and findings; presentation of early drafts of the work to family financial management professionals for their response and feedback; having the researcher’s major professor provide a sounding board, to ask questions and challenge findings; and finally, meeting with another faculty member early in the design and development of the study. In addition, a colleague has read parts of the transcripts to ascertain their reflections and key words and themes that developed. The concepts and themes that have been developed were often formed from the redundancy provided by multiple respondents and from data gathered in multiple ways such as interviews, examination of the documents in each respondent’s system, and, at times, discussions with the spouse of the family money manager. Finally, member checking has been done by the submittal of the data, in its completed form, back to the respondent. The respondent has been asked to confirm the data and any interpretations or conclusions that were developed. Member checking is considered extremely important in the process of establishing credibility (Lincoln & Guba, 1985).

Transferability

Qualitative research has often been criticized for any attempt to transfer or generalize to the population at-large. Such generalizations are often considered unscientific. However, that view misses two important arguments for the ability to project to a larger universe using interpretive inquiry done with a small number of people. Generalizability represents the idea of external validity in quantitative studies (Guba, 1981; Lincoln & Guba, 1985) or the “degree
to which such descriptions can be accurately compared to other groups (Kincheloe & McLaren, 1994).

The first argument for transferability is the consideration of the researcher's intent to provide the reader with "thick description" from which readers can begin to make their own interpretations to a larger population (Geertz, 1983). The description of the study offers the contextual settings as well as the data so that any such transfer of applicability is done with a thorough understanding of the entire setting (Guba, 1981; Meley, 1994; Wolcott, 1990); the reader can use his or her own experiences to judge the acceptability of generalizing from interpretive inquiry (Altheide & Johnson, 1994). Donmoyer (1990) argued that, not only could generalizations be done to situations similar in context, but generalizing from interpretive inquiry into nonsimilar contextual situations would be considered valid.

Second, Firestone (1993) argued that the concerns about the ability to generalize are "overstated" (p. 16). He said that generalizing using qualitative data is strong in case-to-case transfers. Even more strong, however, is the ability to do "analytic generalization" from interpretive inquiry (p. 17). Analytic generalizations attempt to "generalize a particular set of results to a broader theory" (Yin, 1989, p. 44). Firestone (1993) wrote that "to generalize to a theory is to provide evidence that supports (but does not definitively prove) that theory" (p. 17). Firestone argued that "multicase studies can use the logic of replication and comparison to strengthen conclusions drawn in single sites and provide evidence for their broader utility" (p. 22).
For this study, both arguments are valid, but Firestone's (1993) idea of analytic generalizations must be considered. One of the principal findings of the study is a proposed financial management process model, generated from the data provided by the respondents.

**Dependability**

Dependability refers to the consistency in the process and whether the data are stable over time (Miles & Huberman, 1994). Guba and Lincoln (1994) considered dependability as similar to reliability in quantitative studies. Miles and Huberman (1994) raised a number of questions that are useful in ascertaining dependability. Are any forms of peer review in place? (Yes, as presented in the discussion of credibility). Is the research question clear to the researcher? Are features of the study design congruent with the research question? Do the findings show meaningful parallelism? (Themes developed in Chapter 5, would seem to indicate they did.) Are analytic constructs clearly specified? Although the researcher can, and does, suggest that all of these procedures have taken place, it is the reader's interpretation as to whether or not the actions have occurred that determines dependability.

To strengthen the case for dependability, Lincoln and Guba (1985) and Miles and Huberman (1994) suggested using an audit trail. The audit trail shows where and when data were collected and how the analysis was performed. Part of the audit trail is a journal of what has taken place. In this study, a journal has been kept regarding the decisions that occurred as the study developed. As questions arose, a faculty member who has used qualitative research was consulted. In addition, comments were noted at the end of interview sessions about insights into what the researcher saw happening, insights that allowed follow-up questions during the next interview.
Confirmability

The question of confirmability is one of the relative neutrality and freedom from unacknowledged researcher biases of the conclusions. All of the tools mentioned thus far are a part of answering this question to the reader. Key to the issue is the ability to corroborate the themes from multiple data sources (Guba and Lincoln, 1981).

Application

Application is not one of the criteria voiced by all qualitative research writers; however, in studies such as this research, where the intent is to suggest changes in recommended practices, it would seem appropriate. Miles and Huberman (1994) wrote that “even if a study’s findings are ‘valid’ and transferable, we still need to know what the study does for...its consumers” (p. 280). They asked about “pragmatic validity.” Although application is one of their five criteria for trustworthiness, this issue is not one that can immediately be answered. Patton (1990) wrote that “The ultimate test of the credibility...is the response of...the information users (p. 469). Donmoyer (1990) asked if the findings stimulated working hypotheses on the part of the reader. Miles and Huberman (1994) asked if a level of usable knowledge has been offered. All of these questions can only be answered with time.

Authenticity

Guba and Lincoln (1989, 1994) have also developed a second issue, that of authenticity, in judging the quality of interpretive inquiry. The criteria for this issue are those
of "fairness, ontological authenticity (enlarges personal constructions), educative authenticity (leads to improved understanding of constructions of others), catalytic authenticity (stimulates to action), and tactical authenticity (empowers actions)" (Cuba & Lincoln, 1994, p. 114).

Although the second set of criteria overlaps the first, ontological authority, or the nature of reality, in particular adds additional criteria on which to judge the work. Again, the earlier tools are offered by the research as proof of his attempt to assure that authenticity is met. A journal has been kept during the entire research project allowing the researcher to reflect on the data and the various interpretive developments that occurred during the study. In addition, the use of colleagues and faculty as sounding boards for the ideas and themes being developed lead to more insightful, probing analysis, both of the data and also of the respondents in follow-up interviews.

Researcher background

Denzen and Lincoln (1994), in their introduction to the Handbook on Qualitative Research, wrote that the "age of value-free inquiry is over" (p. 12). Dietrich (1992) said that "the stereotype of the scientist as objective to the point of being emotionless and socially naive is rarely accurate. Scientists' backgrounds color their observations, which in turn drives their research" (p. 73). No longer is research, even in the quantitative paradigm, based on the idea that the researcher can set aside his or her own biases. One of the reflective components in interpretive inquiry is to ask the researcher to consider his or her own biases and how they may have played a role in all phases of the study. Beyond this the researcher provides
information about their background to the reader. Such information helps the reader to understand the researcher's view of reality, including their biases. Interpretive inquiry accepts that the researcher will have a bias and, helps control for it by acknowledging that it may occur and then helping the reader understand how it may fit into the overall study, from development of the question of interest through data gathering to data analysis and finally report writing.

The study of family financial management was approached from a slightly different perspective than the traditional family resource management position. The researcher has a bachelor's degree in business and a master's of business administration. He has worked for many years as the administrator of a nursing home and of law firms. In his role, he was responsible for benefits and salary administration. As a result, he was continually assisting employees in their decisions about fringe benefit selection, including retirement accounts, and major purchases as they questioned whether, with a salary raise, if they might afford that new boat. He also counseled employees who received garnishment notices, were bothered by bill collectors, or had to cover nonsufficient fund checks they had written. Although he was personally interested in family financial management even before pursuing his Ph.D., he noticed that most other people were not.

It was at this time that the researcher made the decision to return for an advanced degree in family resource management. He questioned why the recommended practices were not used and what could be done to encourage their use. He began his education and, shortly thereafter, this research project with those questions, a neophyte to the discipline of family resource management and qualitative research, but with some background in the financial
issues people were trying to deal with on a daily basis. It is this background that would bias his reflections on and interpretations of the data.
CHAPTER 4. RESULTS

Families Surveyed

Sample

Eleven families were initially contacted to be a part of this study. One family has been a part of an on-going study since 1993 (Muske, 1995a). This family was re-interviewed and the data collected from all interviews were included in the analysis for this study. Screening interviews were done with the families contacted to gather basic information about the families and to inform them of the process that would be used to gather information. Based on data gathered at the initial interviews, one family did not meet the criteria outlined for sample selection, because it was a second marriage for one of the adult members. In addition, conflicts in two families' schedules caused the cancellation of several interviews and they were subsequently dropped from the study. Finally, one family, after completing the first interview, asked to withdraw from the study. As part of the agreement with all the respondents, they were allowed to do so and all information from the interview was destroyed at their request. The seven remaining families have completed all of the interviews and are the source of data for the study. The selection of the study families was done by various means. Some of the families were known by the researcher. Others families were referred by faculty, family and friends, and one respondent provided the name of another potential respondent.
As proposed, all of the families have several similar characteristics. Each family has an adult male and an adult female married and living in the same house. The marriage represents a first marriage for both adults. In addition, each family has one or more children living at home. The ages of the children at home range from 2 through 17. Four of the families have two children; two families have three children; and the seventh family has only one child. None of the adult family members have an education exceeding a bachelor’s degree. Of the 14 adult members, six have a BS degree and two have no education beyond high school. The others, six total, have some schooling from a college or technical school but less than a BS degree. The 14 adult household members range in age from early 30s to mid 40s. All of the adults work for pay. Gross incomes were intended, for the purpose of the study, to be at the U.S. average of $35,000, but vary from $40,000 to $60,000, with one family each at $45,000 and $60,000 per year, two families at $40,000, and with three families making approximately $50,000 per year. For comparison, according to the 1990 census, families with children in the counties where the respondents were selected have an income between $35,278 to $35,382. For married couples with children, income ranges from $37,971 to $38,575 (1990 Census of Population-Social and Economic Characteristics. Table 148). It is important to note that while the couples in this study are two-income families, the census data includes both one- and two-income families; this is a possible reason for the difference between the two sets of figures.

In all but one household, the female adult works outside of the home; in that household, the woman is employed in a home-based business. All of the respondents live in single family dwellings that were located in small towns and cities, populations ranging from
6000 to 60,000, in the central part of the United States. In all cases the interviews were done with the primary money manager as designated by the family. The number of interviews ranged from two to eleven, with the eleven interviews being conducted with the family that was part of an earlier study (Muske, 1995a). At a minimum, four hours were spent with each family in face-to-face interviews. During the analysis of the data, several telephone interviews were held to ask specific questions regarding gaps in the data.

In the next section of this chapter each family will be introduced separately. Although there were many similar characteristics, there remain many variations among the families. To help organize the presentation of the data, each family is examined separately. In each individual family examination, three broad characteristic and topical areas - characteristics, goals/events, and financial management - are used to subdivide the data, again with the goal of making it more easily understood. The names of each family member are fictitious. The money manager is the first name presented. The data are intended to be extensive, perhaps reaching beyond the point needed in order to later develop themes and a framework; however, it is important to recognize the contextual situation of each family as a unit.

One note is necessary before beginning. One of the areas examined for each family is their goals and events. The term event is used as defined by the families. Their definition more closely matches that of Webster's New World Dictionary, "a happening or occurrence, especially when important" (Neufeldt, 1994, p. 470) than that of Deacon and Firebaugh (1988), two of the leading family management authors, who defined an event as "pertinent or unexpected low-probability occurrences that require action" (p. 9). Although the definitions are similar, the idea that an occurrence must be unexpected for it to be considered an event is
not included in the definition as used by the families. An example of a family event they often listed was having children.

Angie and Bob

Characteristics

Although similar to other families in this study in many of the demographic characteristics, Angie and Bob are different in one important aspect. All of the other couples are employed by someone else, but both Angie and Bob are self-employed, and have been so for some time. Angie in a home-based business and Bob in a small, sometimes one-person operation he runs in a nearby town. Bob works in construction and Angie in interior decorating. Bob has had one year of college education and has spent the last 20 years in business. He initially started working with his brother on the east coast and eventually took over the business and moved it back to the central part of the United States. Angie has a four-year college degree and was self-employed in several different enterprises before starting her present business. She has been in her current business for three years. Bob is 40 and Angie in her mid-30s.

Angie and Bob have three children, two boys ages nine and four, and a girl, age 7. The oldest two children are in school, third and first grade respectively. Angie said it was always their idea that she “would stay home with the kids. It was a given that I wouldn’t work [outside the home].” However, at the same time, she wants to be able to contribute to
the family's income to the extent that she was able. She also wants to work as "I think I need to produce something tangible [to] feel better about myself."

Angie and Bob moved to the central U.S. about three years ago. For Bob, the move was a return to the area where he grew up and, for Angie, the move meant being closer to family. All of Angie’s family had already left the east coast, where she grew up, for the western U.S. Angie and Bob moved because they did not want to raise their children in a city. "The city wasn’t a good place to raise kids" Angie said. What brought their decision to a head was that Bob’s partner decided to move to the midwest. Angie said, "It occurred to us that it would be a good move" for them also.

The family likes to go camping and take vacations. The children have been involved in several sports activities, although lately "we really have cut back on the sports." The main reason for the cut back is "the time," although Angie also recognized the "expense." The time issue has two factors. First, "You are driving all over town and you don’t have time for family meals. That’s important to us." Second, sports involvement and the commitment it represents for parents cut into the time available for work. Angie said, "When you are self-employed there’s not a lot of spare time." Currently Angie finds herself working "Saturdays and Sundays" as "that’s my time to really get some uninterrupted daytime hours, aside from that after dinner," when Bob takes over child care.

Angie and Bob live in a older two-story home that they own and have been slowly remodeling. Angie noted that they are hoping Bob can take a month off this coming summer to finish some work on their home. They have purchased a great deal of the needed materials and now simply need the necessary time. Angie noted, however, that, for them, "time away
from the job meant no money coming in.” Thus for Bob to take time off, they would need to “build up some savings.”

Angie and Bob have a family income of around $40,000 per year and have little in savings. They have a general family checking account at a local bank. The bank was chosen because “a friend of Bob’s father worked there.” In addition, they each have a separate checking account for their businesses at that same bank.

Goals and Events

Angie reported that the family has had to face few events overall. One event, as she defined it, was the addition of children to the family. As Angie mentioned, it “was a given” that she would be staying home with their children and in fact, “I wanted to....I didn’t want them in day care,” she noted. The children have not only changed their time use, but also have affected the financial situation of the family. Just having children created additional family expenses and Angie noted that “Now that the kids are older, they are [even] more expensive.” (Similarly Gary, Sam, and Cindy will mention later in the chapter that their expenses increased with the addition of children to the family.

A second change for Angie and Bob was the move from the eastern United States to their current location - “I guess moving was the biggest [change].” The move meant that both Angie and Bob needed to re-establish their respective businesses. Angie considers Bob “clearly the breadwinner of the family” and that it was “more important for him to [become] establish[ed] than for me.” This view caused certain changes in the operation of the family. One of those changes was that “When we came here I started doing it [the financial management of the family].” Angie said. Angie considered this change a conscious decision.
"I think so," she replied. Angie said at no time did they consider sharing the role, "It had to be one or the other, we couldn't do it slipshod," which she defined as a joint manager role. According to Angie, either of them could do the job and would feel comfortable with the other person doing it, but Angie does consider Bob to be more "savvy in a business way. He is organized and methodical....When it came to the family finances he did fine with it, too."

But she expressed the thought, "He wasn't thinking long term. It was me that said we have to do something about retirement. In that sense I was the one who had the time and motivation."

One of Angie and Bob's goals is "retirement." During the interviews, Angie mentioned that "We had nothing for retirement" and she wants to change that. A second goal is for financial security, which to her means "being able to pay our bills." Angie indicated that they used a financial advisor to help them achieve these first two goals. Life satisfaction, one of Garmon and Forgue's (1994) proposed objectives, was not noted directly but, as Angie talked about family time, family vacations, financial health, physical health, the need to feel useful, and similar objectives, it was obvious that life satisfaction is important to them.

Financial Management

As noted, Angie is the manager of the family's finances, a job she has done since their move. Although Angie feels, "I don't have the organizational head Bob does," they each have distinct skills and ideas they bring to the position. For Angie it is her "long term" thoughts. Another idea Angie contributed was to "find the financial advisor" to help them with their short and long term goals.
Angie noted that family financial decisions are shared: "I don't make all the decisions by any means. I just write the checks. It's definitely shared." However, on the routine operational matters Angie is in charge as "He [Bob] gives me his paycheck and I pay the bills." Where the line is between Angie making a decision alone and the decision becoming a joint one is not clearly defined, but Angie certainly has an idea "I don't say, I spent $100 on groceries this week, wasn't that a lot? Those decisions I make. The big stuff, like an auto or computer, major appliances, those we talk about."

When there are major decisions to be made, Angie is the information gatherer. "Bob concentrates on his business." Depending on the item involved, Angie uses diverse sources. A financial computer program was recommended "by a friend." Insurance products have been recommended or obtained from "the father of a friend." General information about family financial management was obtained from "a book" and a "financial advisor." Selection of a particular financial advisor occurred because "Bob's sister used him." Information about retirement accounts came from "reading about it...[in the] newspapers." They also listen to "NPR constantly." Information for a recent van purchase came from "Consumer Reports....books... run around and look...and bargain with the car salesman."

The financial management of Angie's and Bob's situation is complicated by the fact that there are two businesses being operated out of the household. Angie indicated that the financial management of the businesses is divided. "Bob does his and I do mine. I help with some of his records, like for taxes. We have a [computer] program where we enter his checkbook....If I sit down three to four times a year to enter, that's it." Each prepares his or
her own business taxes, “by the time you do Schedule C, you have done all the work” and Angie does the taxes for the family.

Besides taxes, other things become more complicated when a business is operated out of one’s home. When buying a heater for the basement, “I put it on a business account because I know we can deduct it.” Similarly, as a self-employed business person, “We get killed by them [taxes]. We have to pay both halves of Social Security. That is by far the biggest percentage of what we pay each year.” Also the time squeeze of trying to do both home and business production together is certainly a complication. As mentioned before, work is done on Saturday and Sunday, as well as “after dinner. I’d get up and say ‘bye, I’ll see you after work’ and he [Bob] puts them [the children] to bed.” Also, “I try to work while the children are at school, but I need to clean and get groceries, etc.”

However, even though the family situation differs from the others in this study, Angie has a financial management system and tools similar to others. To begin with, she uses “a little calendar by the desk. When they [bills] come in I write on the calendar when they are due. Then [I] keep them in a pile with the ones that are due first on the top. Every Monday, I look at the calendar and try to get them paid.” As seen throughout the study, her tools, or something similar, are common. The one distinction is that if Angie notices a large expense coming, she can attempt to adjust it by saying to Bob, who pays himself a salary for hours worked in his company, “We have to pay car insurance this week, we need a big check.” Car insurance. Angie noted, came “every six months.” Bob can either “work more for a while” or “maybe take profits that week and we can pay it.” Angie noted that asking Bob for the money
does not always work but does more often than not. "It seems to work out, it's not by design."

Angie considers their bill payments to be "controlled by how the check book looks." She does not have a family budget but makes decisions based on "how much is in the account that week." She admitted that she plays "mind games with the checkbook." Mind games are methods that Angie uses that allow her to know "if I'm covered if I go over," meaning a tool she uses to prevent over-drafts. Angie said "I have always done that" when talking about "mind games" that "keep it [her primary checking account] safe,...just so I don't get jammed," that is, not have the necessary funds to pay a bill.

One of Angie's mind games is to pay the health insurance one month ahead. The health insurance "comes the same week as the mortgage" and if "there is not quite enough for that $240 payment, I have already paid that, so the money is there." She figures that "the next week we might get a check to cover that." Another "game" is that, when writing the health insurance check, Angie "puts in $240, where the bill is only $238. Then there is the $78...for life insurance and I put $80 down. Then paying off the car loan...I am paying ahead on that. I pay $300 a month, where I only actually have to pay $239." While the car loan is actually just making early principal payments to Angie, it represents another mind game. These "games" allow Angie to build a false balance in her checking account for a "cushion" and also will get the car paid off faster than the "five year loan" she took out.

At times, Angie looks for convenience such as automatic withdrawal for their life insurance, but she doesn't care for some tools such as budget billing for utilities. "It's a distrust thing, I want to pay for what I got" she said. However, just as automatic withdrawal
makes things easier, it also is recognized as a hindrance for Angie in making a recommended change in their life insurance. “It’s easy not to change....We should do that, we haven’t had the time.”

The life insurance change was recommended by their financial advisor. Another change recommended was in the retirement area. “We had nothing for retirement, zero” according to Angie. As noted earlier, Angie “had the motivation” to want to do something about their retirement. A third change recommended by the financial advisor is attempting to increase the return on their investments. “1.2% was pathetic.” Angie thought they “could have done all of this themselves” but, although “We knew the terms,” they “didn’t have the time to be our own financial advisor.” The financial advisor “helped us through” by helping them to look at their “goals” and to understand their options. “He gave us a picture of what we had in terms of our money” and then he recommended that we “have some [money] in a good money market [account], which is a liquid account, spread out some money in accounts that are fairly low risk...and finally, have a smaller amount of money in a higher risk account which is a higher return.” The advisor also encouraged them to open “IRA accounts” to help “pay less [taxes],” Angie said. “We knew that,” but had never done anything about it. The IRA has begun to help them fund their retirement.

With the financial advisor’s help to improve the overall financial picture, they turned to another advisor, their insurance agent, for help in that area. The insurance agent is a “father of a friend” and they have depended on his advice in a number of areas. They placed their auto and home insurance with his company. Before doing this, “He talked to both of us,” Angie said. They also bought life insurance from him. According to Angie, “We need a lot
Angie believes the recommendation came from "I guess there are rules of thumb. You are supposed to have five times your yearly income." The amount they ended up buying was based "probably [on] a recommendation from their agent and what we could afford." The idea to obtain life insurance at all developed "since we started having kids." Their type of medical insurance also was a recommendation from their agent, who did not sell the product. "Our insurance agent said this is the best deal going." At the present time, affordability has been a reason for not obtaining disability insurance. Angie said, "that's really expensive."

The family has debts similar to others in this study. They have a loan for their house. In their case the home was bought on a contract from the previous owner. Because it was done this way, Angie noted, they do not have escrow but just "take it [property taxes and insurance] as it comes." They also have a vehicle loan "from the car dealer; they had a special rate." Upon buying the vehicle, they briefly borrowed money from relatives to make the down payment until they could sell their old vehicle, but "We quickly had that paid off," Angie noted. She said that she did "check around a bit" when considering the interest rate on the auto loan. Like the other families, Angie and Bob have several credit cards, "one for business...one for family...and one store card...I never use." And, like the other families in the study, Angie tries "not to have a balance on it [the family card]" but noted "I can't say I never have." The store card is not used because Angie feels "I'd rather have one bill than three." Angie said she "usually tries to pay it [the full credit card balance]" if "there is money in the family's checking account."
Angie noted “Bob’s dollars pay the basic bills.” For nonroutine bills, either “Bob would have probably paid it” or, as they face an up-coming orthodontist bill, “I look at this job [her next customer] as going to pay the diagnostic bill. Then I am thinking I have these other bills coming up, and have these jobs coming up. If I can get them finished and get the bill [or get paid for her work], I can pay the ortho bill and get a discount. I’m thinking I will try and do that.”

In general Angie considers their bills “routine” except for “maybe something big on the card.” Even though they have a computer program for financial management, Angie does their home finance record keeping manually, using the checkbook register as her records. She does not keep all her receipts. The only advantage she sees to putting their family finances on a computer is to “know what we spend per month, like on food, etc.” but does not because it is “a time issue.” She feels she has a good idea of what she can afford without any additional tools. She also feels fortunate as “There has rarely been a time where I couldn’t buy something,” but she recognizes their limits: “I don’t go out and buy a filet mignon but it’s not like we can’t afford the half and half this week.”

**Cindy and Greg**

*Characteristics*

Cindy and Greg have been married for about 15 years. Both are natives of the state they live in and Cindy especially feels that she would like to remain in the area. Once they moved out of state and Cindy wanted to return to her home state from the moment they left.
She said, "The weather was great, we had a really nice home...only about a mile from the ocean." and her husband's job "was fine," but given all of that, she wanted to return. Both Cindy and her husband Greg have bachelor's degrees; Cindy's in business and Greg's in engineering. They have three children, all girls, ages 13, 11, and 8. Both Greg and Cindy are around 40 years of age.

Cindy and Greg own and live in a single-family home. The home is 80 years old and they have spent a considerable amount of time updating it. They have put in new plumbing, wiring, kitchen, and bathrooms. They have done a considerable amount of the remodeling themselves and enjoy seeing their accomplishments. They are now considering building a new home in a neighboring community, to get into a school district with extremely high ratings. They are hesitant, however, about selling their existing home because they would not like to see it being improperly maintained.

Both Cindy and Greg are employed at the same place. Cindy works part-time and Greg is employed full-time. In addition, both Cindy and Greg have other part-time jobs. Greg with the military and Cindy with a local retailer. Cindy occasionally works some extra hours for her principal employer. Together their current income is "about $50,000 per year." Their debt includes a "home loan, a car loan, a personal loan, and some credit card debt." Cindy noted that their current life style is "different from when we were single." Then Greg handled most of his transactions by cash, "writing only about seven checks per month." Cindy said her husband seemed to have "lots of money" and owned "a house and a couple of cars." Cindy said she was "a shopper" before getting married. She thought nothing of "buying two of the same item just to have different colors." She "had a new car and a wonderful wardrobe and
never wanted for anything." Today Cindy said the "priority of family" has changed their values and financial management, but she is "glad to have done it (had her single life style) and would do it again." Cindy’s recent advice to her sister about her daughter (Cindy’s niece) buying a new car, was "Let her do it, she may never have that chance again."

Goals and Events

Following the comment about the priority of family, Cindy and Greg stated one of their goals is to raise their family. They made a conscious "decision" when they had their first child that Cindy would only work part-time. The decision has affected their finances because going part-time reduced income at the same time that the addition to the family increased expenses making "a noticeable impact on our finances." Cindy noted that, before they had children, they "always had money."

The family also has seen several other events occur. First was the purchase of their home on a contract basis with a five-year balloon payment. During those five years, Cindy and Greg watched the interest rates in order to refinance with the best interest rate possible. They were able to cut their interest rate from 10% to 7.25% by refinancing at an advantageous time. Cindy said that, "If you could get a 2% cut in interest rates, it was generally worthwhile to do so." Her information came from her experience when employed by a finance company. Other sources of information for her are "relatives and friends," with the level of discussion varying with how close she was to the individual. Cindy and Greg also have faced a "layoff" in Greg's employment for about three months. This event necessitated the move out-of-state that Cindy did not like, but Cindy indicated no significant financial problems or adjustments were caused by the layoff. Cindy noted that, in order to get by
during his layoff, she was employed during that time. They had some savings but they did not have to use that. According to Cindy, the only other events have been "minor medical problems." Cindy feels they are "doing okay" overall.

Family goals are "a computer upgrade, joining a health club, and vehicle repairs."

None of their goals are in writing nor have they attached any timetable to them. Cindy does have an idea, however, of what amount she would like to spend on each of the items. She admits they do not have a formal planning process in the sense of writing down their decisions and including time frames and dollar costs. Instead she said, "I just think ahead, 'well I am going to have a little extra money, why don't we upgrade our computer.'" She said they always have mental ideas of what they would do if they had a little extra money. She and Greg talk about decisions before they are implemented. Accomplished goals have included the updating and remodeling of their home, buying new furniture, adding a new sidewalk, and a porch.

Financial Management

Cindy is the money manager for the family. Greg "doesn't care. He pretty much just lets me do whatever I want." Greg does participate in the discussions of the family finances when they occur.

As a result of Cindy's business training and work in a finance company, she is well-versed in the normative practices and their use and could discuss budgeting, written record keeping, keeping a list of due dates, and making plans. Cindy has chosen not to use the normative practices however. Cindy does not budget, but, "I always think I am going to." However, she does not feel her lack of budgeting has affected the family. She also said she
does not “balance the check book” nor does she “track expenses by categories,” although at times, she will “look through the checkbook and think ‘where does all that money go’.”

When asked to be a participant in this study and again during the first interview, Cindy noted that “I don’t think you want my information.” as she did not do what she thought she was supposed to. When asked why she chose not to use the recommended practices, Cindy commented that “experience” helped her handle their finances. “I have lived X years and it [my system] works,” she claimed as she discussed how her experience has brought her to the system she uses today and how her system does what she wants it to with regards to handling their finances. Cindy commented that she has not used the normative practices at any time during their marriage. In fact, Cindy does not see the world at large “using the recommended practices.” When told about the purpose of the research, she commented, “I am normal.”

As Cindy mentioned, she does have a system. Her system is largely a “mental process.” One part of her system is the way that she and Greg handled ATM transactions. Greg, who does not like checks, takes cash out of ATM machines or the bank in amounts of “usually $100.” According to her, Greg thinks going for less “is not worth bothering with.”

She laughed when saying that she often doesn’t get the ATM slips nor does Greg record them in the checkbook. When asked about tracking these large amounts and their effect on the family finances, she noted two methods used to avoid any problems. First, “I just know him so I just kind of scope out his billfold once in awhile and I just ask.” “Just knowing him” is experience that has taught her how “to cope with it.” The second method to handle the situation is “I have a cushion in my checking account so that he can take it out two or three times before it would make me in the hole.”
This "false balance" method is seen among several of the families. The false-balance-in-the-checkbook idea hides the fact that there is, in reality, more money in the account than what the balance would indicate. "It is like a minimum balance that I personally choose to keep in there because then I know I am not going to hopefully ever overdraw. I don't enter it; if you looked at my checkbook it wouldn't be reflected in my balance." For Cindy, the balance currently resides at $250 and she "makes sure to maintain it." If her balance shows a negative $100, she actually has $150 left. The false balance idea provides her with a level of comfort and protection, for when Cindy reaches a zero or negative balance, the balance acts as a warning signal to her to make some adjustment. Although Cindy is aware of the cushion she has built into her account, the false balance offers an early warning signal that steps may need to be taken beyond the daily routine actions.

The cushion or false balance in the checking account also allows Cindy to purchase items that she needs towards the end of the month when money is getting tight. "Yeah, or if it is payday Thursday and you really need a lot of groceries Monday. I can go spend $100 and I know it is okay." Cindy said.

The false balance in Cindy's account, $250, has remained fairly constant over the years and Cindy cannot remember how she picked that amount. She thought that it may have come from a time when "we had a checking account that needed that as a balance." She noted, however, that, before they had children, although she had the false balance, "I really never needed it there....Anytime you looked in our checkbook there would be $500 or $1000. Then when you start supporting a family, there is $43 in it."
Cindy feels that she and Greg plan their use of the extra money they make from their second jobs. While the on-going expenses seem regular and handled by experience, she and Greg “have talked...awhile” about what they would do with their extra money. The planning is done informally and nothing in writing results from the discussions, but Cindy indicated they “usually have something in mind.” As Cindy said, “I just think ahead, ‘well I am going to have a little extra money why don’t we...’.” The money for these items either comes from any left over from the general expenses or from the extra hours she puts in for her employer.

Greg’s second income goes into the family’s general savings account. Cindy’s income from her retail job is just “cashed,” as it is “so irregular that you can never count on it” and “it is just not enough to count.” The cash is put into a kitty for “weekend get-aways.”

Cindy and Greg currently have one joint checking account, although at times in their marriage they have had more. In addition they have “three or four savings accounts.” She noted they “used to have more accounts.” The savings accounts all have different functions. One is for general use, to transfer money in and out between it and the checking account. Cindy noted that “the in-and-out account really shouldn’t be an in and out thing...it is intended to be our savings. However, there is more activity in it [than] one expects there to be in your savings.”

A second account is “used for Christmas...not actually Christmas, it is just X dollars that is put into it every month.” The second account was later labeled as an entertainment account. The entertainment account receives a direct deposit every month from Greg’s paycheck. The third savings account was a transfer from a previous bank and is never touched. It is considered an “emergency” account.
When asked where the various accounts are located, Cindy indicated a local bank and credit union. Initially most of their accounts were at the credit union but they “switched most” to the bank where they refinanced their home. The reason for switching the checking account was that the bank “preferred to take the money [for the home mortgage payment] out of your checking account and it [the mortgage] was a much lower interest rate.” Cindy noted, when asked why she referred to the bank as a “regular bank,” that “a credit union and a bank are two totally different things” and that her “dad is on the board of a credit union...they are two different things.” She noted that they use the credit union for car loans and personal loans because “We live near there and interest rates are usually a little bit better and it comes right out of your check.”

Following Cindy’s comment about having their house payment directly paid, she also noted, “I have everything come out of our check that we can. I have the house payment, the insurance payment, the electric payment, any loans, anything I can have come out.” Her reason for this is, “It is cheaper, for one thing. You don’t have to write a check, you don’t have to use a stamp. It is quicker...They (the payments) are things you (don’t) have to matter (worry) about.” For her it is convenience, “You don’t worry about due dates,” and cost savings.

When paying bills, Cindy writes all of the checks “first of the month...but I may not mail them until the 20th (or when they are due).” Her reason is that, for both of Greg’s jobs and for her primary job, they are paid once a month; after writing all the bills for the month, she can get a better idea of their financial picture for the month. However as noted, writing the check doesn’t mean sending out the bill. “I don’t know why I do that [hold onto the bill]."
Sometimes I do [send the bills out right away]: depends on my mood. If I just want to get rid of them and get them off my desk, they just go in the mailbox, but other times when I think the money might be thinner or whatever, I don't mail them until the end of the month so my account looks better. When asked then if the month wasn't going so well, would she take out the check and write a smaller one, she said "Oh no, I never take it out. I always mail out [the check]." Later she noted, however, that "I would say there were one or two once that I never mailed because I didn't have to pay it [a bill]." Bills that Cindy does not have to pay are deferred credit card bills that she pays ahead of time so as to not see the bill later. Finally, she also has held bills until "right before payday" so the money would be in the account. Again she commented, "I don't know why I do that." Thus, her method offers her a feeling of safety (hold on to them until due) or a feeling of relief (they are paid) that she can choose.

One type of bill that Cindy is faced with each month is credit card bills. At the time of the first interview, Cindy had balances on two store cards and one Visa card. The store card balances are small and she expects to pay them off soon. One of the store cards does not represent anything to Cindy. The second store card however represents "frustration." This card came from a store where the family "bought a lot of their clothing." In addition, the store often offers "deferred billing." Deferred billing is a major source of her frustration, as Cindy explained, "You forget that you bought something...it is now four months later...and sometimes six months later and you get the bill." She noted, "It is not good because those bills catch up with you eventually." She said the family has the finances to cover the bill, it is just the frustration that it represents. "In the meantime you forgot about it and you went and bought, you know, something...and then I can't pay it all that month and then that frustrates
me." She admitted, though, that the store card balance "never get[s] really big though." never much "more than $200."

Their other credit card, a Visa, does have a much larger balance and the balance swings back and forth. "Yeah, up and down, up and down," Cindy noted. However, she went on. "But for me, I don't know if it is a correct mind set, but I think most people have one of those, maybe not. I know a lot of people who have a lot of those. So I figure, I feel okay that I have one." The Visa card is used for big purchases such as automotive repairs and tires and for expenses associated with their remodeling. When asked how she decided how much to pay on it each month, she replied "Oh, I guess a kind of mental thing [of] what I am going to owe this month. Like if we had a trip to do out of town and the kids need whatever, I would think, 'I will just give them $100.'" In her mind her judgment is "usually accurate." varying only when "the unexpected occurs." However, she noted that the unexpected events for them have not occurred "real often" and those that do occur are "smaller." Overall, she views their credit card bill as "not that bad," however, she does note, "You know, I just never totally get rid of it....things come up," but she does not "like to use credit if I don't have to."

Another credit item that Cindy sees as on-going is their personal loan. "We usually have one of those most of the time. We get one paid off and...something else will die or, you know how it is. We do that quite often." Again, she noted that she did not think it was so uncommon to have a personal loan.

A number of issues that Cindy talked about dealt with methods she uses to control their financial situation or her feelings about their financial situation. As mentioned before, the ideas of a false balance in the checking account, holding on to the bills until they are due, and
general control of the amount charged on the credit cards, particularly the two store cards, are three control issues. In addition, she controls spending later in the month by shopping more frequently, buying only things they are "running out of." However, she "doesn't feel she scrimps on groceries." She feels like her father, "[we're] going to have food, that was just a priority."

Another issue offering a sense of control is the "change in their shopping patterns" as the month progressed. Even though she can buy anything if she has to or wants to, Cindy noted that, whereas "at the beginning of the month you might just buy them [something you wanted], towards the middle you say, 'yeah, I can wait till pay day.'" Another way to control spending she noted is to "stay out of the store."

Overall, Cindy finds their financial situation both encouraging and discouraging. She is "thankful for what we have." She attributes some of that to feeling "lucky," not only regarding the unexpected but in their "jobs...income...nice house." On the other hand, it is discouraging. "No, I guess it doesn’t bug me but I think sometimes, 'good grief'...You think, 'I wish I had more money.'" Cindy would like to "not have to worry, 'is there going to be enough money at the end of the month?'" or "too much month at the end of the money?" She admitted, however, that, at the end of the month, there usually is money available. One change she feels would offer a "feeling of a little more in control" is being paid twice a month. She said, "There are so many variables, you know things that happen, unexpected, that more frequent pay periods, even though offering no more money, would give a greater sense of control."
Gary and Donna

Characteristics

Gary and Donna are in their early 30's and have a six year old daughter. They live in a comfortable new home purchased about 14 months before their first interview. Gary and Donna are both employed full-time. Gary in sales and Donna as a microbiologist. Gary's schooling is in business and Donna's in clinical microbiology. Gary has worked for his present employer for nine years and Donna has been with her employer for 13 years. The two of them have been married for nine years. Their daughter is currently in kindergarten at a nearby private school.

Both Gary and Donna enjoy the outdoors and like to spend as much time as possible relaxing and working outside. Vacations are often spent camping in their pop-up camper or in Gary's parents' motor home. They take a yearly winter trip to Arizona to see Gary's parents. Gary said they "enjoy taking walks" and looks forward to summer so they can all "go on bike rides again. Gary enjoys "working in the yard." Even though they were able to contract for their new home's landscaping, either by paying the bill themselves or from a gift they received from Donna's parents, Gary said he still has plenty of yard work to do.

Gary is considered the financial manager and was the person interviewed, but throughout the interviews, Donna's presence, as an active participant in discussions and in the physical process of bill writing and record keeping, was noted. Donna's involvement in bill writing make Gary and Donna different than the other six families. Gary said part of the reason for his active involvement, especially when searching for information, is he "has more time to run around."
The family's income is a variable. Although Donna is on a fixed monthly salary, Gary is paid on a salary-plus-commission basis. Thus, as he pointed out, not all months are the same. Gary gets three checks per month, two being regular paychecks on the 15th and 30th of the month, and the third, a commission check, on the 10th. Donna gets paid twice a month, on the 15th and 30th. The family's income is in the area of $60,000 per year, the highest income of all the families in the study.

Goals and Events

One of Gary and Donna's primary goals, heard throughout the interviews, is planning for the education of their daughter. Even though they have 12 years before she will start college, they have started to work with a financial planner to "help them decide how much they need to put away each month." Gary said that if they were ever to get a substantial windfall he would "pump a bunch into a college fund." Although his initial answer regarding disposition of a hypothetical financial windfall was "taking a trip," he quickly changed that saying, "a trip is short-term. You have all of your life to go on a trip." On the other hand, college "is a long-term thing." Especially with a large lump sum "I could plunk that much money into it [a college fund] today and not worry about it for the rest of our lives" thus offering "freedom and satisfaction."

When first talking about the family's financial goals, Gary said, "[in the] short-term, I think we have met our goals. We have a house that probably has more room than we need. Long-term goals...just keep our health, which is not financial, but it is probably the most important thing to us." Gary also mentioned "financial freedom" as a long-term objective although he qualified it by saying, "What...is it to be financially independent?" He recognizes
how hard "financial freedom" is to define, and that the definition varies from person to person and across time. In summarizing their goals, Gary said they are simply "to just live out and be healthy and someday retire."

One specific goal Gary mentioned is a trip to Disney World, tentatively planned for when their daughter is 10 years old. The age was selected for three reasons. First, she will be older and able to appreciate it better and to keep up; secondly, waiting will allow the family to put the necessary funds away to pay for the trip; and last, Gary calculated that, by that time, the family will have enough frequent flyer miles to cover the airline tickets they would need.

Gary mentioned that they want to accumulate money for retirement as one of their goals. He also noted the saving for their daughter's college education as a goal. They are satisfied with their financial life at the present time and feel generally secure in their financial position. Of Garmon and Forgue's (1994) list of objectives, the only one Gary did not directly mention is the idea of maximizing earnings and wealth. Practicing efficient consumption, although not specifically outlined, was seen in the financial management practices of the family. Gary said "both of us, we discuss our goals" although he mentioned, "I don't think that Donna and I are really big goal oriented people" in the sense of goals being "material things." "I think we have gotten away from that a little bit," he commented.

Financial Management

When considering Gary's financial management situation and processes, one finds similarities to and differences from the other families in the study. Like the other respondents, Gary wishes they could do better. He even indicated that "there are some things I wish we could do to kind of supplement our income." On the opposite side, he wonders sometimes
"where all the money is going" which, in part, is answered by the loans Gary listed. Like the other families in the study, Gary and Donna have a home loan, a personal loan (theirs is for furniture), a vehicle lease (in their case) or loan, and quite often a balance on one or more credit cards.

The family differs from the other families in the study in two important areas. First, as noted, their income is the highest of all the families. Second, Gary does the greatest amount of written analysis when faced with a major voluntary expenditure. The more specific the expected outcome, the more specific are the materials that Gary prepares before he and Donna discussed the issue. The issue might be a current expenditure (a recent auto lease as an example) or just general planning for a future expenditure (college and/or retirement planning). When asked, Gary said "anything greater than $200" was a major decision. Generally, a specific plan is not generated in writing from their meetings. The one goal, a trip to Disney World, is one of the few with a timetable attached and some consideration of expenses.

To understand Gary's process, it is important to first understand their financial system in general, and one of the tools they use to handle their finances. For the past three years, Gary and Donna have used Quicken (a financial package for personal computers) as their financial management system and, although Gary admitted that he "is sometimes lax" in recording the checks every week, he did say that, in those instances, he will "go into a room and close the blinds and lock the door and 'you just can't come out until you are done' [getting caught up]." He originally did his entering "every Sunday night" but now is not as faithful. Gary said he likes to be able to balance the checkbook but at times gets lax about
that also. He said that at times they stop or forget to record their checks and then the balance just gets "so screwed up" that he works backwards from the bank statement. Not balancing "drives me nuts."

Gary does not remember how he decided to get Quicken but enjoys what it can do. Gary admitted that, although he does "not really" use Quicken for budgeting or for asset tracking, credit card expense tracking, check writing, or investment tracking, he does use it to keep track all of their checking and savings accounts (two and three, respectively). Although Gary denied that he uses Quicken to budget, as defined by him in its more normative form of setting up a spending plan, dividing it into 12 monthly segments, making comparisons and adjustments, etc., he uses Quicken to "calculate averages" of their various account types when faced with a financial decision or general "loan planning." When planning for a major decision, Gary sits down and takes a look at their income and expenses to see how the new purchase may fit. He calculates averages for items such as "gas, electric, telephone, cable, water, mortgage payments, groceries, and telephone expenses." Gary considers these their "fixed costs." He gets an average for income because of its variance, and runs "several options of the proposed item" to see how various interest rates and/or the length of the term may change the monthly cost. When asked how he accounted for the flexible or "miscellaneous" items, Gary stated, "We always leave enough in reserve to cover that." When asked what "enough" is, he said "$500." that the amount was chosen as a "comfort thing" and that it could "float from month to month" as it "is variable." Miscellaneous "is a huge, huge, umbrella" that picks up a total check written, for example, to "Target...because who knows what you have. who cares."
After preparing the averages of expenses and income, Gary and Donna sit down and discuss their proposed purchase. He said that if you are preparing your “budget [in their case, an historical income statement and cash flow projections, his definition of a budget],” and find your income just matches your expenses with the new expenditure, “You’re way off. You shouldn’t even be talking about what you are talking about.” Gary’s feeling is that, if your are this close to breaking even financially, it is not the proper time to add on any new expenses. Thus, when they make decisions, Gary and Donna want the expenditure to fit comfortably into their financial situation. Gary figures the banks are “a little too lenient” in their granting of credit. He thinks the financial institutions should tighten their lending policies; currently they allow people to get into financial difficulty.

Two recent purchases show how and when Gary and Donna use the cash flow projection idea. First, they bought furniture, taking out a consumer loan. Their monthly payment was only $80 so “We didn’t go through the numbers, but said, ‘yeah, we can do this’.” The second example, one in which they did use their system, was the leasing of a new vehicle. Gary said, after preparing all of the information, he was able to tell the dealer, “Now if we can’t get a vehicle of our choice in this payment or less, we will drive what we got.” He said the dealer then gave them a deal that came “within $94 of that.” The vehicle acquisition was done on a lease basis. When asked why, Gary said “because of its color,” “the tax advantages he could use for work,” and finances. He said they “figured out what the loan payment would be for a period of time and whoa, we didn’t like that at all” but with a lease, the acquisition was possible. Gary said, in looking back, the only thing he should have done differently would have been to set up the lease payment for the “25th of the month” instead of
the “20th.” “I wasn’t thinking when it was set up,” he noted. Gary’s reason for wanting the payment closer to the end of the month is that he makes the vehicle payments from his end-of-the-month paycheck. Gary is now considering trying to change the due date for the vehicle lease payment.

Gary also has used the average and summary data prepared by Quicken for decision making. One example is in examining the “amount spent on eating out.” Eating out is an area to which Gary thought a great deal of money might be going. Quicken helped them confirm that they were indeed spending what Gary considered to be a great deal of money on restaurant food, either eaten out, picked up, or delivered. By confirming his suspicion, Gary and Donna were able to decide if they wanted to make any changes in what they were doing. After looking at their “dining” expenses, they decided to try to eat out less. Gary said such a decision, although driven somewhat by financial constraints, was also done because they were able to see clearly what they were spending in total. “It was kind of both [the total expense and the fact that spending the amount of money they did on eating out affected other financial areas]” he said. “We could either be putting the money into savings...in a different direction versus just down our throat.” But he said looking at the amount spent eating out “was scary. I won’t do that again.”

Gary and Donna use two checking and three savings accounts to manage their money. The accounts are located in two different banks. One of the savings accounts and one of the checking accounts are considered “rainy day” accounts. In the last year, however, the use of these accounts has been for the purpose of tracking their house costs. They received a cash gift from Donna’s parents for a house warming present. By depositing the money into this
account, they have been able to track exactly the money they are putting into their new home. Both of these accounts are in the same bank, selected because it has a convenient location and because the bank required little time or paperwork for a loan.

The family’s other accounts are located in another bank. Again, a convenient location was important in the bank selection. The bank also paid a good interest rate and “their statements were easy to read.” “Statement readability” was one of the key points Gary considered when moving these accounts several years ago. Two other reasons were “no service charges...They don’t nickel and dime you to death” and “my boss is part owner.” The latter reason Gary said was an important consideration in his decision. He appreciates the bank because it is midsize and “When you go in, they know you.” To date, Gary remains happy with their selection of banks. Gary said that when making the bank decision, he “checked around, got literature.” Also Gary noted that, when he selected this bank, bank employees took the time to “explain their literature” and gave them “some recommendations as to which account they thought would be best for him.”

The accounts at the second bank are their general checking account, a general savings account, and a savings account for property taxes. Gary said when they purchased their last house, the banker encouraged them “to put the money to work for themselves” instead of into an escrow account. Thus, Gary has a “direct deposit made from each of his checks” into that account for “strictly taxes and specials.” Donna also has her paychecks directly deposited into the general checking account at that bank. (When asked about direct deposit in general as a convenience item, Gary responded, “I don’t like them [direct deposit accounts]” even though they use them.) Gary and Donna consider their savings account just that; they do not like to
have the money going in and out. He said, "We're terrible savers...our savings program is pretty weak," but they "do carry money over at the end of the month" in their checking account and that the checking account balance "slowly grows."

In addition to describing their experiences with checking and savings at banks, Gary also talked about their experiences financing and refinancing their various homes. The refinancing of their previous home and the financing and then refinancing (within the last 14 months) of their current home have been done with one local bank. He stated, "Our home loan is at Norwest and they have been very good to us." What he seems to appreciate especially is the ability to "call up their loan officer" to get information including rate information when they were considering refinancing. The first time they used Norwest was for refinancing and at that time Gary "knew the loan officer." When refinancing their current home just seven months after purchasing it, Gary appreciated the fact that the loan officer "just updated their files," thus avoiding the completion of a new set of paperwork. He likes the fact that the loan officer has always responded to their phone calls.

Gary doesn't know if they would ever refinance their home again. He considers that interest rates have to "drop 1.5%." Gary does not remember where he got the idea of the necessary 1.5% drop. He said that he just got this information "somewhere." Even if the rates were to drop the necessary amount, Gary said he "wouldn't automatically refinance." He would have to "sit down and calculate it out [how the payment fit into their finances and the payback period to break even]" to see if the move was beneficial. If they did refinance, Gary would like to shorten the term instead of lowering the monthly payment so that they would have more equity if they decided to move again or pay off the principal faster.
Referring to the home mortgage in particular, but also to all their loans, Gary said “I don’t like them showing me what I am paying” when talking about the interest.

Although Gary and Donna have several credit cards, they actively use only one, a Visa card. They also have two other Visas and three or four store cards. All of the Visa cards have come from the banks where they have accounts. Rates were not considered, “not really, because all of them are too high,” only their relationship with the financial institution that offered the card. The store cards were selected because they like shopping in a particular store or they liked the quality of the merchandise.

In general, Gary said their attitude towards credit cards is, “We don’t like credit cards” because of the “interest and we have never gotten into the habit of using them.” He noted, “I mean we get $600 on our charge card [and] we’re getting scared.” Gary said the one active card is most likely used when they are “out of town,” not even for in-town “convenience.” In addition, Gary noted, they have applied for a couple of cards they later “cut up.” Both were store cards and they took them because discounts were offered on purchases made the day they applied. Gary said in one case they were already getting 25 to 30% off and by taking the card they received an additional 15% off. They took advantage of the discount and when the cards came, they “cut them up.” “Yeah, fill out the app, get the discount, away you went, cut up your card. Only in America.” When they destroyed each card, they did not, however, notify the company asking to have their account closed.

At the time of the interviews, Gary and Donna, having received a cash gift from her parents, had paid off their credit cards. Gary indicated that they do not always have them paid off. Whether he paid them off or not “depends on what the balance is [on the card]. If it is
$100 or less, I just pay it off. If it is $250, I will pay $100.” He went on to say, “I guess I
don’t really say I am going to give them a percentage. So much of it is dependent on my
month [meaning his variable income]. If I have had a really good month, I will pay them off.
I would rather have them paid off... But if I have had a poor month... I will hold back on how
much I pay [on] them because once the check is written and sent off, you can’t [bring it
back].” So Gary said he just has to “watch it that way.”

Gary’s idea of “watching it” led to questions about how and when he paid his bills, the
process he went through, and how he made decisions. Gary said as the bills come in they are
put in a small desk in their dining/kitchen area until there are “too many to keep the door
shut.” He said that because of his flexible income, the bill paying does tend to cycle around
“my commission check on the 10th.” Both Donna and Gary pay the bills. The bill paying is
done by how they feel. If they do not feel they can pay the bill in full, particularly credit cards,
their procedure is to pay everyone something. Even though they have money in savings and
do not really like the idea of paying interest, they do not tap into savings during times they can
not cover all the bills. Gary said, “No, I don’t want to do that.” One of Gary’s reasons for
not tapping into savings to pay a credit card bill is “We never have a balance so high.”

Because their balances stay at what Gary considers low, then “the interest they will charge
you...isn’t that great.” Another reason for leaving the money in savings is, as Gary said,
“Who knows if something isn’t going to happen that you have to get it... if it is gone out of
savings, it is gone.” They want their savings account to be “just that. We don’t want to build
it up...and then spend it down.” They only use savings to pay a bill “if they can replace it [the
money] soon.”
Gary and Donna have done some long term planning for retirement and college, in both instances using the help of an employee of a financial center. In the area of retirement planning, Donna recently had her 401(k) plan dropped by her employer. Together they have decided to roll the money into “an annuity account” with a securities firm. The money has been put into “a diversified portfolio” of “aggressive growth, income, overseas, and fixed accounts.” Gary said he has a “life insurance plan with an annuity built in that is also a diversified account” and an “ESOP [employee stock ownership] plan.” Donna also has a life insurance plan into which they had built an annuity, again for retirement purposes, but they are looking at dropping the plan and getting something that only offers “straight” life insurance instead, such as a “whole life plan.” Gary admitted he likes “doing this life insurance thing about as much as going out and buying a used car....It’s so easy for them to wrap you up in their lingo [about] how much you need and what you should have...they always give you mumbo jumbo.”

The final comment is about Gary’s dislike of duplicate checks. “I hate them with a passion....If you have them it prevents you from writing in your balances [so you can know where you are at in a glance]. I like it in a register spelled out.” Gary said Donna used to have duplicates but agrees with him and they no longer use them.
Lorrie and Andy

Characteristics

Lorrie and Andy have two children, a girl, 7, and a boy, 3. They are both in their early 30’s and have been married close to ten years. Currently they live in a ranch-style home purchased in 1993. Prior to purchasing their home, they lived in two different mobile homes. Their change in housing was driven by their “need for more space as the family grew.” Currently their house payments are just over $660 per month for the principal, interest, taxes and insurance. In addition, they have two vehicle loans that run just over $500 per month together. They also have some credit card debt. Their current income is around $50,000 per year.

Lorrie works in the medical field and her husband is in the automotive business, fields they have been in since beginning work right out of high school. They have been in their current jobs for about five years. Andy works full-time and Lorrie works part-time, about 20 hours per week. They run a small home-based business, as a local representative for a silk screening company, but have not yet seen it become very active. Lorrie said that they “don’t put...any significant amount of time” into their business at the present time. Prior to their current business, Andy sold life and other insurance products in the evenings and on weekends. Although he enjoyed that job and felt he learned a great deal, they did not feel it would be to their benefit for him to do it on a full-time basis.

The family is not involved in a great deal of activities because the children are young. Prior to having children, Lorrie and Andy did a lot of camping and taking week-end trips to larger cities to shop, explore, or just to go dining. Lorrie remembers those times fondly and
noted, "I wish we could go back [to those times]" several times during the course of the interviews. One of the reasons she remembers those times so positively is the extra money they always seemed to have. "I miss the days when he always had money in his billfold....And so when we went to go out to eat... he paid for it out of his extra money." This time of freedom was also prior to the purchase of their home and Lorrie said the two events have made their financial situation tighter. "Before we had the house and kids, we were a lot freer with our money, we had more money to spare."

Lorrie is considered the family financial manager. Lorrie has a "spot on our desk" where she "keeps her bills [both paid and unpaid] and her calendar." At the end of each year Lorrie goes through the paid bills and "throws anything we don't need for taxes." She does keep her canceled checks and bank statements. It is interesting to note that, for their business, Andy does all of the financial work, except for taxes, which Lorrie prepares and then takes to a professional tax preparer. Lorrie noted that "I am not even listed on the [business] checking account as an authorized signer."

Goals and Events

According to Lorrie, the family goals are limited. Although Lorrie has some ideas about what they would like to achieve over future years, they have not put any time frames or price tags on their goals. Long-range items such as retirement and college education for the children have received no serious discussion. Lorrie does have a retirement plan through her work and the two of them have opened a life insurance/retirement joint plan into which they pay a monthly premium. Some of the money pays for insurance protection and some is placed into a retirement plan which, in turn, is invested in a mutual fund. One item they have
discussed, Lorrie said, is replacing their furnace in the near future. They also would like to replace the windows in their home, have it sided, and add a porch. Lorrie said she would like to improve their financial situation by “paying off debt and not getting back into it” as another goal for the family.

Lorrie said the family has already faced two major “events,” the addition of children and the purchase of a new home. She considers children a major reason for several changes in their expenses including the need to purchase the house to “have greater space” and a new truck with a super cab to “have enough seating for four people.” She noted that, even though the house did “not have a lot more space....it is better arranged.” Minor events have included things such as the water heater quitting, the need to replace the central air conditioner, and reroofing, all of which occurred over the past summer, at a time when an earlier “increase in her daycare rates” was being felt since both children were then at the babysitter.

Lorrie feels they have been “lucky” in that they have avoided most major unexpected events. She said that coping financially means that “events are not too large.” She feels that a major shift such as “going without a job” for one of them would “have sunk them.” Although she is aware of one couple who managed to survive a one year layoff; in general, she feels that such an event would be beyond the ability of most families to handle.

In the last interview with Lorrie, she described a possible upcoming event. Andy had been offered a job in another city. “That is a whole big thing, this thought of moving,” Lorrie noted. As the move would mean that “I am probably not going to work,” Lorrie was concerned about their financial situation. Although not working would have benefits (“It is a lot of hassle to work if you have to deal with sick kids....It would just be...a whole lot less...
hassle"), it would also mean "We would have to change a lot of things. If I wasn't working we wouldn't have the things we have now. The income is going to drop no matter how you look at it." She noted, "We have a whole big picture to look at before we decide whether or not we are going to do it." She realizes that some of their costs would go down also as "We could buy my grandparent's house for $35,000" and "baby sitting." However, at the time of the final interview, no decision had been made. Lorrie knows, though, that if they do decide to move she should "wait until July 1st" as that would qualify her for another year of vesting in her employer's retirement account.

Financial Management

As mentioned, Lorrie is the financial manager of the household accounts. As she said, at times she even "endorses Andy’s paycheck" before depositing it. If his paycheck is in the range of his usual checks (since he is allowed overtime, they can vary) or less, Andy lets Lorrie deposit them. Recently his "checks have been slightly larger," however, and then Andy has been "cashing them himself." He then gives Lorrie "the amount I expect and keeps the rest." This method allows Andy to build up the "cash in his billfold" as was the case earlier in their marriage. Lorrie does not have any negative feelings towards this arrangement and, in fact, noted how much "nicer" it was when Andy could take care of some of the miscellaneous expenses such as eating out without her having to go into the family funds. Plus she said, "If you give it to me I will put it in savings and it will just be absorbed. He is better at keeping it [the extra money]" for recreational things they like to do.

When commenting on her husband's lack of participation in the day-to-day financial matters, she said he is "clueless" and that if something would happen to her he would have to
Lorrie noted that even though Andy has little to do with their personal finances, he is completely in charge of their business account and has no difficulty maintaining it.

Andy does participate in the major decisions and Lorrie noted that his expertise in insurance was helpful when they looked at their own insurance, when they developed their life insurance/retirement account, and when she had to decide about the investment of her work retirement account. When discussing why Andy does not take a more active role in the family financial situation, Lorrie thought that "time" and "interest" are two important reasons. The fact that she is the money manager may be due to the fact that, in Lorrie's family of origin, her mother is the money manager. "She manages all the money, pays all the bills." Lorrie said when speaking about her mother. She said she "does the same thing(s)" as her mom when it comes to handling their finances.

As with the other respondents, Lorrie is aware of some of the normative practices but chooses to use few of them. Using Godwin and Carroll's (1986) list, Lorrie could be said to use the following three of their 18 practices: balancing their checkbook regularly; having a fixed place to pay bills; and keeping records. Her opinion is that doing things such as a budget "wouldn't change anything." She feels that "I kind of spend the same on groceries every week....I don't just buy clothes for the kids or this and that." Sometimes Lorrie considers herself "into this budget thing" and she decides "how much money we are bringing in and how much we are sending out and how long until this is paid off."

Lorrie does have a system in place for the handling of their financial situation. Although her system differs from that recommended, there are aspects that are similar in
concept to the recommended system. Lorrie keeps a "calendar showing when bills are due and when they get paid." The calendar only shows what bills are due and not the amount of the bill. The calendar is a "reminder I can see," indicating when bills are due. However, she said that most of the time, "Mentally I know what all of my bills are. I just know in my head." Between her mental knowledge and the calendar, she looks for long gaps in income or heavy expense periods and makes "mental plans" to cover those by noting when times of excess income might be expected. For the regular daily routine, however, nothing is in writing.

Lorrie said, "I know how much I am going to pay on everything every month...it is so much the same, that, after all of these years of doing this, I just know in my mind." This applies even to bills that are flexible. "I have an amount I pay...the same amount every month."

When asked if she always uses her mental methods and processing along with her calendar. Lorrie noted that, earlier in their marriage and now, if a major adjustment occurs she will "sit down with my little piece of paper." The "little piece of paper" is a reference to a list she would create of their major expenses and income items. The "little piece of paper" allows her to see if they could handle the proposed expense. Smaller adjustments are done mentally, such as recently when "I just paid off a credit card because I paid off my air conditioner and then I had that extra money every month so I paid it off ahead of time."

Lorrie said she updates her paper "regularly" meaning "When I feel like it. I wouldn't say there is a schedule." Lorrie said she sometimes does a little more if the proposed expenditure is larger. Recently when considering their potential move, "I did it with a calculator on our way somewhere... We said now this is how much the car payment is. this is how much this
would be and this and this... We just kind of guessed to see what kind of money he would have to have.

Income flow is important to Lorrie as she is concerned about "making sure ends meet." Currently, she feels the family is doing okay as "the bills are paid" and they have "a roof over their heads." Income flow is more important than net worth. "Only time we do that [figure our net worth is] if we go to borrow money... and we have to fill out a new app."

In addition to the calendar and the little piece of paper, Lorrie has other aids to help handle their finances. On the recommendation of a coworker in Andy’s insurance business, they have, since being married, had two checking accounts. One of the accounts is for the bills and the other is for "miscellaneous." Bills are everything "that comes every single month: water, daycare, house" and "credit cards." The miscellaneous account is for those items that have some flexibility in how much is paid. Included on this list are "groceries, WalMart, Target" expenses the family has. From examining her calendar, Lorrie knows how much to put into the bill paying account. She also puts $100 a week into the miscellaneous account. The $100 amount came about "little by little." "Sometimes I go over my amount and then you have to juggle it around" or "I may have to take some out of savings or maybe I’ll put $15 less in the [bill] checking account. You know what I mean." If there is no money available after funding the bills account, then the amount for the miscellaneous account "comes out of savings." Adjustments for day-to-day living are done mentally. "If I go over my little budget [this is mental] I will either be more careful next time or I do sometimes take it out of savings."
Like checking accounts, the family has two savings accounts. One is for expenses such as “insurance and taxes.” The money put into this account is “considered a bill” and is funded on a regular basis. The other savings account, the “general” account, is funded when there is any money “left over” or when they receive a windfall such as a tax refund. “Savings is important” but not to the level of cutting their current life style. “Savings is something that people are interested in, but in reality, people want to enjoy what they have right now and they don’t want to put a lot of extra aside.”

Lorrie has built two items into her system that offer her some “comfort” in the management of their family finances. First, the balances seen in the register for each checking account are false. Lorrie has a built in cushion of money between the balance shown in her check register and the real balance. The cushion in each case is a fixed amount that she tries to maintain faithfully. The cushion in the bills account increased February, 1995, when the baby-sitting rates increased. Lorrie “had some money in savings” and so she put $500 into checking to protect herself from going over. She thought that given a near “$700 a month house payment” and the “increased baby-sitting” rates, this amount would help. Her reasoning for taking this action was that she felt herself “getting more and more behind.” “I like to know that it [the money] is there because I have to pay my bills.” The false balance offers her a feeling of safety even though, overall, the family has no additional total funds available.

The second aid for Lorrie is that she has is automatic transfer from savings to checking if she should overdraw her checking accounts. “I don’t get in a big fit if they have to transfer
because I will always put that money back if that happens....It costs you a buck to do that....They don’t send the checks back so I don’t have to worry.”

Although Lorrie and Andy have a computer and Andy does keep his business account on it using Quicken, Lorrie does all of her financial management by hand. At the present time Lorrie does not see any significant benefit to doing it on the computer. Lorrie has a fixed place in the home where she keeps all of their financial records and the unpaid bills.

Currently Lorrie feels they are “doing okay” but “living from paycheck to paycheck like everyone else.” “Every month we do okay and we are still here and nobody is knocking on my door, my bills are paid and I have a roof over my head. Yeah we don’t get to do as much as we used to, money isn’t as free as it used to be, but we do okay.” She would like to increase the amount of money they save but feels you “spend what you make.” She wishes they could “pay off some of this debt we have and not do it again. However, gol-dang, that is hard to do.” Savings, she feels, has taken a second place to wanting things today, not necessarily needed items, but things that just make life more pleasant. She noted that many of these “things” are a part of her generation, “We have a different [way of thinking]...I think, my mom says that....People were married a lot longer to get their things....My mother and dad are different people. We don’t live like that....We live ‘life to the max,’ spending most of what we make as do most people by and large.” Lorrie feels that they could save first and then get the things they want but, “I think it takes longer. You have to be willing to wait...but we don’t do that, we must buy it and pay for it over time....We are going to have it right now. The use of credit then she sees as becoming a “vicious circle.” “Once you get into this charging thing it is very hard to get out.”
Last summer Lorrie did not feel as comfortable. In addition to the increase in day care costs, they replaced their air conditioner, water heater, and roof. During that time and throughout most of the next six months, she felt somewhat harried and that income and expenses "were not close" and they "sometimes spent too much on frivolous things." Lorrie indicated that the home purchase in 1993 "maxed them out" and they were hoping to avoid any "major expenditures for awhile." Lately, though, Lorrie said she feels they are again regaining control of their finances and sees the savings account "slowly creeping up."

One item that gives Lorrie a positive sense about their finances is that the credit union, where they do most of their banking, "will just give me money. They are so good to me."

When they bought their truck they did it with "nothing down." She feels positive since the credit union views them as good credit risks because they have made timely payments on their debt. Lorrie noted, "...our credit rating is good and so people just want to [give us money]."

When Lorrie talks about charging, her comments reflect borrowing for the home purchase, autos, and consumer loans at the credit union. Both she and Andy try to limit their credit card purchases. Lorrie is aware of the interest rates she pays on credit card debt and takes any opportunity to move to a company with lower interest rates. Just recently she has done this twice, from 19.5% to 7.9% to 5.9%. She realizes the new rates are "introductory only" but figures "less is going to interest and eventually the interest rate will only be 16% or less than what we had. Lorrie understands her credit card charges well. She also said she "pays more than the minimum each time in an attempt to pay the card off." Just recently she has completed paying off one card used to purchase their computer four years ago. Since they
were first married, they have eliminated some national store cards in an attempt to control their credit card debt, but Lorrie admitted they will "always have a credit card balance."

In response to questions about acquiring financial information, Lorrie indicated it has come from a variety of sources, such as "an insurance guy" (ideas about insurance and using multiple checking accounts); "coworkers" (general discussions); her mother (general financial management and credit card debt and handling); "reading the credit card information that comes in the mail;" from Andy's work in insurance (insurance and mutual fund information); their "realtor" (where to finance their home with only a 5% down payment); "television" (refinance your house if there is a 2% drop in interest rates); and "friends" (Quicken, general information). She said she receives "several credit card applications per week" and that she briefly looks at each just to see if they offer a better deal.

Lorrie's selection of insurance companies and banks has been based on word-of-mouth or personal knowledge of the agent/representative such as their choice of companies for auto and home insurance. Lorrie said they knew the agent and that his "rates were competitive" with their old company, so they moved. "We didn't look anywhere else" plus "He wasn't pushy." Their choice of banks has been governed much by "ease," and "convenience." As one example, their current bank offers banking by phone. As mentioned earlier, she also appreciates the "ability to easily get financing" for their various purchases. When they purchased their last car, they initially financed it through GMAC (General Motors Acceptance Corporation) because of the convenience of "just doing it all at the dealership" but later refinanced it at the credit union because they could get a better interest rate. Likewise for a
consumer loan for the recent air conditioner, the credit union extended it over "18 months, beyond what they normally do."

Nora and Don

Characteristics

Nora and Don are one of three couples studied over a longer time, a period of two years in their case. Nora and Don have three children: a boy, John, now aged 17 and a senior in high school; a girl aged 13 and in the eight grade; and a girl aged 8 and in the third grade. Currently Nora and Don live in a single family home that they had built about four years ago. The home is completely finished except for a family room and laundry, both on the lower level.

Nora works full-time for her current employer in the accounting/bookkeeping department and has been there for over 10 years. Don works full-time as a driver, a position he also has held for 20 years. Don also has a part-time job, again as a driver, for a second company and works weekends on that job. Together they gross about $50,000 per year. Both Nora and Don receive health, life, and disability insurance and retirement plans through their respective employers and the children are covered under Don's health insurance policy. Both are vested in their respective retirement plans. Don would like to switch to a full-time job at the company where he is now part-time as the benefits are better and his retirement benefits would be substantially higher. Don's positions are unionized and, although recently
there have been no strikes or work stoppages, the possibility of such an event was in Nora’s mind as she discussed her family and their financial management system.

Their oldest son also is employed on weekends and after school at a local supermarket. He had been employed for about two years at the time of the last interview. With his earnings, their son is “fairly self-sufficient in that he buys most of his own clothes, makes his own car loan and maintenance payments and pays for one half of his auto insurance payment.” Their oldest daughter does some baby-sitting, although Nora indicated that as her “social life [has] increased” her baby-sitting has fallen off, because her regular customers have been forced to find other sitters when she was not available.

Both Nora and Don have two year associate degrees. Although Nora has utilized hers, Don has “not used his,” except for the first year after school, and does not have any interest in returning to the computer field. Nora and Don are in their late 30s and have been married for twenty years. Nora was open with her responses and willing to discuss their finances, although at times she questioned what could be gained from her answers as “I know I am not following the recommended practices.”

Goals and Events

Although a work stoppage has not occurred recently, the chance of it happening is “of concern...because his [Don’s] job is unionized and there is always a chance of a strike.” Although the event is a possibility, generally Nora has not made “specific plans” but “do[es] consider this during contract negotiation years.”

One event the family has faced several times has been unexpected and/or large dental bills, including braces for one child and crowns for both Nora and Don. Although Nora had
anticipated the braces, the crowns were unexpected. In anticipation of the braces, Nora routinely had money taken out of her check and put it into savings bonds. Part of her reason for doing so was to set aside some money "for braces." Because they were able to pay a substantial amount up front for the braces, they were able "to get a discount." Nora started her savings plan in conjunction with her yearly raise. By doing it at that time she "never realized she had the money" and therefore "no adjustment" in living standards was required. The remaining cost of the braces was paid for by monthly payments and their federal income tax refund. Paying for the crowns, however, necessitated an adjustment. Nora considered it "lucky" that their dentist accepted "a pad of checks with the amounts and due dates completed. They just kept them in a safe and when the day comes [for payment], they just rip it out and deposit it. I guess with the money in hand they don't charge any interest. So it was kind of a good deal rather than rob the savings account."

Another event was the acquisition of the job by their oldest son. Although having an income has lessened some of his financial demands on the household, at the same time, Nora recognizes that he soon will be graduating with college expenses ahead. To date neither John, their son, nor Nora and Don have made any significant plans for college expenses. Their savings remain low and John has not saved a great deal of money either. During one of the last interviews, about nine months before John would start college, Nora had begun to gather materials about loans and scholarships. She knows she needs to gather more material about other possible funding sources but is unsure where to start. When interviewed about two years earlier, Nora had indicated they weren't "worried about college savings" because at that
time they were facing the bills for braces and other dental work; Nora felt college "would work out."

Because interviews with this family have taken place over a period of two years, the ramifications of John entering the labor force 24 months ago have been followed. Initially it was John's responsibility to "make his car payment and one half of the car insurance payment." In the last interview Nora indicated that John was now "purchasing most of his clothing and other needs" except for those items he received as gifts. During the course of the interviews, Nora noted how John's money management patterns has varied over time. Initially John "basically blew his money: video games, movies, clothes, shoes, bought a $150 pair of sunglasses." At that time Nora and Don sat down to talk with John about what he was doing. One of their arguments in favor of "starting a savings plan was that if he was serious about purchasing a new car," he needed to "come up with the down payment." At that time John worked with his parents to develop an "idea of where he would be spending his money and how much would go to each item." At that time Nora and Don made John responsible for other expenses included the cost of his lunches beyond what they would pay for a school lunch ticket. They agreed to buy his basic clothing but the "cost of name brand items" or conspicuous consumption items would also be "John's responsibility." The change "worked for a while" Nora said. Lately, they have had to remind him several times of how he has been "blowing his money." Nora said that as a result of increasing John's financial responsibilities, "he is buying fewer, less expensive clothes" and is generally "more realistic." Their hope is that "he would get used to not spending everything."
In the interviews Nora mentioned two events affecting the family's finances in a cyclical nature. The events are “Christmas,” where “the kids want so much,” and summer, when they “go camping.” Nora noted that summer camping seems “inexpensive,” but in reality is “expensive.” The reason for the expense is “the gas for the boat and the pickup” and all the “convenience and other foods...drinks” that they take along. Usually Don's extra funds cover “the gas money and drinks” but that still leaves the high-priced convenience foods to come out of the family coffers. Nora indicated that the “plastic” comes out as “the checkbook takes a battering” over summer. She sees, however, camping and expense at Christmas continuing as “we enjoy camping” and knows that the “kids would not be around that much longer.”

An upcoming event Nora indicated they would be facing is paying for the automobile insurance when their oldest daughter gets her driver’s license. “Right now we are looking at talking to the insurance man about another driver and it is unreal. Right now it is $770 every six months. We add her, another driver, without another vehicle, and it is $900. If we add another vehicle with liability, it is $1000....That would be $2000 a year just for insurance.” Nora and Don have talked to friends about their teenage driver and their insurance rates. Their friends’ company is less expensive and so Nora and Don are considering making a change. The first question, yet unanswered, is “who would do the searching” for the new company.

A recent event was a hail storm in their area. The hail storm was quite intense and caused slight damage to their home and “totaled our camper” according to the view of the insurance company. Nora and Don were faced with a decision, either “keep their existing
camper” and make the necessary repairs or purchase a “used one. It was pretty new.” At
the time their camper was totaled, it was not completely paid for. Buying a used camper
meant they could “even-up.” Nora said, or just break even on the trade. A new camper was
not considered as its purchase would mean an additional outlay of cash. In their search, no
camper could be found completely meeting Nora’s criteria. Regarding the most likely one,
Nora commented “I didn’t like it” but Don considered it “stupid not to” make the trade. The
evening before they were to get the insurance settlement, Don said they “had to do it [make
their decision], so Nora took one last trip to the dealers to see if anything else had become
available. In one lot she found one, “that is what I wanted,” with bunk beds. In a phone call
to the dealer she found out, “It is a brand new one, and I went ‘ohhh,...darn it’” as the idea
was to spend no additional money. The next day Don had time off and went to make the
trade. According to Nora they had decided on the used camper: in fact, Nora did not even tell
Don about the new camper, because it just wasn’t possible. “I didn’t even mention it.” When
Don later came to her office and said “I bought the camper, the one with the bunk beds,”
Nora couldn’t believe it. By extending their financing package for about “another two and
one half years” to cover the “$6000 difference,” Don had bought the camper that best fit their
needs. Nora commented, “What an impulsive deal.” but in the final interview still seems
satisfied with the decision.

Nora and Don have several things they want to purchase or do. Discussions between
Nora and Don about the proposed purchases often take place “when driving.” The
discussions are about “the things we need” and they do not “discuss specifics” in their
planning. The items Nora can list from her head are a “different car,” a “new boat” (although
Nora indicated it would "not be both a car and a boat"), "finishing their basement," and a "20th anniversary trip," in addition to John's college education. The list is not in writing nor are any time frames or dollar costs attached except for the car, for which Nora said they "didn't want to spend more than $8000." The car has been on Nora's wish list for some time. She said for her it was "the car but Don wants a new boat." Earlier in the interviews, when they were replacing their camper, Nora saw that, by not spending any additional money, the camper would have "been paid off," and there would have been an opportunity for them to get a different car. Over the two years Nora was interviewed, two of the goals were accomplished, those being the 20th anniversary trip and a new boat. Regarding Don's boat, Nora said, "He is not getting another boat, this one will have to do [for a long time]": therefore she wanted him to "get the boat he wanted even though it meant paying more than they anticipated."

Financial Management

Nora is the money manager for the family. As mentioned earlier, when asked to be a part of the study Nora questioned, "What could be learned from me?" Her husband has a different view, asserting that she has a unique system, "Her system is a one of a kind, there is no system like it. She knows, though, what she is doing and I feel comfortable with how she has done everything but certainly don't understand how she arrived at what she did, when she pays." Don continued, "I know that we should do a budget and stuff" but said that they do not. However, he "feels comfortable with where we are at." Don indicated that financial management means "doing it by going by your gut." He indicated it is the feeling of knowing what to do and when to do it.
There are two checking accounts in their system, a joint account and one in Nora's name only. It is from Nora’s account that most of the bills are paid. Neither account “has a service charge or a minimum balance.” Both of the accounts were selected because of their “convenience,” one in the building in which she works and the other at a nearby bank. Both Nora and Don put “most of their money into the joint account.” The amount of money each puts in is a fixed amount needed to cover the household expenses, the amount agreed upon some time ago and just recently updated. To reset the amount, Nora looked at “three years of expenses and compared them to income” and “got Don to sit down and look at it.” He accepted what she said and agreed to contribute $130 more per check. From the joint account, Nora transfers money to her account so she can pay the bills. Each individual can keep amounts “over and above” the individual's expected contribution. Where they keep it varies, from their own savings accounts to cash to deposited but not recorded in the joint checking account. Nora said her extra is often used for “miscellaneous expenses.” Also as noted, some of Nora’s went to buy bonds, part of which were used for braces and some for “tickets for their 20th anniversary trip.” Don’s has used his for “pickup payments, gas, and the new boat payments.” Handling their finances in this fashion has made for less tension in the household, according to Nora.

Nora had traditionally broken the bills down so that the “utilities” were paid on the 15th of the month and the “house payment” on the 30th. During their participation in this study, Nora and Don took advantage of a plan that offered them the ability to make “one half of their house payment every two weeks,” 26 half-payments a year. The idea is that “about seven years” will be cut from their 30 year loan, which in turn will “save a significant amount
of interest.” They heard about this idea from “a neighbor” who had already started the plan. When asked how they were able to cover that first extra payment, given their bill paying schedule, she said they “just set aside some from a couple of earlier paychecks to cover it.” In addition, I paid some bills early to build up the extra cushion we needed.” This plan is offered through an insurance company who charged them $75 to start it. Nora is not completely sure about all of the specifics but does know the plan created a pool of extra money. They could tap into the pool but to do so would slow down the repayment schedule. To date, they have not taken advantage of these extra funds. Before shifting to this plan, Nora commented that one of their objectives was to set aside enough for one half of the house payment from each of Don’s checks. The money set aside was not put into savings or held in cash but they would only “mentally stick it aside” in the check book. The thought was that spreading the payment over both of his regular paychecks made it less onerous. “It was like save part of his check to help pay for the payment so...we don’t have to worry about it.” Nora, however, admitted that the money set aside was often used for other purposes, “It always happened” that they borrowed against it. Nora’s reasoning for doing this was that, “You have to have that flexibility...I would figure something would come through” to be able to make the payment when it was actually due.

“I don’t budget,” Nora said. but, to help plan her bills uses a “tablet” to help track the bills coming in, but also what things will look like over the next two to three paychecks” or her projected cash flow. The tablet estimates “when bills are coming in, the income they have, where they are at, and potential outlays.” Nora pays bills twice a month and updates her projections each time she pays bills.
Nora realizes when bill paying that there are ways she can adjust to meet the situation. Although Nora knows "from experience" that her groceries take about "$100 per each of her paychecks," she also knows that this amount can vary. One method Nora uses to help control her financial situation is to "usually get groceries before I pay the bills. If I am short in one, then I guess I can only make a minimum on the bills then." The bill receiving a minimum is "a credit card." However, Nora noted, "I try to keep up on them [credit card bills]; she makes "larger than minimum payments." The amount she pays "depends on what life is doing." Another thing Nora does at bill paying time is "adjust the credit card" payment" if a "bill [other than a credit card] is higher than expected." If the credit card is already being paid at the minimum level, Nora "looks at the flexible expenses. Something has to shift."

Nora tries to have her bills done on a "monthly basis." She noted she does not like "semiannual or annual surprises." With this in mind, when they last changed auto insurance coverage, one of Nora's criteria was that they would "bill on a monthly basis." The monthly billing makes it "much easier to take care of the insurance bill." Nora noted. Other items considered in the selection of the insurance company were the "rates" and "references of friends." They have not only their auto insurance with one agent but coverage for their home and recreational vehicles also as "that made it easier to handle."

Along with trying to have monthly billing on all their payments, Nora has a number of bills "automatically deducted" such as the house payment, life insurance, and the pad of checks given to the dentist. "His account is mostly automatic items," Nora said when speaking of Don's checking account, in reality the joint checking account. Her account covers bills "like the electric and gas company and that kind of stuff." When commenting
about how her system works. Nora stated, "It is just certain times of the month, you know, the electric company. I pay at the end of the month, the water bill [also at the end]. There are just certain things due at certain times and we have them broken down and I guess that is how I do it them." She said her bills are fairly evenly distributed throughout the month but weren't planned that way. "I guess it just turned out that way."

By the end of the interviews with Nora, the family debt consisted of a home loan, the boat loan, and credit card debt. The boat loan is a home equity loan as it allows them to "write off the interest" plus allows them to "spread out the payments" over a 12 year period. When asked why such a long period of time, Nora replied they "didn't want to be stuck with those high payments." She said one had to remember that this payment comes out of Don's extra. If things stay good Don plans to continue making double payments. During the years Nora participated, they have paid off the pickup, which has allowed them to make the boat purchase recently. In considering their boat purchase, Nora figures their move was "just what our friends would have done," but noted that her mother, being more conservative, "would not agree." In addition John has a loan, which they cosigned, on the car he purchased. Nora feels that they do keep limits on their debt, though "I guess it is a guilt thing that your parents have instilled in you." Experience has played a part in the debt planning for the family, experience that says, "You get one thing paid off, then you know you can buy something else. I guess that is kind of where we are at right now." "Knowing you did it once gives confidence to be able to do it again." The idea of "keep on paying" was "a factor in deciding to go ahead now and get the boat."
Like most of the families studied, credit card debt seems to be something "we always have" according to Nora. Although Nora does "not keep track of the exact amount charged," she has "some idea of what are the monthly payments, suggested payments, and generally what is going on with each one." With this knowledge and with her tablet, she is able to "work out if and when they can make higher payments" on their balances.

Nora was asked how they were able to take their 20th anniversary trip. Nora commented that they "had it all paid before we left." After opting to go ahead with the trip, they each decided to put $50 from each paycheck into a "kitty." This money was kept "in cash in a drawer." Also for a short time, after Don had paid the pickup off and before they bought the new boat, he "put his pickup payment in the kitty also." As the trip was a package including everything "but the souvenirs," Nora took the money before they left and paid the balance of their reservation. Nora said that she took her bonds and "bought the tickets."

Overall, Nora feels "overwhelmed" about their financial situation. She feels "like she and others are worse off now" than they have been in the past. She feels she and Don are "losing ground" and that "we used to save more." She recognizes they have "more material possessions," but feels her satisfaction is derived more from "noneconomic factors." She questions whether they will be ready for retirement and muses that "Maybe we will be able to sell some of our things to pay for our retirement." She feels that proper financial management is not impulse buying or "buying things you haven’t really thought about." She does not consider their boat an impulse buy and figures most of their friends would agree with her, although at the same time she feels many of their friends are "more conservative and maybe would have finished the basement before their 20th anniversary trip."
Sam and Gail

Characteristics

Sam and Gail were initially approached to be a part of the study over two years ago. The majority of information, however, was gathered from interviews recently completed. Unlike the other families interviewed, Sam and Gail have both participated in the majority of the interviews, thus views of both adult family members were captured.

Sam and Gail have been married for just over 20 years at the time of the last interview. They live in a modest ranch style home, which they own without a mortgage. Sam and Gail managed to pay off their mortgage about two years ago, making them the only couple to have done so in this study. They have lived in their current home for much of their marriage and, in fact, Sam grew up in the home, which they purchased from Sam's stepfather and mother. Sam has "no desire to leave this house" and does not see "any advantages to moving."

Having paid off the greatest expense item for most families is an important consideration in the understanding of Sam and Gail as compared to the other survey families. Even before paying off their mortgage, because they had owned their home for so long, the monthly payment was only "$125."

Sam and Gail are approximately 40 years old. They have two children, both girls, ages 16 and 13 at the last interview. Gail has a high school diploma plus a secretarial certificate. Sam has a bachelor's degree although he only completed the degree in the last six months.

For most of his work life, Sam's education, a two-year associate degree in computer
programming, has enabled him to acquire work. Sam and Gail are both currently employed in public employment jobs. Sam working in computer programming and Gail as an administrative assistant. Sam has held his current position for eight years, whereas Gail has been in public service for her entire work career of 20 years. Together Sam and Gail gross approximately $50,000.

Both consider themselves “conservative,” although Sam said that Gail is “more conservative than me.” By conservative, Sam is referring to the fact that Gail was brought up believing that, “You don’t buy things you don’t have the money for.” Gail’s parents did not believe in going into debt, a feeling Gail still holds as she replied, “I don’t like to do that [borrow money].” Gail said, “My folks paid cash for everything. My mother to this day doesn’t have a credit card.” Today Gail still asks, “Shouldn’t we get this [one or more of their existing obligations] paid off first” when they begin discussing an additional major purchase, but she “feels comfortable with the debt they have.” Debt is acceptable to Sam; in fact, he said “I learned in high school that I could have a new car if I could make payments on it. All I had to scrape up was the down payment.” His “experience with past debts” has allowed him to accept larger debt loads in the future.

The current debt for the family, according to Sam, is one payment for a “storage/shop building” recently built on land on the outskirts of the city in which they live. To finance the loan, an “open line of credit using our home equity” was established. Although the loan “requires no payments,” Sam pays “$1000 a month on principal and the interest.” In establishing the amount he pays, he said, it “is similar to what I was paying on loans before, actually was a little less, as those were $1200 or $1300 a month.” Another factor in the
amount is the goal of "adding on to our house next year." Before they build the addition, Sam would "like to have this loan paid off. I always have some idea of what I want to do with the money."

In discussing the debt load of a single "$1000 per month payment," Sam acknowledged that earlier in their lives, when they might have been able to undertake such a loan, the idea of making such a high payment would not have always been treated as casually as it is now. "We finally got to the point of building to that [level of monthly payments]" and that "I had the history of being able to make $1000 a month payments" when taking several debt obligations into consideration. "I was real comfortable with $1000 when I had to make them." Sam commented. According to Sam, comfort with debt has "grown over time." "That wasn't so hard." he would find himself saying, and so the next purchase was "No problem because we have been doing this all that time. If I have been able to make the payment all the time, why can't I continue?" It is interesting to note that, as will be seen later, Sam and Gail have medical debts but did not list these in their consideration of debt.

Sam's confidence that he could meet his debt obligations earlier in their lives was bolstered by the fact that, "I had the cash to cover it [all of the debt]" should he get into financial difficulty. Sam commented that, "Initially it really hurts to borrow more money than I have in the bank" but recognized "experience" and "past history" have made this [having the cash] less important.

Sam and Gail have developed a lifestyle that allows them to cover all of their basic expenses on Gail's check alone. "We can live off her check if we have to," Sam commented, noting further that, "We had done it before." Sam comments, "I think we could pay utilities,
and the whole damn works out of it, except for the shop payment” although noting, “We wouldn’t do anything extra.” Although Sam admitted “I can spend a lot of money in a hurry,” both Gail and Sam feel they do not usually have extravagant tastes except for Sam’s tools and toys where “money is no object.” These attitudes also were shown in a discussion of buying a car for their oldest daughter to drive. Sam wants to find a good car for about $5000 to $8000 or even a “$500 or $800 clunker which are hard to find nowadays.” “$10,000 would be too much even if I knew I could afford that.” Yet Sam realizes that he would spend $10,000 if it was his priority, “Now if I could find, I know me...a 21 foot boat with a 200 horse-power motor [for] $10.00 [plus trade-in of his existing boat and motor], I would probably have it in a heartbeat. But my boat is my toy.”

Sam and Gail have one checking account and four savings accounts. The savings accounts are scattered between several credit unions and a bank. Although most of the savings accounts have balances under $10,000 and minimal activity, Sam keeps them open “simply because if I have to borrow money, I can borrow money from these places in a hurry....There are benefits to being a member.” Also, Sam likes credit unions because “I only have to get three signatures” to get a loan approved.

The family’s checking account is tied to their home equity line of credit. Although the equity line of credit allowed Sam to “build a storage building for all my toys,” it also allows him to “cover his checks when needed.” Sam noted, however, that only “once in the last 18 months” has the line of credit been needed for their general expenses, for a bill for braces for his daughter. Sam is proud of this fact, “so over the last year and a half, we have borrowed an additional $600 on that [line of credit] over what we took out for the building.” The bank has
encouraged Sam to borrow more. "They say I only have one third borrowed that I could," or to "refinance" or to "change to a straight home equity loan." Sam replied "That's okay because we are going to do this to the back of the house [an addition] and I like the idea of writing these checks and they are covered. I know the interest is higher [for the open line of credit] but the convenience is better to me."

Both Sam and Gail have a retirement plan from their employer. Sam also has a small, $20,000, individual retirement account rolled over from an earlier job's retirement plan.

Goals and Events

Some of the goals and events discussed by Sam and Gail are similar to those heard from other families such as "health" and a "comfortable retirement," although Sam wonders if a comfortable retirement will be possible. "At current salaries, if I retire at age 62 [the] monthly benefit is $1200 a month. I am going to starve to death, as far as I am concerned....Although maybe with just the two of us and no debts...maybe we will be able to make it on that, I don't know. I doubt it." Sam noted, "That is where that $20,000 IRA comes in and whatever is left [in savings] when that happens," although he expects "little to come in off the IRA." Although Sam believes Social Security "will be around," he believes it will not have the same level of benefits available "for people to retire solely on Social Security anymore....They [talking about today's retirees] can retire on it. Not me. I won't be able to." Gail will also have retirement benefits. From Gail's retirement account, they are not sure what to expect because they "can't get anyone to run a statement of what it might pay." To get by, Sam expects they will need to generate additional income: he said, "We will just have to sell something," when speaking of their major assets and "At my job, I can probably work until I
"I am 65 if I have to, then I could do consulting on my own." He said that, after paying off the recent real estate acquisition and adding on to the house and maybe buying a final camper, "one that I can retire in," he could put the "$1000 a month for 10 years or more" into a retirement account. "$100,000 ought to be able to do something."

Asked why he did not work sooner on retirement planning, Sam talked about the toys he wanted, the medical bills for their daughters, his "inability to save" ("I have a hard time doing that in the first place" Sam commented, indicating that saving in general is hard without attempting to save for a goal so far in the future). Sam noted, "I see too many people putting it away for retirement and dying two years later. I will enjoy it now."

Sam and Gail discussed other goals they want to achieve. One is an addition to their home. For this goal, Sam has an idea of when it would take place. "I intend to have the shop down to $10,000 by the fall of next year [1996] and then the following year doing the addition." As an upper limit to what he wants to spend, "I have a guesstimate that the addition would be $30,000....But we have to keep this addition under $40,000." The limit is set as Sam said, "I am going to have a problem putting more than that into it when the house didn't cost that much." "People are telling us $20,000 plus" will cover the cost of the addition. Although none of these ideas have been put in writing, Sam has thought about how work on the addition will be done. "See, I can do electrical, plumbing, insulating. I also will do the finish work." For Gail, the addition is something she has wanted for a long time as she noted, "See, I am finally going to get my addition." Other goals are education for their children, a "new pickup and camper" eventually, and a "blade and loader for my tractor."
A final goal is Sam's wish to provide on-going family summer enjoyment with local camping and boating. When he was a child, his family would go somewhere, get up early to go hiking or fishing "to feed the family." "So the last thing I want to do is take my kids some place and wake up at five in the morning to say 'let's go see this.' I am not going to do that...I hated vacations like that when I was a kid." Staying local, Sam feels, helps keep the expenses under control. "We do some of that [so] we don't have to scrape up this $3000 or $4000 a year like a lot of people do for vacations." Sam and Gail did take some out-of-state vacations, most recently to Wisconsin. "Last year was fun when we went to Wisconsin where there were plenty of things for the kids to do." Sam said. A few years ago, they had taken a trip to Disney Land and southern California.

The family has faced several events. A unique event among the families interviewed was Sam's layoff when the company where he worked was sold. Sam was "unemployed for 13 months." When he lost his job, one of the considerations was whether or not to move out of town. Sam noted that, "I didn't really want to do that." By the end of the unemployment period, however, he was "considering doing that, but only slightly."

Although layoffs can be a financial hardship, Sam feels that they did okay, "because of the unemployment benefits and a fairly good severance package." He said they "managed to pay all of our bills." In fact, they even made some new purchases, "a computer, a car, and a pickup," during that time. The reason they could make such purchases was "we thought things would work out" and because Sam knew he "had the finances, $50,000 lump sum severance and retirement benefits I rolled out, that could be used to pay off the debts." Sam did not use the lump sum completely but instead was able to "make large down payments."
which helped control the amount of the monthly payments.” Also, Sam knew they “could live off Gail’s salary for regular expenses.” The layoff has had long reaching effects, as even eight years later, Sam considers himself still “below the pay that I used to get before I was laid off.” Sam admitted that another layoff would be “possible trouble” but recognized again their ability to live off Gail’s income and that the line of credit available “didn’t require any payments whatsoever.” For about a year then, Sam feels they could get by.

Sam’s layoff started a period in which the family has purchased several major items. Although Sam noted that “having the money in the bank gave me a feeling we could do it...we have...the cash....It made it much easier to borrow money when I had the money laying there. Maybe we always could have borrowed the money [before] but it was probably not, not so easy to do [mentally] because...if you needed [to] you could pay it off if you had to....it is harder now without the account with $50,000.” He also noted another long-term event had become less significant about that same time as the layoff: the reduction in medical expenses for their oldest daughter. Sam replied “a lot of that [not buying more things] was [due to] medical. You know our oldest daughter was sick a lot of times...until she was about 10 years old.” Her health problems created medical bills for Sam and Gail that are still paying. Even considering these events, Sam said, “See, we have been really fortunate.”

Sam’s layoff also started Sam working on finishing a four year bachelor’s degree. Although Sam was happy to have found a job where his employer paid for most of the cost of his education, he figured. “Yeah, I could have afforded it...one class a semester, but to take two, ah, that would have been tight...That’s not true. I could have done it.”
During the last three years the family has been faced with two weather related events.

Three years ago lightning struck their boat and camper, totaling both. Sam said “insurance replaced them both.” Although it took five weeks of arguing, once the insurance company realized that a safety factor was involved, they “backed me” with the dealer in replacing and not repairing his camper. Then a year ago, a thunderstorm knocked over a tree onto their camper causing a great deal of damage. The dealer wanted to cut corners on the repairs, even offering to rebate some of the insurance payment back to Sam. Sam said, “I have been paying for 20 years [to his insurance company], they have always been good to me” and so he will not go along with the rebate but will also not accept any corners cut in the repairs.

One future upcoming change will be when his oldest daughter gets her drivers license. Sam indicated that, even if he buys her a cheap car, the expensive part will be the insurance. Sam said his insurance agent suggested, “I buy a disposable car that I can put liability only on.

Financial Management

Sam is the financial manager of the household. Gail said that earlier in their marriage, “I used to pay the bills” at a time when Sam’s hours were different. Sam, like others in this study, uses some of what Godwin and Carroll (1986) identified as the recommended practices, but probably fewer than some of the other families. Although he owns a home financial computer program, he has “never loaded it” and does their finances through the checkbook. He and Gail do discuss finances, their needs and some of their financial goals. “It is usually my idea to spend big money,” Sam said. Gail responded, “And then I say ‘what about this payment, should we get this paid off first’, and then he says what he has been thinking about.” Their talks are general, “We just talk,” Gail said. They also have a place where they keep
their records and bills. Beyond a place to keep bills and some discussion about what they would like to do with their money, Sam and Gail follow few of the recommended practices as they are prescribed. Sam commented. “If they are trying to teach that stuff [the recommended practices], I am not listening.” Sam could list their credit cards, “A Discover, a Visa, a Master Card, and an Amoco card.” and an idea of their limits, “the gold cards are like $15,000....my Amoco is $1200. Discover is close to $1200.” as well as his insurance policies and when they are due. “January 1st and July 1st are big times as that is when the car insurance is due...August is the boat...We know the shop insurance is due about October.” as well as property taxes. “February 15th.” But again, none of this information is in writing but strictly in Sam’s, and usually, Gail’s head.

Sam does not budget. “There is no budget in this house. none what so ever...I don’t do it” but does use past history and experience to guide him. Yet Sam understands the majority of the financial practices as they were taught to him “somewheres in financial planning classes” which he took in high school. But the idea of living on a budget is not something he can tolerate. “...there ain’t nothing I have to live by because it ain’t going to work.” When talking about loans, Sam commented. “I got into it little by little. The first car loan terrified me....The next time I did it...that wasn’t so hard....When we needed a new camper, no problem because we have been doing this all that time....It seems to me that I use past history more: if I have been able to make the payments all the time, why can’t I continue?”

Even though Sam does not “budget,” he does do a significant amount of planning, mostly mental, although some is on paper. “My idea of planning is to sit down and scribble a
whole bunch of things and then decide what to do from there. It doesn’t include dollars, though, or detail, just ideas.” When asked where he got his ideas, Sam responded, “I just have them, you know, sometimes from the past you have done something before you can look at now....talking to others helps.” Sam also knows what they need to live on. “We can live on her [Gail’s] check for everything except the shop payment....We kind of plan around that.”

He thinks he is “honestly...the world’s worst planner.” He also said, “I cannot save. I can make payments but if you ask me to put that same $1000 a month into savings, it ain’t going to happen.” Therefore, Sam commented, “I do not save well. You see, about three years ago it dawned on me that you don’t save well, but you make payments okay. If I don’t have a car payment due, I am looking for something else to buy.” With his reasoning in mind, Sam considers the investment in a storage building and the necessary land “the best I can do with that thing [making payments] is real estate equity....If I didn’t spend it into the payment, I would spend it on something.” He operates on a system that “If I incur the expense, I will find the money,” but “If you ask me to save the money, I won’t do that....My whole logic is that I know me better than [that]. I know I won’t write out $1000 and put it in a savings account for my future use, but I know I will write out a check like that for a payment month after month for something I want or something I have convinced myself I need.”

An example of Sam’s planning is their last vacation. “I never said we have to save [a certain amount of] dollars for this. We never planned for the vacation....But about two days into this, we said you know this whole thing is going to cost us around $3000....When we got home and got all the credit card bills out...it came in at $3078. Not bad considering we had never planned for any of this.” Another was when “we accelerated payments on the pickup
because we knew the shop was coming” and that by doing so “all our other debts would be
paid off,” leaving only the shop payment remaining. Sam also has plans for the shop. “I do
look at this idea of having the shop paid off in the next two years” in order to have money for
the addition and “to find a car” for their daughter.

Sam’s planning is aided by their getting “this one big check and two smaller ones’
each month. Gail noted “getting two checks” per month helps them “balance things out”
throughout the month, similar to Cindy’s earlier comment. What causes the most difficulty in
Sam’s planning is the unplanned bills that come along. “Medical bills are the ones that hurt,”
Sam commented. Sam’s procedure for billing paying is to pay them “the first of the month”
after he and Gail have each gotten their paycheck. When asked if paying bills once a month is
a problem, Sam indicated “the water bills is the one that’s late all the time” so he often does
pay that out of Gail’s mid-month check.

When discussing their finances, Sam knows that “logically, mentally it makes no
sense” for some of his wishes and wants. However, although Gail admitted he “gets what he
wants” she is “not nervous about our debt.” She also recognizes that Sam talks about his
wishes a great deal but does not charge off and take action unless he feels comfortable in
doing so. “Then he tells me what he is thinking,” and they “have discussed it.” She also
knows by his actions how serious he is. “I feel when he talks about something, I will cross
that bridge when we get there, I don’t get excited. Until he gets to the point, hee-hawing
around and stuff like that, and then he has to drive me out and show it to me...then we are
talking serious.” However, she notes. “I feel if he doesn’t worry about it. I shouldn’t worry
about it because he should know what he is doing.”
Sam balances the check register "to the penny about every two or three months." Balancing the register very two to three months is only a recent occurrence starting with the opening of a line of credit against the equity in their home when Sam built the shop. Before that the balancing occurred, "maybe once every six months." The reason it happens more frequently now is "so I figure out how much they borrow [lend] me every month." He knows that the line of credit is "a real high interest rate but I like the flexibility of it....I am not one of these guys that's going to sit down and figure out that I [could] save $30 a month...because $30 [per month] over six months means squat to me....we're talking only $180."

Flexibility and convenience are reasons for Sam's use of credit cards: as mentioned, they have three. They use their cards at least once a year "to make sure they get renewed" and "because it is easier to do mail order or telephone orders using a credit card." Likewise, credit cards were used on the trip because of their "convenience." "I have never given them dime one in interest. I refuse to pay a credit card company interest."

Both Sam and Gail like to have some "cushion" in their checking account or "liquid cash" for the unexpected. Sam commented, "I spend money faster than I make it usually." When asked if this practice has ever caused them to need to make adjustments, Sam noted that, "There isn't a month we can't scrape up $200 from the checking account without hurting something else." He noted that "scrimping" if things got tight meant "I didn't go out and spend $200 on something," but that scrimping has no effect on everyday expenses such as groceries. Here, again, he recognized their open line of credit but again noted they have only dipped into it "one time in the first one and one half years." Sam also knows he has "the float" that he can count on if things are tight.
Sam and Gail do not regularly prepare a net worth statement. The last time, when they applied for their home equity loan, Sam commented, "That really surprised me....The numbers were staggering. All of a sudden I am looking at a net worth statement of $180,000." He was surprised at how the little things added up. "Those things under $2000 are valued at nothing to me. If it is not worth $2000, it is not worth writing a number down." Neither does Sam prepare a written inventory of personal possessions. Sam commented, "None of it [the little stuff] is insured" and then found out, when talking to their banker as they were getting their home equity loan, that these items are covered. He noted that when you buy things such as tools at "$20 at time," you tend to forget their value in total. He noted, "If I can write a check [to pay for it], I can't count it as anything but an expense."

Sam and Gail use direct deposit of their checks and ATM machines for cash. Sam does the grocery shopping and Gail admits, "He is the better shopper," although they both say they buy name brands if they prefer the quality. Sam said he does not compare themselves to others, "I have no idea if we are better or are doing better than anybody else out there, cause I really don't care." He feels medical insurance, which they have through work, is a "rip-off" but does appreciate the billing procedures of medical institutions as "an interest free loan."

"They are perfectly happy if I write out a check for $50 a month...as long as I am making it. They call it a good effort. That is okay....You can't ask for a better deal than that." Medical bills are one of the first bills Sam admits to adjusting if he ever does need to "scrimp." He noted that their medical debt "could have been paid off," but sees no need to do so if the medical institutions are happy with his payments and they continued to charge no interest.
Sam and Gail have most of their savings in passbook accounts or CDs. "I don't want to micro-manage the money. It takes too much time. I don't have the three hours per day."

He knows some of his friends have put their money in mutual funds but they "have not done much better" and he wants someplace "safe."

Sam feels, "I think, on one hand, people do plan ahead but we just don't realize we are doing it....In my line of work, we train people to come up with a certain logic flow because that is how you do things...but in reality we are really just telling them this is how we do things and then they sit at their desk and do it their own way. They do the same damn thing, they just don't necessarily do it in the same sequence and I think that people tend to do what they are supposed to in most cases without realizing it." He went on "I think you have the odd side of it where something drastic happens and all of a sudden everything they have been doing isn't working anymore and they panic....The first thing you think of is call the credit card company and get my limit raised...when in reality they [people] should sit back, [and think] back to what they were doing six months ago and say, 'what happened?'" Sam noted that he thinks it is a good idea to teach the recommended practices to everyone so that they hear the idea, but it is not realistic to expect them to remember or use many of them.

Sandy and Carl

**Characteristics**

Sandy and Karl, the respondents who have been in this study the longest, have participated for three years. At the time of the final interview, Karl is 40 and Sandy is in her
mid-30s. They have two children, a girl aged 17 and a junior in high school, and a boy aged 11. in the sixth grade. Sandy and Karl both have high school degrees; in addition, Karl has taken some advanced training for one of his previous jobs. Karl has been employed by a municipality for 22 years, holding three different positions during that time. His current position is one he has been in for just a year. Sandy has been in the medical field for about 18 years, the last 14 with her current employer. Karl works full-time in his job and Sandy is part-time.

Sandy and Karl live in a pleasant ranch-style home that they own. They are proud of their house and enjoy working on it. Working on the home has provided them “satisfaction from doing the work” plus has made their home more comfortable. They also like the “money we saved doing it ourselves.” They originally purchased their home “in 1985” and have refinanced it twice since then.

During the interviews Sandy noted their upbringing has affected the family’s financial management style and their life in general. One of the aspects Sandy discussed was that both of their sets of parents had been divorced. Having divorced parents, Sandy felt, made her “work harder to stay [married].” In her case, she saw her mother remarry and end up in a situation that was “no better than the first.” This made Sandy realize that “you are better off just trying to work through things.”

In neither of their cases were they, as children, involved in financial discussions or decisions at the family level. They simply “heard about what was going on.” Although Sandy considered her early life fairly comfortable, Karl grew up in a family with limited resources. Growing up with limited finances has made Karl, Sandy feels, want to “allow the kids to not
have to work as long as they are involved in school activities and sports." It also has made Karl want to "be able to give them [the children] things he never had." They have attempted to make their children "aware of the family financial situation," as it applies to them.

The interests of the family currently revolve around the children and their activities such as the various sports they participate in. Sandy also sews and they read. Karl is involved as a coach, which has turned into a paid position, the only second job for either of them.

Currently Sandy and Karl make about $40,000 per year. This amount is lower than earlier years because of Karl's recent job change, which dropped his salary by about "$8000" although he does have, and takes advantage of, the opportunity for overtime. Although the drop in pay is fairly significant, Sandy "considers it a good choice for the family." Not only is the job "less stressful," but it "left Karl free on the weekends for the family." Sandy said that the financial change is something they "would just deal with" and have done so in the one year since the change. The major change is "less recreational shopping...which is good." and just less shopping in general. Sandy also said for a time she was sending smaller payments on her flexible bills and was generally just "more cautious." Although the change did initially take their savings down, "It hasn't really affected our lifestyle," and Sandy is starting to replenish their savings.

Karl had always known he wanted to get into something else because of the stress and "because he was not covered by Social Security" Sandy said. In the new job, Karl is now earning Social Security credits and he is in a retirement plan. However, both of these retirement pieces together will "not equal what his pension plan with his old job provided." had he stayed with the job.
The job change happened quickly. Karl noticed the listing on Saturday; Karl and Sandy decided on Tuesday; he applied on Wednesday; and started work at the new job on the following Monday. The children were involved in discussions about how “the pay cut would affect them all.” The children were not concerned as much about the pay cut as the loss of prestige their father would have in his new job. Sandy considers that the change was “supposed to happen.”

Karl’s job change, while negative financially in the short run, has brighter long term prospects. Sandy noted, “Within a couple of years there are chances for promotion so that he will be making as much as he did before.” In order to do this, Karl will need to take some technical schooling but the municipality is currently “working on a correspondence course” so he can complete his training.

Goals and Events

Sandy and Karl have goals. Unlike the recommended practices, however, their goals are mental and have no price or timetable attached other than what Sandy called “natural deadlines.” Natural deadlines are those that occur because of timing, such as college education after a person has finished high school and reached a certain age. When asked about a written list of goals, Sandy replied, “No, don’t have that many things. We just know, it is in the back of your mind.” Developing the mental list occurred in this manner, “as one thing is paid off, we think of what else to put on the list.”

Their goals, both current and recently achieved, cover short-term through long-term planning horizons (Garmon & Forgue, 1994). Short/intermediate-term goals have included a new storm door, new basement furniture, a big screen television, and a computer. A car was
on the list but a recent accident forced them to move ahead with that decision using a home equity loan to finance the automobile purchase. All of these goals have been achieved, with the majority of them already paid for during the course of the interviews. Currently Sandy has few short-term goals as Karl's job change and their daughter's impending admission to college have slowed down the growth of their wish list. Long-term goals have been “college education, a comfortable retirement, and being able to do what they wanted to [financially].” An additional long-term goal was a job change for Karl, a goal that has now been accomplished. In addition, Sandy considers some goals as on-going. One is “no credit card bills,” whereas another is to “build up the savings account. Have $2000 in there instead of $1000.” Sandy admitted her goal of more in savings differs from Karl’s feelings towards money. “Depends on who you talk to.” Sandy noted. “I think ‘savings’ but Karl likes to have his mad money [money for recreation and just doing things] so you compromise.” Compromise is “going 50/50.”

Sandy considers the family to have had few financial events and what they have faced have been minor. Things like “braces,” “car repairs,” and “house repairs” have certainly been cause for adjustment, but they “have managed in the past and can do so again in the future.” The idea of managing is a philosophy Sandy often brings up during the interviews. Sandy is very confident that “we have always managed” and expects to be able to do so in the future.

Financial Management

Sandy is the family financial manager and has been so “since we were married.” Karl “doesn’t want to deal with it [finances]” and “just knows I [Sandy] will take care of it.” “He really doesn’t want to know.” Sandy exclaimed. During one of the interviews, Sandy said that
Karl “hasn’t got a clue” and prefers it that way. However, Sandy admitted that it “would bother me if he did [the finances]. I don’t want to give up the [control], I want to know. I want to be in charge....This way I know it’s done.” It is not as though Karl is not involved. Sandy said major decisions are done “jointly” and that she keeps Karl informed and that Karl does “ask before he makes a purchase,” sometimes even a small one, if he has the impression things are tight financially. Even though Karl likes to be able to spend money and “wants the money there so he can spend,” Sandy said his spending “is not a problem.”

As financial manager, Sandy takes care of all aspects of their finances including insurance and retirement and even “depositing our checks.” One reason for Karl’s disinterest, Sandy feels, is a bad experience when they refinanced their house the first time. Although told they would refinance all of the closing costs, the bank “forgot that taxes were due,” and Sandy and Karl had to write a check for $800. The next time Sandy said she considered refinancing the loan, Karl’s comment was, “Leave me alone.”

Sandy and Karl have refinanced their home a second time, however. Sandy commented that when they did so the second time, “I said give me enough money that this [running short] won’t happen. I don’t care if money is left over...we [Sandy and the banker] rounded up to an even amount. He said it would be $47,000 and something, I said $49,000,” done in order to avoid the shortage. At the time they refinanced the second time, Sandy rolled together a home equity loan and the home mortgage and cut the term to 15 years from the original 30. However, “the payment went up only $10....It went from...let’s see, the home equity loan was $275 and house payment was $543 with principal and interest, and now we
pay a house payment of $561." There was money left over in the second refinancing and Sandy "put the rest in savings."

When asked how she knew to refinance, Sandy said that the first time, "I just knew it would save. They say you can save when it goes down 2%." The second time "I called the bank to see what a difference in the payments it would make." How Sandy "knew" it would be beneficial, came from "something I read somewhere, in a magazine." When asked what magazine that might have been, Sandy replied "Glamour, Woman's Day, McCall's....or Good Housekeeping...Yes, one of those kind." She feels one source of information for people is "magazines, newspapers."

To Sandy, money, in particular savings, means "security," "freedom," "freedom from having to worry about making it to the next payday," "safety...I have had $59 in savings. It just panics the heck out of me," and the ability to "gloat...to myself," although Sandy admitted she does compare herself financially to others. "I look at some people who are in a lot worse financial straits who make a lot more money than we do....We went so many years with having the savings account down to $100 or under. Now that I have one, I will salt it away."

Sandy discussed their financial goals. Although several short or intermediate term goals have been accomplished, their long term goals have seen less action. Regarding college for the children, she admitted they "set up savings accounts for both children," which were to be college funds. But these accounts have been used for other purposes such as "braces." until now each "only have about $10 in them." Sandy said they "will have a way" to cover at least a portion of the children's college expenses, although admitting. "She [her daughter] will
have to go to a state school if we don't get a scholarship of some sort." Sandy assumes
everything will work out: "things in the past have always worked out."

A second goal, retirement, has also seen few forward steps. Sandy said, "I have an
IRA" which she continues to fund. However, she noted that with Karl's job change, he is
getting his "Social Security credits." In addition, he has a retirement plan and some money in
the previous pension plan. Sandy also has a "profit sharing/retirement plan" where she works.
Sandy considers the money in the profit sharing plan to be "free money." As free money, she
is willing to put it "at more risk" than her IRA or savings, which are invested in something
that "doesn't lose principal." If there is a decrease in principal, it needs to be because "I took
it out," said Sandy. Another example of "free money" is their tax refund. She can just "blow
it" because it is unexpected and not really considered "their money."

Regarding their third goal, that of a "comfortable life now." Sandy expressed some
satisfaction that they are achieving it. Prior to the job change and even now, Karl's check
pays "most of the bills," leaving Sandy's income for "savings, gas, miscellaneous, recreation,
and some clothes." Although admitting it is sometimes difficult for her to do, she does "enjoy
their money." "Money is for...fun," she commented, although admitting she has not always
felt this way. Although her husband and daughter have "no trouble spending," sometimes
"impulsively," Sandy said she has had to acquire this idea. The way she began to feel
comfortable enjoying their money was, as Sandy said, "you do it." Past experience allowed
her to get more enjoyment each time. Even though Sandy felt she needed to learn to enjoy
their money, she noted a reverse experience for their daughter. She said she had worked with
her daughter to always look for sales or discounts. Although her daughter would "shop the
sales racks," she also would look at items regularly priced. Sandy noted, however, that, with a recent job acquisition by her daughter, she now is "more aware of her spending" and tries to get the best deals she can.

Sandy feels they are handling all of their bills. Again, the job change has had an impact on their finances but Sandy feels "the change didn’t affect it [their level of savings and satisfaction]." They are "more conscious of spending with no blowing, but other than that we have made no major changes." She noted that they even recently took a week-end trip, something that is not a routine item for them. The one change that Sandy has found most troublesome is not the drop in income as much as the unevenness of each check. With Karl’s job change, he is now paid on an hourly basis with the opportunity for overtime. Although the overtime is appreciated, "About the time I think it is going to be a really tight month, then he ends up with a paycheck that’s a lot bigger." The idea the checks can vary in size is troublesome. "I mean, that’s the most frustrating thing to me with this [Karl’s] job is that I’m used to ...where every paycheck was exactly the same. You knew, you could plan for it. With his [check now], you never know."

Sandy’s bill handling procedure is to put the bills into a pile "on the desk" as they come in. Then twice a month, "usually the night before payday," Sandy will "write them out." Normally "everything but the house payment and the utilities bill comes out of the 15th of the month check." After writing the checks, Sandy "sends them right away because I am notorious for holding them and forgetting them." Sandy noted that over time the date on which she paid became flexible. "It used to be pretty fixed on the 14th but now it is the 14th, 15th, or 16th." She can vary the timing because their bills are "routine." "My bills are pretty
much consistent every month.” This consistency then allows her to allocate money between checking and saving from each paycheck as “I know [what] has to be in there.”

When asked how she knows she can handle all of their bills, she noted they have “flexibility.” “You can adjust your spending at the other end.” When asked what that meant, she answered, “I always leave the charge card bills till last...then I pay the ones that have a set amount...and then you divide what is left over among the flexibles.” Sandy commented, “I have seen a lot of different things [when referring to their financial situation]. It seems like I only need to think back in order to come up with some ideas.”

Bill paying to Sandy is a “drudgery.” She admitted she wished she didn’t have “the responsibility” but also she knows would not feel comfortable turning it over to Karl. Sandy said that the interest she has to pay on bills is not the frustrating part of bill paying, but just the fact that she has to do it. “I am just tired of that [bill paying]. I have to pay it.” Bill paying is “frustrating,” although “not so much now, after the refinancing,” because they have the money to pay them.

Sandy does not use a “budget.” Her record of expenses is the “check register.” Although she does keep receipts because she “demands quality and will take it [an item] back if it doesn’t stand up,” she does not ever look at how much they spend on any item or in any category. She said, “people don’t have the time to do all of these things,” when talking about the recommended practices. Also, “people don’t want to know that they have over-spent until it catches up to them.” Sandy only prepares a net worth statement “for loans,” but commented that when they did fill one out, “We were worth more than what you think.”
Sandy likes to “pay cash” because she does not like to “pay all that interest.” When considering buying something, however, interest only “informally” enters her thoughts. Sandy said she shops for “price more than interest” and shops “knowing how much I want to spend.” By paying cash, she avoids “worrying about how we are going to pay for it.” However, she admitted to having credit cards, “six,” of which “four are active.” They have two store cards, one of which is “interest free, charging just $25 per month. I never mind paying that one....Make your payments and no extra cost but a postage stamp.” Their other two cards are Master Cards. The one they use “is great,” has only an “11 percent interest rate” on a “variable rate” card. One advantage to credit cards for Sandy is their convenience. When buying tickets, a credit card is “the easiest way to pay for them.” She tries to limit the cards’ use, though, to “emergencies and luxuries.”

Besides credit card debt, other obligations the family have is their home loan, as mentioned, a home equity loan for a car and a personal loan at “22%,” for their big screen television. Sandy had a “plan for how to pay this off” but with Karl’s job change was not able to complete the plan. Her plan included the television and furniture bought at the same time. Both had a period where there was no interest on the loan, and whereas Sandy was able to pay off the furniture loan before the job change occurred and the “90 day, no interest” clause expired, the television loan still remains outstanding.

Sandy does little of her planning with pencil and paper, “not really.” Her decision making process is to “mull it over and things like that.” To help her with controlling of the family financial situation, Sandy has developed a hierarchy of accounts to let her know where she is at. In order. Sandy has a general checking account, her “mad money” stash, Karl’s
saving account, and the general savings account. The general savings account also has a level below which "the belt is tightened." That amount, $1000, has remained stable over time. The $1000 represents a "comfort level" or "comfort zone" for Sandy. According to Sandy her comfort zone is "very flexible...like, 'where I am at now with what I have in savings.' It is what I know, that, when I have got it, I will be able to use it for emergencies...[if I get to that level for general spending], that is when you stop using the checkbook...but if an emergency came up, I can justify that [going into savings]."

Although going below the $1000 comfort level in the savings account would cause a shift in how they live, the other accounts also have set points below which some change or revision of their financial pattern occurs. For the checking account, that point is "where you would get an over-draft." The "mad money" is used for "recreational/entertainment" and, if necessary, to bolster the checking account "to pay off a credit card bill or whatever." Mad money is cash "laying all over the house [meaning in several drawers or cupboards]." If the "kids need to go to a movie" or "we are going to a baseball game...we take the money to go for that." Mad money is not tracked. "Oh gosh no. No, I think it would be too depressing to see how much we just blow." Sandy does not remember where she picked up the term "mad money." "No, they [their families] didn't use it. It was just something I picked up from somebody." Mad money has "no limits, no restrictions. I can use it as, where I need it the most." The control factor with mad money is "when the money is gone, everything goes on hold." Mad money is taken from every one of Karl's checks and Sandy has an idea of how much "is needed each pay period."
The next account in line, Karl's savings account, is a direct deposit of part of each paycheck. (This is the only direct deposit Sandy uses as “I like to handle it [our paychecks] twice a month). Karl says “this [direct deposit] would be easy” but I say “I like to hold your check before we spend it.” Although defining Karl’s savings accounts as “basically the emergency fund...[it] is totally hands off,” Sandy then went on to define the use of the account for the irregular but expected expenses such as car insurance. “Yeah, Karl’s savings account is generally used for that.” It is considered an emergency if the general checking account is out of money and perhaps, but not always, the mad money is gone also. Because Sandy considers their financial situation “fairly steady,” this account is not used a great deal.

The final account in the hierarchy is the general savings account. Sandy has established a “comfort level” of $1000; if the account goes below that amount, actions are taken to improve their financial position. Although all of the other accounts thus far have meaning in Sandy’s mental processing, it is this last “barometer” that decides if they can spend freely or if the family needs to “tighten the belt.” Tightening the belt means that “recreation is limited, eating out occurs less often, less out-of-home entertainment, watching for sales, less shopping in general, etc.” Sandy accepts going below her comfort level in this account but only for emergencies. “For routine items, we don’t use the $1000.”

When asked how she established a $1000 comfort level, Sandy responded, “Well, I would ideally like to have more. They say you should have three months of your monthly expenditures in savings just in case. I guess we definitely don’t have three months, it just sounds like a nice figure. It sounds good to have $1000.” Ideally Sandy would like to “keep the $1000 as the base but try to build it up so that there was more available. $1000 would be
the point [at which] we pay more attention to what was coming in and going out." Thus Sandy anticipates two action points, $1000 and maybe "$2000," points where things would change but the changes would differ for each point. $1000 would remain the point where the family would tighten the belt and "stop splurging." At that point, eating out and anything but necessary shopping would end until finances were built up. The $2000 would simply be a point at which some precautions would be taken, but only to slow down spending, not stop completely.

Sandy believes her financial management system "has not changed much" over the years. Although certain adjustments have been made, she finds herself doing things much like she has always done them. Sandy knows about and understands the normative practices from her educational and work background, but sees no benefit in using them as the family’s bills and income are “consistent.” The cash flow procedures are “routine.” From experience she knows when each bill is coming, if it must be paid in full, and what interest charges will be accrued if it is not paid.

Although their financial situation has “improved over the years,” which makes it “less stressful,” Sandy still would like to do better. Sandy is always on the look-out for ways to save or to put their money to better use. She is an avid reader of the Tightwad Gazette. When they were writing their wills, Sandy said that she “got a book at the library that tells you how to make your own will.” She said she “listens and talks” to “people, friends, bankers, brokers,” and even “my dad,” although she admitted that in casual conversation personal finances rarely come up, as “People don’t want to let [other] people know what they do with [their] money.” Although her father’s conservative habits were not appreciated by Sandy
when "growing up," now she thinks being "frugal" might be a "helpful trait." Sandy said that.
in addition to magazines, such as "Glamour, Woman's Day, McCalls, and Good
Housekeeping," and newspapers, she listens to the products pitched over the telephone and
"reads mailings from credit card companies and insurance companies" to see if what they are
offering is a better deal." Sandy recently had to invest her profit sharing funds at work but
found much of the information presented was "too technical, too complicated, with too many
choices. They talked over our heads." What was missing was information in "general
laymen's terms." Being able to have people talk at her level is important to Sandy. A concern
of hers is that some people didn't want to work with her because she is a "female." When
their bank became "less friendly and open to just answering some questions" and "then started
to impose some charges," Sandy decided to move their accounts to a more friendly institution.
Sandy feels that "life is good....You feel pretty good when you think you started at 18
and 19 years old....I was making like $2.25 per hour and he was making not more than that to
get to where we are now." Although they could have done better, "Sure we could have more
money [if Sandy worked full-time], but I am not sure we could get anything more. I get to be
with my family," Sandy is satisfied with their financial progress. She considers others "get a
little jealous of the fact [that most of their bills are paid and Sandy only works part-time]."
She said that those who get jealous, however, "don't understand what we do without." To
them, "They are wrapped up in their house payments,...car,...and stuff like that. You can't
help but think, 'you could do this differently if you chose to live within your means'....Being
frugal has its advantages" Sandy exclaimed.
CHAPTER 5. FINANCIAL MANAGEMENT THEMES

The data provided in Chapter 4 looks at each participating family, providing some understanding of each family's background: who they are, the goals they have, events they have faced or anticipate facing, and their financial management practices. The data for each family represent an individual case study complete in itself. In this chapter the data are analyzed in their entirety to answer the question of interest, "What are families doing as they manage their finances?" From analysis, conceptual themes underlying the families' financial management processes have been developed. The idea of themes follows Strauss and Corbin's (1990) method of grouping data pertaining to a similar phenomenon. The data are grouped at a theme level, moving beyond the topical or descriptive level (Bogdan & Biklen, 1992).

Themes, according to Bogdan and Biklen (1992), are "some concept or theory that emerges from your data" (p. 186). Miles (1959) referred to themes as "some signal trend, some master conception, or key distinction" (p. 216). The themes that have been developed are an attempt to capture the flavor of what is taking place within a family and put it at a broader conceptual level. Themes become the building blocks for theory development (Glaser & Strauss, 1967). As Lofland (1974) wrote, a generic theme emerges "when the structure or process explicated is chosen and brought to a level of abstraction that makes it generally applicable rather than applicable only in a given institutional realm" (p. 103).
Each family in the study has a different method or system and uses different tools as they handle their funds and make their financial decisions. Yet there are similarities, sometimes subtle, among the families in their financial management. These similarities are the basis for the emerging themes. The themes often link several of the families in the study, but may also develop from only one family. The benefit of themes developed from multiple cases is to “increase generalizability” and to “deepen understanding and explanation” (Miles & Huberman, 1994, p. 172, 173).

A number of the themes developed seem to overlap. Development in that manner offers triangulation and allows for the voice of the respondent to be more clearly heard (Denzin, 1994; Spradely, 1979; Wolcott, 1990). A variety of themes offers a more complete picture of the respondent and his or her view of the question of interest. The themes are not offered in any rank-ordered list. Such a list is not the intent and the data do not allow for such an analysis. The redundancy and cross-referencing of themes has suggested linkages: in the next chapter themes are developed into a framework regarding the family financial manager’s money management process.

Themes

All of the financial managers indicated that they perform various activities to handle the family’s finances. Although the activities they discussed are often specific, there is an intent behind each activity. That intent suggests a relationship between the activities seen and the idea of management. For all families, a definition of managing began with a basis tenet of staying out of financial trouble, keeping out of the hole, or remaining, as a family, financially
viable. But the idea of managing is overly broad and it is difficult to pin down exactly what is taking place. What are the specific issues that respondents are considering while they go about their management process? Developing the data into themes helps to explain better what the family financial manager does and allows a picture of the family’s financial management process to emerge.

Process

The first theme is the idea of process. Each family manager has a process or system he or she has developed to take care of their finances. The data indicate that rarely did the families in this study use the recommended practices, as outlined by Godwin and Carroll (1986) (see Figure 1), but failure to use the recommended practices does not mean that the manager does not have a process in place to handle the family’s personal finances. The process the family has in place would be considered formal, as it is done in a regular manner on a regular basis, but just not normative. Or, as earlier suggested, does formal require the use of written tools as the normative procedures suggest. Each system is unique, designed to keep the family in a stable financial position. Although the definition of a “stable financial position” may vary, the arguable bottom line is to stay current on one’s bills and not “go in the hole.” Each individual system has tools or methods used to assure that “bills were paid and I have a roof over my head” as Lorrie described it. No matter what the form, all of the systems are implemented for the primary purpose of projecting cash flow, smoothing out the bumps, and starting preparations for the unavoidable “dips.”
Looking at the systems in place, one begins to see similarities. One process being used by Lorrie, Cindy, Gary, Nora, and Sandy is the use of multiple accounts, whether checking, savings, or a combination. Although the use of multiple accounts varies, (Lorrie’s “bills account and miscellaneous account.” Sandy’s hierarchy of accounts, Gary’s “rainy day” and other accounts. Nora’s “his and hers” checking accounts), the intent of having multiple accounts is to help the manager handle the finances of the family smoothly.

A common feature to all of the systems is the use of some type of check book register. In addition, several systems use a visual reminder about due dates for bills such as Lorrie’s and Angie’s “calendar.” Likewise, Nora has a “worksheet” or “tablet” she uses that visually gives her a picture of what is coming. A number of the respondents leave unpaid bills in sight on a desk in a well-traveled room, a visual reminder that action needs be taken. As Gary noted, “when the pile falls off the desk” something needs to be done.

Although the respondents totally deny the use of a “budget.” Lorrie’s “little piece of paper,” Nora’s “tablet,” and Gary’s use of Quicken to develop alternatives all take on features of the normative budget or spending plan. Even Sam, whose system has probably the least amount of written data, admitted to planning and defined it as “scribble[ing] a whole bunch of things and then decide[ing] what to do from there. It doesn’t include dollars, though, in detail, just ideas.” Gail supported the idea of Sam’s planning as she said her typical response is “what about...” and then he says what he has been thinking about.” Likewise, as Lorrie and Andy are faced with a major change, a move, she sat down and calculated “what he would have to make.” However, in doing her calculations, she “just kind of guessed” at what some of the numbers would be. Thus, planning, budgeting, or developing a spending plan occurs
among families, just not in the manner recommended. Even Sandy, who does nothing in
writing, admitted changes are “mulled over.” Cindy, who said she is “always going to budget”
but then “I don’t see the benefit,” also admitted to a “mental process” and stated that before
committing to a purchase, she and Greg “have talked... awhile,... I just think ahead.”

Another method in the process, noted in several systems, relates to timing issues. One
example is when bills are paid. All of the families, except Sam and Gail, pay their bills at
about the time they get their paychecks. Doing this, Cindy noted, helps to “get a better
picture of the rest of the month.” Depending on the picture and Cindy’s need to feel, at the
time, relief or safety, she decides either to “get rid of them [the bills] and get them off my
desk” (feeling of relief) or to “don’t mail them so my account looks better” (feeling of safety).
A second timing factor, mentioned by Cindy, is the frequency of payday. Receiving one check
per month means a longer planning period with more unknowns until the next check. She
admitted that having two checks a month would make her “feel more in control.” Similarly,
Gail commented that receiving two paychecks a month helps “balance things out.” A third
timing factor is Sam comment that, when talking about their investments, that he does not
want to spend the time “micro-managing his money.”

Each system uses a significant amount of mental management. Cindy noted it as, “a
mental thing of what am I going to owe this month.” Likewise, Lorrie said, “mentally, I know
what all of my bills are. I just know in my head.” Cindy’s adjustments for the unexpected,
Angie’s “mind games,” and Sandy’s division of their money between their various accounts
without knowing their balances are all examples of the mental part of the financial
management process.
Thus, although the respondents deny it, planning or management takes place in a systematic fashion. What differs though, is at what level, when, and how. The differences involve the amount of planning done mentally and on paper, although even the planning done varies within the same family depending upon the situation. The data and the themes validate the hypothesis of Winter (1986b) that families are managing.

Stability

The idea that the family's financial management is routine is a theme seen throughout the interviews. Routine, in part, comes from the value a person places on stability. The respondents in the study anticipate, and even attempt to develop, a level of routine and consistency in which little planning was necessary, and therefore, little time or effort is committed. As Sandy said, "I know what is coming in and what is going out." Sandy's comment about "natural deadlines," those that occur because of timing such as college education after finishing high school, suggest the view of life as stable, with occurrences happening in a regular, routine pattern. Stability was displayed when Nora sought an insurance company who will "bill every month." Stability is also suggested by Lorrie and Angie who discussed the "consistency" of the bills they received each month. The importance of stability to a family was voiced by Sandy who, with Karl's job change, said, "the most frustrating thing to me is that I'm used to [a situation]...where every paycheck was exactly the same." Although admitting that the idea of receiving overtime pay helps ("About the time I think it is going to be a really tight month, then he ends up with a big check"), overall, Sandy
appreciates the same check every time: “You could plan for it: now you never know.”

Gary’s routine, although not always followed, is to enter their checks “every Sunday night.” Sandy and Lorrie paid their bills the night before payday. Angie does hers “every Monday morning usually.” Routine is also created in her process by Lorrie’s decision to pay the “same amount every month” on her credit card bills. Routine was illustrated by Lorrie’s comment that she “kind of spends the same on groceries each week.” Nora also noted that, “$100 per paycheck” is spent for groceries. Another indication of routine was Nora’s decision to buy savings bonds out of each paycheck. This decision also represented routine as Nora began buying the bonds at a time she received a salary increase and thus in her take-home pay she saw, “no change...I never realized I had the money.” Nora allowed for change to happen without affecting routine. Cindy noted that “I have lived X years [her age] and it[her system] works” and therefore sees no need to modify what she is doing.

Capacity to change

Just as there is routine, there are also times where some adjustment is required. However, Lorrie showed mental adjustment as she switched dollars from one payment to another as each is paid off. For the small bumps that come along, the respondents mentioned the utilization of past experience to get them through. All of the respondents in some way mentioned their experience as being crucial in the planning process. For Cindy, experience eliminates the necessity of putting things down on paper. The idea of “experience” allowed Sam to build up his monthly payment levels to where he is today. Experience helped Sandy
handle change that, to her, seemed the same or similar to earlier situations and Sam to think about what he had done in the past.

Cindy recognizes the unexpected as a factor in her mental judgments. She considers her planning “usually accurate” and needing change only when “the unexpected occurs.” She noted, however, that, for her family, the unexpected occurrences are not “real often” and are “usually small.” Similarly, Sandy admitted to adjusting in the past for events such as “braces, car repairs, and house repairs.” Her planning, though, comes from feeling “we have managed in the past and can do so again in the future,” thus displaying an idea of resiliency based on experience.

As noted, families indicated they can handle the small financial events in life. Lorrie talked about “the water heater quitting, the need for new central air conditioner, reroofing, and increase in the daycare rates.” She said they have coped with those events as they “weren’t too large.” In general, families cope by getting monthly payments, using a charge card, a home equity loan, and going to savings. Coping also occurs by the decision not to operate close to the edge but to allow some margin for things that occur. Gary noted this when commenting that “if your decision takes you within $5, you’re way off...you shouldn’t even be talking about it.”

Nora’s example of coping with two regular “events,” Christmas and summer, meant “the plastic came out.” She also talked about coping with dental bills, both those expected bills like braces (“took money out of her check for savings bonds to partially pay for them”) and the unexpected, like crowns (“the dentist accepted a pad of signed checks...and when [the due]date comes, they just rip it out [the appropriate check] and deposit it”). Thus, families, as
part of their process or system, have methods in place to handle small levels of change relatively automatically.

One of Sam’s comments pointed to the need for more significant adjustment when change is larger. “Our oldest daughter was sick a lot of times,” he said, as he noted a period of time in which they spent less on non-essential items. “Medical bills are the ones that hurt.” Sam commented when talking about those larger, unexpected occurrences.

One large event would be a job loss, which Lorrie worries about and upon which Nora commented, regarding the possibility of a strike for her husband’s unionized job, that they “only did any planning for it in a strike year.” Three of the families in the study experienced a major job-related occurrence sometime in their life, one while a part of the study. Greg and Sam experienced job layoffs before they were part of the study. In neither case was the family severely hampered financially. In Cindy and Greg’s case, no mention was made of any financial difficulties resulting; Cindy continued to have a job during Greg’s unemployment and he was unemployed for less than three months. In Sam’s case, there was little mention of financial difficulties even though he was unemployed for close to 13 months. Sam noted that, “We can live off her [Gail’s] check if we have to,” and they had done that during his period of unemployment. In Sam’s case there were actually some major purchases using debt during his period of unemployment, “a car, pickup, and computer,” along with an increased bank account because of Sam’s severance pay and the retirement funds he cashed out. He used some of this available cash to then make larger down payments on his purchases so that the monthly payments were more affordable at their reduced income level. In addition, the
increased bank balance allowed Sam, over the following years, to increase their level of debt and to feel comfortable with that level and the larger payments resulting.

Although they did not experience a job loss, Sandy discussed Karl’s job change, and how a corresponding $8000 per year cut in his salary is “something they would just deal with” and have done so for one year. Sandy indicates that they have managed to adapt by less impulse buying and less shopping in general, plus she has lowered her savings contributions and admitted to taking longer to pay off her credit card and other loans, such as the big screen television. Karl’s job change emphasizes that decisions are based on more than financial considerations. In Karl’s case, he was looking for a change, wanted to get a job with Social Security benefits, wanted a less stressful job, and, perhaps most important, the change was “considered...a good choice for the family.” Dollars took a secondary role to other issues.

Likewise, Lorrie’s and Andy’s potential move is only partially a monetary decision, as Lorrie is weighing the idea of staying home with the children and also of being closer to their relatives as part of their consideration.

Both Nora and Sam have faced significant weather events that damaged their property but because their insurance was adequate, neither family was hurt financially. Sam experienced two events in the last four years: Nora had one just last year, all involving recreational equipment. For both families, the event facilitated a move up to newer recreational equipment, although in Nora’s case, the change also represented “another $6000 and two and one half additional years of payments.” The role of insurance protection in management helps understand Sam’s admission “I pay slightly more for my insurance” but stays with the company because of “treatment I receive.”
The idea of having a family as a financial event, unlike Deacon and Firebaugh's (1988) definition of an event, was shown by Cindy's comment about “the priority of family” changing their values and how “before children” they “always had money” and how after “there is $43 in the checking account.” Likewise, Lorrie lists “children” as an event, not only in the direct costs but in creating need for “more space” and “a vehicle that has enough seating for four people.” Angie also noted the cost of children, not only in dollars, but in the time commitment. Although Angie knew “I would stay home with the kids,” she also knew “I need to produce something tangible [to] feel better about myself.” Angie has succeeded in reconciling these two needs by working at home.

Safety

While arguably a value, safety is a significant factor in the way families manage their money and around which the management tools are built. The respondents in the study, although using varied methods, have all instituted some procedure that offers a sense of safety in their personal finances. Angie, when talking about their checkbook, referred to “keep[ing] it safe” or avoiding being short of funds. Safety, as defined by Lorrie, means “avoiding an overdraft.” For Sam, safety means having the line of credit tied to his checking account to “cover his checks.” Safety, for Sandy, Gary, Cindy, Lorrie, and Angie, comes from the availability of a savings account to get extra cash, if needed. Thus safety means having the funds available to cover current bills and provide protection if funding gets tight.
Another safety activity is the use of what Cindy called a “false balance” or “a minimum balance that I personally choose to keep in there because then I know I am not going to hopefully over draw.” Likewise, Lorrie uses the idea of a false balance as does Angie. While Nora and Lorrie “keep their balance fixed,” Angie builds a “mind game,” as she calls it, as she records $240 for her $238 insurance payment, etc....” The false balance allows for a range of alternative uses such as making a needed purchase near the end of the pay period or covering unrecorded expenditures or withdrawals.

Another part of the safety issue is respondents’ knowledge regarding the “float” period, or the time from when a check is written until it will actually be deducted from one’s account. All of the financial managers, from “past experience,” know that the period exists and use it. Likewise, families are well aware of the leeway that companies allow in receiving payment. For example, Gary knew that he was cutting his margin very close by having a bill come due on the 20th, a bill he intended to cover with his end of the month check. However, he felt that moving it to the 25th would easily solve the problem. The float, both from the bank and the lease company, allows him a five day grace period. The idea of float, besides being a safety issue, relates to the discussion about experience.

Control

Control activities range from the “mad money” or a cookie jar approach (where money is put away, in cash, for specific purposes and when the money is gone, no more is spent on that purpose until the cookie jar is replenished) to multiple checking accounts (Lorrie’s
account for fixed bills and her separate account for flexible spending). Multiple checking accounts provide control information for two types of expenditures, a "bill," something that is largely a fixed amount (remember, Lorrie even pays the credit card companies the same amount every month), as compared to a "miscellaneous" such as "Target, groceries."

Similarly, the idea of multiple savings accounts for Sandy, each set aside for specific purposes, fits the idea of control. For Sandy, as each account is depleted in her hierarchy, different types of action are implemented.

Several safety activities noted previously also can be viewed as control issues. At issue is whether or not the activity is done to avoid "an overdraft" or simply to smooth out the cash flow of the family. The false balance idea is one such issue. Using a false balance, when the account reaches a zero balance (which is a false zero), a signal is sent to the financial manager that adjustments need to be made. These adjustments range from "going to savings" for Sandy to "not going to the stores" or a "change in shopping patterns" for Cindy.

Adjustments happen not only at the zero level; the visual clue of seeing the balance decrease also provides a sense of how finances were going. In what are largely mental systems, the visual clue becomes a key to implement some change in the way things are done.

Another example of a control/safety activity was Nora and Don's decision to take a "12 year home equity loan" to pay for their boat. Although the idea of stretching out a loan that far seems difficult to understand, for Nora and Don doing so meant avoiding "being stuck with those high payments." Remember that Don is making the payments out of cash generated primarily from his second job. If those earnings should decrease, Nora and Don would be able to continue making the reduced payment without causing any discomfort in
their financial situation. If their income remains high, "Don would make double [or higher]

Another control issue is the second part of Angie's "mind game," to stay one month

A final control issue, also discussed in flexibility, is the idea that managers allowed

Comfort

Although safety is defined as "no overdrafts" and control is "smoothing out the

bumps." comfort has three meanings, all relating to offering a level of security. First is "the
cushion" as Sandy noted. Angie, with her "mind games," helps to build that cushion with the
extra money she is putting away. Lorrie receives comfort when Andy has money in his billfold
to pay for recreational and small miscellaneous expenses. Sam created his cushion by "making
large down payments" thus controlling the peaks in his monthly bills. To Sam, who "liked"
having a "cushion," the "cushion" means "liquid cash" in his checking account available for
the unexpected. When asked to give some idea of what his cushion might be, Sam replied, "there isn't a month we can't scrape up $200 from the checking account."

The second meaning of comfort, related to an amount of money, is Sandy's idea of the hierarchy of accounts leading to her "comfort." Here, the amount is not what provides comfort, but rather from the knowledge that there are several backup accounts.

The third idea of comfort is more of a feeling derived from the "comfort zone," as Sandy refers to an acceptable range of operations. As the families "mentally adjust" to the current situation, they take into account not only historical facts but, as Cindy said, "a kind of mental thing [of] 'what I am going to owe [yet] this month'." Thus, instead of living by hard, fixed rules, operating ranges are established. As Sandy noted, her comfort zone is "very flexible."

Values

Deacon and Firebaugh (1988) discussed underlying values that guide managerial behavior. However, values are a relevant theme not only because of Deacon and Firebaugh's words; indeed, the respondents themselves recognized that something was directing their actions.

Several issues regarding values and their meaning to the respondent are observed throughout the data. At times, the values are clearly stated, such as Angie's comment that she "would stay home with the kids" and the importance of "family time," and Cindy's "priority of family" and their (Cindy's and Greg's) decision that Cindy would only work part-time when
they had a family. Sandy commented that “sure we could have more money [if she worked full-time], but I am not sure we would get anything more. I get to be with my family.” These comments, and other comments of Nora, Greg, Lorrie, Sam, and Sandy, show that the financial manager can recognize and articulate how values are a motivation for their behavior.

Values are not limited to family issues. Value statements regarding general philosophy were also discussed. Gail and Sam noted they are both “conservative” but Gail, by Sam’s consideration, is the more conservative of the two. “Conservative” to Gail means having no debt or “you don’t buy things you don’t have the money for.” Gail responded that “my folks paid cash for everything.” Although Sam views himself as conservative, his view of debt, that “debt is acceptable,” differs from his wife’s. Sam’s “experience” with debt began in high school: “I learned in high school that I could have a new car if I could make the payments.” Still, Sam’s view of, and experience with, debt has changed over time. His initial value was not to “borrow more money than I have in the bank [in savings]...I had the finances...that could be used to pay off the debt,” he said. Sam’s layoff, however, changed his philosophy. Sam initially incurred some debt for the two vehicles and computer he bought while unemployed and it was during his period of unemployment that their savings became less than their outstanding debt. He, however, was able to continue making the required payments, and to date has always been able to “make the payments on several other loans.” The “experience” of making those payments has allowed Sam to feel comfortable with larger debt amounts, amounts greater than their savings. Debt is viewed by all the respondents as common. “I think most people have one of those [a credit card that is never paid off]” and
“we usually have one of those [referring to a ‘personal loan’]” were comments made by Cindy.

Nora, reflecting on her upbringing, said that the desire to control debt came from her parents: “I guess it is a guilt thing that your parents instilled in you.” Sandy commented that she has captured her father’s trait of “being frugal.” Lorrie noted, “my parents were different” as she explained how they tried not to use credit.

Respondents also talked about passing along their values to their children. On watching John, their son, “blow his money.” Nora commented that she and Don have worked with him to be “more realistic” and to save some of his money. Her goal is that “he would not get used to spending everything.” In a similar move, Sandy commented that she had tried to teach her daughter to “shop the sales racks.” but, as of yet, her daughter still “liked to spend money,” could do it “impulsively,” and liked the name brand merchandise. Both Nora and Sandy recognized a change in their children, however, as the money the children spent became their own earnings and not that given to them by their parents.

Sandy discussed her value of “living within your means.” According to her, living within her means makes other families “jealous,” as she only worked part-time. Other families do not understand the things her family does without, as they (other families) are “wrapped up in their ...stuff.”

One value received mixed comments from the respondents. Lorrie indicated that “savings is important” but not to the level of cutting their current life style. She continued, “savings is something that people are interested in but, in reality, people want to enjoy what they have right now and they don’t want to put a lot of extra aside.” Sam simply indicated, “I
can’t save,” but also questioned the value of long term savings, as he saw people who put money away for retirement and who died before they got to use it. Sam said “I will enjoy it [my money] now.” Sandy likes to save as it allows her to “gloat.” Although Sandy and Karl see savings as something they can tap into “for emergencies,” meaning when the checkbook was empty or an extraordinary expense such as house or car repairs occur. Gary, on the other hand, indicated “saving was saving.” To Gary, saving is a long term commitment to put the money away, not “putting it in and taking it out.” Cindy responded that their “in and out [savings] account really shouldn’t be an in and out thing, that is intended to be our savings. However, there is more activity in it [than] one expects there to be in your savings.” Angie simply responded that they have “limited savings.”

Another value related to savings is Sandy’s attitude towards savings and how it might be invested. Sandy has some profit sharing funds from her employer that she is able to invest. In her mind, those funds are “free money,” something that has been given to her. As free money, she is willing to “accept more risk” when investing those funds than she would be for moneys the family has saved. Family savings are only invested in something that “doesn’t lose principal.”

Another item with mixed value signals is credit and the associated interest that goes with credit. Across the board, all of the respondents indicated they do not like to “pay interest,” but across the board, all of them have debt on which they pay interest. All have some type of real estate debt, several have a vehicle or recreational vehicle debt, and all but Gary, who had received some gift money, and Sam, have credit card debt. For some, like Sam, debt for “toys” is a perfectly logical thing. Nora indicated that she and Don see their
recent boat purchase as an acceptable debt. Lorrie put the idea of credit use into a generational perspective, stating that many "things" today are a part of her generation and were not a part of her parents' generation. "We have a different [idea]...People were married a lot longer [in her parents' generation] to get their things....We don't live like that. We live 'life to the max'..." She went on, claiming that to save and then buy what you want "takes longer....You have to be willing to wait...but we don't....We are going to have it right now."

Cindy indicated that it seems they would always have a personal loan and credit card debt. Regarding the associated interest that often comes with credit, Sandy said interest is of secondary consideration when she is shopping.

Values are visible in the goals of the respondents. Many of the respondents recognize the "value of higher education" for their children. Another value is that of a healthy financial situation, mentioned by Gary, Sandy, Angie, and Lorrie, or a value attached to retirement and being able to enjoy that period of time.

Finally, there are the values attached to money itself and what it can do. Sandy offered perhaps the broadest list of values, "security," "freedom," money as savings: "freedom to not have to worry about making it to the next payday," "safety," and "the ability to gloat...to myself." She is joined by the others in these or similar values.

Before leaving the theme of values, some mention of Cindy's comment about how values can change is important. Cindy noted that having a family changed their values. However, she was "glad to have done it [had the single lifestyle she did] and "would do it again" and even encouraged her sister to let her sister's daughter enjoy the single lifestyle by buying a new car.
Feelings

Values are often expressed as feelings; however not all feelings are values. Again, according to Deacon and Firebaugh (1988), values are “the essential meanings relating to what is desirable or has worth, providing fundamental criteria for goals, thereby giving continuity to all decisions and actions” (p. 40). Feelings, on the other hand, are more contextual and individual, making them closer to relative values, but are less concrete.

Feelings are defined as “thoughts or beliefs, often for unanalyzed or emotional reasons” (Neufeldt, 1994). Feelings, like relative values, are important in the decision-making process.

Several feelings evolve from the data, feelings important in the family’s financial management patterns. The first one is the general idea of “doing okay,” as expressed by Cindy, Lorrie, and Sam, or Nora’s feeling “lucky.” “There has rarely been a time I couldn’t buy something,” said Angie. Sandy commented “life is good.” Getting by is Lorrie’s “living from paycheck to paycheck. Every month we do okay and we are still here and nobody is knocking on my door, my bills are paid and I have a roof over my head. Yeah, we don’t get to do as much as we used to, money isn’t as free as it used to be, but we do okay.” They would like to “do better,” as many noted, but saving is not as high a priority as is “enjoying our money today,” noted Lorrie. Sandy’s comment about the good life seems to indicate people today are enjoying their money and feel capable of handling their bills. Sandy noted they “are doing better financially” than when they were first married and that being in such a position makes bill paying “less stressful.”
Although some families do seem to feel better than when they were first married, some feel that the family today is sliding backward. Nora commented “we are losing ground,” and feels “overwhelmed” and “worse off now.”

Another feeling expressed by Sam, Lorrie, and Cindy, which they viewed as positive, is the ease with which they could get money from the bank. Lorrie’s comment about a “no down payment” loan for a vehicle purchase, and Sam’s remark that the bank wants him to borrow more reinforced the idea that they must be doing okay.

Feelings and how they related to money management also showed up in Gary’s bank selection. “My boss is a partial owner” and Gary thought it would look good for his check to go there. Likewise, Sandy’s, Sam’s, and Nora’s feelings that “we always manage” allow them to see a future expense, know they have not prepared for it, but still not express worry when talking about paying for college, getting laid off, or paying bills in general. Sam’s attitude of “I can’t save, but I can make payments” describes the notion of taking on new debt as soon as previous debt is paid. Similar comments regarding debt were made by Nora and suggested by Lorrie.

Feelings as motivators are also seen in the respondents’ lowering the number, not necessarily the amount, of bills received each month. Angie said she only used one of their three credit cards as she would “rather have one bill [than three].” Lorrie noted that she paid off one of two medical bills in full as it “feels better” when she has fewer bills, even though the amount she spends on them is the same. Having fewer, but larger, bills still allows her to feel better by enabling her to pay a larger amount on those remaining. Other feelings expressed
were "bill paying is a drudge (Sandy);" a credit card with deferred billing is "a source of frustration" (Cindy); or Gary's "feeling decides how much we pay towards a bill."

Finally, as much as the respondents value stability, they also like a feeling of flexibility. Sam and Gary both noted their need to stay "flexible" when handling the family's finances. Sandy said that, unlike earlier in their marriage when she always paid the bills the day before they got their paychecks, the timing of her bill paying "now...is the 14th, 15th, or 16th."

Initially she paid the bills the day before payday to allow her to plan how much of their paychecks to deposit into checking and how much she should keep in cash. Over the years, Sandy has found that "my bills are pretty much consistent every month." so the allocation issue is fairly routine and the bill payment dates are less crucial: “I know [what] has to be in there [each account].”

Feeling "normal" is discussed separately because of the strength it seems to have in defining acceptable behavior among the respondents. In conversations before and after the tape recorder was turned on, the respondents asked about the purpose of the study. Initially, several respondents were hesitant about their participation saying, "I don't do things correctly, why would you want me?" In further discussions, however, they commented "I am normal" when comparing their financial processes to others. Sandy, Nora, and Cindy all commented about their "being normal." Although the data are limited, it seems too important to ignore. The respondents in the study want to feel like everyone else. Although Sam and Sandy both commented about not caring what others do or about being different from others, there remains an underlying drive to fit into the mainstream. Lorrie, indicating she was like...
everyone else, said she "lived from paycheck to paycheck like everyone else" and that they spend most of the money they made, "as do most people." Although Sam indicated "I don't know and don't care what others are doing," more often the comments were like Nora's who, when commenting on their recent boat purchase, said it was "just what our friends would have done."

One might expect that, by the name, the desire to feel normal would lead to use of the "normative" practices, and yet those practices have been largely rejected. The general impression of the practices is that they are time consuming and unnecessary when bills and income are "consistent and routine," according to Sandy. Don, Nora's husband, indicated that the system Nora has developed "works for us....I know we should do a budget" but said money management to him is "doing it by your gut" or by a feeling and not by any recommended system. Gary indicated that they are "not big goal-oriented people" and therefore the normative practices do not seem necessary for them. The respondents feel, as Angie put it, that they "know the terms" of the normative process, but do not "have the time" or want to "spend the time" seen as necessary to implement these practices. The feeling of normalcy certainly does not require their implementation, according to the respondents.

Ease/Convenience

Another theme seen throughout the study, also a feeling, is the family financial manager's search for ease or convenience. Many noted ease as a factor in their selection of banks. Ease for Gary meant location, but also "readability of statements." Nora's bank selection was made because they had "no service charge or minimum balance" and "convenience."
Ease or convenience also helps explain credit card use, in addition to credit cards being a tool "for the dips." Sandy noted that buying tickets with a credit card is "the easiest way to pay for them." Likewise, Gary, who "doesn't like credit cards," finds them useful "when out of town." He also appreciates the extra discounts or gifts that applying for a card might bring. Then, after receiving the gift, they "cut them [the new cards] up."

Convenience for Angie is automatic withdrawal payments for their life insurance. Similarly, Cindy tries to pay as many bills directly "out of our check" to avoid "writing a check...don't use a stamp...quicker...you don't have to worry about it." By using automatic withdrawals, "you don't have to worry about due dates." Lorrie likes the convenience of automatic transfer from savings to checking to prevent overdrafts because "they don't send the checks back." Sam admitted to keeping accounts open "simply because if I have to borrow money, I can borrow from these places in a hurry."

Such convenience often has a price, though; Angie noted that their life insurance "is not easy to change." It becomes easier to let things continue even though another product would be better. Likewise, Cindy finds deferred billing to be "a source of frustration" as "you forget about it." But often the respondents are willing to pay that price, as with Lorrie's savings-to-checking transfer. "It costs you a buck...[but] I don't have to worry."

**Flexibility**

Another feeling families suggest is that of flexibility. Gary noted his need to be flexible in the amount he leaves for "miscellaneous" when planning, and his "flexible income" that he always needs to consider. Both Lorrie and Nora noted that flexibility is required in bill paying because all of their expenses, such as credit cards, are not always the same. Likewise, Sandy
mentioned flexibility for bill paying and also for the date she does her bills. In her case, flexibility comes with experience, and she noted that her “comfort zone was flexible.”

Flexibility also appeared in Gary’s maintained that if a financial decision would put them close to not being able to pay the bills, they would not proceed with the purchase. The respondents seem to feel that the recommended practices, with the idea of budgeting every penny, is putting them on the edge. The respondents instead opt for flexibility. They want the ability to have some movement in their decisions and not worry that one change might be enough to cause a set-back.

Reported time orientation

Although not a value by Deacon and Firebaugh’s standards (1988), but more than a feeling, time orientation is a clear theme in the study. Lorrie indicated her time orientation when she talked about “savings being important,” without distinguishing between short or long term savings, but not important enough for them to cut “their current life style.” She went on, “Savings is something people are interested in, but in reality, people want to enjoy what they have right now and they don’t want to put a lot of extra aside.” Savings was secondary to wanting things today, things that make life more pleasant, she continued. Lorrie confirmed that people today do not “live like that [like her mother]... We ‘live life to the max.’” Sam also questioned the idea of putting a great deal aside in his comment “I see too many people putting it away for retirement and die two years later. I will enjoy it now.” He also indicated that “I want my children to enjoy what I didn’t have” as a reason for getting
things such as their recreational vehicles. Likewise, Sandy indicated that they want to enjoy their money now. "Money is for...fun," she comments. She has attempted to move away from the teaching of her parents on frugality and instead, has begun to act "impulsively," to have "no trouble spending." Sandy admitted to having to learn how to do this. Cindy talked about her free-spending young adulthood and indicated that she and Greg still like to have things today when she commented. "Well, I am going to have a little extra money, why don't we..."

Experience

Routine for the family's financial manager comes from experience. For Nora, experience has led her to allow "$100 per paycheck" for groceries. Sam used history and experience to decide that he could make $1000 per month shop payments. Lorrie used experience to set $100 as the amount needed for their miscellaneous checking account: "it came about little by little." Gary cited experience when he put "$500" into his plan for miscellaneous expenses. Cindy said "experience" helps her handle their finances and decide "how much to pay on a bill that month."

Another "experience" issue is the idea that "we always find a way" to cover bills. Likewise, references to the use of "mental" ideas in response to questions about management are related to the concepts of routine and experience (see Hershey, Walsh, Read, & Chulef, 1990; or Xiao & Olson, 1993). Experience provides a background against which to judge successful management today.
Situational knowledge

The final motivator is the manager’s general knowledge of their financial situation. This motivator is only weakly suggested by the data, but brings the overall “feeling” of how things are going. Angie noted that she “doesn’t go out and buy filet mignon, but it is not like we can’t afford the half and half each week.” She also commented that bill payment is “controlled by the check book [balance].” Gary said bill payment “depends on the month” he has. Sam felt that only “rarely can’t I buy something.” Situation knowledge is the reason Nora only plans for a work stoppage in “strike years.” Knowledge of the situation goes together with experience.

Information

One interesting theme has developed, not so much from what the respondents said, but from what they didn’t say. Respondents were asked, whenever they responded, “we heard,” “everyone says,” or “I read it somewhere,” exactly where they heard it or who said it or what they read. In addition, they were asked about information sources used in developing their systems.

Information, as a theme, must be clearly defined and divided by source. If the information is coming from a trusted other, that information is influenced by that relationship. When such information enters the system, its validity is determined by the relationship and not by the quality of the information itself. Information the system acquires in such a fashion must
be considered value-laden and thus would enter more as what will later be called a motivator than as an independent theme. The theme of information is built around that information that the system acquires from basically value-free sources (recognizing that nothing ever is truly value-free). To best understand information, all sources will be examined here and then later. in Chapter 6, they will again be divided. The reason for including all of the sources here is that the respondents do not distinguish among them.

Even though many respondents had been exposed, in various ways, to the recommended practices and some even work with them daily in a business setting, their source of information is not their education or their work. Respondents know the basic ideas of the normative practices and yet often choose to use something else. Their sources of information are "coworkers," "friends," "our banker and insurance representative," "a father of a friend" and a "friend of a father," "newspapers," and "magazines" such as "Glamour, Woman's Day, McCall's, and Good Housekeeping." Sandy, Lorrie, and Nora also indicated that they gather information from the "junk mail" they receive, information in particular about credit card interest rates and fees. Sandy indicated that, when a previous bank "became less friendly and open to just answering questions," she changed banks. Likewise, Gary indicated bank employees' willingness to talk to him as one of his criteria in making a bank change. Lorrie talked about the insurance agent who was "not too pushy." Sandy, however, discussed how much of the information about her profit sharing plan was "over our heads...too technical, too complicated..." She also questioned whether "being female" made professionals less likely to talk to her.
Two of the respondents, Angie and Gary, indicated that they use the assistance of financial planners. Both of the planners are paid on a commission basis from the products they sell. For Angie, who felt she and Bob "knew the terms" and "could have done it ourselves," time was the reason for using a professional. Gary simply felt a professional would do a better job. Gary and Angie represent the highest and lowest gross income families in the study.

Long-term Preparations

Earlier, time orientation was presented as a theme that arose from the data. The respondents indicated that they were concerned about tomorrow's bills and have developed tools to help them deal with that concern. On the other hand, the normative practices have a primary focus on planning for the long-term, as Godwin and Carrol (1986) studied it, for one, 5, or even 20 years. Certainly, one must ask if respondents have simply ignored long-term issues. Yes, some long-term goals in the interviews are mentioned, but rarely are these goals specific as far as dollar amounts or dates and never are they in writing as the recommended practices suggest.

However, just because the respondents do not actively discuss a long-term horizon and their preparations does not mean they have nothing in place for long term concerns, both goals and catastrophes. The data are full of the managers' references towards long-term safety, control, and comfort. What the data do not answer, however, is whether: (1) the respondents are active participants in these preparations or are the preparations forced or
encouraged by some outside institution: and (2) if the respondents are active in the
preparations, are they conscious of planning for the long-term or is their decision a response
to a short-term need? An example of the second question is the role of housing. Certainly the
family was an active participant in the decision to purchase a house. Each of the families own
their own home, in every case a single family dwelling. The data provide little insight as to
whether the home purchase was bought with the idea of increasing the family's net worth or a
more immediate need for shelter. Home ownership represents a major portion of a family's
net wealth in all age categories (1994 Statistical Abstract, Table 52). Only Sam gave some
indication that he could sell the home for money to help during his retirement. Nora
mentioned the sale of assets but was not specific about the assets she meant.

Another example of preparations in place to meet long-term goals and catastrophes is:
retirement planning, except for Angie and Bob, who are self-employed. All of the other
families have at least one spouse involved in an employer's retirement program and, by the
end of the interviews, all of the respondents and their spouses were also covered by Social
Security. Every family has medical insurance, again, sponsored by their employer, except for
Angie who pays for it herself. All of the respondents have auto and property insurance as
required by states' laws and the lenders, respectively. All of the respondent families have both
spouses working at least on a part-time basis; thus, even if one person is to lose his or her job,
the household would still be receiving some income. Sam pointed out the importance of the
other spouse's income in a job loss situation. The other factor in a job loss is the possibility,
as seen in Sam's case, of unemployment benefits. The one significant item that has a great
likelihood of occurring for which managers have not prepared nor has any outside institution forced any preparation is the cost of college for their children.

To state that families have nothing in place for the long-term or that the family has not planned for the long-term, then, is incorrect. What the study cannot address is the family financial manager's level of activity in making those preparations. If the manager was active in making decisions about insurance and retirement, then the manager's current planning may be making the most efficient use of his or her time by concentrating on the short-term issues. If the manager has truly not thought about the long-term, his or her management style may reflect the fact that the manager is still concentrating on what he or she sees as the most important issues (the short term) and the fact that they in fact have mechanisms for long-term planning may be just luck. The preparation for the long-term may have been only a off-shoot of a more primary short-term objective or, at even a lower level of active planning by the family manager, a requirement or benefit of an outside institution. And even if long-term planning is done simply to meet an outside institution's requirement, at what level does the manager make those decisions? An example is the buying of property insurance, a decision that can be done by getting competitive bids or by going with one's "friend." Because of the lack of data from this study to answer these concerns, long-term preparation is not considered as a theme and will not be used in the model derived in Chapter 6. It will be recognized as existing in some form, and later, in Chapter 7, will be considered from the perspective of how the respondents look for the future.
The examples selected for each theme in this chapter could as easily have been, and sometimes are, included in another theme. For that matter, the themes themselves could be entirely discarded and new ones selected. What arises from the discussion of themes is the idea that the family is managing their finances using something to support the many decisions they make. Perhaps it is possible to consider all of the themes under what Sandy labeled as “comfort.” Sandy, as well as the other family representatives, has several issues that surround the theme of comfort, whether it is safety, control, ease, or others. Comfort for most of the families is determined by the present or near future, (probably only three months at the most). safety and security. Comfort comes not only from dollars, but from the knowledge that they are prepared and ready to handle the future.
CHAPTER 6. A PROPOSED FINANCIAL MANAGEMENT FRAMEWORK

Once themes are developed, discovery of the relationships that exist between the themes and then blending those themes into a conceptual framework can occur. According to Doherty, et al. (1993), theorizing is “the process of systematically formulating and organizing ideas to understand a particular phenomenon. A theory is the set of interconnected ideas that emerge from this process” (p. 20). In this study, the theory has been developed from data systematically analyzed and gathered; in Strauss and Corbin’s (1994) terms, it is “grounded theory.” The theory developed represents a conceptual framework that Hill and Hansen (1960) defined as “clusters of interrelated but not necessarily interdefined concepts...” (p. 301). A conceptual framework can be “used as a guide to selecting areas of focus and modes of inquiry” (Doherty, et al., 1993, p. 21). Agassi (1960) offered a similar definition.

Much of the family financial management research in existence has been done using systems theory, particularly that of Deacon and Firebaugh (1988). However, systems theory, while an “enticing lure,” is also a “source of frustration” as one attempts to include all the necessary variables (Moran & Sawyers, 1988, p. 18). Godwin (1994) argued that Deacon and Firebaugh’s model does not include all of the necessary variables needed to explain a family’s financial management decisions. Godwin felt that variables such as “attitudes towards management or...perceptions of the expected cash flow management for the family” (p. 166) are missing. To include those missing variables, Key and Firebaugh (1989) argued that a commitment must be made to begin additional theory development by conceptualizing the missing phenomenon, allowing the gaps in our knowledge to be filled. Not only must the
variables be included, but Moran and Sawyers (1988) suggested that one must consider the variety of levels at which each variable operates.

In the case of family financial management, how do the themes fit into a model of the management process taking place? What are the relationships that exist between the themes? The conceptual framework developed from the data is displayed in Figure 2.

![Financial Management Process Model](image)

Figure 2. Financial Management Process Model

Overall, cause-effect relationships are suggested involving five major components: motivators, objectives, activities, viability, and information. From the study data, this model represents what is taking place among these respondents. Not all respondents indicated the same level of concern about any one of the themes, nor were all themes even acknowledged.
by some of the respondents. The hypothesized relationships among these themes provide an initial sense of what financial managers are doing and why they are doing it.

In the analysis of the data, one of the first relationships suggested is the idea that management does occur, an important assumption to make. This idea, or the theme of process, is suggested by the overall model. The literature has suggested that families do not have systems and are "willy-nilly" in the handling of their finances by their failure to follow the normative practices. The data from this study implies that this assumption is not true. Although families are not following the recommended practices to any great extent, they are clearly examining their financial positions and taking into account a variety of factors as they handle their financial affairs. Every family manager has a system in place to handle what they consider necessary financial management tasks, suggesting that management does indeed occur and one can outline the process that it takes.

The respondents' systems have several noticeable aspects: first, parts of their systems are some version of the recommended practices; second, there is a similarity in the activities across systems that might suggest a similarity of objectives; third, there is a relatively high level of mental processing that takes place in the systems; and fourth, the system has a short-term focus. The third and fourth items are probably the most important findings of the study for the field of family financial management. Throughout the data, the respondents discussed how they plan for next week's or next month's expenses. They emphasized how little they do on paper and how much they depend on what they have in their heads. Lorrie's comment that, "I have it all in my head" sums up this idea. Sam supported the idea that management or "planning" does occur and implied it occurs mentally, at times subconsciously: "I think on one
hand, people do plan ahead, but we just don’t realize we are doing it.” That management is largely a mental process is a theme often suggested in other family resource management literature (Beutler & Mason, 1987; Davis & Carr, 1992; Davis & Weber, 1990; Godwin, 1990a, 1990b; Olson & Beard, 1985; Prochaska-Cue, 1991, 1993; Schnittgrund & Baker, 1983; Turk, 1985; Varcoe, 1990; Winter, 1986a, 1986b).

The financial management processes are focused on two themes, stability and the capacity to change. Although these two themes seem to be in conflict with each other, they are actually perhaps opposite ends of a continuum, and, in this study, are linked under a broader theme of family financial viability. Viability, to be achieved, requires that both themes occur. As these financial processes seem largely mental, stability is a desirable feature as it allows for mental processing of information to be more effective; past routines can be used again with little thought, and less processing needs to be devoted towards handling financial affairs and therefore can be directed elsewhere. Baron and Byrne (1987) noted that humans have a limitation on total cognitive processing ability; thus they attempt to create structures that limit the amount of mental processing required. Stability helps limit the amount of time spent doing financial management tasks.

Yet, Deacon and Firebaugh (1988), among many other authors, pointed out that time brings change and that even in times of seeming tranquility, change is inevitable. The family manager, recognizing this fact, develops a system to handle change in the least disruptive manner, trying to maintain stability. What the managers in the study have done is to develop preset alternatives to be used when change occurs. Preparation for change is done with savings, credit cards, and the home equity line of credit, as examples. Lorrie and Sam both
mentioned that rarely does major change occur; what the manager prepares for are the minor changes. Catastrophe, or the large unexpected event, is not planned for and could be a problem for the majority of the families, and yet, the families in which large events did occur, showed remarkable resilience to even a large change.

The explanation of the model is most easily understood by developing its flow from the reason something is done to the specific practice. Although the study intent is to research in detail only the respondents’ activities, those activities cannot be entirely analyzed without understanding how they have been developed initially and how they are maintained. An example of the importance of understanding the entire set of relationships is shown by Sam. Sam, while unemployed, bought a computer, car, and pickup, all on credit. His purchases while unemployed would seem improper if considered by themselves. As Sam’s upbringing and goals are considered (vacations he had and what he wants to do for his children) and, likewise, his view of debt (that it cannot exceed the savings he has in the bank, which, in Sam’s case, grew significantly with his severance pay and the cash-out of his retirement fund), what might first have been called irrational behavior begins to seem reasonable in the short run.

The factors that form the underlying source of an individual’s actions are grouped under a broad category called motivators. A motivator is “an inner state that energizes, activates, or moves, and that directs or channels behavior toward goals” (Berelson & Steiner, 1964, p. 240). The motivation process involves three interacting and interdependent elements, turning needs into goal-focused drives (Luthans, 1977). Angie talked about motivation and how it affected their financial management process. “I had the motivation to
do something about retirement." The themes included as motivators are values, feelings, time orientation, experience, and situational knowledge. In addition, various subthemes of feelings were elicited, those being feeling normal, ease/convenience, and flexibility.

Values as motivators are consistent with Deacon and Firebaugh's (1988) conceptualization of the management process. In this study, family values, even to the point of Sandy and Karl taking an $8000 per year pay cut for the sake of family, certainly affect the management of finances for the family. Such a pay cut, practically 20% of their income, would seem an impossible suggestion, and yet, given their family values as one of the factors, they found such a decision possible. Values here are also linked to feelings, as that same family said, "We have always made it, we can do it again." Other values, such as the importance of today's life style, "enjoy it now" versus savings, are at work and form a relationship between values and time orientation in all families. Finally, the values of being "conservative" and "frugal" are suggested by the data. Clearly, values are important to the family financial manager and are included in the development of the financial process.

Feelings develop in part from the money manager's experience, both short and long-term. Feelings often seem to be a comparison, as when respondents claimed to be "doing okay, "doing better," or feeling "lucky." The idea of comparison then brings Festinger's (1954) social comparison theory into consideration. Comparisons are done with a previous time, with where the managers see themselves in the future, or either to others specifically or to a population in general. Feelings are also reflected in the perceived lack of need to make any adjustments in the financial process as long as things remain stable. Feelings are related to the values one holds, as Lorrie indicated they "live[d] from one paycheck to the next," but,
because of a strong value for family time, she still considered not working if they moved. For Lorrie to have considered this, her feeling of "doing okay" seems to indicate she had some margin in her actions just as Sandy and Karl do. If the apparent margins are not there, it would seem impossible to reduce the family's gross income.

Three specific feelings are mentioned often enough to be considered on their own as factors in the financial management process. Families talked about what they do as normal, in the cases of Nora, Cindy, and Lorrie. Several families also said how they are perhaps abnormal, such as Sandy's comment on not working more hours so they could acquire more "stuff" or Gary and Donna stating they are not big material- or goal-oriented people. The need for ease and convenience is shown in the managers' choice of banks or just their general financial practices. Finally, flexibility is defined as the need to be able to shift when needed.

Time as a motivator is seen in the comments of several respondents about enjoying their money today. The idea of a short time frame is one of the clearest themes and certainly had a significant impact throughout the study. Every respondent, usually more than once, mentioned their short-term time horizon as they perform their financial management tasks. Time, like feelings, is interrelated with values. Time, as in "live life to the max" needs to be reconciled with a value such as "no debt." Likewise, time is recognized as a limited resource, with families trying to get the most out of their time. Thus, practices that took up valuable time, as families viewed the normative practices, are not likely to be implemented unless there is a compelling reason to do so.

Experience as a motivator takes the form of helping the managers to know what they need to do to control the situation. It provides a mental list of past examples of practices
used, whether or not they worked, and how well they worked. These past “experiences” then become a range of alternatives available to cover a new situation.

Situational knowledge is the final motivator. Situational knowledge of the macro and microenvironment helps to determine timing and payment issues.

Although it is difficult to develop any sense of priority among the motivators, one might conclude that a higher priority is suggested when the data are more specific or when a specific element is mentioned more often. Using frequency of response as a criteria, time, both in the sense of living for today and as a short term planning horizon, is suggested as a priority, as are values and feelings. Using the specificity criteria, time as well as experience, feeling normal, and ease/convenience are suggested as priorities. Although the data might suggest a ranking, the model is not developed that way. The model does suggest that the motivating themes work together simultaneously to influence the objectives.

Objectives, the next component of the model, are more specific, concrete desires that arise in the system from the motivators. In this model, three themes, often repeated by the respondents, became the objectives on which the families focused: safety, control, and comfort. The three themes are considered a hierarchy, with safety (avoid overdrafts), control (“mad money”), and comfort (“cushion” or a level of safety), in that order. The hierarchy is similar to Maslow’s lower steps of psychological and safety (Maslow, 1943, 1954, 1970). The families mentally find that these three variables are crucial in order to maintain family viability.

The link between the objectives and the motivators developed as the respondents discussed their feelings and control, their feelings and comfort, or their values and safety.
Often the respondents used the two components simultaneously. Certainly one could argue that the objectives are only themselves a value or a feeling, but they seem to be distinct from the motivators, especially when one examines the next relationship, that between objectives and practices.

Although the motivators are an underlying component in the model, they are difficult to articulate or even acknowledge as existing. The objectives are easier than the motivators for the manager himself/herself to explain, and are surprisingly similar across the families studied.

From the families' perspectives, the objectives all have an immediate or short-term nature. The entire management process, in practicality, focuses on the short-term. Although long-term goals are discussed and there is some similarity among the long-term goals of the families, they have not moved beyond that point to implement the goals. As stated, the families have seldom fully defined the long-term goal as to its timetable, its dollar cost, or even what the goal meant. Clearly, the distinguishing factor between short-term objectives and long-term goals is the fact that the families have developed activities to support the short-term objectives but not the long-term goals. Long-term goals, as a relevant component, are therefore not included in the model.

The activities undertaken by the family financial manager are a direct reflection of the short-term objectives of the manager and the family. Going back to the discussion of the themes, one sees on-going connections between the objectives and the activities. In fact, the respondent is usually found to offer an objective when discussing an activity and, likewise, the discussion of an objective elicits the description of an activity. The financial management in
place (mind games, false balances, calendars, pads, little piece of paper, movement from loan to loan, the credit card for unseen emergencies, etc.) is grounded on the objectives of safety, control, and/or comfort. One or more of these themes is the driving force behind most the activities seen in the family.

None of the activities themselves are seen as themes, but the overall component of activities is the focal point of the study and certainly must be considered one of the components. Activities, however, are not the final component suggested in the model. Two additional components and three relationships need yet to be explored.

The first of these remaining components has already been suggested and largely discussed, that of family financial viability and its relationship to activities. Viability is defined as the continuation of the family. The themes of stability and capacity to change become two key parts, from the manager's perspective, to maintaining that financial viability, especially considering the short-term focus. The drive for stability is a crucial element in achieving viability, but also the development of an accessible list of potential preset activities makes change less threatening and easier to absorb.

The second relationship is that suggested between viability and the motivators. In systems theory, this relationship is considered to be feedback (Deacon & Firebaugh, 1988). The ability to build the routines, to have the situational knowledge, or the "experience" implies that people are using previous efforts to help them manage today. Even the feelings one has are based upon previous interactions with individuals and events. Although the respondents do not discuss their development of routines and experiences as feedback, there can be no question that what is described in the data for this study fits the definition of "that
portion of the data that reenters a system as input to affect succeeding output (Deacon & Firebaugh, 1988, p. 12).

The last component in the financial management model is information. In order to understand the information component, two different types of information, as noted by the respondents, must be recognized. The types are based upon who provides the information. First, information may come from someone, a "trusted other," with whom a personal relationship has been established. In this case the information is accepted, not because of the recipient's own analysis of its correctness or validity, but simply based on the trust relationship established with another person (again a reference to feedback). The source of the information is value-laden and thus the recipient feels they need spend little time evaluating it. Information received in this form then enters the system as a motivator, a value or a feeling, rather than as relatively objective information. This type can also include information coming from an unknown third source that gets to the recipient through a trusted other. Again, the preexisting relationship allows the recipient to omit significant evaluation of the information, and move directly to its implementation. Evaluation of the information may occur, but the evaluation may be done less formally and more quickly. In all of these instances, the relationship becomes the reason for taking action, not the information itself and thus, information received in this manner becomes a motivator. Processing information in this manner is a short cut for the manager in the management process. The short cut is based on past experience with the trusted other, trust that has been built over time.

The second source of information for the respondent is that not influenced by a personal relationship. It is this second source of information that is shown in the model.
(Recognize that nothing is unbiased, but that on a continuum, it comes closer to being unbiased than information based on a personal relationship.) As such, the information is processed from the perspective of the motivators and/or the objectives already established. The data are unclear as to exactly when such information enters the model. It could be suggested that information enters the model only after the mental motivators and objectives have been established; yet, considering that some recipients heard of the recommended practices in high school and Cindy's comment about her life style change from single to married, it might also enter before the development of the current (present) objectives.

Sam offered a comment about information presentation and acceptance that would seem to apply to most information, financial management information included. His comment was that "we train people to come up with a certain logic flow because that is how you do things...then they sit at their desk and do it their own way." In Sam's view, the presentation of information in no way can guarantee its acceptance. For information to have an impact, it must somehow connect with the financial manager's existing motivational and objective structure. Information can only be provided; nothing can be done to make people use it.

The model indicates that there are simultaneous influences being exerted on financial management practices, which in turn brings to mind the ecological theory of Bronfenbrenner (1977). In his model, Bronfenbrenner offered the idea that human development is a "progressive accommodation, throughout the life span," changing as necessary to respond to changing environments (p. 513). Bronfenbrenner's models included not only the near environments, but also the larger environment in which the human is centered. For this study, although not included in the model, the respondent's references to long-term plans they have
available to them in part suggest the influence of outside institutions. Bronfenbrenner argued that research, to be "ecologically valid," must take into consideration the broader contexts of the situation and be carried out "in a naturalistic setting and involve objects and activities from everyday life" (p. 515). Bronfenbrenner has not been alone in his discussion of the ecological idea. Hook and Paolucci (1970), Paolucci, Hall, and Axinn (1977), Gross, Crandall and Knoll (1980), and Deacon and Firebaugh (1988) have all included the ecological concept in their work. Bubolz and Sontag (1993) provided an overview of how ecological theory has been used and included in family theories.

In an article entitled "...An Ecological Framework..." (p. 187), Rettig (1993) focused on problem-solving and decision-making processes of families and noted that the "economic and socialization functions of families, expressive and instrumental activities, and economic and social-psychological domains of family life" are inseparable (p. 189). She went on to list the multitude of disciplines that have parallel studies in the area of family decision making and considered management as "adaptive behavior," similar to Bronfenbrenner (1977, p. 191).

The review of themes validates the consideration of the ecological theory as an overarching framework for family management, offering the most comprehensive explanation by taking a broad-based view of what is taking place. The completeness of explanation in turn allows for the individuality seen in the financial management systems to be understood.

A second theory that fits with the model presented is systems theory as presented by Deacon and Firebaugh (1988) (Figure 3). A comparison of the proposed model to that of Deacon and Firebaugh finds a great number of similarities in concepts and in proposed relationships between those concepts. On the input side, experience and situational
knowledge are resources to the family. The rest of the motivators are a part of Deacon and Firebaugh's values. The motivators in turn help to set objectives, or the goals in Deacon and Firebaugh's model. Implementing is similar to activities and viability matches with output. similar to Deacon and Firebaugh's demand response. Finally, as in Deacon and Firebaugh's model, feedback is included as a factor in the proposed model.

![Diagram](image)

**Figure 3.** Deacon and Firebaugh's (1988) family system

The idea of convergence among theories, as in the similarities among the proposed model with Deacon and Firebaugh's (1988) family system and with Brofenbrenner's (1977) ecological theory, is another means of triangulation (Huberman & Miles, 1994). Although various other means of support were presented earlier for the study's findings, convergence among theories is an additional means of verification. Huberman and Miles (1994) suggested that, although two theories will never converge perfectly, such partial convergence offers support for the suggested relationships from different researchers with different biases, different respondents, and often in different times.

Family resource management has recommended the use of tools and methods that focus on the growth of net worth and long-term planning. The idea is that long-term planning
and net worth growth are significant contributors to financial success. Although earlier literature does offer some support to that relationship, studies also have shown that few people using the recommended tools. This study also found that people do not use the recommended tools; instead the managers are focused on a short-term horizon instead of the long-term. The families in the study focused on their general short run viability or, in their words, “paying the bills.” The findings mean that, to develop a complete conceptual framework surrounding family financial management, one must step outside of the traditional assumptions of family resource management (Wicker, 1985, p. 1094) that focuses on the long-term and place some emphasis on short-term activities because that is the time frame employed by the managers.

An additional assumption that must be examined is the view of the family as solely an “economic unit” (Reitig, 1993, p. 192) with Garmon and Forgue’s (1994) five financial objectives as goals. The assumptions of long-term planning and the family as simply an economic unit lack the understanding of the additional driving forces behind family financial decisions. Some of the additional forces are suggested in the proposed model presented in this study.

The conceptual framework proposed does not replace already existing theories or relationships nor does the model challenge the recommended practices in their entirety. Rather, the conceptual framework provides a perspective on what is taking place. The model considers the actual tools and methods being used and then places them into an on-going process. Following Scarr (1985), this study placed the recognition of family financial management into a larger domain.
The answer to the question, "what do families do?" is certainly not yet completed. The conceptual model offered is merely a part of the constructed knowledge necessary to answer the question. One aspect of the models incompleteness is that families were primarily viewed at one point in time. Even for those interviewed over two or three years, only a small portion of the family life cycle is represented. Time is a necessary consideration in the growth and change of systems (Bronfenbrenner, 1977; Moran & Sawyers, 1988). Time is just one factor that needs further exploration. Certainly the theories of social comparison (Festinger, 1954), habitual behavior (Deaton & Muehauer, 1988), preferences (Quirk, 1983), learning style or processing style (Kolb, 1981; McKenney & Keen, 1974; Prochaska-Cue, 1991, 1993; Rettig & Schulz, 1991), and attitudes (Fishbein & Ajzen, 1975), as a start, need to be included to present a complete model of family financial management.

The model developed is basically an examination of the short-term processes that family managers use to handle their everyday financial concerns; preparations for catastrophes or long-term goals are not included. Again, these findings should not be interpreted to mean that long-term goals or catastrophic situations have been ignored. Rather there was a lack of data that allowed those themes to be developed and placed in the model. The families often have some preparation, some tool, in place for the most likely of long-term occurrences. Only the preparation for the children's college education costs are found to have been the object of little preparation.
CHAPTER 7. WHAT DOES IT ALL MEAN?

Purpose of this Study

The purpose of this study is to examine techniques used by families in the day-to-day management of their finances. The purpose is accomplished through an analysis of data gathered in a series of in-depth interviews with the family money manager in seven different families. In this chapter, the findings are used to inform the development of teaching materials and methods on financial management to be used in formal and informal educational settings with a broad range of audiences.

Summary of Study

The research uses qualitative methods to gather information from respondents about their handling of ordinary financial affairs. This study approach permits the data to be gathered from the perspective of the respondent. A minimum of four hours of in-depth interviews were conducted with the money managers from seven families. The families are all white, with the adults in their first marriages, and with children living at home. Both spouses have bachelor's degrees or less, and both spouses are employed at least part-time. Annual family income ranges from $40,000 to $60,000.

The focus of the interviews was questions about the techniques and processes managers use to handle the financial affairs of the family. In addition to asking what they did,
the researcher explored the underlying reasons for the choice of specific activities. Using interpretive inquiry allows the pursuit of those underlying reasons as they surface during the interviews.

The data were assembled into themes, defined as areas in the overall money management process where a similarity in context was noted among managers or areas that seemed important from the manager’s perspective. The themes are the mechanism for developing a conceptual understanding of the phenomenon. Finally, the relationships between the themes were blended into an overall framework to explain the short-term money management processes that occur in the respondent families. The framework, or financial management process model, represents a grounded theory, inductively arrived at through the examination, coding, and analysis of the data.

The model provides some understanding of what the financial managers do to handle the family’s finances in the short-term and why they do it. A cause-effect relationship is considered. Long-term concerns, goals and catastrophes, are not a part of the manager’s immediate concern, for a variety of reasons, and therefore are not included in the model.

Major Findings

This study of the financial management practices of individual families provides a greater understanding of what people do in terms of managing their financial affairs and why they report handling their finances in the manner they do. Family financial managers seem most concerned with short-term safety, control, and comfort and want to make their financial
management as simple and routine as possible. Although they are aware of the macroeconomic situation, their primary concern is “can we pay our bills tomorrow?”

Today’s families are often criticized for their constant drive to buy more and save less. This criticism could be leveled at several of the families in this study, as recreational/relaxation items, modern conveniences and electronic wizardry abound. Yet, families do not spend uncontrollably; they do not buy everything they want even though their credit limits would permit more spending; each family has a debt level they do not exceed. This finding suggests that the family is internally controlling or managing their situation; control is more than an external force, such as their banker denying a loan request. Generally, however, the control is just “a feeling” about when to stop buying, rather than a predetermined dollar limit.

One of the respondents perhaps best summarizes the whole study and encompasses a great deal of what people seem to be doing with their finances:

I think, on one hand, people do plan ahead but we just don’t realize we are doing it....In my line of work, we train people to come up with a certain logic flow because that is how you do things...but in reality we are really just telling them this is how we do things and then they sit at their desk and do it their own way. They do the same damn thing, they just don’t necessarily do it in the same sequence and I think that people tend to do what they are supposed to in most cases without realizing it....I think you have the odd side of it where something drastic happens and all of a sudden everything they have been doing isn’t working anymore and they panic....The first thing you think of is call the credit card company and get my limit raised...when in
reality, they should sit back, back to what they were doing six months ago and say, ‘what happened?’

The quotation suggests several things. First, people do plan. That planning, however, is often subconscious and so subtle that people are not even aware of it. The planning done is based on experience, experience of past methods that worked and then were turned into routines. The development of routines and the use of experience is an aid to avoid overloading a process that depends significantly on mental management, something rarely considered in the existing recommended practices.

Second, it is suggested that what people do may or may not follow the training they receive. Instead, families do it their own way, in a way that they feel works best for them. The management process seen is not random neither informal, it is a formal process but a different formal process than that recommended.

Part of the comment, that people are doing the “same damn thing,” might also be a reference to the possibility that people plan with a similar goal, financial viability, in mind. Financial viability, however, is defined by each manager and this definition may or may not include the assumptions of the recommended practices of long-term planning, increased net worth, and the family as an economic unit.

The part of the quotation about “the same sequence” suggests the idea of individuality. Each person’s sequence of actions is slightly different. The quotation encourages the consideration that a variation in the process between two individual managers does not make one correct and the other not; rather individualism, which includes a range of acceptable goals and tools, must be considered when teaching and building a financial management system, as

Finally, the routine nature of things is recognized, “It is the odd side of it where something drastic happens.” Routines are developed in the theme of ease and convenience; routines are developed as an attempt to limit the amount of cognitive processing required in the management process. Change does occur, however. When it occurs, it is suggested that people sit back and return to what has worked in the past, another reference to “experience.” Here experience functions by offering response options based upon previous similar situations. By using such an option, again the intent is to limit the manager’s need for cognitive processing. There were only two significant findings not quoted by the: the short-term focus of the process, most often in the range of four to six weeks; and the idea that financial management of families operate in a comfort range, rather than on the edge.

Implementation of the Findings

The findings suggest that there is planning but that it is largely mental management. It is done as much as possible by routine, it depends on experience as a backdrop, and, most importantly, it focuses on short-term safety, control, and comfort. What are the implications for teaching financial management? Can the existing tools still be used? Do the existing tools need any modification? Put in another way, what is the next step for the educator?

Consideration of the use of the existing normative practices must begin with an examination of the underlying assumptions of those practices. Does one disregard those
assumptions and start over with new assumptions and an entirely new system? From the perspective of the researcher, the answer is no. Although starting over with new assumptions is tempting to suggest, one of the primary current assumptions, that of the benefits of long-term planning and long-term growth, seems to remain valid. But neither does the data suggest that nothing be done with the assumptions or the current recommended practices. It is clear that family money managers are operating from a different position than the traditional normative perspective.

Systems theory provides a framework for identifying the role of education in financial management to make such adjustments. Systems theory, as outlined by Deacon and Firebaugh (1988), suggests that education would be included as one of the components of information. Education does not affect all of the components in the model. Education is an external system and thus can merely be an input or can respond to the output of a particular family system, but it cannot be part of the transformation.

If it can be accepted that the assumption that long-term planning and its associated goal of net worth growth are valid cornerstones to a financial management system, and that there are limits to impact of any educational program, then there are two keys to effective change in the way that financial management is taught. The first key is to blend the short-term planning horizon espoused by the respondents in this study into a revised system that leads to long-term goals. The second key to effective change is to build on what people are already doing, because it is unrealistic to expect significant change. For a recommended system to be of benefit, it must: (1) fit into the manager's existing system; (2) recognize the individuality of people and their financial processes and have multiple methods or tools so as to allow
individual choice: and (3) be, to the greatest degree possible, automatic, not requiring any conscious thought. One example, for instance, would be to develop tools that have net worth as an implicit outcome rather than to attempt to motivate individuals to make it an explicit one.

Knowledge of motivators

Just as the model suggests that motivators come first, so should the consideration of motivators (values, feelings, time orientation, experience, and situational knowledge) come first in the revision of educational efforts. For individuals to take control of their finances, there must be an understanding of how motivators are related to the actions they take. Yet this understanding is not often stressed in financial education for reasons ranging from lack of time to cover the material to poor understanding of the process among teachers.

The manager's knowledge of his/her motivators is a starting point in understanding how the other components in the financial management process are developed. The purpose for the student is to understand better his or her drives and social/psychological makeup. For example, the manager's knowledge of one's time horizon would help to understand the short-term focus used. This same knowledge would allow the manager to be more receptive to extending the planning horizon. Similarly, the idea of exploration of values might help a manager understand personal risk limits, that in turn, affects personal investment strategy. Knowledge of his or her motivational structure allows the manager to select the tools that fit into his or her goals, objectives, and processes.
The knowledge of the manager's motivators is also of help to the educator. Such information helps the professional to prepare better to assist the manager. Understanding that the anticipated motivator of delayed gratification is not part of an individual's management process should cause professionals to pause in the development of recommendations for those coming for help.

Tools

The consideration of motivators emphasizes the individuality that occurs in managerial behavior. Individuality challenges the current one-size-fits-all recommended system. Traditional presentations of the normative processes leave the respondents in this study feeling defensive, feeling they are not doing management correctly. The feeling of defensiveness makes people uncomfortable which, in turn, may make them more hesitant to consider learning new tools and ideas because they may find out they are even more "incorrect" in what they are doing. It is important that "right" be open to definition and that a variety of tools be considered right. For example, when teaching expense recording, multiple methods could be emphasized. Examples are: the traditional checkbook register; a simple notebook to jot everything down chronologically; a notebook to put things down in systematic groupings of expense categories; a spreadsheet that an individual can keep at work or at home; or keeping receipts for every expenditure. Expanding on those, the checkbook register could be used for all expenses, not only the checks. Again, the information recorded might depend on the method used for payment of the majority of expenses. Selection of a record keeping method
would also depend on the level of control a manager wished to maintain. The goal would be that all methods work in combination with other recommended tools to achieve financial viability as the manager has defined it.

Similarly, budgeting can be taught as presently suggested by listing the year’s expenses and then dividing them into twelve monthly categories. As an alternative, one month’s expenses could be calculated and brought forward by multiplying that figure by twelve. As for the annual and semiannual bills, the respondents of this study all have a fairly clear idea of when they are coming and an idea of their amount. With these two pieces of information, a spending plan can be built in less time from information more readily available.

Findings from the study suggest though that the standard tools of budgeting, record keeping, goal setting, tax planning, insurance planning, cash management, etc., need not be completely abandoned. Based on this study and others (Beutler & Mason, 1987; Godwin, 1990b; Godwin & Carroll, 1986; Mullis & Schnittgrund, 1982; Titus, Fanslow, & Hira, 1989), it appears that the tools, or some modification of such, could be included in a revised normative system. An example of such a modification to an existing tool to fit the actual method of money management in use is the Montana Extension checkbook register (Goetting & Ward, 1994), a tool that has seen significant usage based upon repeat orders (M. Goetting, personal communication, 1995). This tool is convenient, easy, and serves multiple objectives simultaneously. It provides the traditional register information, assists in budget control, and groups expense data, data that several families indicated they would like. This tool can be used not only as a check register but also to record all expenses. It allows the manager to
choose the amount of data he/she desires. Should the manager want additional information at some later date, more data are available with little effort.

Another tool might be a system of multiple checking accounts, each for separate bill types. The use of multiple checking accounts is not much different than the "tin can accounting" that Rainwater et al. (1959) referred to and, in fact, might be superior if all of the accounts are interest bearing. Although some professionals might cringe at such a suggestion, this method provides information that is divided into two basic expense categories, those over which there is some short-term control and those over which there is little short-term control.

Finally, some of the normative practices, such as net worth statements, must be recognized as being of little value to the respondents. Although they should be included in any money management course, their importance probably should not be stressed. Net worth growth should, instead, be an implicit goal, built in and occurring automatically when using any of the practices.

**Formal educational settings**

After observing how little the respondents use the recommended system, a legitimate question is whether or not formal teaching should continue. Because managers use tools that resemble recommended practices, formal teaching seems to be justified. In some way these tools have entered the manager's system; several of the respondents noted their exposure to the normative practices in a formal presentation. Until it could be proven that formal
education has had no part in the development of the manager’s financial management process, the idea of information transfer alone validates the continuation of their teaching.

To improve the teaching of financial management, the understanding of its motivations and objectives, as shown in this study, must be expanded. This understanding must be translated into a change in what is taught in regard to personal financial management and how it is presented. The ultimate goal of the entire process should be established by the manager, not by his or her family, or by the financial management professional. Formal education should complement the students’ existing financial management methods, motivators, experiences, and goals. Taking this approach should lead to the teaching of different approaches to money management, with the goal of establishing practices that are effective for individual families.

Obviously, computers play an important role in classroom use; they also can facilitate the accomplishment of the recommended practices. Students should be introduced to their use through exercises and assignments. But it must be remembered that many families will not use computers, as shown by this study. Six of the seven families have home computers, and four mention having a financial software package, but only one person uses a package for home financial use. With the continued growth of the number of computers and the enhancement of the software packages, it would be expected that, in the future, more people will use home financial software.

One topic that must be addressed in formal money management education is the mental processing being done. Money management education should address this issue, not by suggesting that people change from using mental processing to paper and pencil or
computer processing, but by developing a management system that enhances it, a system of memory jogs. Suggestions include promoting actions the respondents are already implementing including putting unpaid bills in plain sight and jotting due dates on the calendar; plus: due date stickers included with the bill; having perpetual calendar pages with due dates already marked; developing financial calendars that allow dollar amounts of bills to be noted so that a glance can offer information similar to what the respondents were processing mentally; and using aids such as automatic payments.

Besides the more formal classroom settings, money management education includes the shorter workshop settings, which have many of the same problems of formal money management education. In addition, there is the added problem of how to attract participants. If people do not see recommended practices as beneficial, why go to a workshop? Many ideas have been used to attract workshop participants. One idea currently being tested is a workshop series being sponsored by employers with the employer and the workshop participant sharing in the cost and the employee being allowed some time off work to take the course. Such efforts have resulted from employer recognition of the indirect cost of workers' personal financial problems (C. N. Fletcher, personal communication, April, 1996).

Timing

There are three timing issues. First is the consideration of the manager's time horizon upon which his/her management system is built. In this study, all of the respondents only refer to a short-term horizon. Reasons for doing so may include the idea that people are not
convinced of the value of thinking long-term or they feel that the short-term is too overwhelming to think beyond that range. Rainwater et al.'s (1959) comment about the negative view of long-term goals gives another possibility: such goals seem so intangible: how can one conceptualize saving a million dollars for retirement, for example. Yet much of the management literature assumes a long-term horizon. The assumptions on which recommended systems are based should incorporate both short- and long-term outlooks. The time horizon emphasized helps to decide one's tools and objectives: for the short-term thinkers, in other words, net worth is out and cash flow is in.

The second issue of timing focuses on when to teach money management. Currently, all or part of the recommended practices are taught from elementary ages throughout adulthood, with a concentration in the high school, college, and early adult years. This work needs to continue, but one thing should be addressed. Experience with management starts at a very young age: those experiences are all part of an individual's motivating factors. Yet child development theory and research suggests that children cannot think long-term. How can a long-term system be taught to individuals who cannot think in a long-term horizon (Piaget, 1950)? The challenge for teaching children is to do so at their conceptual level, not trying to teach concepts they are not yet able to grasp. Indeed, not only might this question be addressed for children but a similar issue would be the examination of the hesitation of adults of all ages to think long-term.

Finally, when considering the timing in money management education, it is important to remember that money management educators are not the first people to teach financial management to individuals. Parents are the first educators and they teach through words and
as role models (Bandura, 1977). As noted in the data, children recognize both their parents’
words and actions: for an effective message there must be consistency between these two
information sources.

Informal education efforts

Besides formal educational efforts, the data suggests the importance of the mass media
and of the informal networks consisting of friends, relatives, and acquaintances with whom
information is exchanged on a regular basis. The informal flow of information is well
established and will always exist. It is important to understand how the informal flow of
information occurs and where education can fit into the process. Information validity and the
value of the informal channels is based on levels of trust in the relationship, not on the
information itself. Information received in this fashion gets little or no additional processing
regarding its value, but can be instantly used. The question becomes whether or not the
recommended practices can become a part of this informal flow of information. To be
included in day-to-day conversation, the recommended practices must be seen as useful, they
must fit into the existing system, and they must support mental processing.

Another channel of informal communication is the mass media. This form of
information cannot be ignored or used only in a reactive manner. The public media reaches
far more people than the more academic sources; subscriptions to the Journal of Home
Economics is 25,000 per quarter versus Good Housekeeping’s 5,000,000 per month or
Money’s 2,000,000 per month (Ulrich, 1994). In addition, there are other print media, such
as newspapers, and the airwaves. A “Today Show” segment might reach 10 to 15 million people. Infomercials also are a daily occurrence, with many of them discussing ways to “get rich quick.” One sees daily examples of people bombarded with information and, based on the data, some of that information is being used. The mass media wield an incredible power in changing values, feelings, and the time orientations people have.

Recognizing the mass media and its influence is just the beginning. The next step is to use the media to pass along information to the public. Extension programs have at times used the print media, doing weekly columns about topics of interest to the general public. At times the columns have included articles on money management practices. Such work is an excellent beginning. As newly modified tools are developed, special efforts should be made to inform the media of this work. An aid in improving media relations includes establishing contacts with the media beforehand. Prior networking with media contacts not only makes the release of information easier, but the media begins to make contact for background and answers to money-related questions. Finally, a crucial part in the development of media relations is that the information must be presented in an appealing manner for the general public.

Outside institutions

Given that much of the long-term planning efforts by the respondents in the study are motivated by outside forces, perhaps one should consider strengthening that avenue of forced management. Examples already in place are the requirements for property insurance imposed
by mortgage holders. Outside influences would certainly enhance the efforts of educators, but they cannot be counted upon. This idea is flawed as the institution's enticement to participate in some actions is limited by the fact that they may have little financial stake in what happens. Instead, educators must build a system that fits into existing practices, and meets the manager's goal of financial viability. At the same time the system should foster the long-term perspective. Ideally, both short- and long-term activities should be automatic in nature, avoiding large amounts of physical or mental processing.

Summary

The purpose of the study is to examine how families managed their finances. Although the respondents are not found to use the normative practices, it can be concluded that management does, indeed, take place, although not in the form prescribed. The type of management found is largely short-term in nature; a hypothesis explains why long-term concerns, such as goals and potential catastrophes, are not part of the motivators. The short-term management is done by routine, using experience to develop such routines, all with no grand goal, only to "get by."

The discovery that virtually everyone uses a system is certainly a positive note, because efforts do not need to be made to convince individuals of the benefits of doing financial management in a routine manner. On the negative side, the regular ways are not standardized, but differ from individual to individual. Although the data shows some similarities, the conclusion is that no system would be accepted in its entirety. Instead, the
manager will pick and choose the parts, and then modify those parts, to best fit underlying motivators and objectives leading toward the goal of financial viability. The data shows that systems change and evolve as people build on their experiences. The idea of using past experience to aid in planning is supported by Hershey, Walsh, Read, and Chulef (1990) who examined the processes of expert versus novice financial planners. Rasmussen and Jensen (1974) who did the same for electricians, and Corcoran (1986) who studied nurses.

**Future Research**

Five areas of future research seem important for further development. First would be the examination of similar families to see if the findings in this study can be replicated. Second is additional research to assess variations by area of the country, race and ethnic groupings, levels of income, levels of net worth, and age. Such work would include different family types: second marriages, single individuals, single parents, the newly married, elderly, and comparison by gender of the money managers. Third, research must look at the actual tools being used by respondents. The respondents in this study are resourceful in how they have developed their personal systems. Rather than reinvent something, a first step should be to gather specific examples of what is being done. The information would provide an excellent resource to begin the modification of existing tools and the development of new tools so that the variety outlined earlier can be attained.

The fourth area of needed research should focus on the extent and variation in the techniques for achieving long-term goals and handling catastrophes: home and automobile
insurance; employer sponsored health insurance; employer sponsored life insurance; dual-income couples; and government benefits such as Social Security and unemployment benefits. How widespread is the use of required insurance and retirement contributions and where do such components fit in family financial management? Do the money managers even realize these long-term plans have been made, and if so, how do they put those plans into their mental processes? If the manager recognizes these long term plans, when does this occur and is he/she active in developing those plans? Third, how could his or her active involvement be encouraged? Even without active involvement, how might institutions be encouraged to continue or even expand their support in these areas?

The fifth crucial area would be to examine the same families over time. The research could be pursued with these seven families to see how their processes change as their goals and needs change. It would also be helpful to add some young adults to the sample and follow them as they begin to earn their first paychecks, and progress on to family formation, childbearing, and childrearing.

Other research efforts could examine effective teaching styles, in combination with multiple tools. Research regarding the appropriate timing for education would be helpful, as well as the level and type of education that works best for each particular age. Also, research on effectiveness of various media and people’s choice of media for their financial information would add to the education component. Further research should take place that would suggest when a transition from the formal to a more informal system might best occur.

Research needs to be cross-disciplinary, bringing in some of the additional theories suggested in Chapter 6. Using the literature on habitual behavior or the decision making or
cognitive processing literature along with the family resource management literature would increase the understanding of what is actually taking place.

Finally, interviewing not only the money manager but the spouse and older children would add further insight into family financial management. In a similar manner, interviews with parents of the money manager would add an additional dimension not usually found in the literature.

Long-term Assessment

Although long-term planning is not a part of the model or discussed in the implications, it seems necessary to comment on how it fits and, more importantly, from the data gathered and the time spent with the respondents, to form an assessment and projection of the respondents' financial well-being in the up-coming years. What might be suggested about how the respondents will fare in the long-term, given where they are at and the planning style they currently use? To respond is to gaze into a cloudy crystal ball with a primary question of what the respondents will do between now and some point in the future. Sam anticipates having everything paid off in time to give him 10 years of saving for retirement. However, he also said he always has something in mind to buy; what is there to suggest that he will change during the last 10 years before retirement? Perhaps in the respondents' minds, they see themselves as focusing on retirement during their last work years. When the children leave, they will see an increase in their disposable cash and, perhaps, a decrease in the perceived needs to purchase things.
Therefore, barring a major unexpected event (an extended job loss or a lengthy
disability), the families all are in acceptable financial shape for the long-term. They are
controlling debt in some fashion: they have medical insurance for future health problems; they
have access to Social Security and some other retirement funds (for Angie, this depends on
their continuing to fund their IRAs); they will have created some net worth in their homes and,
perhaps in the case of Angie and Bob, in some equity in their businesses. They are not, as the
normative practices might tend to paint them, on the verge of financial collapse in the future
(although some are certainly closer than others), nor eventually coming to their retirement
years with nothing but Social Security. For whatever reasons, no matter how they got there,
these seven families have a future, maybe not as bright as they would like it to be, but also not
as dismal as others might suggest. The goal for financial management educators is to work
with the process the manager is using and then adjust to make the future seem just a little bit
brighter. Their system has, in some way, begun these long-term preparations.
APPENDIX. STUDY AREAS OUTLINED

NOTE: Before starting the interview, let me tell you that the information you give me will be kept completely confidential. None of the information that could identify you or your household will appear in my reports. Also I want to let you know that your cooperation is completely voluntary. You may quit at any time. All materials are considered mine and will be kept in a secure location. If you desire to quit prior to the end of the study, all materials will be returned to you upon your request.

I. General
A. Adult name/s
B. Ages
C. Children
   1. number
   2. names
   3. ages
   4. education
   5. age you/spouse were when children were born.
D. Education
   1. years/level
   2. major
   3. continuing education
E. Marital status
   1. general
      - ever married
      - " divorced
   2. when married
F. Occupational history
   1. jobs
   2. length of time held
   3. pay rate
   4. job benefits
      a. how important are they to you?
      b. do they keep you at your job?
      c. do you take advantage of them?
      d. do you know what they are?
G. Gross income
   - you
   - spouse
   - total household
II. Background
   A. Family up-bringing
      1. general
      2. financial
         a. general
         b. consumer
         c. specific financial matters
   B. Outside interests
      1. formal
      2. informal
      3. recreation
   C. Philosophy
      1. towards saving vs. spending
      2. money
         a. in general
         b. as a key to a good family life
   D. Priorities/goals
      1. general
      2. fiscal
         a. college education for children
         b. retirement
         c. major expenditures
         d. other
      3. how will you reach them?
         - if have a plan, is it in writing?
   E. Where do you get advice?
      1. general
      2. financial
   F. Are finances discussed with
      - spouse, children, friends, co-workers, parents, in-laws, other relatives, others
      1. general discussions
      2. specific
   G. Do you have a will?
      - why did you draft it?
   H. Children
      1. Do they get an allowance?
         a. for?
         b. amount?
         c. reason?
         d. required saving of a portion?
      2. are children aware of family finances?
      3. are children trained in financial matters?
   I. Do you have
      - life ins?
- health ins?
- LTD ins?
- short-term disability ins?
- auto/home ins?
1. How did you decide to buy each of these?
2. How often do you review them?

III. Financial Management
A. Who is the primary person in the household?
   1. who does
      - bill paying
      - budgeting
      - record keeping
      - banking
      - financial planning
      - insurance
      - makes financial decisions
      - decides what to pay
B. Is more than 1 person involved?
C. Do you consult spouse before buying/spending?
   1. major decisions
   2. minor decisions
   3. general bill paying
   4. $ limit
D. Tools
   1. Are you aware of 4 basic financial tools?
      a. record keeping
      b. budgeting
      c. comparison of budget to actual
      d. net worth statements
   2. Do you use
      a. record keeping
         - how
         - form
            - checks
            - receipts for major expenses
            - receipts for daily and weekly expenses
            - receipts for monthly bills
            - credit card receipts
      b. budget - estimated income and expenses
      c. comparison of budget to actual
      d. net worth statements
   3. What is your procedure for
      a. record keeping
b. budgeting
c. comparison
d. net worth statement
e. bill paying
f. deciding to pay cash or use credit
g. getting loans
   - where
   - amount
h. taking on a major expense

4. Are current practices same as in past?
5. Do you feel a need for
   a. record keeping
   b. budgeting
   c. net worth statements
   d. bill paying

E. How do you
   1. Decide to undertake a major expenditure?
      - define what you mean by major.
   2. Know when to stop spending?
      - how is information passed along to spouse?
      - " " " " " " " " others?
   3. Decide on insurance packages?
      - job benefits - who takes what?
   4. Handle unusual expenses?

F. Do you have a
   1. Savings plan?
   2. Rainy day fund?
   3. Plan for future?
      - written or mental

G. Do you have money to pay all your bills as they are due?
   1. If you do where does money come from?
      - current income
      - savings
      - credit cards
      - borrowing
   2. If not, what kind can't you meet?
      - emergency
      - vacation
      - unusual
      - routine
      - taxes
      - property
      - income
   3. In last year, have you had money to pay all of these?
a. if so, how?
  b. if not, what type?
     -how did you cover them?
H. Do you consider finance charges into total cost of item before purchasing?
I. # of credit cards you have
   1. How often used?
   2. Why used?
     -used for luxuries or necessities
   3. Do you pay finance charges on them?
J. Where and for what do you borrow money?
    -Did you investigate alternatives?
K. When do you pay bills? Explain you procedure.

IV. Investments
A. General
   -amount
   -where
   -how decided
   -how often reviewed
B. Retirement - 401(k)s IRAs, etc.
C. Property

V. Satisfaction
A. Like/dislike about current situation
   1. In general
   2. Specifically financial
B. Happy with
   1. Way family manages money
   2. Present level of living
   3. Amount in savings
   4. Ability to stay out of debt
   5. Ability to pay back what you owe
   6. Current level of assets
   7. Willingness of family members to discuss
   8. How prepared you are to meet unexpected expenses
   9. Plans for future
C. Do you and your spouse agree about finances?
   -is it a problem area?
D. What is your biggest financial problem?

VI. Questions to ask initially and in on-going follow-up.
A. Were your expenditures routine?
   Yes
   -what were they on
   -how did you feel about them
-were there areas you wish you could have cut
-did you have to borrow or use savings to cover them
-does this make budgeting unnecessary
No -why not
- emergencies
- what
- could it have been avoided or anticipated
- unexpected
- major
- if so, how did you decide to do it
- routine, but larger than expected
- why
- how did you cover them
- what alternatives did you consider

B. Could you pay all bills?
- Yes -used current income only
- used savings
- borrowed
- No -How did you decide?

C. Thinking back to when you did bills
- How did you feel/think
- What did you feel/think
- Try to verbalize your process of doing them

D. Were other family members involved in helping make the financial decisions

E. Did you make any adjustments
- in bills
- in routines
- in plans
- other

F. Did you borrow any money?
- where
- for what

G. Did you use your credit cards?
- where
- for what

H. Plans
1. Did you use any plans you had made?
- Where these plans mental or in writing?
2. Did you make any plans?
- Mental, written or combination
3. Did you make any adjustments to plans?
4. Do you use repeat plans?
- Does this help you avoid having to use written plans?

I. Thinking about bill paying, would having it down help you to recognize what you
have to pay so you could recognize your needs?
-or would it be too depressing?
J. Is bill paying easier today than before? Has it always been the same? Has your experience made budgeting/bill paying easier/or unnecessary? Or is it that you have more money than earlier?
K. Pressures
- Is there social pressure from friends to buy?
- Is there advertising pressure to buy?
- Is there pressure from peers, children, others?
L. What did you like/dislike about your finances in the last month?
- Since the study started?
REFERENCES


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