

Know your family's financial affairs

BY SALLY BAIR
Staff Correspondent

LANCASTER — Do you know your net worth? Can you tell within \$15 how your money is spent each month? Do you know the difference between your fixed income and your net income?

If you know the answers to these questions, you are probably on sound financial footing. If you have questions about these and other points which relate to the money your family makes and spends, you may need to spend some time putting your family's finances in order.

At a workshop held last week Lancaster County Extension Home Economist Doris Thomas said that families who seem to have what they need are probably very good at planning. She stressed that one of the first things a family must determine is what the financial goals for their family are. Goals, of course, vary from family to

family, but having your goals firmly in mind will help you reach financial security.

She said, "How a family meets its needs depends on its values." Values, in turn, depend largely on the family in which you were raised.

In determining the financial goals of your family, Doris said families must decide what their needs are for the next five years and for the next ten years.

A first step in achieving good financial planning is to develop a long range spending plan. To do this will involve some work and research. First, she said, "You must know your income and your bills and you must keep records."

Providing worksheets for participants, Doris explained to them how to determine their family's spendable income, something which can be difficult when commissions are involved. She then suggests recording all fixed

expenses on a calendar and by subtracting fixed expenses from spendable income you can determine the amount of money left for flexible spending.

A budget with proposed spending and actual spending will help keep close record of where your money is going. After one month of close record keeping it will be possible to see if your spending plan is realistic, and if it isn't, make proper adjustments.

Doris suggested, "Make it a practice to have savings listed as a fixed expense, no matter how small the amount." She pointed out that financial advisors suggest having three months' income available as savings to contend with unexpected loss of employment, appliance repairs or unexpected medical bills.

She added, "Many families find their fixed expenses and their spendable income are very close." Good records will not only record

spendable income and expenses, but tax-deductible expenses as well. This will be especially valuable at income tax time.

Doris pointed out that a good manager is one who is able to effectively use all the resources in a family. Family resources include skills, such as gardening which allow a family to stretch its income; energy, which members can put to achieving such things as household chores, meal preparation and laundry; wisdom; and faith and love.

She recognized that money is important in this society in which work is exchanged for money to purchase the family's necessities. However, she noted that money can be a powerful force, stirring feelings of fear (of not having any), suspicion, guilt, power, status, security and approval.

She encouraged families to make a net worth statement, which will

give them a complete picture of their financial state. A net worth statement will include everything the family owns, including the cash value of life insurance, and annuities as well as the obvious real estate, furniture, antiques, savings accounts, stocks, bonds and other assets. There must also be a listing of what the family owes, such as mortgages, loans and other debts. Subtracting total debts from total assets will show the net financial worth of the family.

She cautioned families against the excessive use of their plastic credit cards, which can get them into deep financial trouble. Nevertheless she said, "You need to establish credit early, even though it goes against the grain of money who grew up not buying something until they had the money for it."

While good financial records are important to a family's well-being, another important aspect of family management is managing very important papers.

Many papers need to be kept in a safe deposit box at the bank, but insurance policies should be kept at home so they can be reviewed periodically. She added, "If you have not reviewed your homeowners' policy recently and increased it, you should consider it." She pointed out that some policies now carry an automatic increase to keep up with inflation.

Collectibles such as sterling silver, jewelry and glassware are protected under the average homeowners policy only up to \$500, according to Doris. She suggested that homeowners who have property of that nature should have a "floater" to their policy to be completely insured. This will require an independent appraisal, which is not expensive.

Wills should also be reviewed periodically as life situations change. An unsigned copy of the will should be kept with important papers in the home with a signed copy in a safe deposit box.

Doris suggested that everyone make an inventory of their home, listing furniture and other belongings for insurance purposes. Forms are available from insurance companies for this purpose, or the information can be recorded on cassette tapes. Pictures in addition to the list could be vital, and should be stored in a safe deposit box.

A sound assessment of your finances and efficient managing of your personal papers will mean increased sense of security for all members of the family.

Lancaster sets seedling pickup

LANCASTER — The Lancaster County Conservation District would like to remind all those people who ordered tree seedlings from the district that they are to be picked up as scheduled, Saturday, April 25, 1981, between the hours of 9 a.m. and 1 p.m. at Long Park, Pavilion No. 1.

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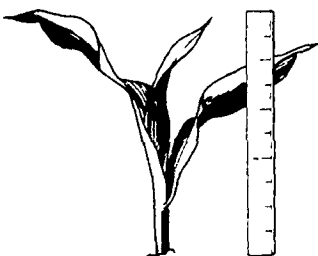
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