

Success and the Single Parent: The Money Crunch¹

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Overview



One of the toughest things about being a single parent is finding ways to make ends meet. Financial success comes not only with earning money, but also with making good use of the money once you earn it.

Learning as much as you can about how to manage your money will help relieve some of the financial worries you might have. You will also have a greater sense of control over your family situation. The good news is that there are steps you can learn to follow. Although sometimes they are challenging and time-consuming, these steps have stood the test of time. If you follow them you will have greater financial success.

Step #1. Set Goals

To do this first step, it's best to have some quiet time to think and plan. If possible, get up a little earlier than usual. This is an ideal time for thinking without interruptions. When you have some "hush" time to yourself, your mind is clear. You will be in a better position to think about your family's future. During this time, become aware of what you really want to have for yourself and your children. Don't think just about today; think about the situation you want to create for tomorrow.

Ask yourself questions like:

- "Do I want my family to live more comfortably?"
- "Do I want a better car?"
- "Will a job with more flexible hours help my family situation?"
- "Will paying all my bills when they're due reduce my stress level?"

In order to get what you want, you need to set goals. (If you don't know what you want, how can anyone help you? How can you know when you've

1. This document is FCS2146, one of a series of the Department of Family, Youth and Community Sciences, Florida Cooperative Extension Service, Institute of Food and Agricultural Sciences, University of Florida. Original publication date November 1999. Reviewed March 2007 by Heidi Radunovich, Assistant Professor, Department of Family, Youth and Community Sciences. Visit the EDIS Web Site at <http://edis.ifas.ufl.edu>.

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arrived?) Having goals gives you something to work toward. What you visualize you can realize. Be sure to set both short-term and long-term goals.

Some short-term goals:

- redecorating a child's bedroom,
- buying a new toaster oven, or
- taking a short family trip.

Long-term goals take more planning and have a bigger impact. Some long-term goals could include:

- buying a better car,
- saving for a down payment on a house, or
- going back to school.

It's easier to reach your goal if you stay focused on one or--at the most--two goals at a time. Working toward many goals at the very same time is frustrating. By reaching for so much, you may not reach any goal--and have to start all over. (*see Activity I*)

Next, evaluate your current financial position. This can be done by completing steps 2, 3, and 4.

Step #2. Evaluate Your Finances

To develop good spending habits you need to know what all of your expenses include. You need to know where you stand. This can be done by looking at what you have and what you owe. Figure these on a monthly basis.

Let's start out with FIXED EXPENSES . What are they?	
Mortgage payment or rent	\$
Installment payments (e.g., car, furniture etc.)	\$
Medical, dental, car insurance premiums	\$
Savings (Do not overlook savings as a fixed expense. Even \$5 or \$10 a month would be a good start. This will help you handle emergencies more easily.)	\$
Other	\$
Next, list PERIODIC EXPENSES . (if these are annual payments, divide by 12 to get your monthly expenses). Be sure to put this money aside.	
Auto registration	\$
Major repairs and maintenance (auto and home)	\$
Miscellaneous (e.g., clothing)	\$

Step #3. Calculate Your Income

Although you might be paid biweekly, it is best to calculate your income by the month. This will allow you to see the total picture of your expenses and help you to better plan for the future.

Take-home pay (if bi-weekly, multiply by 2.165 to get your monthly take-home pay).	\$
Alimony and/or child support	\$
Other monthly income	\$
Total monthly INCOME	\$

Step #4. Balance Expenses

Compare the **total expenses from Step #2** with your **total income from Step #3**.

Larger Number: Step __: \$_____/month

Smaller Number: Step__: \$_____/month

I have more **income/expenses** (*circle one*) each month than **income/expenses** (*circle one*).

If you have enough money to cover all the items on your expense list, consider yourself lucky. If you do not have enough to cover your expenses, you need to trim.

- The best place to start is with your flexible expenses. Decide what you can cut or delay buying.
- If you still fall short, look at your periodic expenses.
- You can also consider your fixed expenses. One possibility would be to opt for more affordable housing. Free-standing houses usually cost more to rent than an apartment and have the additional responsibility of yard care. Renting an apartment which is closer to work might also be an option.
- Find ways of getting additional income.

Step #5. Take Action

In Step #1, you worked on setting some goals. Now it's time to decide what goal/s you will concentrate on. To help you succeed, follow these actions:

Hints to Cutting Costs

Managing with what you have will help make your income go farther. Keeping to your spending plan and finding ways to stretch your dollar will help you reach your goal/s. There are things which you can do to stretch your dollar. Try out some of the following suggestions; stick with the ones that work for you:

- Get rid of credit cards. Just keep one for emergencies.
- Cancel subscriptions to cable TV/magazines.
- Avoid impulse buying--unplanned purchases can wreck your budget.
- Plan your meals for the week. A plan can save you meal preparation time and money.
- Before you go to the store, check supplies on hand and list items you need to buy.
- Clip and save coupons for products you use a lot, but compare costs with non-coupon brands before buying. Sometimes even with the coupon the item costs more.
- Buy fruits and vegetables when they are in season.
- Coordinate errands.
- Eat more meals at home.
- "Brown bag it" at work, school, or trips with your children.
- Use a car pool and share rides.
- Walk or ride a bike whenever possible.
- Watch for store sales, garage sales, and stores that recycle clothes at reasonable cost.

- Plan a neighborhood garage sale and get rid of unneeded items. Keep clothes clean and in good repair. Remove stains promptly.
- Turn off all major energy-consuming appliances before leaving home--but not the refrigerator.
- Check to see if you qualify for subsidized housing.
- Join or form a baby-sitting co-op or a food co-op.
- Take advantage of entertainment provided by the community: Visit community parks, museums, and libraries that are free.
- Check on free or low-cost health, dental, or counseling services.
- Can you think of other ways you can cut costs? Jot them down. (See Activity III)
- _____
- _____
- _____

What's Next?

Once you understand the basics of managing your money, you will feel better about yourself because you will be in control. If you still need further assistance in handling your money situation, National Foundation for Credit Counseling can help. Their national telephone number is 1-800-388-2227 and you can visit their website at <http://www.nfcc.org/>.

Your county Cooperative Extension Service can also provide you with more detailed information on managing your finances. There are many publications and packaged programs that are available to you on specific financial topics.

Maybe you are now interested in finding out more about other financial tasks, whether it's looking into insurance coverage for yourself and family members, retirement and pension plans, college plans, tax benefits, etc. There are lots of resources that can help you. If the Cooperative Extension office doesn't

have the information you need, someone there will help you find the necessary resources. Contact your local Cooperative Extension office for educational assistance.

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Activity I

My Goal Sheet

Short-Term Goals: These are goals that I have for the present time.

In the spaces provided, I'm listing the specific goals I want to set.

1. _____

2. _____

Long-Term Goals: These goals require that I take several steps—or more—in order to achieve them.

In the spaces provided, I'm listing the specific goals I want to set.

1. _____

2. _____

Activity II

I'm Taking Action!

Step 1: This is the one goal I have chosen.

Step 2: These are many possible ways to reach my goal:

Step 3: This is my plan to reach my goal:

7. O

8. O

9. O

10. O

11. O

Activity III, First Month

My personal list of money-stretchers.

Each time I use a money-stretcher this month, _____, I check off the CIRCLE and pat myself on the back for a job well done!

1. O

2. O

3. O

4. O

5. O

6. O

12. O

13. O

14. O

15. O

16. O

17. O

Activity III, Second Month

My personal list of money-stretchers.

Each time I use a money-stretcher this month, _____, I check off the CIRCLE and pat myself on the back for a job well done!

1. O

2. O

3. O

4. O

5. O

6. O

7. O

8. O

9. O

10. O

11. O

12. O

13. O

14. O

15. O

16. O

17. O

Let's start out with FIXED EXPENSES . What are they?	
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Other	\$
Next, list PERIODIC EXPENSES . (if these are annual payments, divide by 12 to get your monthly expenses). Be sure to put this money aside.	
Auto registration	\$
Major repairs and maintenance (auto and home)	\$
Miscellaneous (e.g., clothing)	\$
Finally, list FLEXIBLE EXPENSES . (These are expenses that vary from week to week. When you are squeezed financially, you can cut back or even cut some out).	
Food (at home and away from home)	\$
Utilities (electric, water, phone, cable etc)	\$
Personal expenses (gifts, personal care and entertainment)	\$
Transportation	\$
Total of fixed, periodic, and flexible EXPENSES:	\$