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Consider Emotions, as well as Money, During Tough Financial Times says University of Minnesota Extension

St. Paul, Minn. (12/10/2015)—When families are faced with financial uncertainty or sudden income loss, addressing the situations takes more than just thinking about dollars and cents, says a personal finance specialist with University of Minnesota Extension.

“Attitudes, values, and feelings about money come from our childhood and upbringing, as well as our own current family experiences,” says Sharon Danes, Extension specialist and professor of Family Social Science. “Changes happen in life, and sometimes families have little or no control. Shock and denial are the first reactions people experience, and we need to help families understand these emotions are part of the process that will then lead them to move to adjusting their spending plans and getting themselves back on solid ground.”

Mine layoffs are just one example of an event that can have significant financial impact on many families in Minnesota. Working through the cycle of grief caused by a sudden drop in income allows families to plan for how to adjust their financial picture with clear heads, and the entire family should be a part of those conversations.

“It is important to adjust your spending and the whole family, including children, needs to talk about the necessary spending adjustments because the decisions affect all members.” Danes says. “When children are not part of the planning and discussion, they may think they are somehow a cause of the problem and have unrealistic fears. Not only does a whole-family approach help avoid pitting one family member’s ideas against another’s, but you’d be surprised at how children can be a part of the solutions, too.”

Danes also advises being proactive with creditors. After an honest appraisal of your finances, she says it is best to call your creditors and explain your financial situation rather than waiting until you are long past due on payments. Some creditors might be willing to allow partial bill payment or negotiate other strategies with you.

ADDITIONAL HELPFUL RESOURCES

- Setting Your Spending Priorities: <http://www.extension.umn.edu/family/live-healthy-live-well/healthy-minds/getting-through-tough-times/setting-spending-priorities/>
- Strategies for Spending Less: <http://www.extension.umn.edu/family/live-healthy-live-well/healthy-minds/getting-through-tough-times/strategies-for-spending-less/>
- Making the Most of What You Have: <http://www.extension.umn.edu/family/live-healthy-live-well/healthy-minds/getting-through-tough-times/making-the-most-of-what-you-have/>
- How to Stay Ahead: Planning to Stay Ahead: <http://store.extension.iastate.edu/Product/Planear-para-alir-Adelante> (in English and Spanish)

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