

Money Troubles: Financial Implications for Families in Conflict

Description

This is a 2 hour workshop for **social workers** and **other outreach workers** on supporting families around money issues.

We will discuss:

- Conflict and communication between family members (teens/parents, elders/parents),
- Financial implications of family breakdown
- How to support money conversations within families in crisis,

Introduction

When families go through difficult changes, they often have a lot of conflict and financial struggles.

Families in conflict have a hard time making decisions together. Collaboration is a difficult skill when things are going well and can feel impossible when we are in conflict.

They often need support managing communication. Different communication styles may have contributed to the conflict or communication may have been eroded as a result of the conflict.

Families in conflict frequently become overwhelmed addressing challenges or changes in their financial situation. What has felt like 'barely enough' when things were going well becomes really difficult to stretch to cover things like new living arrangements and household contents, counselling, travel or legal costs.

Families in crisis who are struggling with both conflict and financial challenges often benefit from outside support to improve their situation. A little support and guidance can go a long way in helping families build durable and sustainable plans.

Part One: Managing Conflict

Conflict Management Styles

There are five conflict styles that can be related to how an individual may respond during a conversation about finances.

STYLE	WHEN TO USE	DANGER OF OVERUSE
Harmonize 'Put others first'	<ul style="list-style-type: none">• To build the relationship• When the issue is unimportant to you but important to the other person	<ul style="list-style-type: none">• You don't get your needs met• You may get taken advantage of and become resentful
Avoid 'Ignore'	<ul style="list-style-type: none">• With unimportant issues• To prevent immediate conflict• When someone else can resolve the conflict more effectively	<ul style="list-style-type: none">• Conflict may fester until boils over-problems grow• Relationships remain superficial
Collaborate 'Win/win' 'Work together'	<ul style="list-style-type: none">• With important issues-where creative solutions and buy-in are important• To strengthen relationships through the process of collaborating	<ul style="list-style-type: none">• May waste time and energy on issues that don't warrant it• Degree of process may frustrate others-especially where issues aren't important or else time is
Compete 'Win/Lose'	<ul style="list-style-type: none">• When quick, decisive action is required• When your core values are at risk• When you need to have it your own way	<ul style="list-style-type: none">• May weaken relationships• You may receive less input from others• Others may not buy into your plan of action or may sabotage it
Compromise 'Meet in the middle'	<ul style="list-style-type: none">• When you need to reach an agreement-often when time is important• When mutually exclusive goals prevent collaboration	<ul style="list-style-type: none">• You may focus on what you gave up• Problems may recur because you did not fully explore the issues and reach a full resolution

Active Listening Tools to Share with Clients

Effective listening happens between two people when the receiver interprets and understands the sender's message in the same way the sender intended it. The following is a list of what effective listening looks like to most people in North America. If the way you listen is different than this, consider it an opportunity for a great conversation!

1. Remove distractions:

Find a quiet place and give the other person your full attention. If doodling or drawing helps you listen, explain this to the other person.

2. Avoid argument and blame:

They encourage negative reactions and get in the way.

3. Show that you want to listen:

Listen for understanding rather than agreement.

4. Stop talking:

You can't listen if you're talking.

5. Be patient:

Make sure there is equal time for each person even when rushed.

6. Empathize:

Acknowledge and state the other person's feelings.

7. Paraphrase:

Acknowledge and repeat the content of what you hear.

8. Ask questions:

Open ended questions can get us more information.

9. Focus on the positive:

Try to figure out what the other person wants.

10. Manage your emotions:

It is difficult to hear and understand when you're angry.

Neutral Language

Clients often need help to be able to use neutral language. Practice and role play with them ways to use neutral language to discuss finances or other sensitive issues. Planning and practice are key to setting people up for success. Talk with them to identify likely potential trigger works that might come up. For example:

- Irresponsible
- Overspending
- Shopaholic
- Blowing money
- Lazy

The object is to get the cooperation of the other party, to the greatest extent possible. A neutral statement is a good place to start.

Ask them to think of a money problem or topic they want to bring up. Example:

"If you/she/he weren't such a shopaholic we wouldn't be in this mess."

Help them to see that any of us might have felt defensive and angry, even ambushed, if someone talked to us like that. We might even answer in the same way.

"Me a shopaholic? How much did you spend on that stupid motorcycle last year?"

It's likely that if this is how people are talking to each other, they're not going to resolve anything, right? Instead, voices will rise, comments will become more insulting, others may get involved and take sides and people may push or hit one another. Maybe the police will get involved. The best outcome might be that one will walk away, but that won't fix anything in the long run.

So, if we wouldn't want someone to talk to us like that, it's a pretty safe bet that others wouldn't want us to talk to like that.

Using neutral language describes what's wrong

- Objectively
- Respectfully
- Without blame and name calling

For example, using neutral language:

"If you weren't such a shopaholic we wouldn't be in this mess "

Becomes:

"Is there a way we can adjust our spending habits that might save us a little money each month?"

Making the “B” word less intimidating: Accessible budgeting

Key Points: A budget is just a way to make your own rules that fit your needs and your life and help you take control of your decisions and your money. It’s supposed to be a practical tool that can provide calm and a sense of control, and can help you stay true to your core financial values and goals. It is most important for your budget to be honest, realistic and goal-focused.

Some people feel more comfortable with the idea of a **spending plan** than they do with **budgets**.

A change in their circumstances means they probably need to adjust their budget. Doing this together is a great way to work collaboratively and share responsibility. Remind them to use their communication skills.

a. Budgeting strategies

There are a lot of different ways to do a budget. Help folks pick one that works for them. R

The worksheet budget: It is a written budget, usually one or two pages. You can write this kind of budget by hand, or type it up on a computer spreadsheet. These budgets are flexible. You can edit and update them anytime as things change in your life.

Online: There are many websites that offer online budgets. Some can even download information from your bank statement. With online budgets, the categories are usually set for you. This makes things easier, but you may find the categories do not quite fit your situation. The Financial Consumer

Agency of Canada (FCAC) has an online budget worksheet at:

<http://www.fcac-acfc.gc.ca/eng/publications/tipsheets/tsbudget-eng.asp#LearningBudget>

Envelopes or jars: If worksheets don’t work for you, there are many other creative ways to budget.

You can figure out how much of your budget is for fixed and variable spending. Set the fixed money aside to pay those costs. Then divide the variable spending amounts, using labeled envelopes or jars to store the money you need for each category. You spend from the envelope or jar. When the money is gone, you stop spending.

Allowance: Once you cover fixed costs, you could give yourself a weekly allowance for all variable spending. When your weekly allowance is gone, you stop spending.

b. Budgeting Tips to Share

- **Remember your goals.** Write them down. Put them where you can see them often and easily. Tack a list on the fridge. Or put a copy in your wallet next to your cash.
- **Be realistic.** Connect your spending to your values. You need to be realistic about what you can live without and what you can’t. This will help you find ways to spend less and to save.
- **Make it simple.** If your budget is too complex, you are less likely to stick to it. Use a system that is simple and easy to maintain.

- **Keep a record.** Choose the best way for you to keep track of your spending. Your record might be in a little notebook or on the computer. Some people put money for certain things in little envelopes or jars. The important thing is that it works for you.
- **Stay organized.** You need to know where your financial records are and review them regularly. This saves time and stress. You can keep all your financial documents in a binder or a set of folders. Organize the binder or folders by item (for instance, bills, credit card statements, tax documents). Update your record system each year.
- **Use your bank** to help you manage your money. At the bank, you should have a working account for paying your bills and taking out money. Open a savings account for your savings goals. If you get a regular income, set up your account so that it automatically transfers some money to your savings account each time you get paid.
- **Work as a team.** When people work together they have more information and there is less fear and pressure.

Pay Yourself First!

- **Include debt and savings in your budget.** Use your monthly budget to reduce debt and increasing savings. Otherwise, debt can grow out of control, while savings disappear.
- **Paycheque plan.** Plan your bill paying for when you get paid, so that you know which paycheque will cover what expenses.
- **Plan for change.** Our expenses change. Our income changes. Our goals change. That is why you should review your budget regularly.
- **Be patient.** The first few weeks of using a budget to guide your spending are often the hardest. Old habits can be hard to break and new ones hard to make. As time passes, you will grow more comfortable working with your budget.
- **Look for support.** If you find you are getting off track, share your budget with someone you trust. Ask them to help you review your progress each month. To stay motivated, read about people who are in control of their money and meeting their goals.

c. Finding Money

Use the following chart with clients to list some of the things that they buy a lot. Ask them to note how often they buy them in a month. Put down how much they usually cost (“average price”). Then figure out how much they spend on them in a month. Here are some examples of things that people often buy:

Public transit fare or parking

Magazines and newspapers

Movies or entertainment

Extra phone charges or long distance

Junk food, snack food, meals out

Gas

Coffee

Downloading songs and videos

Clothes or personal items

Cigarettes and alcohol

Things I buy Often	How often I buy them	Average Price	Cost per month

Doing this exercise is an opportunity to 'find' money and decide to prioritize. Remember that there is no judgment but an opportunity to plan for these expenses that might not have been accounted for.

Divorce and separation: what are the assets?

Clients are often unclear about what is considered a joint asset and an individual asset under law. This can be a great source of conflict. The same thing applies to joint and individual debt. Assets in a spousal relationship or marriage can include:

- House
- Pensions
- RRSPs/Investments
- Cash
- Personal Property

Outside support people can help them figure this out. We can help our clients to ask the following questions.

- What is the law that applies to these things?
- Who is entitled to what?
- How do I find out this information?

Definitions and Rights: Property

Property in the Family Law Act

Family property is defined at s. 84(1) of the Family Law Act as all of the property owned by either or both spouses *on the date of their separation* and includes property that is bought *after separation* with family property.

Other property acquired during the relationship can also be a spouse's excluded property, including:

- gifts,
- inheritances,
- court awards,
- insurance payments, and
- property held in a trust that was contributed by someone else.

You do not need to become an expert in this and a little information can help folks get moving in the right direction.

Think about what your clients might need to know about assets and debt to be able to make good decisions together.

Pensions

Spouses may be entitled to a portion of each other's pensions. This is often a sensitive issue. Help people to find out where and how they can get more information on this issue:

- legal advice –private lawyer, legal aid lawyer, duty counsel, legal clinics, family justice centre
- legal information –community organizations, clicklaw
- CPP website or phone call
- Private pension manager website or phone call

Debts and Loans

People are responsible for any debt accumulated in their own name or jointly with someone in both names.

Accessing Credit

When families are going through crisis they often use credit as a stop gap or temporary solution. The decision to do this is not always made together and people often don't know who will be responsible for the debt.

What are the benefits of doing this?

- _____
- _____
- _____
- _____

What are the risks?

- _____
- _____
- _____
- _____

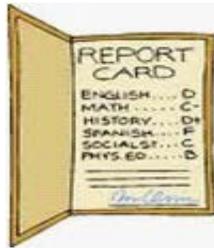
Think of ways you can raise this issue with your client. Often our own values and culture around money impact our ability to communicate on the topic. What do you need to do to build rapport and safety so this conversation can happen?

Credit reporting

Credit bureaus summarize an individual's credit use in a report. The credit report is one of the main things lenders look at when they decide whether or not to give you credit.

A credit report contains history of credit use, credit ratings, and credit score.

An easy way to think about how these relate to each other is to think of the credit bureau as a school. The credit report is your report card. The credit rating is your grades in each subject. The credit score is your overall grade point average.



65% GPA

Credit Bureau	Credit Report	Credit Rating	Credit Score
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Name: _____

Credit file #: _____

Credit Inquiries: _____

TD Visa

R1

700



Who can get access to someone's credit report?

Lenders: Financial institutions or credit card companies will ask your permission to check your report. This is to check your credit-worthiness. They can use the information in your report to decide:

- whether to give you credit
- your credit limit
- the amount of the loan
- the interest rate.

When you apply for a loan or credit card, the lender will likely require that you give them access to your credit report for as long as you have an account with them.

Landlords: If you are trying to rent an apartment, some landlords may ask you to give them access to your credit report when you fill out a rental application. They use this information to see if you are likely to pay your rent.

Insurance: Some insurance companies use credit information along with other information when deciding to give you insurance and what rate to charge you.”

Employers: Some employers may ask to do a credit check when you apply for a new job. They may use your credit report to help them decide whether you will be a responsible employee. For example, government departments or companies that deal with credit or investments often ask for a credit check for new employees or contractors. This is part of their security screening.

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