



Making the Most of Your Income

Income flows constantly

Imagine that you are met by a rushing stream of liquid gold at your front door. But before the stream vanishes out your back door, you have to work as quickly and efficiently as possible to take advantage of it. You can spend it, store it, or trade it, but everything that reaches the back door is gone forever. This analogy is far from perfect, but our lifetime income is like this stream of gold. Every day, every month and every year, we have the task of trying to make the best of it. We spend it while paying our bills and making purchases. We store it by putting it in saving accounts, CDs, and even those extra rolls of toilet paper and cans of Spam bought on sale. We redirect it into taxes, charitable contributions, birthday presents, and tuition for our children. Over the years, we will use up the entire stream of our allotted lifetime income.

Families face difficult choices

However, we are also well aware that much of the stream reaches the back door and vanishes for good. Not even Silas Marner, that famous miser of nineteenth century fame, captured the whole of his allotted stream. No one could, or even should. To do so would make a person or family rather "unbalanced," at least in terms of their pursuit of monetary goals to the exclusion of other goals. It is *balance* in our use of funds that makes home finances so livable, so human, so different, and so difficult.

Families are unlike most businesses in that they have no simple bottom line. To make the most of their income stream, families must take into account not only matters of economizing and getting ahead but matters of individual and collective needs, preferences, satisfaction, comfort, and security. Money alone cannot measure family success. Balances must be struck between current wants and future needs, as well as the interests of one family member and another, or one family member and the family as a whole.



Families learn a balancing act

How do families make such choices? How do they make such compromises? For instance, how do they decide between conserving wealth for a better tomorrow or consuming wealth for a more contented today? Such questions are well worth pondering, and the answers can help each of us make better and fuller use of our income.

The income of a lifetime passes through our hands daily in such small amounts that we hardly recognize its value or potential. While most of it is spent on essentials, some is saved, and some is redirected or traded for the benefit of others. But much of it reaches the back door and vanishes for good. Usually, only a little bit hits the mark of achieving real satisfaction and fulfillment.

Support what you truly value

Here are some simple but effective guidelines to follow if you would like to hit this mark more often and make the most of your income:

- identify what you truly value
- define your goals according to your values
- develop and utilize your resources to support the achievement of your goals
- consistently improve your resource management skills, methods, and means
- avoid procrastination, mismanagement, and waste

If you follow these guidelines, you might not gain any more income to spend, and your stream of income might still flow faster than you can take advantage of it, but you will get the most out of the income you manage to capture, and this could make a great difference to your financial success.

Ron Wall

Extension Specialist in Family Economics and Management