Money Manager

Managing Your Family Finances

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from materials developed by First Nations Development Institute and Fannie Mae Foundation

Native Americans have always managed resources wisely. Resources were managed by budgeting so they lasted throughout the year and savings were put aside for future use.

Budgeting and saving are core skills that enable individuals and families to contribute to their community's economy. In our modern economy, having these skills allows you to make good financial decisions.

On the diagram below, list what your ancestors (elders) would harvest throughout the year.
Example: In the winter to early spring, Northwest tribes harvested venison such as dear and elk.
They stopped in the early spring, when the young animals were born, to protect the survival of the herd.

Spring

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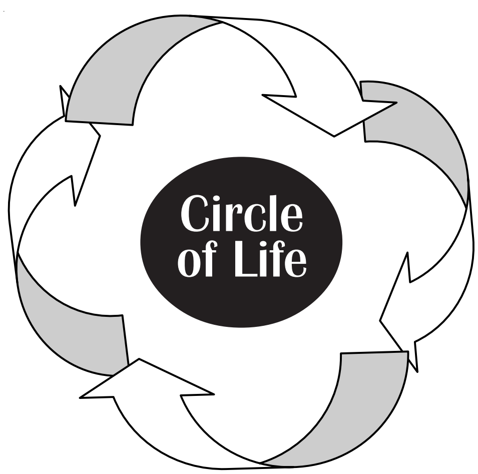

Summer

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Winter

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Fall

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Savings

Even in today's economy, you can create savings for your family. However small, there is almost always a difference between what is earned and what is consumed. You can build wealth by putting aside small amounts on a regular basis. Over time your savings will grow into a substantial and useful quantity. Native Americans understand this concept. One acorn isn't much, but a five-gallon basket of acorns can make enough flour to last for weeks.

Savings are built over time by managing how much you consume and putting aside the small amount that is left over. Having savings creates opportunities to improve your family's quality of life.

Spending Plan

The money you set aside to reach your savings goals needs to be planned. A spending plan is a guide to help you track how much comes into your household and how it needs to be divided to meet expenses and savings goals.

Developing a spending plan is a four-step process. It can take a number of months to create a plan that will meet your family's needs and goals.

The spending plan process is similar to managing resources in a traditional Native community. Every year, Native ancestors estimated the community's needs based on what was used in previous years (Track). They compared the available harvest to the community's needs (Assess). Then they planned what portion of the harvest to set aside for the community's future needs (Save). Finally, they put the plan into motion (Take Action). This resource management process successfully supported Native communities for generations.

Use this same process to develop a spending plan: Track, Assess, Save and Take Action.

Tracking Money

You may need to track how much you spend on a daily basis. After a month, you can determine how much you spend every month. From there, you will want to think about the expenses that are due every few months and items you purchase only a few times a year. An annual expense worksheet is a good way to plan for large expenses by determining how much you need to set aside every month to prepare for that expense. You can use this annual worksheet to determine how much you can realistically set aside for savings each month.

Savings Goals

Savings goals are statements about things you wish you could afford. You can accomplish these goals if you define them, then manage your finances and put money aside as savings on a regular basis.

List some things (along with the approximate cost) you would like to be able to afford:

▼ Short-term (1-6 months)	
Quilt	$75

▼ Long-term (6 months to 5 years)	
Television / DVD player	$400

Credit as a Tool

Credit is when you borrow funds with the intent to repay them. Any time a bank, a family member or a business lends you money and you agree to pay it back at a later date, you are using credit. In most cases there is a charge for borrowing money. The charge is in the form of fees or interest.

Credit has both costs and benefits. The costs include interest payments and fees. The benefits include using credit as a tool to make purchases. Before you use credit, determine if the benefits are greater than the costs.

In the circle of life, traditional resource management teaches that our actions today affect the resources that we will have available in the future. Use traditional resource management skills to manage credit wisely. When you spend money, there is an impact on the financial resources you will have available in the future. You want to balance purchasing what you need with conserving financial resources for the future.

Before you purchase an item, ask yourself if the item is a "need" or a "want." Needs are items that are essential based on your lifestyle and values. Housing and education might be essential to many people. Wants are items that you desire, but that are not necessary, such as a snack or expensive clothes. Because credit generally costs money, it is best to use it for "need" type purchases. Satisfy your "wants" with cash that you save over time.

What does credit cost?

(What something costs when you make the minimum payment.)

Item	Cost	Annual Percentage Rate	Time	Finance Charges	Total Cost
			(APR)		
Couch	$500	18%	3.8 years	$180	$680
Car	$2000	18%	>18 years	$3500	$5500

Ask yourself the following questions before you use credit for a purchase:

- Is this purchase a **need** or a **want**?
- Do I really need this item right now or can I wait until I have the cash?
- Will the item last longer than the payments to purchase it?
- How much do I have to pay to borrow this money?
- How will the credit payment affect my household budget each month?
- Can I afford this?
- What other options do I have?

Making Informed Financial Decisions

Financial literacy can be technical and intimidating. However, when approached from the context of the Native culture and daily life, it can become relevant and useful. As community members learn personal financial skills and make informed financial decisions, these decisions and actions can also help support the economy of the local community.

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