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Your Income Over a Lifetime

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Income

YOUR INCOME OVER A LIFETIME
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Your income is very important today—and will be equally important tomorrow. Only one thing is certain—your income will change over time, if only because of the effects of inflation.

If you are a part of a young family (a single adult, young adults living together with or without children, or a single parent) by considering the income of your family as a pooled resource and by planning for the changes that are likely to occur over the years, you can control your financial destiny.

This bulletin will help you look at how your income (family income) can change over your lifetime. Whatever the makeup of your family unit, it is certain that changes will occur. Children are born, grow up, and leave home and, whether you have children or not, you will grow older. If you belong to a group of single adults who are pooling resources, members of the group change over time. Your physical needs change as well as your preferences, interests, and abilities.

In a natural progression, your family will move from the young family stage to the established family stage; then, on to the retirement stage. This sequence of events is commonly referred to as the "life cycle." Each stage of the life cycle has its special financial concerns. The source and amount of family income are of great importance regardless of the stage in the life cycle.

YOUNG FAMILIES
Sources of money income for the young family usually are jobs, pooled family income, and/or saving and investments.

JOBS
For almost all young families, wages or salaries are the primary source of money income. At the time young families are trying to establish themselves, however, wages and salaries often are lower than they will be later in life. As a result, some young families find it difficult to make ends meet, let alone plan for the future. Is this the case in your situation? Many young people find themselves asking, "What can I do about my situation now?" Therefore, it is beneficial to take a close look at the primary source of your money: your job or jobs.

It is fairly common for a younger, inexperienced worker to earn less than an older, well-trained worker. An apprenticed carpenter, for instance, is paid less during the training period than after acquiring skills and experience. After apprenticeship ends, the carpenter's earnings increase.

Let's examine for a moment what this young worker will have accomplished if he or she becomes a carpenter. He or she has invested time into learning a trade and, while learning the skills, has established a work-record which can be used later. In a sense, the trainee has proven himself or herself. Another worker may not have had the opportunity to do so—yet.

Job training is an investment—an investment in future income. Job training comes in many forms:
- On-the-job training to improve skills;
- Informal self-improvement through outside reading;
- Night school or technical school;
- Workshops and seminars; and
- College courses.

What is your earning potential? Ask yourself some important questions about your job potential:
- Will your current job allow you to increase your income over the years?
Are you using all your skills and abilities with your current job?

Are you happy with your job?

Before you decide to change jobs or to acquire more training, define your present and future income goals. These goals must be compatible with your aptitudes and abilities, or you will encounter much frustration and discouragement.

As you examine your job skills and where you want to be, financially, it is also important to be aware of your present job situation.

Is the job that you have one that you would like to have in 5 or 10 years?

Is the job one in which you can receive more income as you increase your skills and experience?

Is the job one that will be needed in the future, or is it subject to a changing economy?

If the answer to each of these questions is “yes,” then you probably are in the right job for today and for the near future. If the answers are “no,” then ask yourself whether additional training would help to make your job more secure and provide you with an opportunity for advancement.

You may consider yourself finished with training and on the road toward your goals. However, if your job is not secure, if you do not receive adequate job satisfaction, or if acquiring income is drudgery, then a change might improve the situation.

You may not be “stuck” in a job but, by using the training possibilities mentioned, you may acquire new or additional skills which might help you improve your earning capacity.

Remember, too, that plans and jobs are not necessarily permanent; in fact, a young family has an advantage. It is much easier to make career changes early in life than later in life. Periodical examination of your career plans is important to keep you informed of the progress of those plans. Keeping in touch with yourself will help you reach your income goals—if they are realistic.

Whatever you can do to protect your source of income is to your advantage. Additional training, good work habits, and careful planning will help maximize job benefits and help protect your income. You must decide what methods work best for you.

POOLED INCOME

Since family income is pooled income, it can be increased as more members contribute to the total income. A spouse who becomes a second wage earner is a family resource. Don’t forget the children. Older children earn money by babysitting, doing yard work, or even by getting part-time jobs. All income received by family members contributes to the well-being of the family.

SAVING AND INVESTMENTS

Still another source of family income may be found in saving and investments. Interest from savings deposits, dividends from stocks and U.S. Savings Bonds are only a few of the ways in which a young family’s income can be increased. The young family that saves consistently will have more return than a young family that does not use a plan for saving. Of course, these returns may be somewhat limited, especially at first.

What ways do you use to increase your family’s income? Wages and salaries are the main sources of income for a young family, but not the only sources. Give careful thought to all your sources of family income. Make sure you protect the source that will provide your family with the needed income.

NON-MONEY INCOME

There are many ways to add to your family’s income without actually increasing the dollar income. Currently, very popular forms of non-money resources for families are home gardening and preserving food. Of course, there is an investment of time, talent, land, seeds, and tools to produce a family garden; but many people find the benefits of home-grown vegetables to be worth the effort.

Jobs that family members perform for the upkeep of the family also produce non-money income. For instance, mowing the lawn, maintaining the car and house, and repairing furniture are ways to provide services for the young family.

Exchanging these types of services with friends and neighbors, and sharing equipment are also methods of adding to your family’s resources. Use of available public facilities such as parks, libraries, and health clinics is yet another way of enlarging the family’s pooled resources.

And finally, gifts received from persons outside the family unit are non-money resources. Non-money resources available to the young family are many and varied; they represent valuable additions to the pooled money incomes acquired by the wage earner(s).

ESTABLISHED FAMILIES

Upon entering the established-family phase of the life cycle some important changes occur in family income. Whereas the young family is busy acquiring skills and experience for jobs, the established family, presumably, has already done so. Family income has often increased, especially if more educa-
tion, training, or experience has been added. Promotions, transfers, or career changes also might have enabled the family to increase its money resources.

The addition of a second wage earner can affect the family income of established families. As with younger families, spouses and older children can take jobs that provide another source of income. These additional money resources may provide some families with the opportunity to invest their money.

The established family, in general, will have more pooled income available for maintaining the family than will the young family. Job skills and training probably have been improved so that investments in jobs begin to reap the extra benefits of increased earning power. Established families also will have sources of non-money income. For established families with growing children, these resources will differ from the young family.

RETIRED FAMILIES

For almost all retired families, family income drops drastically. Many families have approximately one-half the amount of income they had prior to retirement. How much income that is available depends upon how well the retirement has been planned. Some families have only Social Security while others have pension or retirement plans from their places of employment. Still others have saving and investments that can be used for income. Some may have a combination of these sources. Regardless of the source of retirement income, it is still somewhat limited because family wage earners have ceased working. Proper planning for this loss of wage earning power is necessary in order for the family to maintain a desired level of living.

Many retired families find part-time employment a good way to supplement family income and also to remain active. The non-money income sources are especially critical to the retired family. An important contribution to family income can be made by being aware and making full use of those types of resources used in the previous stages of the life cycle.

SUMMARY

Throughout the life cycle people undergo important changes that have a great influence on the level of family income. Decisions about job training in reality are decisions about a very important investment—your job. The job skills and training you acquire are investments that influence how well you can protect the source of income you have in your job over your lifetime.

Rarely do decisions about job investments stand alone. They have a rippling effect felt many years down the road. That is, what you do today about protecting your family income affects your family income for years to come. Therefore, it is necessary to examine carefully where you are now in the areas of job skills and ambitions as well as to know what is coming. Only then can you prepare properly for the future that you want for your family. What are you doing for yourself today?