

# Dual Incomes



## *Can a Family Survive on One Income?*

*by Harvey Armour*

Financial gain is often a primary motivator for two-income families. However, in some cases, two paychecks are not necessarily better than one. Weighing the pros and cons of this issue can help couples more accurately assess their financial need for dual incomes.

Consider the following statements that appeared in a *Wall Street Journal* article:

*"Most people would not go . . . to work for a job that paid less than minimum wage."*

*"Most people, in effect, are doing just that."*

*"A lot of couples are really shocked once they look at how much the second paycheck really brings to the family, given the hectic lifestyle they have to lead to keep two jobs."*

**So, how can couples determine if it really is financially worthwhile for both spouses to be employed outside the home?**

Although some couples may give equal consideration to both spouses, more traditional

couples may specifically focus on employment for the wife. They would then begin their assessment by doing a cost-benefit analysis. To determine the net financial benefit, each of the following expenses *should be subtracted from the gross income of the wife*:

- Her federal and state income taxes
- Her Social Security and Medicare taxes
- Her additional clothing expenses (i.e., work related)
- Additional transportation costs for her and the children, if applicable. This includes expected added costs for depreciation, maintenance and repairs, insurance, gas, etc. (In some cases, however, transportation costs may actually be less since the wife may do a lot more driving if she is not employed outside the home.)
- Additional expenses for meals. This may include not only added costs of food for the wife because she is at work, but it may also include more frequent eating out by the family because the wife doesn't

have the time or the desire to prepare as many meals for the family.

- ❑ Additional expenses for child care, if any are necessary
- ❑ Miscellaneous other additional expenses resulting from the wife being employed outside the home. This may include such costs as paying someone to help clean the house or to do other chores that would be performed by the wife if she were not employed.

(Note: If the wife's employment provides any added financial benefits, such as free additional insurance coverage, be sure to take those benefits into consideration. If the benefits are not free, there may not be a net additional financial benefit.)

The following comments in the previously mentioned *Wall Street Journal* article should also be considered:

*"There are circumstances for a lot of people where it doesn't make sense to be a two-income family, but most people assume that both people have to be out there working to make ends meet."*

*"It's hard to convince people that they can get by on one income . . . but they can."*

Although *The Wall Street Journal* article may be correct that in many families it is not absolutely **financially necessary** for the wife to be employed outside the home, a second income may still be **financially desirable**. The wife's employment may enable the family to afford some things that they regard as important, but which they could not otherwise afford, including more ample savings to meet future needs. Also, the wife's employment may provide some security if the husband were to lose his job or his earnings were to be reduced for some other reason, such as a cut in the number of hours he works.

***On the other hand, it is important that a family not become heavily dependent on a second income to maintain its standard of living.*** Larry Burkett, a well known Christian writer and lecturer on family financial matters, said, "Husband and wife should have a family budget that meets their needs based on the husband's income alone."

If a family becomes heavily dependent on a second income and that income is, for any reason, lost for a lengthy period of time, the family is likely to have a very difficult time trying to adjust to the substantial reduction in its ability to maintain its standard of living.

A prime example of how heavy dependence on a second income can lead to a serious financial problem is when a couple commits to purchasing an expensive house that necessitates that both spouses continue to be employed. As long as both spouses are employed, their housing expenses might be only 30% to 35% of their total income, but if the wife is unable to work, their housing expenses might require 50% or more of their total income and, thus, their housing expenses would become a heavy financial burden.

In addition to doing a cost-benefit analysis, married couples who are concerned about whether or not it is financially worthwhile for the wife to be employed outside the home should pray and thoroughly discuss the matter before making a final decision.

If you are attempting to make such a decision, claim the promise of James 1: 5—ask God for wisdom so that you and your spouse will make the best possible decision. Also claim the promise of Proverbs 3: 5-6, which tells us, "Trust in the Lord with all your heart, and lean not on your own understanding; in all your ways acknowledge Him, and He shall direct your paths."

*(This article and others by Harvey Armour can be found at [www.calvarybaptistchurch.org](http://www.calvarybaptistchurch.org).)*

© 2002 **Harvey Armour** has been a member of Calvary Baptist Church for close to 30 years, during which time he has taught and counseled in the area of personal and family financial matters.