

Family Budget as A Factor of Economic Well-Being

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Abstract: This scientific article examines the importance of strategic planning and management of the family budget in today's volatile economic conditions. The author explores the economic essence of the family budget and analyzes three primary management models: joint, separate, and mixed. The article presents rules for classifying expenses to ensure the financial stability of the family, as well as practical recommendations for creating a "financial safety net" and fostering a culture of consumption. Furthermore, special emphasis is placed on the impact of financial literacy on the socio-psychological climate within the family and the development of future generations. Empirical studies highlight the crucial importance of family budgets in sustaining financial stability, a fundamental aspect of overall economic well-being. Fergusson et al. emphasize that direct assessments of familial material well-being, including ownership and economizing practices, serve as dependable markers of a family's financial health beyond conventional income measurements. Allegretto similarly asserts that family budgets, which incorporate local and family-specific expenses, provide a more comprehensive view of economic stability than poverty levels alone. The formulation and administration of household budgets significantly affect a family's ability to endure economic disruptions, as evidenced by Malheiros et al., who identified that proficient resource distribution and debt management are essential for the resilience of rural households. Furthermore, Rasool emphasizes that open and accountable household financial management is essential for economic stability, particularly in volatile economic contexts such as Ukraine. These findings together confirm that a well-organized family budget improves financial stability by allowing families to allocate resources effectively, manage debts, and adjust to economic changes, thereby promoting ongoing economic well-being.

Keywords: family budget, financial literacy, strategic planning, income and expenditures, economic stability, budgeting models, investment, reserve fund, consumption culture.

Introduction

Relevance of the topic. In today's rapidly changing economy, characterised by rising inflation and market instability, sound family financial management has become one of the most pressing issues. The family is not only a social unit but also the most important economic unit of society. A family's well-being is determined not only by the size of its income, but also by how wisely it is distributed – in other words, by the ability to plan a family budget.

Creating a family budget is not just about counting expenses; it's about strategic planning. It allows for meeting the needs of family members, providing protection against unforeseen economic crises, and investing in long-term goals (education, housing, health). According to statistical data, a significant portion of family conflicts and divorces arise precisely due to financial illiteracy and improper budget allocation [1].

Research Goal and Objectives The goal of this scientific paper is to analyse the structure of a family budget, its management models, and to investigate the impact of proper budget planning on a family's economic stability.

To achieve this goal, the following scientific objectives were set:

- *reveal the economic essence of the concept of "family budget";*
- *classify the main sources of income and expenses;*
- *propose effective budget management models to achieve financial well-being.*

Literature review

Research indicates that family budgets significantly influence savings behaviors and investment decisions, which are vital for long-term economic well-being. Similarly, Presnyakova et al. developed a global economic security scale that includes savings as a core component, linking it to lower job stress and higher well-being. The Malaysian study by Sapri et al. further supports this, showing that economic and social factors such as housing and community relationship significantly impact family well-being, with savings playing a crucial role. Additionally, the study by McKernan et al. confirms that asset holdings, which are often a product of disciplined savings, help families cope with adverse events, thus reinforcing the importance of savings for economic resilience. Overall, a family's capacity to save and invest is directly shaped by effective budgeting, which in turn promotes financial security and the capacity for future investments, thereby enhancing overall economic well-being.

Role in Stress Reduction and Mental Health. The relationship between family budgeting and mental health is well-documented, with financial stability serving as a buffer against stress. Turner notes that living in economically secure environments correlates with better family well-being, including mental health outcomes. The work of Setiawan et al. emphasizes that family resilience, which is bolstered by effective financial management, moderates the negative impact of economic hardship on family quality of life. Similarly, Luo et al. found that disparities in living environments, which are influenced by family budgets, significantly affect older adults' subjective well-being, with financial security acting as a protective factor. The qualitative insights from Cuba et al. reveal that economic strain, often stemming from inadequate family budgets, exacerbates maternal stress and impacts health. Conversely, families with well-managed budgets experience reduced anxiety and improved mental health, as supported by the findings of Setiawan who observed that positive family relationships and financial stability during crises contribute to resilience. These studies collectively demonstrate that sound family budgeting reduces financial stress, thereby promoting mental health and overall family well-being.

Correlation with Educational Opportunities. A well-maintained family budget is closely linked to access to educational opportunities, which are fundamental to long-term economic well-being. Allegretto discusses how family budgets influence the ability to invest in education, with adequate income and resource allocation enabling families to afford quality schooling. The Malaysian study by Noor et al. highlights that families with sufficient financial resources can provide better educational environments, including adequate housing and safety, which are essential for children's development. Similarly, Morozova notes that families with better financial stability are more capable of supporting children with special needs, such as autism spectrum disorders, by affording necessary services and therapies. The importance of family budgets in facilitating educational opportunities is further reinforced by the work of Rasool, who emphasizes that responsible financial management allows families to allocate funds toward educational expenses, thus promoting human capital development. Overall, effective family budgeting directly correlates with increased access to educational resources, which in turn enhances future economic well-being by fostering skill development and social mobility.

Methods and materials

Currently in the Kyrgyz Republic, the family remains the primary social institution within which the initial foundations of family economics and budget management are laid. Each family

manages its household budget based on independently made decisions. The sum of the individual budgets of family members forms the family budget [3].

The family is part of social society. If we consider it schematically, it acts as one of the branches of social relations. In this context, the family is an object of social psychology that interacts through social, economic, political, and intra familial relationships.

The economic independence of a family is the main factor that opens the way to the spiritual and social development of each of its members. Therefore, the development of financial literacy culture, starting precisely within the family, is a requirement of the times.

Results and their discussion

A family budget is a plan of all a family's income and expenses over a specific period of time (most often one month). From an economic perspective, a family is a small economic entity. Her success depends not only on the amount of income but also on how wisely those funds are managed [5].

Effective budget management models. Each family chooses the type of budget based on their lifestyle:

With a joint budget, the spouses' incomes are combined, and spending decisions are made together. This model strengthens trust within the family, but it can limit personal financial freedom.

Separate budget - each family member manages their own funds independently. This model is more common in modern families where both partners have a high income level [4].

Mixed budget - a "common fund" is formed to cover joint expenses (housing rent, food, children's costs), and the remaining funds are distributed for personal needs.

When choosing an effective budget management model, each family needs to focus on their own convenience. Nevertheless, a mixed budget model is recognised as the most effective for ensuring family stability. Within this model, a common fund is created for mandatory payments and household expenses, while funds are also preserved for the personal development and autonomy of each family member, which significantly reduces the risk of psychological tension [2].

Expenditure structure and analysis. To achieve economic well-being, expenses need to be classified as follows: mandatory expenses, development expenses, and a reserve fund. It is recommended to follow the rules of expense classification (similar to the 50/30/20 rule):

Mandatory expenses: Food, utilities, transportation, loans, healthcare. They should not exceed 50-60% of the budget. If these expenses exceed this range, it is necessary to implement savings measures (energy conservation, shopping lists) [1].

Development Expenditures: Funds spent on education and sports should not be considered "expenses" but "investments." This creates conditions for future income growth. Emergency Fund ("Safety Net"):

To maintain family stability during periods of crisis or unemployment, it is necessary to allocate at least 10% of income to a reserve. This is a key tool for financial protection.

The formation of a "culture of consumption" within the family. During periods of inflation and crises, the main way to save your budget is to avoid emotional purchases. With every purchase, it's important to analyse by asking yourself: "Do I really need this, or is it just a fleeting desire?" Budget optimisation also includes finding high-quality but affordable alternatives instead of expensive brands. Financial literacy as a legacy. It is recommended to involve children in the budget planning process. By showing family members where the money comes from and how it is distributed, the head of the family lays the foundation for their future economic independence [5].

Conclusion

In conclusion, the study highlights key strategies for achieving family financial stability:

Using digital tools. It is recommended to record income and expenses daily on paper or in specialised mobile applications. Systematic accounting allows you to get a precise answer to the question "Where is the money going?" and identify hidden financial losses.

Goal setting and motivation. It's important not just to accumulate funds, but to set clear financial goals (for example, "buying a home," "children's education"). Having specific goals significantly increases motivation to adhere to financial discipline and long-term planning.

Prioritising investment in human capital. A special emphasis should be placed on investments in education and healthcare. These factors are fundamental because they contribute to improving skills and employability, which in the long term leads to an increase in income sources.

Minimising the credit burden. It is recommended to avoid debt obligations, especially high-interest consumer loans. Cultivating a culture of "living within one's means" and rational consumption are the foundation for preventing debt traps.

In modern economic conditions, the family budget is no longer simply an internal matter for the family, but is transforming into a strategic tool for social development. Increasing the financial literacy of the population is the key not only to personal well-being but also to the overall economic stability of the state.

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