

Are Two Incomes Better Than One?

As life presents us with changing challenges and opportunities, the idea of the “traditional” American family has also changed. The dual income family, with husband and wife each managing separate careers and contributing to the financial success of the household, has become commonplace.

Nowadays, economic commitments and expectations often require two incomes to meet the overall expenses of the family. The biggest question is often “How will we save for our children’s education, plan for our own retirement, and, perhaps, help our aging parents deal with some of their financial burdens?”

The Cost of Working

The rewards of dual income families offer both spouses the opportunity to pursue their careers and to accumulate income to plan for the future. However, even though dual income families may have more disposable income to pay for all the necessities—and even some of the luxuries—of life, additional daily expenses can eat into a second paycheck. Having both spouses work may increase job-related expenses (e.g., additional transportation expenses such as multiple car payments, automobile insurance, and parking fees; workplace clothing; and meals away from home). In addition, couples with busy work schedules may require domestic help in order to maintain a household.

Moreover, when both spouses work outside the home, childcare concerns may become paramount. High quality childcare usually ranks right after housing, food, and taxes as one of the largest expenses of the dual income family. When all of these additional daily costs are factored into the family budget, it is easy to see how a second paycheck may not provide as much as originally anticipated to help fund education and retirement goals.

Maintaining Balance

One important consideration for couples reliant on two incomes is the risk of losing income as a result of disability or death, which can seriously strain the family’s financial security. One way dual income families may address this problem is to insure *both* wage earners with **life** and **disability income insurance**.

Beyond financial concerns, there is also a growing emphasis on quality of life issues as families look for a balance between their professional and personal lives. Work alternatives, such as telecommuting or job sharing, have emerged as acceptable ways to achieve this balance, often allowing for more flexible roles for giving care to children and aging parents. As the trend toward dual income families increases, so do the issues, concerns, and needs pertinent to the changing face of America.