



After the Fact | [The American Family: The Financial Crunch of Families](#)

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TRANSCRIPT

Mike Buchmann: Look at that milk that's in there.

Shannon Buchmann: I saw it; it's very good.

Mike Buchmann: Isn't that good?

Shannon Buchmann: Mmm hmm.

Bennett Buchmann: This one is a *[inaudible]*.

Shannon Buchmann: Don't talk with your mouth full.

Mike Buchmann: Don't talk with your mouth full, boy ... silly.

[Music plays.]

Dan LeDuc, host: Meet the Buchmanns: Mike, a high school arts teacher and football coach, and Shannon, an accountant who manages grants for a university. They live in Mishawaka, Indiana. That's in the northern part of the state, a couple hours east of Chicago. They have three children, ages 3, 8, and 13.

Mike Buchmann: We got married in 2003. I had a house as a bachelor, like a 700-square-foot bachelor house. I already started accumulating debt as a young teacher then. I wasn't a good saver, not a very good financial planner. So when I met Shannon, it was quite a bonus that I was getting an accountant out of the deal, because I needed my life straightened out. So we bought a house together, and that was when we were first married.

Shannon Buchmann: I think we consciously decided to have kids, and I don't know if we really knew how much it was going to cost. *[Laughs.]* I'm not sure. It was like, you know, we want to have kids and so we're gonna do it and we'll make it work. I know we talked a lot about how, while we were both not making a ton of money, we were both in positions where our salaries would likely continue to go up. They probably weren't going to go down, because we were at pretty low levels.

[Music plays.]



Dan LeDuc: The cost of having kids. The U.S. Agriculture Department has figured it out, and it's not cheap. For a middle-class American family today, raising a child costs \$233,610—and that doesn't include college. That big number is our data point for this episode of “After the Fact.”

[Music continues.]

For The Pew Charitable Trusts, I'm Dan LeDuc, and this is our third installment in our series looking at the American family today. We've already learned about some big changes that are quickly transforming our definitions of the family: young people delaying when they get married and women waiting longer to have children. Families today have moms and dads, sometimes just mom or dad, and sometimes two moms or two dads. But here's what they all have in common: The cost of raising a family just keeps going up, and like Shannon Buchmann says, somehow they make it work. That \$233,610 that is our data point is a significant one, and as you meet some more families in this episode, we've got some more data that shows just how precarious many families feel today about their daily expenses.

Mike remembers that the early years were tough. There was the mortgage. Like more than 40 million other Americans, the couple had student loans. There were new mouths to feed. Adding child care to the mix brought them to the brink.

Mike Buchmann: For a while there, we were really coming down to—like 50 bucks a month was leaving our house—more than what we had. Like there was a point where it just—we really were that close to being current with everything.

I mean we had paid all our bills, we were fed, our lights were on, and then we were minus 50 bucks.

Dan LeDuc: Setting aside money at the end of the month and saving for emergency expenses can be out of reach for many American families. More than half of American households—55 percent—can't replace one month's income from their savings.

And as we all know, an unexpected expense like a car repair or medical emergency can come at any time.

In 2015, The Pew Charitable Trusts found that 60 percent of U.S. households had experienced a financial shock like one of those in the previous 12 months.

And according to 2017 Federal Reserve data, 4 in 10 adults say they would either borrow, sell something, or not be able to pay if faced with even just a \$400 emergency expense.

Mike was already cutting grass at a local golf course in the summers. But to cover that \$50 shortfall, he took on another job.



Mike Buchmann: So when that hit home, there was a short amount of time where I had to do something, because there was a money shortfall. We didn't have the money we needed to get through.

Dan LeDuc: To help make ends meet, Mike started driving for Uber—taking the late-night shift after school, football coaching, dinner, and bedtimes were out of the way.

Dan LeDuc: Was it tough on you?

Mike Buchmann: Yeah. It was. *[Sighs.]* You know, in a marriage, just like you know anybody else in the room that's married right now knows, there are times when you have to push through things and make sacrifices that aren't necessarily the happiest and the best for your personal feelings, but they're best for the family. And that was one of those deals.

Dan LeDuc: They got through that rough patch. But the costs keep coming. With those kinds of expenses, it's hard for Mike and Shannon to think too far into the future. They're fortunate—both of their jobs provide retirement benefits, and Shannon's university job will offer college tuition help down the road. But after the kids are grown, there is still a lot of catching up to do.

Dan LeDuc: Do you think you're going to be where you want to be to retire? And when do you want to retire? Is that even a visible goal right now?

Shannon Buchmann: Not really. I don't see it—because I know—I don't see retirement as a visible goal. Maybe it's because I'm young. I mean, I'm only 40. I'm literally going to be working at least another 20 years, probably, just for the insurance factor. *[Laughs.]* I mean that's—

Because right now, I feel like my goals are more things like getting Briella through high school.

That's the kind of things that are on my horizon. Retirement's not there for me, because the thing that's on my horizon is Briella going to school and Cooper doing whatever makes him happy right now.

[Music plays.]

Beth Riedeman: Retirement and savings, like, I hear people talk about that. And I just kind of put it out of sight, out of mind. I know I need to be doing things. But I know also the realities of my budget, that that is not a possibility right now.

You know, if someone were to ask me how much is in my retirement right now, I couldn't tell you. Because if I just don't pay attention to it, then I'm not stressed about it. Which is not a good solution, and I know it's not a good solution, but it's my coping mechanism for right now.



Dan LeDuc: Like the Buchmanns and many American families, Beth Riedeman takes it a day at a time. Is she thinking ahead to retirement? Not today.

Beth Riedeman: Mmm hmm. Do you want to watch a little bit of TV, do you want to go outside? It's nice out.

Gray: Go outside.

Beth Riedeman: OK, that's what I wanted to hear.

Dan LeDuc: Beth is 39 and raising her son, Gray, who is 5, mostly by herself in Indianapolis. She's a program director at a local nonprofit. Gray is in kindergarten.

Beth Riedeman: Do you want your sweatshirt on, or no? Do you want your black?

Gray: Black.

Beth Riedeman: The black sweatshirt?

Gray: Yes.

Beth Riedeman: OK.

Gray: What's this?

Beth Riedeman: Um, I have a microphone on. Right there. Don't touch it.

[Laughter]

Dan LeDuc: Beth became pregnant with Gray unexpectedly when she 33, and reality hit quickly.

Beth Riedeman: Definitely I'd always had drive and work ethic. But that definitely set me on a much more rigorous trajectory, so to speak. Because I'm, like, "OK, I'm not just earning an income for me. I want him to have a house to live in, not an apartment. I want, you know, certain things." And so it definitely sparked a fire in me that was already there but was a roaring fire at that point, I guess. And so then I knew I really had to work twice as hard to get what I needed to for my family.

Dan LeDuc: Beth had held a series of jobs as a teacher and YMCA instructor, but her income would not be enough to cover child care and housing.

Beth Riedeman: I learned a lot on that job but only worked 29 hours a week. So my parents really honestly did have to help me out during some of that time.



But we were also on food stamps and WIC and some assistance. And then I got a job at a chain child care, that then I got a discount in child care, plus I qualified for a child care voucher. So I was an assistant director of a national chain with a master's degree, and I still qualified for assistance.

During those times, it definitely was very, very stressful of, "OK, like, my parents will help me out some, but only to a certain point." They don't have a ton of money, and they're not going to help me forever.

Dan LeDuc: Beth now has a better-paying job. Her parents are nearby, and she has a strong group of friends she can count on for help. But each day brings a complicated set of calculations on how to make ends meet. Where can she find a discount or get a sale? What needs to get paid first and what can wait? She tracks it all in an ever-expanding spreadsheet.

Beth Riedeman: So my biggest expense is definitely my mortgage. But luckily, I got a really good deal on my house, so it's not too, too much.

But I went through a program, actually, to help me get my finances together and then was able to get a deal that you can't get off the market. So, mortgage. The next biggest thing is probably—I recently purchased a new-to-me, a used car.

And so I have a car payment now again. Student loans. So my parents wanted us to go to college but yet didn't have the financial means to assist us. And there's four children in my family, so we had to pay for college ourselves.

So I have student debt from undergraduate, and then my master's degree—obviously, it was my choice to do that. And I was young and so I took out way more than I should've. I traveled abroad for a couple of months and took out lots of loans to do that. But now as I'm older, I'm like, "What was I thinking?"

Student loans are definitely a large amount of my budget. And then child care. Once my son went to school, that definitely took a big burden off of me. Child care costs as much as college tuition, pretty much.

It's still a big expense for me, but I know I'm not paying as much as what a lot of people pay. And then he goes before and after school, so we have those expenses now during the school year. But it's like half as much, right?

Let's see. So food, gas, got to get to and from work. Car insurance, obviously, too. The bill just came this week, actually. And then I have a little bit of credit card debt, but not much. So only a couple hundred dollars.



I have a little handy dandy spreadsheet, but those are the big-ticket items.

Dan LeDuc: Worry was a constant refrain among the families we talked to. According to Pew’s research, only about half of Americans (51 percent) say their households are financially secure, and more than half (56 percent) reported worrying about their finances over the past year—citing everything from short-term bills to retirement. A majority (57 percent) also said they are not prepared for financial emergencies.

Dan LeDuc: Do you still have any of those nights where you’re like, “Holy cow?”

Beth Riedeman: Sometimes when I think about college savings and I think about retirement. Or big emergencies. So I feel like—I’ve been in my house four years. Things are starting to fall apart.

Dan LeDuc: A Pew Charitable Trusts study from 2015 found that, for more and more people, the American Dream no longer means getting ahead. It just means getting by. When asked whether they would prefer to have financial security or move up the income ladder, the vast majority (92 percent) chose security, an increase of 7 percentage points since 2011.

For Beth, the American Dream is a moving target that is always just out of range.

Beth Riedeman: If you think that the American Dream is a checklist of things, I feel like I've achieved everything my parents set out for me to achieve. They wanted me to go to college. They wanted us to have good jobs. They wanted us to make something of ourselves. And I've definitely achieved those things. And I feel like I've done kind of the path. I've completed the path my parents wanted us to be on.

However, somewhere along the line, that list got bigger. And so, it’s like “Gol-ly.” As soon as you check off three things, two more things get added to the list.

Dan LeDuc: It's like society has set up a goal post, and you know you can reach it. And then, it’s, like, just as you get there—somebody moves it.

Beth Riedeman: Yeah.

Dan LeDuc: Is that the feeling?

Beth Riedeman: Yeah, yeah. And you don’t even realize it. You’re just always chasing that light, and the light just keeps staying 10 feet away and never gets closer than 10 feet away.

[Music plays.]



Dan LeDuc: The Buchmanns and Beth Riedeman and so many families are always looking for a cheaper way to get things done. For Emma and Angie Bedford-Jack, that meant a big change after their son, Silas, came along. They decided it was time to uproot from their Brooklyn apartment and move to Pittsburgh, where family was nearby and the cost of living was less. But that still doesn't mean not expensive. Emma is now pregnant with their second child. On the day we visited, she was tending to Silas, who's now 2, while Angie was at work—and she was on the phone updating her mom with the latest family news.

[Phone rings.]

Laura Bedford: Hello?

Emma Bedford-Jack: Hey, Mom, it's me. So Silas got into that fancy Jewish day care, we found out.

Laura Bedford: Oh, he did?

Emma Bedford-Jack: He did.

Laura Bedford: Isn't it expensive too, though?

Emma Bedford-Jack: Yeah, it is expensive too. It was our whole conversation—Angie made a spreadsheet about it.

Laura Bedford: God bless her.

Emma Bedford-Jack: I know.

Laura Bedford: I'm so glad you married her.

Emma Bedford-Jack: I know, I know.

Dan LeDuc: The Bureau of Labor Statistics says child care is the greatest single expense when it comes to raising children in most regions of the United States. It was one of the main reasons driving Emma and Angie's move to Pittsburgh.

Emma Bedford-Jack: New York was wonderful. I lived there immediately following college and stayed mostly in Brooklyn. My wife lived in a couple different neighborhoods, boroughs. It was great until it wasn't. *[Laughs.]*

Dan LeDuc: Yeah, it wasn't because it's starting to get even more expensive.

Emma Bedford-Jack: Right.



Dan LeDuc: You guys started a family.

Emma Bedford-Jack: We started a family, yeah. And even in our talks about starting a family, we discussed the nonfeasibility of living as a social worker and a public school educator in New York City. That we wouldn't be able to give our son a backyard or take family trips like we wanted to, or even have the physical space in our home that felt manageable with a kid, future kids, and two dogs.

Dan LeDuc: Once in Pittsburgh, Emma and Angie put what little savings they had into a down payment for their first home. They've lived in it now for just about a year.

Dan LeDuc: So how does this place compare to Brooklyn?

Emma Bedford-Jack: Uh, it's a lot bigger. *[Laughs.]* Yeah, so, this is our first ownership piece of the world. It was a big deal for us to decide to buy a house. And it's nice. We have a playroom for him on the third floor. We have a guest room, a nursery. It's nice.

Dan LeDuc: You can make a family here.

Emma Bedford-Jack: It's nice to have a space of our own now. It's nice to, like, hang family photos and make it ours.

Dan LeDuc: Angie and Emma are happy in their new city and are figuring out ways to make ends meet. They track most of their bills online, managing multiple spreadsheets.

Emma Bedford-Jack: Monthly finances are still tight. I would say our mortgage is, I think, \$1,475, which is still much less than our rent was in Brooklyn. Child care is about \$150 a week. Car insurance payments I think is—we have two cars now. We only had one in Brooklyn. So two cars here is like \$60 a month, whereas in Brooklyn, one car was like \$200 a month.

And there's utilities. It's definitely more utilities owning a house—things like heat, water, and stuff like that. That probably comes out to \$150 a month, if not a little bit more. And we end up with a small amount of savings each month. We're not living paycheck to paycheck, but if we do things that go out of our budget, we have to make up for it for the next couple of months.

Dan LeDuc: Emma's learned that providing for a family means you can't always pick and choose where the money goes.

Emma Bedford-Jack: It's nice that it's all online. I can pull it up easily anywhere if we get a bill that we don't know where that came from. But it's also overwhelming to see it all at once.

Dan LeDuc: Even though they manage most of their finances online, there's a salad bowl on the dining room table that's overflowing with bills.



Emma Bedford-Jack: What else is in here? *[Shuffles papers.]* Receipts from home improvement stuff. There is the reassessment on our property. There's—I think this is for the roof being redone.

Dan LeDuc: I hate to say it, but you have a salad bowl full of stuff.

[Laughter.]

Emma Bedford-Jack: I know. We do. We do.

Dan LeDuc: Like Mike and Beth, Angie and Emma are also paying student loans from their master's degrees. Emma's parents helped out with her undergraduate degree from Smith College, undercutting their own financial security.

But parents are increasingly wary of paying for their children's higher education. A 2017 Fidelity Investments survey found that only 29 percent of parents plan to cover the full cost of college. That's down from 43 percent in 2016.

Emma says she and Angie are already thinking of how they'll handle their children's college education. And it's different than their parents' approach.

Emma Bedford-Jack: We are really cognizant of the ways in which taking on extra debt from my education in particular was a hardship for my parents, and perhaps selfishly we don't want to do that.

We feel it's more important to give our kids good financial guidance, to talk them through the choices they're making, to be honest with them about the long-term choices they're making. Choices that are incredibly hard at 18 years old and are ridiculous to be making at that age, but choices that they will have to make.

And I would rather our kids go to maybe not as fancy a school and put themselves in a good financial position afterwards than be saddled with hundreds of thousands of dollars in debt because they've got a nice name on their diploma.

Dan LeDuc: A good education is often seen as central to achieving the American Dream, but, as we've been learning, the American Dream is starting to have a new meaning for a lot of families.

Emma Bedford-Jack: I mean, if we didn't ever have a nicer house or didn't ever live with better cars, or—that would be fine. That would be totally fine if we were just comfortable and didn't have any anxieties about where money was coming from.

Dan LeDuc: Right. How much of this anxiety really is like a constant part of your life these days?



Emma Bedford-Jack: A lot of it. It's definitely a daily discussion with my wife of where we're going to spend money. And it is filled with spreadsheets, and calculations, and hour-by-hour counts of how much money will go into a different child care facility.

And it's stressful all the time. It's always somewhere in the back of your mind of, like, "Uh, can we afford that, can we buy that, should we be doing that thing?" In, like, once every conversation.

Dan LeDuc: Do you think there will be a time when you won't have the monthly anxiety and one less box you wish you could check?

Emma Bedford-Jack: Yeah, I'd like to think so. It's a nice thought. Maybe when we're a lot older—like I'm thinking 50s. Then our kids will be out of the house, so there won't be the educational costs, the day to day, less mouths to feed. We'll probably downsize to a smaller house, but we'll both still be working. That's when I like to think things would maybe be a little more chill, financially.

Dan LeDuc: Today, though, Emma and Angie have to keep looking for places to save.

Emma Bedford-Jack: I'm also pregnant. I'm due in May.

Dan LeDuc: They're welcoming a second child—a girl. But Emma's a contractor, so she doesn't qualify for paid maternity leave. When she stops working, the family will have one more mouth to feed and one less paycheck.

Dan LeDuc: What do you do to plan financially for that? You are going to stop working for a while.

Emma Bedford-Jack: Mmm hmm.

Dan LeDuc: And when you stop working, you will stop being paid, right?

Emma Bedford-Jack: Mmm hmm, yeah. Well, the first thing you do is panic. Umm, and then start brainstorming. We've been in a mode of trying to save more, knowing that I will not be paid for three months. But it is a big source of anxiety.

Dan LeDuc: And you've got to think down the road.

Emma Bedford-Jack: Mmm hmm.

Dan LeDuc: Do you plan to retire someday?

Emma Bedford-Jack: I don't. *[Laughs.]*



Dan LeDuc: Really?

Emma Bedford-Jack: Yeah. My wife does. She has a 401(k). I don't have anything like that. I worked for the DA's office in New York for a couple of years right out of college, and so I have some, like, Roth IRA money from that. I have like \$2,000 or something. But yeah, I just assume I'll be working.

[Music plays.]

Dan LeDuc: Couples are delaying when they get married. Women are waiting to have children. And, as it turns out, as people get older, they're delaying retirement too. Two-thirds of Americans say they expect to work past age 65. The reason why for many of them? Concerns that they won't have enough money to live comfortably. In fact, the Pew Research Center has found that 46 percent of American adults are worried they won't have enough money saved to retire.

Sharon Cutler: I did not see myself working past 65. I thought that I would have everything that I needed past 65. It seems like 65 is the cutoff point for—you know, all of a sudden, you have to have it made and everything, and that's really not the way it is anymore. So I've joined the group of, uh, happily working people.

Dan LeDuc: That's Sharon Cutler. In our next and final episode of the American family series, we'll talk about retirement: who's ready for it and who's not. In the meantime, we'd love to hear from you. Share your stories about raising kids and balancing budgets with us on Twitter [@PewTrusts](https://twitter.com/PewTrusts).

Female voice: "After the Fact" is produced by The Pew Charitable Trusts.