

Winter 1961-62

# Everybody's money

A Magazine for Credit Union Members



YOUR CHILDREN AND MONEY P. 10

# PROUD

## A MEMBER!

When you join a credit union you are showing your interest in self improvement, your desire to be thrifty, your belief in the habit of regular saving, your determination to improve your family's financial condition.

Your membership also shows that you are willing to help others to a better life: your membership shows your **faith** in your fellowmen.

A credit union pioneer, Roy F. Bergengren, said, "The purpose of the credit union is to prove, in modest measure, that the brotherhood of man is a practical ideal!"

Today, 15,000,000 credit union members are proving it is true. That's why you can be proud to be a member!

**ABOUT  
THIS MAGAZINE**

Your credit union subscribes to *Everybody's Money* for you. This quarterly magazine is specially for credit union families. We hope it will help you get more for your money.

Each issue will give specific information on wise buying and money management, but no individual products will be recommended. Frauds and deceptions will be exposed: they not only exploit consumers but they harm responsible businessmen who provide useful services and make and sell honest products.

We hope you will get something else out of *Everybody's Money*, too, and that is the credit union idea that helping each other is the best form of self-help.

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# Everybody's money

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# WHEN YOU BUY



# A HOME ...

**You can lose your home—and your shirt  
if you don't pay careful  
attention to details**

"Buying a house in haste is like marrying a girl on a blind date," says an experienced attorney. "Shop around and sign nothing until you are sure your interests are fully protected."

Here are some points to consider when planning to buy a house:

It is often possible to get a better price by buying from the owner directly. That's because he saves the expense of the real estate man's commission. But if the seller has listed the property with a realtor, the seller must pay the commission even if the broker did not serve as contact between buyer and seller.

If you decide to consult a real estate broker, be sure that he has a good reputation. The local chamber of commerce will be glad to furnish you with a list of licensed brokers.

The advantage of using a broker is that he has a complete listing of *all* local property for sale. He can more quickly help you find the kind of house you want. You can learn a lot from him about property, too, if you visit several houses with him.

Before actually buying a house, you'll need answers to important legal questions:

Are there any recorded restrictions on the use of the property? May additions be built? May the site be used for multiple family dwellings? Does the building conform to local zoning and building code regulations? Is the zoning of the surrounding area of a type which might reduce the value or saleability of the property? Are there plans to condemn nearby property? Or for new building in the area?

You can obtain answers directly from such sources as your city planning commission, zoning commission, town clerk or other local governmental agency responsible for land use control.

### **You need a lawyer!**

You can buy a house without the help of a lawyer, but it's foolish to do so. Why? Because there are many legal questions involved, and a mistake or an oversight could endanger your home ownership. Every year people lose their homes because of legal difficulties, many of which didn't come to light for years. Get a lawyer who regularly handles real estate transactions.

### **Offer to purchase**

The most important part of the preliminary negotiations is the offer to purchase. It is a document which lists in full detail *all* of the conditions under which the buyer wants to purchase the property. You, as the buyer are legally bound by the offer if it is accepted by the seller. Here again, consult an attorney to prevent costly mistakes or omissions.

**Legal description.** The offer to purchase should begin with the legal description of the property—not the mailing address.

**Survey of property boundaries and location of house on lot.** Whenever the building is new, or no plat has been prepared, or any doubt whatsoever exists that the legal description of the property covers the intended land purchase, you should obtain a professional survey at the seller's expense.

**Price and terms** should be stated in the offer to purchase. Usually you will offer less than the seller wants. If your first offer is turned down, you can make others.

**Financing.** The offer should be made subject to your ability to get the financing you desire.

You are usually in the best bargaining position if you make an offer with a cash purchase.

If you are undecided between a mortgage or a land contract, you will generally find that the land contract is the more expensive of the two.

In many areas, you have little or no protection when buying a house on land contract: in some cases if you miss one payment, the property can be seized. Consult your lawyer for local law on this.

Veterans should consult their local veterans administration office concerning local and national benefits.

**Evidence of title.** The buyer

should require that the seller supply evidence that he owns the property and has the right to sell it. This can be done either by furnishing an up-to-date abstract, or a title insurance policy. Investigate the cost of both types of title evidence. Often an abstract will prove less expensive in the long run.

### **Title important**

**How to take title.** The buyer should require the seller to furnish a warranty deed at the seller's expense. The offer should also specify that the seller states that he holds his title free and clear of all restrictions, encumbrances, and easements and that the property conforms to all local zoning and building codes. This is a personal guarantee of the seller and should not be considered by itself as evidence of title.

**Personal property to be included.** If screens, storm windows, carpeting, venetian blinds, TV antennas, stoves, refrigerators, furniture, flowers and other movable items are to be a part of the property transfer, they should be specifically listed in the offer to purchase.

**Utilities.** The seller should guarantee that all utilities are installed and paid.

**Assessments.** The offer should specify that all outstanding

assessments (street, curb, sewer, water, sidewalk) will be paid in full by the seller.

**Title in the property.** Local law determines the manner in which property can be held. Your offer should specify the method in which you wish to take ownership.

**Closing costs.** If you will pay the closing costs, the offer should put a specific limit on the amount you are willing to pay for closing expenses. Instead, the offer may state specifically that all closing costs will be assumed by the seller.

Who pays taxes, insurance, and oil or coal already in the house should be spelled out in the offer.

### **Possession**

Your offer should clearly state that the seller will warrant (guarantee) possession and will assume all costs in the event that possession is not obtained at the time specified in the offer.

**Cancellation clause.** Be sure your offer includes a clause which will enable you to withdraw your offer without financial loss or obligation in the event of the seller's misrepresentation or inability to meet the terms of the contract, or your inability to obtain the desired financing.

# **Better Business Bureau**



*how it helps you!*

Suppose you are approached by a fast-talking salesman who offers you what seems to be a very good deal on a roofing or siding job. You wisely resist his pressure to sign a contract on the spot, and call your Better Business Bureau. Very likely they have a file on your high-pressure friend, and you'll be given a run-down on him. Then you can use this information in deciding whether to buy that new roof from the salesman or from your local dealer. (The BBB will have a file on your local dealer too.)

Notice, the BBB will not say "Don't deal with this guy," or "lay off—he's a crook." The BBB will only tell you what

facts it has gathered on the man and his company. The final decision is up to you.

If the BBB doesn't have a file on this particular salesman, you are still ahead by calling. It may be that he's new in your community, but it's also likely that his firm has operated in another part of the country. If so it won't take your BBB long to get this information from its sister organizations.

Of course, your salesman friend may be entirely legitimate, and the deal he offered you might be a good one. It doesn't take much time or bother to find out, though.

Better Business Bureaus handle nearly two and a half mil-

lion requests a year. Seventy-five percent of these inquiries come from the public; twenty-five percent from businessmen. About eighty percent of these calls are requests for information, and twenty percent are complaints.

There are nearly 120 Better Business Bureaus; most of them in the United States and Canada, and one each in Mexico, Venezuela, and Israel.

Your local Better Business Bureau is a non-profit corporation supported by businesses in your community. Its first function is to protect legitimate, responsible businesses against unscrupulous, unethical, irresponsible operators. In doing so it protects you, the consumer, as well.

#### **WHAT THE BBB DOES**

- Maintains a record of businesses operating in its area.
- Gives you the facts it has when you ask for them.
- Investigates all local fund drives, solicitations, and requests for money and keeps a file on them.
- Keeps close watch on frauds and unfair practices, and keeps businessmen, the press, and the public up-to-date on current shady schemes.
- Maintains country-wide contact with other BBBs through

its national organizations.

- Promotes fair advertising and selling practices and investigates violations of such practices.
- Maintains a staff of "shoppers" who keep constant watch on newspaper, radio, television, and other advertising.
- Publishes bulletins and reports for members, and materials for newspapers, civic organizations, and the general public.
- Assists in setting up codes of business ethics and practices.
- Prosecutes frauds.

#### **WHAT THE BBB DOES NOT**

- Offer legal advice.
- Make recommendations. (Don't believe merchants who say or imply that the BBB endorses their product or proposition.)
- Give credit information.
- Get you out of deals you have unwisely or thoughtlessly got yourself into—unless fraud or misrepresentation are involved.

The BBB's advice to you when you have a complaint is to take it to the company or organization involved. Usually, the BBB believes, the company will be glad to straighten out the trouble because most businesses are honest. If it won't, take your trouble to the BBB.

# YOUR CHILDREN AND MONEY

**The habits  
of a lifetime  
are learned at home.  
Are you teaching  
your children  
to be thrifty?**

How can I teach my children the wise use of money? That's a question every parent asks.

But it is not enough to tell them that money is what Dad gets in exchange for his work, and that he in turn exchanges it for the goods and services the family needs. Or that Dad can write checks only for the amount in his bank account.

Explanations are useful, but they are not enough. What the child needs, above all, is *experience* in handling money himself.

How do children get experience in the use of money? Most experts favor a three-point approach: (1) an allowance from parents; (2) payment for special jobs at home, (3) and the encouragement of outside earnings.

Isn't the child going to make mistakes? Almost certainly. But it is better to waste money at age ten than at age twenty-five. Early mistakes in the use of money teach the child important lessons. And it is through this practical experience that he becomes better equipped to meet the challenges and dangers of our credit world.

## **About allowances**

Most parents start giving an allowance when the child starts to school.

The allowance should be a specific amount. It should be adequate to meet the child's needs. It should be increased as his ability to handle money grows, together with his needs and responsibilities.

Allowances should be paid at regular intervals. Many parents pay weekly; others on pay day.

The length of the allowance

period has no major significance. *But what is important is that the child learns that he can expect no further parental funds until the beginning of the next allowance period.*

Teach your child what his allowance must cover—church contributions, credit union savings, treats, hobbies, toys, gifts, movies, and candy. (Some families include school expenses and clothing purchases in the allowance when the child reaches his teens.) Carefully explain

the relative importance of each of the child's financial responsibilities. Point out the obligations which must be met each week. You may wish to suggest minimum amounts for such items as Sunday school contributions and credit union savings.

But the allowance would lose its educational value if the entire sum were to be spent in accordance with the parents' wishes. The total amount must be sufficient to enable the child to use independent judgment—

---

IT'S FUN TO SAVE when dad takes you to the credit union office to deposit your pennies. Many credit unions encourage children to join, and open their own share accounts.



and to make his own mistakes. The principal benefit of the allowance system is providing the child with practical experience in making compromises and decisions which give him a better understanding of the value of money, thrift, and wise spending.

### Three mistakes

Watch for these three pitfalls: making the allowance too large, too small, or conditioning it on good behavior.

If the allowance is too small, the child loses the opportunity to make his own decisions. Nor can he save for an attainable goal, such as a toy, rather than spending all on candy.

On the other hand, an excessively large allowance encourages impulse buying and discourages shopping around for better prices. Also, the child has little incentive to save. Withholding the allowance because of bad behavior gives the child the impression that he is paid for good behavior.

Should children receive money for doing regular household chores? The experts counsel against this practice. But they suggest that youngsters should be paid for special jobs at home which would ordinarily be done by paid workers.



### Earning money

Supplementing his allowance with outside earnings is an important part of the child's learning experience. These earnings give him a broader opportunity for value choices, a chance to save for larger goals, greater self-confidence, and an incentive to apply himself more diligently to his studies.

### Using the credit union

Young people with jobs often can make good use of credit. Many credit unions report they



make loans to members who are minors, for useful purposes. Loans to newsboys for bikes are common. Other teenagers borrow for scientific equipment, for books and school fees. Of course dad co-signs the note, which makes him legally responsible for the debt, but the child pays off the loan out of his earnings—and learns valuable lessons about the productive use of credit, in the process.

The teenager's personal budget problems also help him to take a greater interest in the family's financial affairs, and

to become more understanding of his parents' efforts to balance the family's earnings and expenses.

Frequently a teenager would like to discuss his financial plans with a person other than his parents. This applies to savings for college, for Christmas gifts and other major goals. That is the time to encourage a child to see your credit union treasurer. The credit union is deeply interested in the youngster's financial welfare. And the treasurer will be glad to help him work out a thrift program.



## SOAP PREMIUMS

**MIGHT AS WELL  
PICK THE PATTERN  
YOU LIKE.**

**You pay for  
the dishes  
anyway!**

**B**efore you start collecting your "free" set of dishes, or stocking up on towels, with the premiums in your laundry soap, take a look at this:

H. E. Howard, who is trade standards supervisor for the city of Miami, Florida, wondered if the premiums in the detergent boxes really *were* premiums.

He checked three boxes of Breeze—premium size with a bath towel inside, giant size with a kitchen towel, and regular size with a face towel. This was a total of 7 pounds and 7 ounces of detergent for \$2.55 or a cost of  $34\frac{1}{2}$ c a pound.

Next he tried Duz—queen size with a soup dish premium, and a starter size with a cup. He had a total of four pounds and  $1\frac{1}{2}$  ounces of Duz costing \$1.64 or 40c a pound.

Detergents without premiums were checked. The packages tested weighed 53.3 pounds and cost \$11.70, or 22c a pound.

So, Howard had paid 93c for the towels and 74c for the dishes!

If you want soap, better buy soap, says the Cooperative News Service, which reported this study.

## WHEN IS IT SMART TO USE CREDIT?

1. **When you buy something that will last for years, such as a refrigerator, car, house, washing machine.**
2. **When it's a necessity, not a luxury.**  
It doesn't make sense to postpone things needed for health or economy. The family with a baby needs a washer now, not two years from now. Postponing a trip to the doctor or an operation is dangerous as well as costly.
3. **When the benefit or convenience is worth the cost.**  
If an item you've been planning to buy anyhow is on sale, it may pay you to buy now and pay the credit charge.
4. **When you don't pay extra for credit.**  
Traditional no-interest charge accounts are getting scarcer all the time, but they do offer convenience when you don't have cash.  
On some time payment plans, you get the cash price if you can pay within 30 days. If the item is not too costly that may be possible for you.
5. **When what you buy will improve your life or income.**  
Education on credit is a good example. College loans are the most talked-of nowadays, but think of yourself, too. If you've always hoped you had more skill, investigate to see if you can't get training that will fit you for a better job, or more responsibility where you work. A credit union loan for such a course could be your best investment.

### SIGNS OF BAIT ADVERTISING

1. A bargain price so low you wonder if it can possibly be true.
2. Unwillingness to show and sell the advertised item when you walk into the store.
3. Knocking the advertised item, in an attempt to switch you to more expensive merchandise.
4. "Just sold out", though you arrive early.
5. Salesman indifferent, indicating bargain is not for sale.

The Houston, Texas Better Business Bureau lists these signals.

# A COMPARISON OF CREDIT COSTS

*It pays to know from your credit union*

Because it's easy to make interest rates sound better than they are, it's important to you to compare the cost when you borrow, not just the interest rate.

The credit union's 12 per cent a year is true annual interest. The bank's 6 per cent is true annual interest if you repay a \$100 loan in one payment of \$106. Actually though, you probably pay back the bank in monthly installments, not in one lump sum at the end of the year. Therefore during the year you have the use of a smaller and smaller part of the \$100; on the average you have about half. That's why the bank's stated 6 per cent add on interest on a small loan is about double, or close to 12 per cent.

Finance charges at other agencies are usually higher than at banks. Some lenders also add other charges and fees. At the credit union there are no extras.

How can you tell what you're paying? Rates bear little or no relation to actual charges. In a survey 68 auto dealers queried quoted 20 different annual in-

terest rates charged—all in one area! Yet, the dollar costs of the credit on the same price cars varied even when the quoted rate was the same!

Easiest way to find out what you're really paying for credit is to multiply the number of payments by the amount of each payment and deduct the cash price, or the actual amount of the loan money you got. The answer is the amount the credit cost you.

Read the fine print on your bills. Most stores have done away with the old fashioned no-interest charge account. Instead they use a revolving credit system, in which you pay 12% to 18% per annum on the amount you still owe. It's usually listed as 1% to 1½% per month.

Here's a chart which lists actual credit costs paid recently on \$500 from different types of agencies. You can pay more, and you can pay less. We didn't hunt around for loan shark examples to shock you, but for typical credit contracts with respectable legal agencies.

source	amount	12 monthly payments of	total repaid	credit rate	interest (approx.)
Bank— personal loan	\$500.00	\$44.33	\$531.91	\$31.91	12%
Small Loan company	500.00	47.00	564.00	60.99	22%
Dept. Store Time Purchase	500.00	44.97	539.60	39.60	15%
Furniture Store	500.00	46.00	552.00	52.00	19%
Auto Finance Co. new car	500.00	45.34	544.08	44.08	16%
Auto Finance Co. used car 1-2 yrs. old	500.00	46.60	559.20	59.20	22%
Auto Finance Co. used car (over 2 yrs. old)	500.00	47.65	571.80	71.80	26%
Other car dealer	500.00	49.00	588.00	88.00	32%
Credit Union*	500.00	44.43	533.16	33.16	12%

\*The credit union loan included CUNA Mutual Loan Protection insurance at no extra charge, which would pay off the insured borrower's loan in case of his death or total and permanent disability. The other contracts did not include insurance.

# HIDDEN COST

## in car ownership

**Even if you only drive your car to church on Sunday, that old devil, depreciation, will get you in the end.**

When you buy a steak, you spend your money and it's gone, whether you enjoyed the steak or not—even if you didn't eat it.

Most of us consider the money we pay for a car as spent, too. But when you buy an automobile, your money isn't gone. What you do, whether you pay cash or finance the car, is arrange to spend a certain amount of money over a certain period of time. For several years you can, if you want to or have to, convert the car into cash, so your money isn't all spent until the car is so old it has lost all its market value.

Articles about car depreciation often are accompanied by elaborate charts. But here's a simple way to learn what you actually spent for your car at the end of a year: deduct its current market value from the price you paid. This is the true cost to you of owning a car for a year.

You can do the same thing for cars of any age. If your car is four years old, find its current market value, deduct that

from the price you paid for it, and divide that figure by four (the number of years you've had the car.) This way you'll find the true cost of owning a car, not counting operating and other expenses, of course.

You can find the current market value of any car by checking prices on several (not just one!) used car lots, by studying used car ads in the papers, or in case of fairly recent models, by looking at a car valuation guide or "blue book."

Specialists agree that, roughly speaking, most cars go down in cash value about 30 percent the first year, an additional 20 percent by the end of the second; 10 to 15 percent more the third year and another 5 to 10 percent the fourth.

For most motorists, depreciation is the one biggest cost of



operating an automobile, more important than gas, oil, tires, repairs, and insurance. It's a cost you can't get away from, because it's actually paying for the use of the car. Even if you left your car in the garage from the day you bought it, you'd have almost the same amount of depreciation!

There are many theories about "getting around" this expense. The two extremes are trading a car in on a new one every year, and running a car 'til it falls apart. Specialists in auto economics, however, take a dim view of both systems.

The man who trades every year does have certain advantages. He always has a new car, and with luck he should never have any serious repair bills. But he is paying a stiff price—usually something like \$800 to

\$850 per year—for his shiny, carefree transportation. Whether it's worth this price is up to him, of course.

The man who buys a new car and runs it into the ground has advantages, too. After one, two or three years he is freed from making payments, a nice feeling indeed, especially if he got a good, sound car to start with. Sooner or later, an ever-increasing round of repairs begins; nevertheless, where the yearly trader pays \$850 a year for his car, the drive-til-it-stops man may get away with half that or less, including repairs, especially toward the end of the car's life.

If he considers a car nothing but a means of getting around, he may not mind the fact that the car sounds, rides, and looks old. But most people don't like

<b>Typical Depreciation Rates</b>				
	<b>1st Year</b>	<b>2nd Year</b>	<b>3rd Year</b>	<b>4th Year</b>
<b>\$2,500 car is worth</b>	<b>\$1,750</b>	<b>\$1,250</b>	<b>\$1,095</b>	<b>\$1,000</b>
<b>\$3,000 car is worth</b>	<b>\$2,100</b>	<b>\$1,500</b>	<b>\$1,300</b>	<b>\$1,200</b>

A popular model, popular make car may depreciate less; a less popular car more. A well-cared-for car depreciates more slowly than a neglected one.

driving an old wreck that threatens to collapse at any minute.

Some experts say the time to get a new car is somewhere between these two extremes, possibly around the third year.

Many people never buy a new car, but feel they have licked the system by buying a one or two-year-old model on which the original owner has taken the 30 to 50 percent depreciation rap. This may be a good plan. You may get a not-new, not-old car in good shape, with, as the ads say, "thousands of miles of trouble-free transportation" in it.

But remember, it's a lot harder to buy a good used car than a good new car. They're around but you have to look for them. Buying a good used car is something of an art.

Though you can't stop depreciation, there are some things

you can do to cut it to the minimum:

1. **Select a car you know has a good trade-in history.** Certain popular makes and models maintain their value better than others. If you prefer another make—which might be fully as good a car—you will have to accept the lower trade-in/higher depreciation that come with it.
2. **Take good care of your car.** Except among very old cars, there is quite a difference between the price you can get for a "dog" and a "creampuff", though they are the same make and year, and have the same mileage.

Remember the major factors behind depreciation are popularity and reputation of the car, age, amount of wear and tear, and obsolescence, which involves style changes that sometimes date a car earlier than its years.



Contest winner is Mrs. Anne Chudoba,  
member of J.L.C. Employees Credit Union  
in Rockford, Illinois.

## What my credit union did for **ME!**

All I can say is thank God for the credit union -- and it's from the bottom of my heart.

I had been going to loan companies and banks, but this credit union saved my life! Their interest is so low, and they take it out of your pay check, so you never miss what you don't get.

I was really desperate. My husband had been blind for years with no pension or help of any kind. My unmarried daughter living at home had a nervous breakdown and hadn't worked for over eighteen months.

My house which is forty-one years old needs repairs badly. The plumbing gave out; the furnace burned out; we needed a new roof, etc. etc.

Then my husband got dropsy and heart trouble which meant doctors and bills and medicine -- and the prices are sky high.

I almost lost my mind. But this dear lady in charge of the credit union loaned me money time and time again, which helped me out.

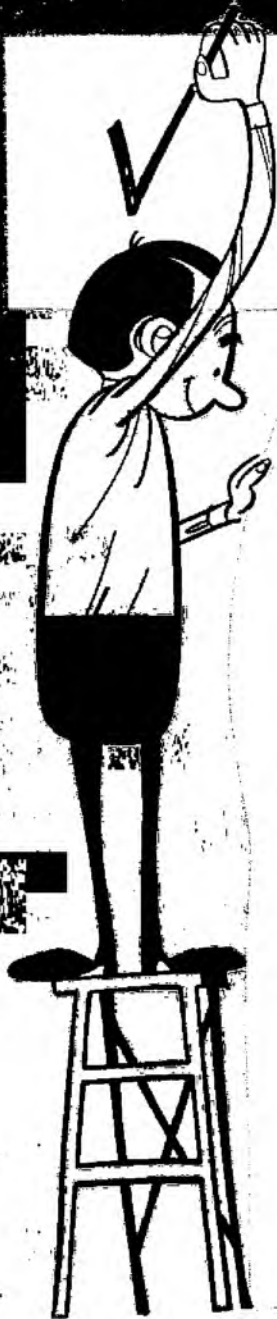
So, with the grace of God, I hope to live long enough to pay back every penny before I pass away, as I'm very grateful to the credit union. I believe I know now why people steal and get desperate enough to commit suicide, when life's burdens become too much and it's more than any human can take.

So once again, thank God for the credit union.

Sincerely,

*Mrs. Anne Chudoba*

You might win, too! See page 30



# Budget check-list

"I just don't know where the money goes. . . . With our income we should be doing better than we are. . . . Budgets don't work for us." If you've ever said these things, you have plenty of company.

You can start a budget with the best of intentions, but if it's based on the experiences of some other "typical" family, it might not work for you.

It is very important to know where the money has been going before you can decide where it *should* go.

The secret of keeping track is listing *all* expenses. One way is to have one member of the family—probably the mother—save all the supermarket tapes, gas station receipts, and all other receipts in a bowl, drawer, or some other special place. In addition, slips of paper are saved on which notations are made of all other expenses. Such slips might read "shoe repairs, \$3.50," "Junior's haircut, \$1.25," and so forth.

At the end of the week these

tapes and notes are taken out and totaled. Then the father adds up all his check stubs for the week, and that amount is added in. This way a family will have a good idea of how much it spent that week. If the system is kept up for several months, to include winter and summer expenses, it will give you an accurate idea of your family spending.

Some people use small notebooks, carried by members of the family that are out at work every day. Others use printed expense notebooks available in stationery stores.

Another way is to use a calendar with big squares and small numerals. Write in each day's expenses. Total each day's entries, and each week's. Then at the end of the month add these day-to-day, out-of-the-pocket expenses to your fixed expenses, such as house payment, rent, utilities, and so forth.

One bugaboo of itemizing expenses is the supermarket, where you buy clothing, hardware,

drugs, cosmetics, and many other things besides groceries. Your receipt is a long paper tape listing the price of each purchase but not what it was. It's easy, but not accurate, to list the total as "groceries." What you should do is to make separate notes on non-grocery items as you add them to your basket. This is not as hard as it seems, since the number of such items at one shopping usually isn't large.

Use this list to help you keep track of expenses. Included are items that are most often "forgotten." Usually these are the ones that cause you later to "wonder where the money went." You can add to the list, or eliminate some items to suit your own situation. But you can't really know what you're spending unless you keep track of *all* expenses. Items budget specialists say are most often "forgotten" appear in heavy type. Here's the list:

**Home repairs & maintenance**  
**Home improvements**  
**Rent or mortgage payment**

**Budget check list, cont'd.**

Fuel (oil, gas, coal)  
Electricity and gas  
Telephone  
Water  
Property taxes  
Federal income tax over with-  
holding  
Local income taxes  
Licenses  
Interest payments  
Loan and installment payments  
Groceries  
Milk  
Eggs  
Snacks, candy, etc.  
Beverages  
Tobacco  
Meals out  
Coffee breaks  
Workday lunches  
Household supplies (light bulbs,  
soaps, cleaners, etc.)  
Household help  
Laundry  
Shoe shines  
Cleaning, pressing  
Yard and garden supplies  
Lumber, tools, small hardware  
Fire insurance  
Personal liability insurance  
Auto insurance  
Health insurance  
Life insurance  
New clothes  
Clothing repair, storage  
Shoe repairs  
Yard goods, notions  
Doctor bills  
Dentist  
Drugs, medicines, vitamins, etc.  
Diaper service  
Nursery supplies  
Toilet articles and cosmetics  
Barber, beauty shop  
Commuting, taxis, bus, etc.  
Out-of town travel  
Church, charity  
Gifts (not just Christmas)  
Furniture  
Appliances  
Furniture and appliance repair  
China, glassware  
Kitchen utensils  
Bedding  
Towels, linens  
School and school supplies  
Special lessons  
Donations  
Newspapers, magazines  
Books, subscriptions  
Club and other dues  
Home entertainment  
Recreation, sports  
Toys, novelties  
Baby sitters  
Hobbies  
Films, developing, etc.  
Pets, care and upkeep  
Vacation  
Car payments  
Gas, oil, lubrication  
Auto repairs, parts, maintenance  
Auto wash, polishing  
Parking, garage rental  
Postage and stationery  
Children's allowance  
Rentals goods, party goods, etc.  
Chances, football pools, etc.

Friedrich Wilhelm Raiffeisen  
1818-1888

## The Father of Credit Unions



What kind of a man started the credit union movement? The credit unions we have today are descendents of societies started in Germany during the nineteenth century by Friedrich W. Raiffeisen, the mayor of a small German town, who was plagued all his life by poor health and failing eyesight.

A year after he was born his father died, leaving a wife and eight children. The family could not afford to send him to a university but he was tutored by the town minister, who prepared him for a career in the army. Increasing eye trouble ended his army career, and he took a job in the civil service. Raiffeisen was deeply religious and kept as his motto these words he had learned as a child, "Inasmuch as ye have done it unto the least of these my brethren, ye have done it unto Me."

In the barren province of Westerwald where he developed the credit union idea, he saw the hardship of his rural people. It was a time of famine, and the peasants were reduced to a diet of sauerkraut and chicory brew. Most of what they grew was pledged as payment on loans to local money lenders.

"But this is not the only reason for misery," he wrote. "The people themselves have to change their ways. Look how they spend their money on dancing, drinking and card playing on a Saturday night. Nobody thinks of pinching pennies then. But wait until Monday morning; hear them complain how poor they are."

Before Raiffeisen died he had started 423 credit unions in Germany, and fame of his plan spread throughout Europe.



Credit Committee at work

## ***When you borrow from your Credit Union***

Chances are, when you go to your credit union for a loan, you talk with just one person.

Actually, though, when you borrow from your credit union, a number of members are working 'behind the scenes' to give you this service. Here's how it works:

Every loan must be approved by the credit committee. This committee of members is elected at the annual meeting of your credit union. By law, members of this committee cannot be paid for their work.

Sometimes you can get a small loan without waiting for committee approval because

power to grant such loans has been delegated to the treasurer, the manager or a loan officer.

When you apply for a loan, your application, in writing, goes to the credit committee.

**Explain fully.** Credit unions try to cut down on "red tape" but you can readily understand that it's important to have some facts about borrowers. Explain your situation fully to the person who takes your application for a loan.

**Fill out your loan application completely.** Don't be afraid to list all your obligations. Nowadays, it's a rare man who doesn't use credit. Maybe, looking over your whole family money problem, the credit committee will advise you to make a larger loan—to clear up debts on which you are paying more interest than the credit union charges. Now and then the committee can show you a way to solve your problems without borrowing at all! Of course, most loans are made for the amount, and on the terms you request.

**More than one loan?** It's quite common for thrifty people to need to borrow again, before their first credit union loan is paid off. Nothing wrong with that, if you're spending wisely.

**About security.** The good character of the borrower is the most important security for every credit union loan. Small

loans are usually made on the member's signature. On larger loans, more security is required. The law under which your credit union operates, and your credit union's directors, decide that.

**In emergencies—**When trouble comes, and you need money immediately, get in touch with your credit union. Credit unions are known for their ready help in time of need, night or day.

**Plan ahead.** Most of the time, though, you know in advance when you're going to need money. Go to your credit union office well in advance and apply for your loan. This gives your credit committee time to consider it at a regular meeting.

**Any good reason:** You can borrow from your credit union for any good purpose. All the credit committee wants to make sure of is that the loan is, in the long run, good for you and your family.

**You have privacy:** Officers are pledged to keep members' business secret.

**Budgeting help.** Your credit union is glad to help you with any family money questions without cost or obligation.

Because the credit union is a non-profit service organization, and you own it, you can feel sure you'll get full, free and unbiased advice.

# FOOD COSTS

You can  
cut them  
by wise buying



Don't buy by the size of package. Check on the weight, or the number of pieces. Sometimes the larger box contains less food. For instance, one box of cereal weighing eight ounces is larger than another brand, in a smaller box, containing eleven ounces.

Hot cereals cost less, and are usually better nutritionally. Individual packs of cereal cost well over twice as much as the same brand in a larger package. It's cheaper to add your own sugar, too.

Meat usually takes 25% of family food money, so this is an important place to save.

Buy meats according to season. Beef prices decline through fall and winter and usually reach their seasonal low in March. Pork reaches its lowest prices for the year in December or January; lamb costs less December through February, and veal goes down in the spring.

Buy larger cuts to save. If your family is small have the butcher cut up larger pieces so you can package them for separate meals.

Lowest price per pound isn't always the cheapest. The amount of meat, less bone and excess fat, must be figured. Bacon, which is mainly fat, is one of the most expensive meats you can buy.

**Built in maid service.** Mixes, frozen dinners and brown-and-serve items hike the grocery bill the most. The U.S. Department of Agriculture recently pointed out that three ready-to-serve meals would cost \$6.70 for a family of four, but could be prepared at home for \$4.90. Packaging accounts for \$1.50 to \$2 for every \$20 spent on groceries. "Sometimes the package may cost as much as the food itself," the department said.

Contents of a prepared dinner bought for 63 cents were analyzed. The first-quality retail food value came to 191½ cents. Of course the housewife saved time, but she paid 200% additional for "convenience".

A grocer's magazine under the headline, "Key to Added Profits" pointed out these percentages of added costs people are willing to pay for convenience packaging: flour in shaker, 115% added to price per pound. Whipping cream in spray can, 175% added to bottle price. Table salt was 395% more when bought in individual shakers. Laundry starch cost 942% more when powdered and measured into plastic pouches, than it did in liquid form. There is no deception practiced here: you expect to pay more for service.

But another consideration

comes in: Many packaged foods are not what they seem. Many have lots of inexpensive fillers such as water, flour, potatoes, etc. Labels are supposed to list ingredients in order of amount, with the first on the list the largest single ingredient. But many don't tell the proportion by weight.

Tests showed one brand of frozen fish balls had more potatoes than fish in it. Leading ingredient in a package of shrimp croquettes with Newburg sauce was water. One package of frozen turkey slices contained more broth than turkey—at a cost of \$1.25 per pound.

It pays to read labels, compare weights—and most of all, to do a little more work in the kitchen—if you want to save money on food.



## *The Staff of Life*

When buying bread, check the label. Choose by weight, not size, or you may be spending your money for air. Choose for food value. "Wheat Bread" may be mainly made from white flour. If the label says "100% whole wheat," then all of the wheat grain has been used. Look for bread that contains the highest percentage of milk.

The old "squeeze test" is no measure of freshness. Some types of bread are by nature compact, and just do not become soft. Other breads remain soft for days, because softening chemicals are added. Never refrigerate bread. A loaf kept refrigerated one day will stale as much as that left at room temperature for three days. Frozen bread stays fresh for two or three weeks, but freezing stale bread will not restore freshness.

### **WHAT DOES "FULLY GUARANTEED" MEAN?**

Before you buy, ask:

1. Who will make the guarantee good: the merchant or the manufacturer?
2. Does the item have to be returned to the seller, or will it be repaired at your home?
3. Is the entire product guaranteed—or just parts that rarely wear out?
4. Who pays for the labor involved in repairs?
5. Is routine servicing covered in the guarantee?
6. Is the guarantee in writing?
7. How long is the guarantee good?

## *Contest*

EVERYBODY'S MONEY will pay \$25 for the best true "first person" stories used on the subject

**"WHAT MY CREDIT UNION DID FOR ME."**

Specific, dramatic, human interest stories (limit 250 words) will be considered. Send typed, double spaced story to: Contest Editor, Everybody's Money, Credit Union National Association, Madison 1, Wisconsin. No manuscripts can be acknowledged or returned.

# USEFUL PUBLICATIONS

to help you stretch  
that paycheck



Items followed by one asterisk (\*) are for sale at the Superintendent of Documents, U.S. Government Printing Office, Washington 25, D.C. Send either check or money order, *not postage stamps*. Publications marked with two asterisks (\*\*) are available free of charge from the same agency.

These prices apply to the United States and Canada. Members living in other countries should use international money order and add 25 per cent for postage.

Other items should be ordered from the source indicated.

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## Consumer Publications

**Changing Times**, monthly, 1-yr. subscription \$6, 2 yrs. \$10, 3 years. \$14, The Kiplinger Washington Editors, Inc., 1729 H Street, N. W., Washington 6, D.C.

**Consumer Bulletin**, monthly, 1-yr. subscription \$5, Consumers' Research, Washington, N.J.

**Consumer Reports**, monthly, 1-yr. subscription \$5, 2 yrs. \$8.50, 3 yrs. \$12, Consumers Union, 256 Washington Street, Mount Vernon, New York.

## Education

**Financial Aid for College Students: Undergraduate (B-1957-18)**, 232 p., \$1\*.

**Financial Aid for College Students: Graduate (B-1957-17)**, 151 p., 50c\*.

**A Formula for More Efficient Reading: Misc. Pub.-753**, 12 p. 1958, 10c\*.

## First Aid

**Civil Defense First Aid Kit**, 16 p., 1959, 5c\*.

**First Aid Textbook**, 241 p., 75c, Local Red Cross Chapter or The American National Red Cross, Washington 6, D.C.

**First Aid Textbook for Juniors**, 145 p., \$1, Local Red Cross Chapter or The American National Red Cross, Wash. 6, D.C.

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## YOUR CREDIT UNION



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Each credit union is a non-profit association established for the purpose of providing its members with thrift and credit service. Its officers are unpaid volunteers elected by the members. It is owned by the mem-

bers, and does not do business with the general public.

Credit union people feel an obligation to share the benefits they enjoy with their fellowmen throughout the world. They hope that through the credit union, men can learn to work together and to solve their problems in a democratic way and thus find the key to mutual understanding and world peace.