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## EC1195 Business Facts Homemakers Should Know

Mary E. Runnalls

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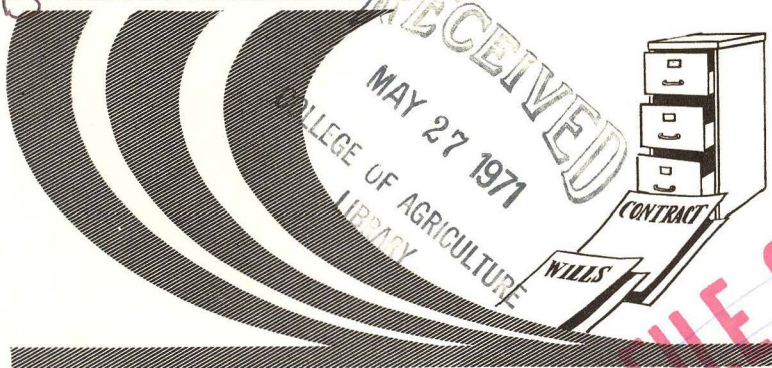
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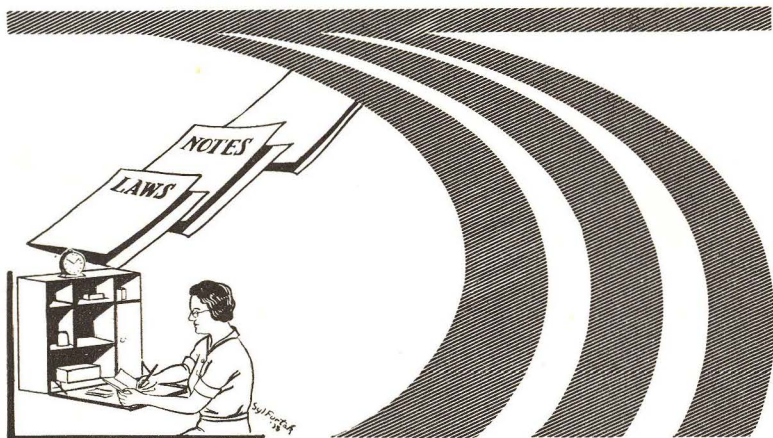
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# BUSINESS FACTS

## *Homemakers Should Know*



The University of Nebraska Agricultural College Extension Service  
and United States Department of Agriculture Cooperating  
W. H. Brokaw, Director, Lincoln

AGRICULTURAL ECONOMICS  
FARM MANAGEMENT, EXTENSION

# Business Facts Homemakers Should Know

MARY E. RUNNALLS

**I**NTEREST has been shown and requests have come from Nebraska project club members for a home-management lesson concerning business facts homemakers should know. This desire is an outgrowth of a series of previous home-management demonstrations in which better management of finances and time has been presented. The planning and construction of a home business center have made homemakers realize that some knowledge of business practice is essential.

In this modern age women in Nebraska are enjoying the full privileges of citizenship, have equal rights with men, and often assume equal responsibilities. Because of this, homemakers are seeking to become more familiar with general business procedures. They desire to have a clear understanding of certain fundamental financial transactions in order to protect themselves and their families from mistakes and from legal and financial entanglements.

In too many homes the homemaker has shifted all business responsibilities to her husband and knows little of these transactions. In these cases the homemaker may be completely bewildered when these responsibilities are suddenly thrust upon her in time of sorrow and confusion. If homemakers are familiar with the home business they are better able to handle to advantage the amount the family has put away for their "rainy day." The business world respects and shows greater courtesy and consideration to the woman who is capable and alert in her business dealings. Her family also will have more confidence in her.

Through ignorance and misunderstanding of business principles difficulties often arise. Money is lost through fraudulent money-making schemes and unwise investments; fathers die without wills, leaving property so entangled that it is difficult to straighten it out. Many sound business facts have been overlooked that might have greatly benefited the homemaker and the family.

Most homemakers are eager to acquaint themselves with common business facts and procedures and to seek competent legal advice when it is needed. It is the purpose of this circular to call to the attention of homemakers a few fundamental business facts which are important for her and her family.

## LAW AND ITS PURPOSE

**E**VERY day we are influenced by laws. Our conduct is unavoidably affected by sets of rules or laws made by various governing bodies.

There are laws such as nature-made laws, which we cannot change. There are certain rules of ethics that man has made for himself. Laws made by a governing body are also man-made and control conduct, protect life and property. Laws are rules made for the people and by the people to make possible more peaceable living. Laws protect for every individual certain rights such as liberty, security, and the right to own property. If we enjoy the laws of our country which establish justice and



order for us we have obligations to fulfill in return, that is, to respect others' rights to liberty, security, and property.

In our country we have laws established by the federal government, the state government, the county government, and the town or city government. Thus we have a multitude of laws that fall in many classifications. It would be impossible for any homemaker to know about all of these laws but the alert woman can be familiar with some of the more common ones.

### BUSINESS AT THE POST OFFICE

**T**HERE are certain methods of doing business at the post office that should be observed by the homemaker. Let us first consider the different ways of sending mail. Mail is divided into four classes as follows:

**FIRST** — Letters, matter sealed against inspection, postal cards, and private mailing cards—3 cents for each ounce or fraction, 2 cents for local mail.

**SECOND**—Periodical publications—1 cent for each two ounces or fraction thereof.

**THIRD** — Miscellaneous printed matter—1½ cents for each two ounces or fraction thereof up to 8 ounces. Over 8 ounces a parcel post rate is paid.

**FOURTH** (Parcel Post)—All matter not included in first, second, or third class and weighing over 8 ounces. Cost depends on weight of package and distance to be sent.

In order to fix rates for parcel-post and other service, the country is arranged into zones, and the cost of sending packages depends upon the zone in which the particular town is located.

A **special-delivery letter** requires a three-cent postage stamp and a special-delivery stamp. If a special delivery stamp is not available, ordinary stamps totaling 10 cents may be put on a letter and the letter marked "Special Delivery." The 10-cent special-delivery stamp insures speedy delivery at the destination. A special-delivery letter will be delivered on Sundays and holidays. It is usually necessary for the receiver to sign for a letter of this type. Special-delivery service is not available on rural routes.

**Registering** is a safe way of sending mail. The fee is 15 cents and up, depending upon value of the contents. For an additional cost of 3 cents, a return receipt showing delivery will be furnished the sender if requested. The value of the registered mail is stated at the time of mailing. Registration fees are in addition to regular postage fees. Such things as money, valuable papers, goods of unusual value, and any articles for which the sender desires a return receipt showing delivery, letters which the sender desires delivered to the person addressed, and any article on which the sender expects indemnity in case of loss, should be registered.

Only third and fourth class mail may be insured. A return card may be requested for an additional cost of 3 cents. If third or fourth class mail is sent C.O.D. (collect on delivery) the sender must guarantee return and forwarding postage, if the parcels are not delivered.

**Air-mail service** is available in most sections of Nebraska. Air-mail postage costs 6 cents an ounce or fraction of an ounce. Air-mail stamps can be purchased or ordinary stamps may be put on a letter and the letter marked "Air Mail." Air mail can be insured, registered, sent C.O.D., or special delivery when the additional fees are prepaid.

**Ways of sending money.**—It is not a good business practice to send coin or paper money in a letter unless the letter is registered. A money order is a safe way provided by the postal department for sending money. The postal clerk will provide a form to be filled out. This form has a cash value for the amount written on the order and, upon proper identification, can be cashed for that amount in any post office in the United States up to thirty days after issue. If it is held longer than thirty days it can be cashed only at the paying or issuing office.

Money may safely be sent in other ways: a bank draft or cashier's check may be purchased at the bank. An express order may be secured but in many small towns there is no local express office. Registered letters receive special handling. Stamps can be sent to cover only very small amounts. If coins are sent in letters they should first be slipped inside a pasteboard card or protected in some way so that they will not wear through the envelope or be recognized in the letter. Money may be telegraphed when it is necessary to send money from one point to another in haste. The cost of sending depends upon the amount of money sent and the distance.

The postal department has made available a postal savings service. Any sum from \$1.00 to \$2,500.00 may be deposited in the postal savings. The deposits draw interest at the rate of 2 per cent per annum. Any amount may be withdrawn at any time.

Many errors can be eliminated and much time saved if a few simple rules are followed in addressing and sending mail. Write names and addresses plainly and completely. Place name and address of sender on all matter. Prepay postage fully on all letters and parcels. Insure valuable parcels. Wrap parcel-post packages carefully in heavy paper and tie knots securely. Always address mail for city delivery to street and number.

### Writing a Business Letter

Business-letter writing has its etiquette. The homemaker who is interested in good business practices is interested in sending as well as receiving good business letters. Most business letters are easy to write. There are only a few rules. First, know what you want to say and, second, let the person to whom you are writing know as soon as you possibly can what you want.

A business letter consists of the following parts:

**HEADING:** The address of the person writing, and the date.

**INSIDE ADDRESS:** This consists of the name, title, and address of the person to whom the letter is written. This appears on the left of the page.



**SALUTATION:** This varies with the type of letter. "Dear Sir," "Gentlemen," and "Sir" are all good salutations. If addressing women, "Madam," "Ladies," or "My dear Miss Doe" is in good taste. If "dear" is used as the second word in a salutation, it should not begin with a capital letter.

**BODY OF THE LETTER:** In business-letter writing a liberal margin should always be left on both sides. Paragraphs should be clearly indented. Each new thought makes a new paragraph. Remember that business letters should be clear, concise, complete, courteous, tactful, and to the point.

**CLOSING:** In business letters the following forms are commonly used: "Yours sincerely," "Yours truly," "Yours very truly," "Very truly yours."

**SIGNATURE:** Make the signature legible. Women should put "Mrs." or "Miss" in parentheses before their names so the person may know whether the sender is married or single. This may save embarrassment later. The following form could be used by a homemaker in writing a business letter:

1411 Lake Street  
Hastings, Nebraska  
October 10, 1938

Extension Service  
Agricultural College  
Lincoln, Nebraska  
Dear Sirs:

Our club has appointed me chairman of the program committee for the Hastings City Garden Club. The club is comparatively new. This is the second year that we have been holding meetings. We are now outlining next year's program. Do you have any suggestions or circulars which would be helpful to us in planning meetings for our group?

The committee meets next week and so we shall appreciate hearing from you soon.

Very truly yours,  
Jane Brown Doe  
(Mrs. John Doe)

#### TELEGRAMS

**M**ODERN systems of communication have made it possible for one to be in almost instantaneous touch with almost any part of the world. Cablegram and telephone services make possible communication between this country and foreign countries.

**Telegram.**—A regular telegram may be sent any hour of the day or night for immediate delivery. It provides quick and sure communication. The minimum charge is for ten words. An additional charge is made for each word over ten.

**Day letter.**—Next in speed to a regular telegram is a day letter. The cost is determined on a minimum basis of fifty instead of ten words. Fifty words can be sent for about one and a half times as much as a ten-word telegram.

**Night letter.**—The night letter is accepted any time during day or night up to 2:00 o'clock in the morning for delivery the next day. The cost is less for a twenty-five word night letter than for a ten-word telegram.

**Special-occasion telegrams** may be sent anywhere in the United States for 25 cents. They are made up for different occasions by the telegraph company and are selected by the sender. Other arrangements for messages concerning special occasions such as birthdays, anniversaries, travel, etc. are made by the company at low cost.

There are a few simple rules to keep in mind when sending telegrams. They should be as brief as possible and at the same time carry their meaning clearly. Affixes such as "st", "rd", "nd", etc. should be omitted from numbers as they are charged for at the word rate. "First" is one word, but "1st" is two words.

### BUSINESS AT THE BANK

**B**ANKS can offer many services to the individuals in their community. A bank acts as custodian of funds and collects, pays on checks drawn by the client, lends money, extends credit, and acts as trustee, administrator, executor, guardian, etc. The bank is always ready to act as adviser in regard to investing money, entering business, buying land, and many other business matters.

The success of a bank is dependent upon the money of its depositors and for that reason it is to the advantage of the bank to advise you carefully as to the use of your money. Regardless of the amount of money available for use or in savings it is a good rule to select a reliable bank first and then depend upon it.

### Checking Accounts

A checking account may be opened at any bank doing a general banking business. A signature card is filled out in the depositor's own handwriting and this card is kept on file so that subsequent signatures can be compared with it. When money is deposited in a bank the deposit becomes the property of the bank, but the bank is under contract to return the money upon demand. Each deposit is accompanied by a deposit slip. The depositor has a bank book which is a receipted record of deposits. The bank book should be presented whenever a deposit is made. If the bank book is forgotten at time of deposit, a duplicate deposit slip will be issued by the bank cashier or teller. Never make entries in your bank book your-



self. The cashier will make the entries the next time you take your book to the bank.

Handling family funds by a checking account is a great convenience to any family and establishes a credit among business people. It is very convenient for husband and wife to have separate accounts even if there is a small charge. Many banks make a monthly charge for the service of a checking account unless a certain monthly average is kept in the bank. This charge may make a joint checking account more economical. In this case the signatures of husband and wife are kept on file at the bank so that they may both draw checks on the same account. Joint checking accounts are advisable in many families. The advantage of such an account is that the wife's signature is legal in drawing checks at all times. When a husband and wife have a joint account it is advisable to have a right of survivorship stated. If this is done, in case of her husband's death, the joint account belonging also to the wife enables her to continue to use it without any further arrangement thus saving her much embarrassment at a difficult time. Otherwise the account becomes a part of the estate which often takes months to settle.

### Writing the Check

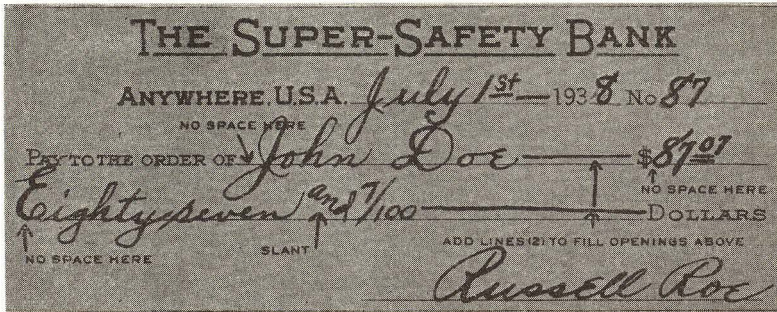
Writing checks can be a great convenience to homemakers. A check is an order to the bank to pay a certain sum of money and is payable any time, but checks should be cashed as soon as received. In your use of a checking account it is important to keep an accurate record. Bad checks ruin one's credit and render one liable to prosecution. A record of each check written may be kept on the stubs of the check book. It is a good habit to fill in the stub at the time of writing the check. The bank offers these rules and suggestions for writing checks:

1. Always write checks as distinctly as possible in ink.
2. Fill out the stub first. Then it will not be forgotten.
3. Begin at the extreme left of each line.
4. Date each check.
5. Number checks consecutively.
6. Do not make corrections on checks. Destroy the check and make a new one. Take the new check from the back of the book so stubs will correspond.
7. Avoid flourishes in your signature. A simple, legible signature is hardest to forge.
8. If the amount written in words is different from that in figures the amount in words is the one considered valid by the bank.
9. Write checks to individuals, not to "cash" or "bearer."
10. Never sign blank checks. If lost, the finder could fill in for any amount and the signer would be liable for that amount.

Every individual who uses a checking account should know at all times how much he has in the bank. The law prohibits a bank from paying checks when there is not enough money in the bank to cover them and it is a penitentiary offense to write checks when there is no money in one's account.



If a check is written for less than a dollar, write "no dollars" and state the cents as a fractional part of a dollar. A statement may be written in the left lower corner of a check, showing for what the amount is paid. The check thus becomes a legal receipt.



If a check is lost or stolen, notify the bank immediately. The bank will then stop the payment on this check.

Cancelled checks that are needed as receipts should be kept in a safe place. Safety-deposit boxes of various sizes may be rented at the bank at low cost. All the safety devices which the bank has for its own protection are at the customer's disposal.

One is entitled to a monthly statement from the bank. The statement can be checked carefully with the stub record in the check book to correct mistakes and to see that figures correspond with the total of the checks. It is advisable to obtain the statement and to check it regularly. If the bank has made a service charge, this is deducted from the bank balance.

#### Indorsements

A check must be indorsed before it can be cashed or deposited by the person to whom it is payable. To indorse a check correctly, turn it over and write the name near the top on the end farthest from the signature on the face of the check. The signature of the indorsement should be spelled as it was spelled by the person who wrote the check. When indorsing a check to be cashed by oneself it should read:

Mrs. John J. Doe

If a check is passed on to someone else the indorsement is as follows:

Pay to the order of Mrs. W. J. Brown  
Mrs. John J. Doe

If the check is to be deposited the indorsement may read:

For deposit  
Mrs. John J. Doe  
or  
For deposit only  
Mrs. John J. Doe

A check indorsed as:

Pay to the order of the First National Bank  
Mrs. John J. Doe

will be deposited to Mrs. John J. Doe's account. Individuals mailing checks to their bank for deposit should use the above indorsement. Never indorse a check before reaching the bank unless it is designated for deposit, for if it is lost, anyone may cash an indorsed check.

### Kinds of Checks

A **cashier's check** is often used in sending money through the mail. It is accepted as cash. Such a check may be secured from the bank in exchange for currency or a personal check. This type of check is often used by people who have no account with the bank and yet wish to pay a bill by check.

A **certified check** is regarded as the equivalent of cash. A check is written in the usual manner and is taken to the bank. The bank deducts the amount of the check from the deposit and places it in the certified accounts. This type of check is often used when payment is made in a transaction between unknown persons. This guarantees the creditor that money has been set aside in the bank to cover the check.

A **draft** may be purchased at a bank for a small charge. It is used to send money when a personal check might not be accepted and in order that the person who cashes it may receive full payment.

**Traveler's checks** are issued by banks, express companies, and other agencies. The person buying them signs when he buys and again as he cashes each check. The second signature establishes his identity. These checks may be bought in various denominations. A small fee is charged for these checks, usually about 50 cents for every \$100.00 worth of checks.

### Savings Account

A savings account is opened in much the same way as a checking account. The bank book for a savings account is a complete record of deposits and withdrawals and must be presented every time a transaction is made. A check cannot be issued on a savings account to be cashed by another person. The money usually is drawn out by the person in whose name the account stands at the bank.

### Notes

A promissory note is a promise in writing to pay a certain person a definite sum of money, without condition, at a definite future time or on demand. A very simple form is as follows:

\$.....	....., 193..
.....after date, for value received, I	
promise to pay to the order of .....	
.....dollars, \$.....	
payable at .....	
with interest at the rate of .... per cent per annum from date until	
paid.	
.....	
.....	
.....	

Notes provided by the bank carry more printed matter but are still promissory notes. When the rate of interest is not given and it is made payable with interest, it draws the rate of interest fixed by law which is 7 per cent in Nebraska.

Never sign any notes or checks until value has been received. Never make a payment on a note unless the payments are credited on the back of the note in ink.

### Receipts

A receipt is a written statement of a delivery of money or property from one person to another. If the receipt is for money it should indicate whether the money is paid in full or on account. If the receipt is for property the property should be described sufficiently to be identified. All receipts should be dated and signed. A receipt is not necessary when a note is paid up, since the note is surrendered and itself becomes the receipt. Example of receipt:

.....	....., 193..
Received of .....	
.....dollars \$.....	
As payment in full for: .....	
.....	
.....	



### Loans

It is sometimes necessary to borrow money on real estate for personal business transactions. Does the homemaker know how to borrow money? Her business reputation means much when she is trying to get a loan.

Loan agencies include individuals, banks, insurance companies, credit unions, building and loan companies, and many other loan agencies. Loans are often made by one family member to another. It is a wise plan where relatives loan money to each other that it be done on a strictly business basis, preferably in writing.

Money may be borrowed from banks upon the signature of the borrower. Usually some security is required as a guarantee that the loan will be repaid.

Insurance companies will make loans on policies at a definite rate of interest, as stated in the table on the policy. Loans are not made on insurance policies until premiums have been paid for two or three years.

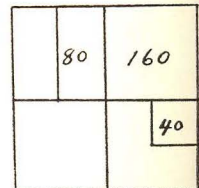
Loan companies make loans for various purposes, such as money for land, seed, building of houses, etc. It is customary to sign a note when one borrows money. The note states the time it is to run, or the date of maturity. Keep a copy of all notes signed. It is not good business to sign the note of a friend through sympathetic feeling. All people who indorse a note are liable for the payment of it.

### REAL PROPERTY

**R**EAL PROPERTY is land or any interest in land. Real property is distinguished from personal property, which includes all other forms of property such as money, bank accounts, bonds, automobiles, household goods, machinery and tools, and livestock.

Real property is described in several different ways. The whole state is laid out in mile squares called sections. Thirty-six sections comprise a township and each township is definitely located from a base line and central meridian. Each section contains 640 acres. Sections are divided into quarters. Each quarter section contains 160 acres, half a quarter section 80 acres, and a quarter of a quarter section would be 40 acres. A typical description might be:

The NE $\frac{1}{4}$ , and NE $\frac{1}{4}$  of SE $\frac{1}{4}$ , and E $\frac{1}{2}$  of NW $\frac{1}{4}$  of Section 10, Township 11, Range 4, Lancaster County, Nebraska, containing 280 acres.



Real property in town has been divided into small parcels or lots and the descriptions differ somewhat. A plat is made of town property and is recorded with the Register of Deeds. A description of town property might be:

N $\frac{1}{2}$  of Lots 5 and 6, in Block 6, Clay Poole and Colby's addition to Cozad, Dawson County, Nebraska.

**Joint Tenure.**—Two or more people may own land jointly and each may have the same interest in the land and hold the same title in joint tenure. On the death of either it belongs immediately to the other if rights of survivorship have been stated. This is a good way for a husband and wife to hold property.

In joint tenure one party cannot defeat the rights of the survivor by making a will directing his land to go to someone else.

**Tenure in Common.**—In the tenure-in-common type of estate two or more people hold land together, or there is joint ownership. Possession does not need to come to the holders at the same time and they do not need to have the same interest. When land is held in common, each part of the interest may be seized for debts, or sold by the party owning the interest without the consent of the other. When one person dies, his interest descends to his heir and not to the other party holding the land in common with him.

**Deeds.**—A deed is an instrument in writing by means of which the title to property is transferred from one owner to another. There must be a full description of the property in the deed so that it can be identified. Deeds should be recorded at the county court house. For making a deed valid, the parties involved must be competent, and the deed must be in writing and must be duly signed, witnessed, and acknowledged before a notary public, delivered, and recorded.

There are several kinds of deeds. In real estate transfers the warranty deed and the quit-claim deed are commonly used. The warranty deed contains certain statements for the purpose of protecting the buyer. The quit-claim deed merely transfers whatever interest a party may have. It contains no warranties and does not have the value of a warranty deed. This type of deed is used where the title is not clear and where the interest of the seller cannot be exactly determined.

**Abstracts.**—An abstract is a summary of the instruments that go to prove the title to ownership of property, beginning with a patent from the United States government. It is a history of all deeds, mortgages, judgments, and all other instruments appearing on record affecting the title to the particular property involved. These records are available at the court house in the county in which the real estate is located. All instruments affecting the title of land should be recorded at the court house. Complete records are kept of every conveyance of land in the county. Before one purchases property he should have the abstract examined carefully by an attorney. Be certain that the taxes have been paid and that a deed showing a good title is available on the property.

**Leases.**—A lease is a contract or agreement for the rental of real estate. The lessor is the landlord or the one who makes a lease and the lessee is the one to whom a lease is made. The lease includes the names of both the landlord and the tenant. It describes the property and states the date upon which the lease is to begin and end, the amount of the rent, and when and how the rent is to be paid. A written lease usually is of more value than a verbal one.



**Contracts.**—Homemakers should be interested in contracts. When two or more persons agree upon something and each states his side in the transaction and mutual rights and obligations are established, a contract has been made. It is difficult to enforce a contract when it has been made verbally, but if the agreement is in writing little can be done to change the stated conditions. Many women become involved as a result of "high-pressure" salesmanship and sign papers which they have not thoroughly read. They have promised to buy and to pay a certain sum and have not understood the terms correctly. They have signed a written contract. Before entering into any contract, read it carefully and thoroughly.

**Lien.**—A lien is the right which a person has on the property of another until certain obligations on the part of the owner are fulfilled. In the event that the obligation is not paid, then the lien holder may foreclose his lien and sell the property to satisfy the debt.

**Mortgages.**—A mortgage is a charge on certain property, represented by an instrument in writing given to an individual or company to be held as security until payment of a debt is made. There are two types of mortgages, real estate mortgages and chattel mortgages.

Mortgages must be written and the property must be completely and correctly described and the mortgage must be recorded in the office of the county clerk or register of deeds. The mortgage stands as security for the indebtedness, which is usually represented by a promissory note. When the payments on the note or interest at the stated date are not made the mortgage can be foreclosed, the property sold, and the mortgage paid from the proceeds of the sale.

Chattel mortgages are loans on personal property. Almost any personal property can be mortgaged, such as livestock, grains, machinery, furniture, automobiles, etc.

**Taxes.**—Taxes pay for many forms of service to the public. Every homemaker and her family will want to understand certain facts concerning taxes. By paying taxes each individual contributes to the cost of running our government. We pay taxes so that we may enjoy living in a secure and privileged country. *Everyone pays taxes in some form. There are two kinds, direct and indirect.* A direct tax is one levied on a person or his property or his business. Indirect taxes are paid even though a person owns no property. They are in the purchase price of many kinds of goods that we buy. The manufacturer includes this tax in the price of his product.

Taxes are levied by the federal government and by the state, county, and city governments, and school districts. Federal taxes maintain the army, navy, and other federal departments such as the Department of Agriculture. State taxes pay for public buildings, state institutions, building of roads, the health department, governmental administrations, and for public improvements. County and city taxes meet local needs and make possible service for protection such as the police, fire, health, and educational departments, paving, and other public improvements. The amount of tax paid is based on the assessed valuation of property. Taxes



are levied to pay the expenses of the state, county, and city governments, together with local school districts.

## INVESTMENTS

*"Before you invest—investigate."*

**T**HERE are many ways of investing and saving money. When money is to be invested it is an important matter and should be given careful thought and consideration. No matter what the salesman or your friends or relatives say about the investment, consult a banker or some other good adviser in the community.

Some common types of investments are:

Government bonds  
Real estate  
Mortgages

Stocks and bonds  
Postal savings  
Savings accounts

Most families are constantly striving to save some part of their income to meet emergencies or for establishing homes or for an education for the children, or for old age. Let us consider some of the above types of investments.

**Government bonds** are the safest and soundest bonds available for investment. They are as safe as the government itself. The interest rate on government bonds is not high, and varies according to the issue. Bonds vary in sale value according to the demand.

**Savings accounts** can be opened in all state and national banks. Accounts up to \$5,000.00 in most banks are insured by the government, thus making this a safe way of saving money.

**Postal savings** is another safe way of investing money. Accounts may be opened at any post office. These savings pay interest at a rate of 2 per cent per annum. United States savings bonds are also sold through the post offices. These mature in ten years and if held until maturity draw 2.9 per cent interest compounded semiannually.

**Stocks and bonds** are a type of investment that need careful consideration. Bonds are issued by a government, municipality or industrial corporation which has agreed to pay a specified sum of money at a certain date. Bonds yield interest and may have coupons attached to them representing interest which can be collected at certain times. They may be registered, which makes them safer in case of theft or loss. Industrial bonds are those issued by corporations and are secured by a mortgage on all or a portion of the property of the corporation. Stocks represent money in a company or business and are evidence of ownership. Common stock represents ownership and control of the business and to this stock all net earnings are paid as stock dividends. Preferred stock is granted a prior claim upon the earnings of the corporation.

**Real-estate mortgage loans** on property may be a good investment. There are first, second, and third mortgage loans. A first mortgage loan is always the safest, for the first mortgage must always be paid before the second and third. The danger in mortgages on real estate is that the

property may depreciate until it is not worth all of the value of the various mortgages.

**Property in the form of a home or a farm** can be a good investment for a family in a financial way as well as giving certain pleasant satisfactions to the family. Many people buy homes or farms by borrowing money or by mortgaging the land and paying for the property a little at a time.

## INSURANCE

**L**IFE INSURANCE is considered a safe plan for saving and for accumulating an estate, if taken out in a reliable company. The plan provides for regular payments and if a lapse occurs before the policy term is completed a portion of the amount paid in is lost. In times of emergency money can be borrowed on life-insurance policies. Many different arrangements may be made with insurance companies as to the payment of the money before death or after death. Insurance is one way that a husband can protect his family and provide some means for his wife to meet various expenses. Many people believe that every husband should have some insurance, the amount depending upon the money available in the family, his position, children, etc. Certain types of insurance provide a protection for the family in case of sickness and death, a home or education for the children of the family, or comforts in old age. The homemaker should realize the need and value of life insurance and should be familiar with various kinds, as her husband's life insurance is surely a protection for herself and her family in case of death.

### Life Insurance

Life insurance is a contract in which a company agrees to pay an individual a specified sum of money at a certain time and under certain conditions. The rates for life insurance vary with the age of the insured and the type of contract. A physical examination is usually required before the insurance company will accept the applicant. There are many types of life insurance policies and some of the common ones might be listed as follows:

**Ordinary life insurance** remains in force and protects the insured as long as the insured pays the premiums and until death or until the savings equal the cost of protection.

**Limited payment insurance** provides that the insured pay in a certain number of payments and then the policy is paid up for the balance of his life, or the reserve may be drawn out.

**Endowment insurance** provides that the sum insured is payable at a given age, or at the end of a certain number of years or at earlier death.

**Annuity insurance** protects the insured and returns to him a monthly income when a certain age is reached. Annuity policies may also be purchased containing no protection clause, and in that case are purely an investment.

**Term insurance** gives protection for a limited period of time. Payment is made to the insured in case of death within the specified term.



There are many variations in these types of life insurances. Before buying, take great care in determining the kind of policy to buy. A reliable insurance agent can be a great help in giving advice concerning types of policies. Read the proposed policy carefully before signing the application.

Other than life insurances the homemaker and her family will be interested in certain protective insurances.

### **Health and Accident, Fire, and Automobile Insurance**

Health and accident insurances are planned to guarantee a certain amount of money for a period in case the insured is disabled from causes stated in the policy. Before taking out such a policy one should read it carefully and thoroughly. The cost of health and accident policies varies with the risks involved in the occupation of the person insured.

Fire insurance of some type is an invaluable kind of insurance for any family to have against loss of property. Fire insurance covers not only damage done by fire, smoke, and heat, but from lightning. Many policies carry extended coverage insurance, giving protection against loss from wind, explosion, hail, earthquake, and even damage from falling airplanes.

Automobile insurance may give protection to both the owner of the car and other drivers on the road. The most common forms of car insurance are fire and theft, public liability, property damage, and collision. To most fire and theft policies there is usually a clause covering any loss by storm, hail, explosion, or water damage. Theft insurance covers only the automobile and not its contents.

Liability and property damage insurance protects the insured against personal injury for which he may be liable through the operation of his car. The amount of insurance varies according to the amount paid for, but usually the amount doubles for injury to, or death of, two or more persons. Liability insurance also covers damage to or destruction of property belonging to persons other than the insured for which the assured may be legally liable. The law of Nebraska provides that if a person cannot pay the damage he has caused or does not carry insurance to cover such damage, his driver's license shall be revoked.

Collision insurance covers damages to the owner's car caused by collision with stationary or moving objects. These policies are written either for full coverage, which makes an expensive premium, or for 80 per cent coverage or \$25.00 or \$50.00 deductible. There are certain stipulations in most collision insurance policies designating the kind of damage to the car that the company will pay for and usually they do not cover all possible damage.

Automobile insurances are of great value to most families, not only because of protection against the loss or damage to their car, but because of protection against personal liability for any damage done or persons injured in other automobiles. In all fairness to our fellow drivers some protection should be provided to cover damage to their property or themselves.



## WILLS

IT IS IMPORTANT not only for the father of the family to make a will or some other sure and wise disposition of his belongings, but the homemaker should also have some like plan. Sad cases might be cited of men who have supported their families many years and upon death, because no will had been made, wives have been provided for inadequately. Wills are becoming more and more common to men and women. If a person dies without a will it is said that "he died intestate," and in such a case the property is distributed as the law provides.

Some people shudder when they think about wills and seem to think they are inviting the "Death Angel," whereas a will is only a sound business practice. A will is a legal document by which one disposes of his property to take effect after death. It is the only way of assuring that his property will be distributed exactly as he wishes. No one should depend upon an oral or a written statement of one's wishes. A will must be written to be legal and should be drawn by a lawyer. Any competent person of sound mind can make a will.

Before going to a lawyer, it is a good plan for the husband and wife or family to make a list of their property and discuss how this property should be distributed in case of death. A sane, pleasant discussion should be held before making the will. A will can be changed from time to time. A new will automatically cancels the old one, but it is wise to destroy the old one. Even though property is owned jointly by husband and wife with rights of survivorship, there is usually personal property of which disposition must be made.

Nebraska law requires two witnesses to the signature of a will. No one but the individual who makes the will and his legal adviser need know anything that is in the will until after the death of the person making the will. A person who is to share in the will should not be a witness.

A will should be kept in a safe place where it can be found easily. It may be kept at the bank with other valuable papers or left with the attorney who helped write it.

When a will is made an executor is named. This may be a person or a bank or trust company. This person is to see that the will is carried out as it was intended. To offer a will for probate is simply to file it in the county court of the county of residence with a petition asking for its probate. This requires the employment of an attorney who will then explain all of the necessary steps. If a person dies without a will his estate will have to be administered in the same county court exactly in the same manner. Instead of an executor being appointed as was named in the will, an administrator will be appointed by the court. All debts such as funeral expenses, expenses of the last illness, administration expenses, and any personal debts which come under certain provisions set by law, are paid before any of the property is distributed.

Every prudent husband and wife should consider it their duty to make plans for taking care of their dependents and providing for the distribution

of their property. Making a will or other safe plans for division of property is not difficult. Some plan can be made to suit all individual family needs. Much expense and needless confusion can be eliminated if a person has prepared a will that meets the requirements of his estate and family.

An old axiom is "Do not let the law distribute for you what you should arrange for and distribute yourself."

#### ACKNOWLEDGMENTS

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