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EC67-2211 The Homemaker in the Business World

Clara Leopold

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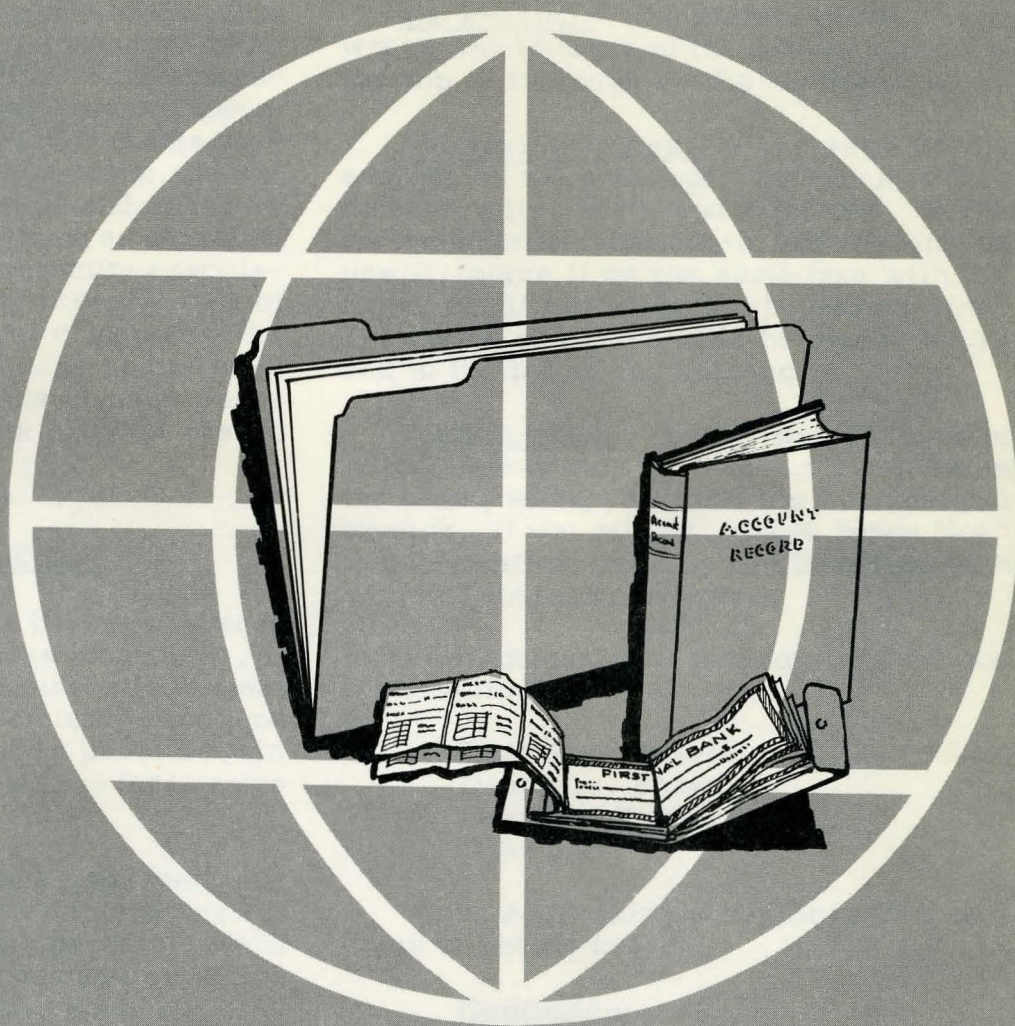
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THE HOMEMAKER in the BUSINESS WORLD



UNIVERSITY OF NEBRASKA COLLEGE OF AGRICULTURE AND HOME ECONOMICS
EXTENSION SERVICE
AND U. S. DEPARTMENT OF AGRICULTURE COOPERATING
E. F. FROLIK, DEAN J. L. ADAMS, DIRECTOR

The Homemaker in the Business World

By Mrs. Clara N. Leopold
Agricultural Extension Specialist
Home Management

HOME BUSINESS CENTER*

The success of any business depends on how well its activities and details are planned, organized and carried out. The business of running a home is fast becoming just that -- a business.

A business center conveniently located and comfortable to use becomes a real asset. It is an ideal place for keeping accounts, doing budgeting, planning, carrying on correspondence, making out tax returns, keeping insurance records, keeping track of accounts payable and receivable, storing receipts, writing checks, filing business letters and caring for many semi-precious papers such as cancelled checks, notes on your community associations, church and charity drives -- all of which involve a great deal of paper work. You will find a good business center pays dividends -- daily dividends in convenience and cash dividends at tax and bill paying time.

A BUSINESS LETTER

Although the writing of a business letter is one of the simplest business procedures, it has its etiquette. Most business letters are easy to write. It should be clear, direct and to the point, and as brief as possible. In addition courtesy and tact will go far to solve an unpleasant situation.

The first essential for a good business letter is that it be written on good quality paper that fits its envelope of standard size. The most commonly used envelope sizes are a No. 6 3/4, No. 8 and No. 10. Milady's fancy social paper is inappropriate.

*For detailed suggestions for building and organizing a home business center see EC 57-1126 available at any Nebraska County Extension Office.

For ease of reading and appearance, a liberal margin should always be left on both sides and paragraphs should be clearly indented. Each new thought makes a new paragraph.

There are six distinct parts to a good business letter:

The Heading -- the address of the person writing the letter, and the date -- placed at the top of the page on the righthand side.

The Inside Address -- the same as the address on the envelope: the name, street number, city, state and Zip Code. If the person addressed has a title and you wish to use it, place it on the same line with his name; or, if too long, on the second line. The inside address should be placed below and to the left of the heading.

The Salutation -- varies with the type of letter. A good rule is to use as a salutation the same greeting you would use at a personal meeting. If you call Mr. Joseph Brown "Joe" in conversation, you may use Dear Joe, with a comma instead of a colon.

When addressing an individual choose one of the following:

Dear Miss Brown:
Dear Mrs. Brown:
Dear Mr. Brown:
Dear Joe,

When addressing a business firm or a group of people use:

Gentlemen:
Ladies:
Ladies & Gentlemen:

Special letters may need:

Dear Fellow Church Workers:
Dear Club Members:

The Body of the Letter -- The statement of your business should be clear and concise. This part of your letter will reflect your own personality so you will want to be pleasant and courteous. Organize your thoughts concerning the business you wish to transact, and recognize the limitations the firm or individual may have in fulfilling your request.

The Closing -- Only the first word is begun with a capital letter. The end punctuation is a comma.

The favored forms for business letters are:

Yours sincerely,
Sincerely yours,
Sincerely,
Yours truly,

The Signature -- Write your name plainly. A married woman signs her business letters "Mary Ann Brown" and under her signature "(Mrs. Joseph Brown)." An unmarried woman signs hers "Mary Ann Green." She may write "(Miss)" in front if she wishes, although it is assumed that she is unmarried unless she has indicated to the contrary. She should use the "(Miss)" if her name is one used by both men and women -- for example, "Cecil." A professional woman sending a typewritten letter signs her name without the "Miss" or "Mrs." prefix but often adds it in typewritten form immediately below her signature.

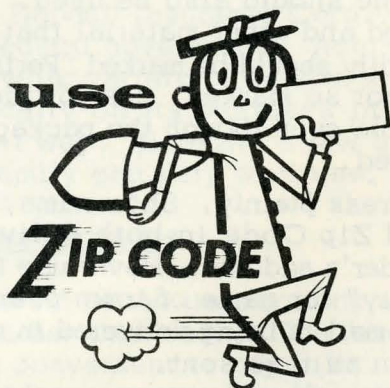
The diagram illustrates the standard format of a business letter. It consists of a large rectangular box representing the letter itself. To the left of the box, there are four labels with arrows pointing to the corresponding sections of the letter: "Inside address" points to the first section, "Salutation" points to the second section, "Body of letter" points to the third section, and "Closing" points to the fourth section. To the right of the box, there are two labels with arrows pointing to the corresponding sections: "Heading" points to the top right corner, and "Signature" points to the bottom right corner. The letter itself is divided into four horizontal sections by lines. The first section is for the inside address, the second for the salutation, the third for the body of the letter, and the fourth for the closing. The heading is located at the top right, and the signature is located at the bottom right.

Labels and arrows pointing to the letter format:

- Inside address
- Salutation
- Body of letter
- Closing
- Signature
- Heading
- PLACE DATE

AT THE POST OFFICE

The United States Post Office is a federal government agency set up to perform many services in addition to the distribution of mail.



For faster service, the Post Office is now using "Zip Codes" to identify areas, cities and zones within cities.

Zip Code numbers should be added to all return addresses, immediately after the name of the state. If you know the Zip Code of the person to whom you are writing, it also should be added following the state.

Many post offices have the Zip directory available in the lobby for your convenience to look up any Zip Code in any part of the United States. For larger cities where zone numbers are used there are leaflets giving the Zip index for all the streets in that city. These leaflets can be had for the asking.

The most commonly used classes of mail for family affairs are:

First Class

- ...Letters
- ...Greeting cards with added personal message.
- ...Postal and post cards
- ...Air mail -- Domestic air mail for post cards and letters not to exceed eight ounces whether sealed or unsealed.
- ...Pieces less than 3 inches in width (height) or 4 1/2 inches in length are nonmailable.
- ...Pieces having shapes other than rectangular are unmailable.

Second Class

- ...Newspapers and periodicals.

Third Class

- ...Circulars and other miscellaneous printed matter, and some merchandise.
- ...Greeting cards with no added message may be sealed if marked "Third Class."

Fourth Class, Parcel Post

- ...Printed matter, merchandise and other matter weighing in excess of 16 ounces except first and second class matter.
- ...Weight limits, 16 ounces to 70 pounds. Size limits depend upon the originating and receiving post office, and the distance sent.
- ...No message or letter may be included in parcel post without payment of additional postage. May enclose letter in parcel, marking "First Class Mail Enclosed," and paying for letter at First Class rate.
- ...Sealed packages, assume consent of mailer to postal inspection.

Air Mail Parcel Post

- ...Limited to 70 pounds. Subject to zone rates. Advisable to clearly mark such a parcel "Via Air Mail Parcel Post."

Registered Mail & Certified Mail

- ...Registered mail protects mail that has value and which you may wish to safeguard.
- ...Value declaration required.
- ...Cost depends upon value.
- ...Return receipt available for additional fee.
- ...Certified mail provides a receipt to sender and a record of delivery at the office of address. Handled in the ordinary mails and no insurance coverage provided. Only First Class mail having no intrinsic value accepted as certified mail. Certified mail sent by air upon payment of air mail postage.

Special Delivery

- ... Available for all kinds of mail.
- ... Desirable for perishable matter.
- ... Persons living on rural routes who receive special delivery mail may be telephoned.

Insurance

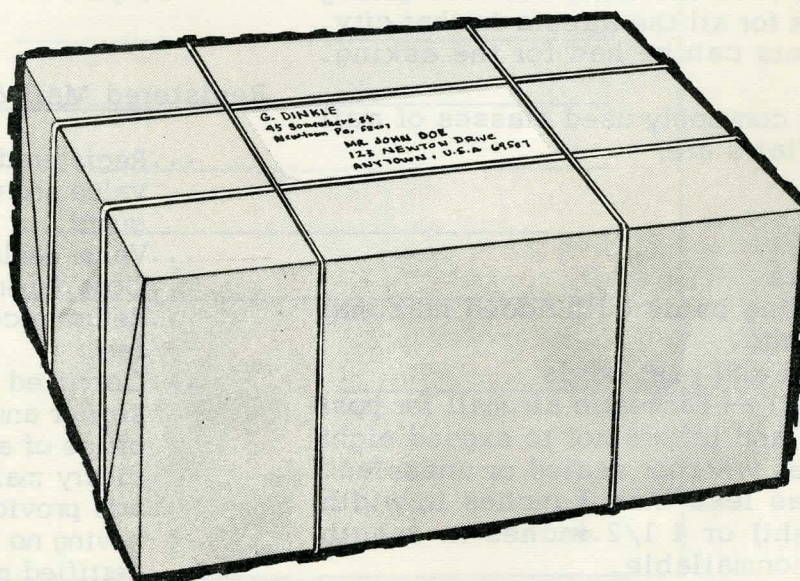
- ... For third and fourth class mail.
- ... Liability limited to \$200.
- ... Postal departments not responsible for damage unless packages are insured. Cost varies with value of article.

Money Order

- ... A means of sending money without sending cash or a personal check.
- ... Maximum amount for a single money order is \$100.
- ... No limitation on the number of orders purchased at one time.
- ... Sender detaches money order receipt and keeps for future reference.
- ... May be cashed at any post office, bank or other place of business.
- ... Can be endorsed over to only one person.

General tips to facilitate prompt delivery of mail:

- ... Mail early in the day and far enough ahead of date you anticipate delivery.
- ... Gummed paper tape may be used but twine should also be used.
- ... Food and other material that decays readily should be marked "Perishable." If not so marked, post office is not liable even though the package is insured.
- ... Address plainly. Show name, address and Zip Code in both delivery and sender's address. Never use the word "City" for name of town even though the mail is being delivered in the same town as it is sent.
- ... Pack well and wrap securely. Packages need to withstand the weight of many other packages shipped in mail bags. Use good solid or double-faced corrugated boxes.
- ... Pack firmly to prevent crushing under pressure but remember that an over-packed box will burst under pressure. Shredded paper, excelsior or popped popcorn make good fillers. An absorbent material should be wrapped around a container of liquid.



AT THE BANK

Banks act as custodians of funds and make the transfer of money easy. Bank deposits are protected from loss, theft or destruction by fire and are insured up to \$15,000 per account against bank failure by the Federal Deposit Insurance Corp., an agency of the federal government. Actually, banks offer a wide variety of services to help the family carry on its business in a safe and practical way. Here are a few of them that every family can very well use:

Checking Accounts

Nine out of ten transactions are made by check rather than cash. Checking accounts make it convenient to pay bills. Two kinds of checking accounts, regular and special, generally are available.

Regular accounts may require a minimum or average balance for maintenance. Charges depend on the number of checks written and deposits made with an allowance for the average daily balance. Some banks allow one free check for each \$10 average balance.

Special checking accounts require no minimum balance. Typical charge is 10¢ per check written.

As of Sept. 1, 1967, universal checks, (blanks that do not have the name of the bank and its identification number) are not accepted for clearing through the Federal Reserve System.

Counterchecks, (those having the name of the bank and its identification number printed on them), are accepted. Some banks make a check charge if your personal identification number is not printed on the check in magnetic ink, because of the extra handling as the check goes through the bank.

Advantages of a checking account:

- ... Payment by check is safer and more convenient than carrying or mailing money.
- ... Less cash need be kept on hand, thus there is less danger of its loss.
- ... Cancelled checks and stubs show expenditures. They help in keeping records, planning how to spend, and making tax declarations.



- ... By custom and courtesy a cancelled check may be accepted as receipt for payment of a bill. The endorsement, a signature written on the reverse or blank side of the check, is evidence that the payee received the money. However, if there is sharp disagreement, it would be better to have a valid receipt.

A black and white image of a universal check form. The form is crossed out with a large 'X' and the word 'OUTDATED' is stamped diagonally across it. The form has fields for 'WRITE NAME OF BANK ON ABOVE LINE', 'CITY', 'STATE', '19__', 'PAY TO THE ORDER OF', '\$', 'DOLLARS', 'ACCT. NO.', 'SIGNATURE', and 'ADDRESS'.

Universal check not accepted

A black and white image of a check form. The form has fields for 'DAY TO ORDER', 'ROUTING NUMBER FOR PAYING BANK', 'BANK ANYTOWN', 'Name of paying bank cannot be changed', '19__', '12-1234 5678', '\$', 'DOLLARS', and '136'. There is a magnetic ink line at the bottom with the number '5678 1234'. An arrow points from the 'ROUTING NUMBER FOR PAYING BANK' field to the 'BANK ANYTOWN' field.

Acceptable check with identification number

A receipt is a written statement of delivery of money or property from one person to another.

If the receipt is for money it should indicate whether the money discharges an obligation in full or is paid on account.

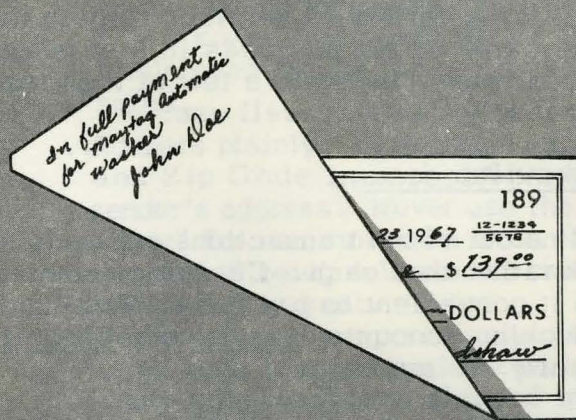
If the receipt is for property or merchandise, that property or merchandise should be described sufficiently to be dated and signed.

- . . . Bills paid by check can be mailed, thus saving time, energy and costs of transportation.
- . . . A checking account helps to establish a credit rating.
- . . . Your official signature is the one on the card you signed when you opened the account. All family members planning to use the checking account must sign the signature card. If survivorship is intended, this should be shown on the signature card. For individual accounts, a single name is adequate. In this case, upon the death of the individual, the money in the account goes to the estate.

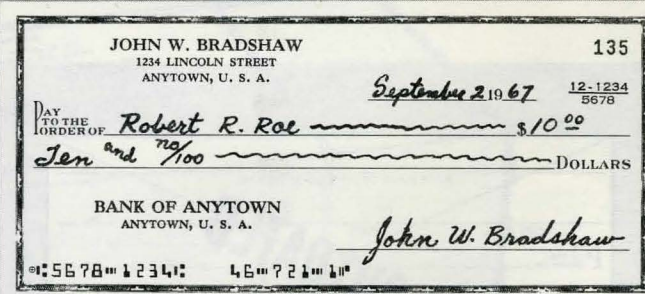
Tips for Making out the Check

- . . . Make out the stub first. If checks are numbered and records of the numbers are kept on the stubs, the account balance can be reconciled more easily with the balance stated on your bank statement.
- . . . Never write a check with pencil. Use ink to protect against ease of change in the hands of a thief.
- . . . Be sure to fill the entire line with the name of payee -- start writing close up to the printed words: "Pay to the Order of." Then fill the space after the name with a wavy line.
- . . . Fill in the amount of money both in figures and in words, beginning so close to the dollar sign and the left edge of the check there is no room for inserting another figure or word. Fill rest of space with a wavy line.
- . . . Check to see that written and numerical sums agree.

Check to serve as valid receipt



Well written check



- ... Be sure that checks are made payable to a person, not to "cash" or "bearer." A lost or stolen check so made can easily be cashed by anyone who happens to have it.
- ... If you make a mistake do not alter the check -- destroy it and write a new one.
- ... Sign only filled-in checks. Never sign a blank check because when lost, any amount and name could be filled in by the finder.
- ... Always use the same signature you placed on the contract card.

Endorsing a Check

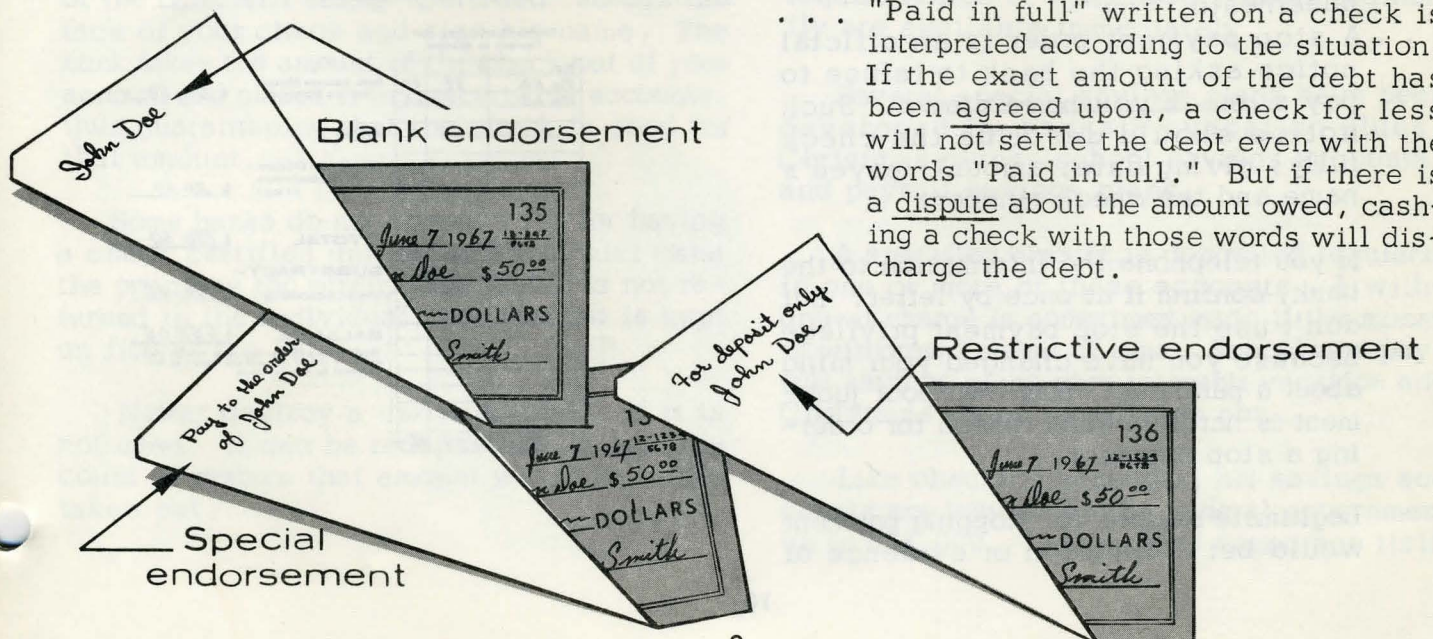
- ... Endorse a check at the perforated end or end farthest from signature on face. If you endorse a check, made payable to you, by signing your name on the back of it your endorsement makes it payable to the bearer. This is called endorsement in blank. If an unauthorized person obtains possession of the check, he may be able to cash it.
- ... You can limit an endorsement by using a special endorsement or a restrictive endorsement.

A special endorsement uses the words: "Pay to the order of _____." Used most commonly to guard against the check being cashed if lost or stolen.

A restrictive endorsement uses such words as "Pay to _____ for deposit only," "Pay to _____ for the account of Sam Roe,". "For deposit only." These words prevent further endorsements.

Answers to common questions about checks

- ... A future date can be used on a check. Even though the bank does not have to honor the check until that date, the check can be transferred from person to person (negotiated) before the cashing date.
- ... A check should be cashed within a "reasonable" time. Banks don't feel required to pay on old checks. "Stale checks" vary from 60 days to 6 months, depending on the bank. It's a good idea to cash or deposit checks fairly quickly, certainly within 60 days. The fact that a check remains uncashed beyond the stale date does not wipe out the indebtedness it was intended to pay; it simply relieves the bank of the obligation to pay.
- ... Cancelled checks should be kept three years for income tax purposes but some checks should be kept indefinitely. A rule of thumb would be five years for ordinary bills and ten years for major obligations.
- ... If there is a difference between the figures and the words, the written amount is followed, ordinarily.
- ... "Paid in full" written on a check is interpreted according to the situation. If the exact amount of the debt has been agreed upon, a check for less will not settle the debt even with the words "Paid in full." But if there is a dispute about the amount owed, cashing a check with those words will discharge the debt.



- . . . A check written in pencil is valid -- but it isn't recommended. It can be altered too easily.
- . . . Checks written on Sunday or on a holiday are valid and enforceable.
- . . . If a forger signs your name and the bank cashes the check, the bank is responsible. A bank is required to know the signatures of its depositors, and if it pays out of the depositor's account on a forged check, it must stand the loss. If you find an irregular check in your statement return it to the bank promptly -- within 15 days.
- . . . An insufficient fund check can lead to great embarrassment. It is usually due to carelessness -- failure to keep stubs up-to-date, poor communications between people who have a joint account, thoughtlessly writing checks before making a covering deposit. Most banks charge a penalty, frequently \$2.00 to \$2.50, if they have to return a check because of insufficient funds. Guard against overdrafts if you want to maintain a good credit standing.
- . . . On your deposit slip check your arithmetic carefully to avoid annoyance and inconvenience.
- . . . Write legibly. The plainer, the simpler your handwriting the harder it is to forge.
- . . . Make up your deposit slip before going to the teller's window.
- . . . Avoid using a ballpoint pen for check writing. Pressure gives an indentation of your signature on the paper underneath.
- . . . A stop payment order is an official notice asking the bank to refuse to pay a check you have drawn. Such notice should describe the check fully, giving date, amount, payee's name and the check number.

If you telephone the information to the bank, confirm it at once by letter. But don't use the stop payment privilege because you have changed your mind about a purchase. Your own poor judgment is hardly a good reason for ordering a stop payment.

Legitimate reasons for stopping payment would be: Suspicion or evidence of

forgery or tampering; a check is not received by the payee; a misunderstanding arises about an agreement under which payment has been made; the check has become "stale."

If you write another check to take the place of a lost check, write "Duplicate" across the face of it. Notify the bank at once if the lost check is found. Some make a service charge for this service.

- . . . Be careful how you dispose of cancelled checks. Don't leave them lying around or throw them out with papers for garbage pickup. A forger could use them to copy your signature. If you lose your check book, notify the bank, giving check numbers, to protect yourself against a forgery.

Reconciling Your Bank Statement

Examining your bank statement carefully may save you from liability. You should, of course, do this anyway. But if you don't, and thus fail to detect and report any forgery or other irregularity within a reasonable time (within 15 days) you may be held responsible for any loss your bank might otherwise have to assume. Many banks place a form for reconciling your account on the back of the statement or supply blanks for this purpose.

[illegible]

If your balance does not agree with that of the bank, try to locate the error. Here are some of the reasons your check book stubs and bank statements may not be the same:

- ...Deposits made by mail did not reach the bank before the statement was made.
- ...You wrote a check without filling in the corresponding stub in your check book.
- ...The bank made a service charge you have not deducted from your balance.
- ...Checks you deposited were returned by the bank and charged against your account because they were not good or were not properly endorsed.
- ...Some checks were not cashed in time to be recorded in the monthly statement.
- ...You made a mistake in your addition and subtraction.

Other Types of Checks

Cashier's checks are checks drawn by the bank on itself, signed by the cashier or other authorized officer, and sold to anyone wishing to send money through the mail when he does not have a checking account or a personal check is not acceptable. There is usually a charge for this kind of check unless you have an account at the bank.

Certified checks are often used when persons unknown to one another are making a transaction and wish to guarantee payment. Upon your request, an authorized employee of the bank will stamp "Certified" across the face of your check and sign his name. The bank takes the amount of the check out of your account and places it in the certified accounts, thus guaranteeing that the check is good for that amount.

Some banks do not charge a fee for having a check certified unless an individual uses the privilege too often. The check is not returned to the individual, but instead is kept on file at the bank.

Never destroy a certified check if it is not used. It can be redeposited in your account to restore that amount which has been taken out.

Traveler's checks solve problems of cashing checks in distant cities where you are unknown. They are purchased in varying amounts. They contain two places for your signature. One line is signed at the bank, the other is signed when you wish to cash the check.

Traveler's checks eliminate the risk of carrying large amounts of cash. The fee is about 1% of the amount of each check.

If traveler's checks are lost or stolen uncountersigned, a prompt refund is made. A record of the serial numbers on traveler's checks should be kept in a different place from the checks. If checks are lost, notify the place where they were purchased, giving serial numbers and amounts of checks.

Other Bank Services

Savings accounts differ from checking accounts these ways:

- (1) Withdrawals are less frequent.
- (2) Deposits and withdrawals in savings accounts are usually recorded in a passbook, which you keep.
- (3) Checks cannot be drawn against savings accounts unless they are presented at the bank and accompanied by the passbook.
- (4) Savings accounts pay interest but checking accounts do not.

Although the bank reserves the right to require notice of withdrawal, funds ordinarily are available immediately.

Several special savings plans have been developed by banks -- vacation clubs, Christmas clubs, school savings accounts, and payroll savings plans.

A specified amount is deposited regularly in one or more of these accounts. A withdrawal charge is sometimes made if the money is withdrawn ahead of time. School and payroll savings plans earn interest; vacation and Christmas clubs usually do not.

Like checking accounts, all savings accounts are insured by the Federal government up to \$15,000. These plans encourage thrift

but ordinary savings accounts earn interest, if you have the self-discipline to make regular deposits.

Certificates of Deposit are time deposits to be left a specified time -- three months, six months, one year, or longer. They pay a higher rate of interest than do ordinary savings accounts.

For the family that has difficulty in forming the savings habit, automatic transferral is a plan to adopt. This plan means that regular savings in a specified amount are automatically taken from your checking account and put into your savings account. When the time comes to pay large, irregular bills, such as taxes, or an unexpected medical bill, your savings account is there to be used to meet the obligation.

Extra reserves is one of the newest services spreading around the U.S. that might well be dubbed the "pushbutton" loan. Sometimes called "checking plus," this extra-convenience arrangement works like this: A cash reserve of a few hundred or few thousand dollars is set up for you by the bank. Then, if you write a check for a large purchase requiring more money than you have in your account, enough money is automatically taken out of the reserve and credited to your checking account (regular or special). This eliminates the bother of applying for a personal loan.

When you use this extra reserve fund, you pay interest by the month, usually $1\frac{1}{2}\%$ per month on the unpaid balance.

If you never use it, you never pay.

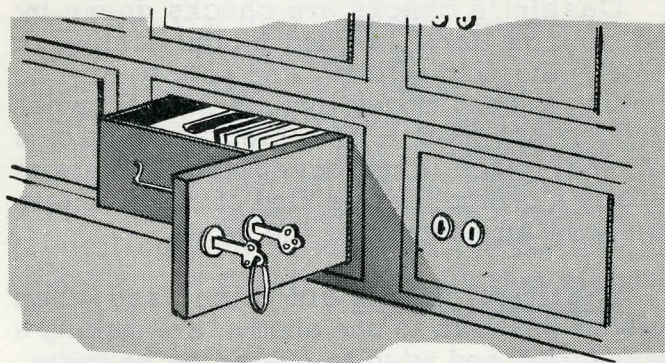
Loaning money is one of the most important functions of a bank. Personal loans, repayable in installments, usually monthly, are keyed to the borrower's income so that he or she can pay without undue inconvenience.

Personal loans are available for a number of sound purposes, such as paying medical bills, consolidating debts, and meeting emergencies. Loans are also made for household equipment, automobile purchase, home repair, renovation and alteration, and mortgages.

Good character and steady earnings are essential to obtain a personal loan. You fill out an application form which gives the bank information about you and your credit record. All information is kept confidential. Cash is made available promptly.

Safe Deposit is a service at small annual cost that provides storage of valuable possessions. This rent is tax deductible if you keep anything in the box that earns you money -- stocks, bonds, certificates of deposit.

A safe deposit box will not only protect papers and valuables from fire and theft, and keep personal matters from prying eyes, but also concentrates valuable documents in one accessible place to avoid loss or misplacement. Each box requires two keys to open it. You have one and the bank has the other. If you lose your key, the box cannot be opened without drilling out the lock. You would find this rather expensive, so don't lose your key!



Here is a partial check list of things that should have safe deposit protection:

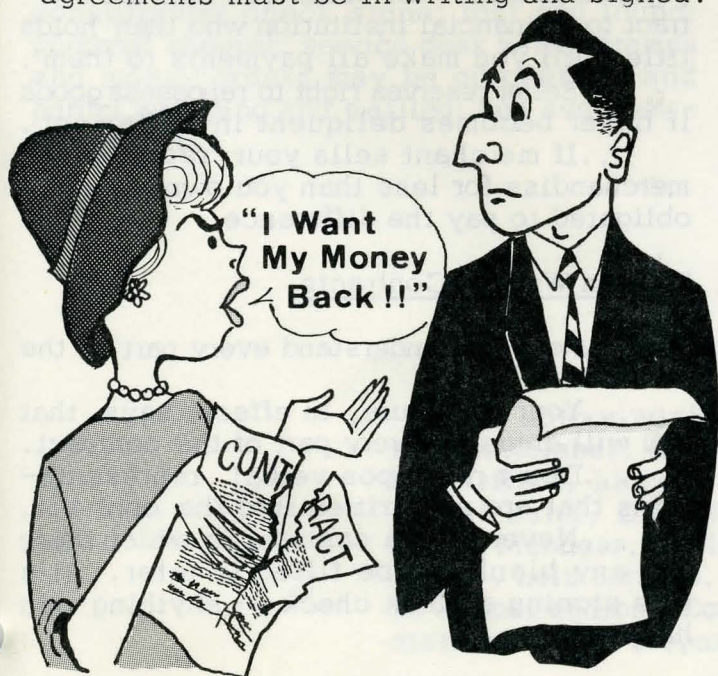
- () Abstracts and deeds
- () Adoption papers
- () Agreements
- () Armed service records
- () Assignments
- () Bills of sale
- () Birth certificates
- () Cancelled checks
- () Certificates of deposit
- () Citizenship papers
- () Confidential papers
- () Contracts
- () Deposit books
- () Diplomas
- () Heirlooms
- () Household inventory

- () Income tax records
- () Insurance policies
- () Leases
- () Marriage certificate
- () Mortgages
- () Notes
- () Passports
- () Patent papers
- () Pension papers
- () Receipts
- () Stocks and bonds
- () Social Security number
- () Tax receipts
- () Trust agreements
- () U.S. Savings Bonds
- () Will

The transactions described above are only a few of the customer services offered by most banks. Some of the others include cashing and selling government bonds, cashing stock coupons, accepting items for collection, night depository, drive-up windows, and banking by mail.

AT THE RETAIL STORE

Everytime you buy or agree to buy something, you make a contract. This is true whether you pay cash, make a deposit, pay by installments, or "charge it." It is true, generally, whether the agreement is signed or just verbal, although some contracts or agreements must be in writing and signed.



There are two parties to the contract -- the seller and you, the buyer. Each has the same right to expect the other to live up to its terms. Ordinarily, once the contract is made or completed, and in the absence of fraud or misrepresentation, neither one can properly break, or compel or invoke the contract without permission of the other party. If you, the buyer, "change your mind" or, because of some unforeseen circumstances, want your deposit or money back or, if as a charge customer you want a credit, the seller, legally, does not have to give it to you. All sales are final unless the terms of the sale or policy of the seller makes them otherwise.

If a seller misrepresents, or if the merchandise is defective, you are justified in expecting satisfactory adjustment or a refund. Otherwise, because you "change your mind," you have no more legal right to a refund than the merchant has to ask you to return the merchandise he sold you because he changed his mind and now doesn't want to sell it.

Generally, the seller will do one of three things, depending upon his policy in the treatment of his customers:

1. Some stores follow the policy that all sales are final. They will not refund money nor give credit slips.

2. Some stores follow the policy of refusing cash refunds but allowing the purchaser a credit slip which may be applied then or at some future time toward the purchase of other merchandise in the store.

3. Some stores unhesitatingly give refunds, credit, exchanges, or return deposits. A store grants this as a "privilege" rather than as a legal obligation, and it is a "privilege" that should not be abused by needless return of merchandise. Exceptions include certain intimate articles, such as combs, bathing suits, mattresses, etc., which for health reasons and for your protection, are generally not returnable.

Also, generally, there is a restriction that returnable merchandise must be returned in good condition within three business days to a week for credit, refund or exchange. So-called "fashion" items should be returned promptly.

Retail Credit

Credit at a retail store may be classified into three types:

- Charge accounts
- Revolving accounts
- Installment contracts

Many stores are merging charge accounts and revolving accounts into what is known as option charge account. In this situation, when the customer receives the monthly statement, he has a choice of paying the account each month or handling it as a revolving account, paying one-tenth of the bill and then paying a carrying charge on the balance.

Charge Accounts

- ...A convenient way of shopping without carrying much cash.
- ...A convenient way to shop by phone or mail.
- ...You can pay for a number of small purchases at one time.
- ...On 30-day accounts, full amount to be paid within specified time after receipt of monthly statement (ranging from 7 to 30 days according to policy of store).
- ...If bill is not paid promptly, a carrying charge is added after 60 to 90 days. Length of time depends on policy of the store.
- ...Monthly statements and cancelled checks provide useful records.
- ...Well managed charge accounts establish credit and help get credit elsewhere.
- ...Homemaker may not shop around for the best buy.

Ninety-day Charge Accounts

- ...A way of paying for a large expense item in three or four large payments.
- ...May be required to sign a contract.
- ...No interest on carrying charge.
- ...Allows you advantage of sales when you don't have cash to pay on regular charge account.

Revolving Accounts

- ...A running account that is limited in total at any one time.

... Monthly payments are a certain percentage of the established total, usually one-twelfth of established total.

... Can add purchases after you pay on account, up to original amount.

... Interest charge of usually 1% to 1 1/2% on the unpaid balance each month. At 1 1/2% this amounts to a true annual interest rate of 18%, which is the legal limit. It may be less in some cases because there are different methods of calculating interest.

... May encourage use of credit for small purchases traditionally bought for cash, thus increasing price unnecessarily.

Installment Sales

...Used for buying costly items that you want to use while paying for them, but that you could not pay for in the time allowed by charge accounts or 90-day accounts.

...The payment period may extend over a few months to several years.

...Involves a written contract which defines obligation.

...Usually requires a down payment.

...Carries extra charges for bookkeeping and/or interest.

...Interest rates often higher than they appear to be.

...Family income tied up for a considerable time.

...Seller owns title to the goods until final payment is made. Or seller can sell the contract to a financial institution who then holds title until you make all payments to them.

...Seller reserves right to repossess goods if buyer becomes delinquent in a payment.

...If merchant sells your repossessed merchandise for less than you own, you are obligated to pay the difference.

Tips on Written Contracts

...Read and understand every part of the contract.

...Your signature, in effect, says that you will abide by every part of the contract.

...Don't rely upon verbal representations that are not written into the contract.

...Never sign a contract in which there are any blanks to be filled in later. It's like signing a blank check -- anything can happen!

...Be sure you have a copy of the contract for your reference.

When you have a credit obligation, whatever type, never hesitate to go to your creditor if you are having problems paying on time. Explain the situation to him. Give him some idea of when you can pay. This is common courtesy in the first place; it also protects your credit rating.

When you move, notify the stores, especially if you have a charge account there.

Lay Away Service

Another type of contract is the lay away service. This contract allows you to reserve merchandise without using it. A down payment of 10%-20% is made and the balance paid off in installments. Length of time depends somewhat on the article. A small charge is made for opening the account. When all payments have been made you take the merchandise home.

Large department stores offer a variety of customer services other than credit that are often taken for granted by the general public. You may have had the opportunity to take advantage of such courtesies as: Delivery; gift wrapping; lounge and writing facilities; bridal registry; instruction in knitting and sewing, for example; interior decorating consultants; check stand; lost and found; personal shopper; service desk where stamps and money orders may be purchased, and parcel wrapping and mailing; and even new-comer gifts.

WOULD YOU BE INTERESTED IN MORE?

The foregoing are only a very few of the business transactions that should be common knowledge to the modern homemaker. Typically, the American homemaker makes 85% of the purchases for home and family. Over the period of a marriage lifetime the total cost of purchases runs into many more thousands of dollars than most women realize. With an average annual income of only \$5000, which is not unusually large today, the total income by the time the couple reach their golden wedding anniversary adds up to a quarter of a million dollars. Family living is big business these days. It requires business know-how to make the most of the family resources.

Other areas you might like to explore are such things as insurance -- both life and property; state laws concerning wills and the laws of descent; investments; family business at the city hall; real and personal taxes; activities of police department, utilities, health units; family business at the court house -- real and personal taxes, health department; federal and state income and sales taxes; and services offered by the various departments of the state government -- health, public assistance, public safety, and the like.

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