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ABSTRACT

This resource guide for teaching personal and family finances was developed to serve a wide spectrum of professional educators, including teachers, administrators, and project directors. Although it was designed for those involved in community outreach programs (see CE 023 729), the content can be useful for adults and students in a variety of settings. This guide deals with strategies for presenting the following six subject areas of personal and family finances: budgeting, credit, insurance, housing, saving and investing, and estate planning/retirement. The unit of study for each subject area includes an overview, general objectives for the learner, content outline, specific teaching suggestions, values clarification activities, questions for discussion, vocabulary study, evaluation indicators, and a selected bibliography of teaching/learning resources. A complementary volume having to do with the design, implementation, management, and evaluation of community-based educational projects is also available (CE 023 726). (BM)

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PERSONAL AND FAMILY FINANCES

A Resource Guide for Teaching

Denise M. Matejic

Associate Specialist in
Family Resource Management
Cooperative Extension Service
Cook College
Rutgers University
New Brunswick, New Jersey

Neil A. Gaston

Professor
Division of Business
Trenton State College
Trenton, New Jersey

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New Jersey Home Economics Administrator

Beatrice M. May, Chairperson, Department of Home Economics, New Jersey Cooperative Extension Service, Rutgers University, Cook College

Special Project Liaison with SEA-USDA

Josephine H. Lawyer, Family Resource Management Specialist, SEA-USDA, Washington, D.C.

Project Team

Denise M. Matejic	—	Project Director, Author, Editor
Dr. May W. Huang	—	Project Evaluator, Co-Author
Dr. Neil A. Gaston	—	Co-Author, Associate Editor
Richard H. Sprince	—	Program Assistant in Family Resource Management, Outreach Coordinator

Project Assistants

Mary B. Rhodes *	Karen Halbig *	Linda Nunziato †
Suzanne Bonamo *	Caryn Feder †	Cindy Roos †
Susan A. Percello *	Marian Schwartz †	Nancy Hopko †
Charlotte Hurwitz *	Barbara Picaroni †	Paula Perdoni †

* Graduate students from the Department of Vocational-Technical Education, Graduate School of Education, Rutgers University.

† Students at Douglass College, Department of Home Economics, Rutgers University.

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David B. Malkin, C.L.U., Director, Life & Employee Benefit Division, Frenkel & Co., Inc., New York; Veronica M. Malone, Program Associate in Home Economics; Beatrice M. May, Chairperson, Department of Home Economics, Cooperative Extension Service, Cook College, Rutgers University; Frank L. McHugh, Secretary and Director of Special Service Projects, Securities Industry Association, Committee on Economic Education, New York; Dr. Carol Meeks, Associate Professor, Consumer Economics and Housing, Cornell University, Ithaca, New York; Dr. Angele Parker, Home Economics Program Leader, University of Rhode Island, Rhode Island; Glenda Pifer, Specialist-Housing, Furnishings and Equipment, SEA/Extension, USDA, Washington, D.C.; Dr. Lee Richardson, Acting Director--Consumer Programs, U.S. Office of Consumer Affairs, DHEW, Washington, D.C.; Salvatore F. Sangiorgi, Associate Regional Director, Federal Trade Commission, New York; Dr. Sidney I. Simon, Professor, Department of Economics, Rutgers College;

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Denise M. Matejic

Introduction: Living and Adjusting to Economic Change

LIVING WITH INFLATION

Many consumers find it difficult to live within their income. They find it particularly difficult to make personal financial decisions in an environment of inflation, recession or general economic uncertainty. They feel they have to "run" just to stay even and to hold on to the same style of living. In recent years the average wage earner has found that his or her purchasing power has been reduced in spite of an increased income. In short, increases in prices have outrun increases in wages.

The average family (or individual) has to make adjustments in its life-style in order to accommodate itself to the inflationary economy. There are really only two things that can be done to this end: to earn more income and/or to manage the available income more wisely.

Many families have opted for the first choice in order to keep up with inflation. The breadwinner has taken an additional job or a member of the family, not previously employed outside the house, has found employment. A large number of women have entered the labor force in recent years, partly as a result of this need. Some families feel that the additional income has been just enough to allow them to maintain the standard of living to which they had become accustomed. Moreover, when both partners work, new problems arise, such as changes in life-styles and stresses occurring because of changes in the family structure.

Other families have decided that tightening their purse strings is the best way to combat inflation. This approach is also fraught with difficulty. It may be traumatic for a family to suddenly have to watch every penny. Some family members may not be willing to make the sacrifice. This leads to much unhappiness and necessitates a reanalysis of the family's goals and priorities.

Increasingly, accompanying our changing life-styles and social transformations, people made single by divorce or death find they need "emergency" treatment to help them maximize their financial resources in order to survive. They are surprised to learn that their expenses will not be cut in half, and have to struggle with this new reality.

To compound the problem of inflation, we have been experiencing a period of high rates of unemployment. Coping with inflation and unemployment requires a great deal of patience, cooperation, and understanding among family members.

How a family (or individual) chooses to adjust to economic change depends upon individual attitudes toward personal financial management. Those exposed to a program developed through the use of this teaching resource guide should be better able to cope with economic change.

FOR WHOM IS THIS RESOURCE GUIDE DESIGNED?

This manual is an informative and motivational resource guide to help educators in program development, teaching and/or supervising a community-based program.

It is intended to aid Extension Service professionals and other teachers of youths and adults working in the area of home economics, consumer education, consumer protection, community development, business education, and social work (e.g., family counselling) to develop, implement, and/or supervise better educational programs in their community.

It is designed for those who are committed to help individuals and families to become more resourceful and to improve the quality of their lives through application of the principles of management and decision making in general, and better management of their financial resources in particular.

It is also developed for those conducting an educational project within a limited time and with limited resources, so that principles of good management need to be applied; for those who want to accurately assess the needs of the community to better tailor their instructions and outreach efforts; and finally for those who want to learn about the many methods available to the innovative educator.

THE PURPOSE OF THE RESOURCE GUIDE

This manual was developed as part of a SEA USDA-funded project, "Helping Families Adjust to Economic Change." Although any educator in this field will find the manual useful, it has been prepared especially for those who are part of an "outreach" program; that is, Extension professionals and others who are teaching aspects of consumer education programs through community programs rather than within the formal educational structure. A wide spectrum of community educators will benefit from using this manual, from the novice to the very experienced; from the manager of a community agency or director of a special project to the adult educator (Extension professional or social worker); or from the consumer affairs professional to the classroom teacher involved in community development work.

HOW TO USE THIS RESOURCE GUIDE

The content of personal and financial management is one which is interdisciplinary in nature. It affects people from all incomes, ages, temperaments, family structures, ethnic backgrounds, and cultures. As an educator, counsellor or social worker, supervisor or project director from the field of adult and continuing education in the area of health, education, consumer affairs and protection or the social services, you can help others to understand the intricacies of personal financial management. This includes such areas as communication; family decision making and goal setting; gaining control of spending; management of resources such as credit, insurance, and saving; and the psychology of how individuals use money to influence others.

Because the area of consumer finances is so complex and cuts across so many disciplines, not all of the above mentioned content areas can be covered by all educators, yet some of it can be covered by all who work with families.

<u>Six content areas</u> of budgeting, credit, insurance, housing, savings and investments, and estate planning and retirement are covered in this resource guide. The following sections have been included in each unit of study:

- Overview
- General objectives for the learner
- Content outline

- Specific teaching suggestions
- Values clarification activities (To help make individuals aware of their values relative to personal finance in an effort to bridge the gap between their values and their actual financial behavior)
- Questions for discussion
- Vocabulary
- Evaluation indicators
- Selected bibliography of teaching/learning resources

Being as inclusive as they are, these units can be used even by those having no teaching experience to determine what to teach and how to present the material. Of course, the units are not a panacea for solving the problems of economic change. It is expected that the user will supplement the material presented here with other sources of information. However, the units do provide an excellent foundation upon which to build. In addition to the educational references that are a part of every unit, a general bibliography has been provided in the appendix.

Many fine textbooks and teaching materials are available on this subject and, if you should select one, it should be one that best meets the needs of your group. Since most materials currently existing are geared to young audiences, the authors had some difficulty suggesting appropriate visual aids in the various categories, except credit.

An important chapter is "General Strategies and Materials." In addition to the specific teaching strategies offered in each unit of study, this chapter on general methodology includes the preparation and use of teaching materials. There is more here for the inexperienced educator, but all users should find some useful hints on how to deliver content to be learned most effectively.

"Utilizing Community Resources" (Chapter 3) provides both general and specific community resources so that the person charged with teaching the various units will know where to find the necessary information. This is important since most projects are developed to serve the community, and it would be wasteful to ignore the wealth of information the community can provide.

To summarize, this resource guide has to do with subject matter content and methodology and will be especially useful to the teacher and/or presenter of community outreach programs who provide consumer information and education to community participants and learners.

OBJECTIVES OF THIS RESOURCE GUIDE

Preceding each unit of study are objectives to be achieved by learners of the program "Helping Families Adjust to Economic Change." Presented here are objectives for the teacher of the program--objectives that are to be accomplished through the use of this manual.

The user of this manual will be better prepared to present a community outreach program in personal and family financial management because he or she will:

1. know why each subject-matter unit is considered important through an overview given for each unit.

2. be able to select specific objectives to be achieved by his or her learners from a provided list.

3. be aware of the content that might be covered under each subject-matter unit.

4. be aware of specific teaching suggestions which might be employed in the teaching of each subject-matter unit.

5. have available values clarification activities and discussion questions that can be used for making the content more meaningful.

6. have available a comprehensive vocabulary list with definitions to aid in the understanding of the specific units being covered.

7. be able to select specific evaluation indicators which can be used to measure the amount of learning that has occurred.

8. have available a bibliography covering the areas of subject-matter content and methodology.

9. have available an overview of a variety of teaching techniques which can be used for presenting any of the content units herein.

10. have available suggestions on how to successfully utilize community resources in order to maximize learning by participants.

A final word: A complementary volume having to do with the design, implementation, management, and evaluation of community-based educational projects has been prepared by the authors to accompany this resource guide. Those educators who are charged with planning, implementing, and/or evaluating such projects should find this program development guide helpful. Its title is Planning and Managing Community Programs - A Process Approach.

Chapter 1:

UNITS OF STUDY

Budgeting
Credit
Insurance
Financial Aspects of Housing
Saving and Investing
Estate Planning and Retirement

Budgeting

OVERVIEW

People can improve their standard of living in one of two ways. They can earn more income or they can maximize what they have, which means they can manage their income more wisely. Many do not have the capacity for earning more income, but do have the capacity for implementing the second alternative.

A very important tool for managing one's money intelligently and increasing the quality of one's life is the budget. A budget, simply defined, is a plan for spending, saving, and investing. The budget can aid us in controlling our own finances. It can improve our standard of living by making us aware of alternatives to the ways in which we have been spending, saving, and managing our financial affairs.

GENERAL OBJECTIVES FOR THE LEARNER ON BUDGETING

Upon completion of this unit, participants will be able to:

1. understand what a budget is and what it is not.
2. understand the concepts involved in and need for taking financial inventory and preparing a personal balance sheet.
3. understand the importance of establishing goals as a part of the budget-making process.
4. identify those items that constitute a budget and realize their relative importance to the process of accurate budgeting.
5. identify the tools required for preparing and maintaining a budget.
6. understand the importance of human relations in the planning of the family's spending, saving, and investing, which includes recognizing different spending traits among individuals and family members.
7. identify common misconceptions on the subject of budgeting.
8. understand the importance of regularity in spending and savings plans.

CONTENT OUTLINE ON BUDGETING

The following can be used as a guideline for teaching a lesson or course on budgeting that will meet the specific needs of learners.

I. Definition of Budget Includes These Factors:
   A. A budget is a plan for saving, spending, and investing.
   B. A budget is a useful tool for personal income planning.
   C. A budget is a flexible plan for personal financial management, which is subject to review and revision as needed.
   D. A budget needs to be planned on a regular basis in order to maximize results.

II. Establishing Financial Goals:
   A. Budgeting is a tool to help one reach financial goals:
      1. Short-range goals include meeting the daily, weekly, and monthly expenses.
      2. Intermediate-range goals include such things as buying an appliance, an automobile, or taking a vacation.
      3. Long-range goals include saving for the children's education, buying a summer house, taking an extended trip abroad or supplementing retirement income.
   B. The entire family should contribute to goal-setting.
   C. Goals should take attitude, values, preferences, and needs of the entire family into consideration.
   D. Recognize the fact that the decision to spend money for a particular purpose may reduce or eliminate available funds for other goals (opportunity costs).

III. Human Relations Approach to Budgeting:
   A. Communication in general:
      1. It is important for all family members to participate in a discussion regarding the use of family financial resources.
      2. Communication about money matters should be done at a time when all members are receptive; e.g., not late at night when some may be tired and irritable or at the dinner table.
      3. Family members should know exactly what is being discussed and evaluated.
      4. Each family member should express himself/herself clearly with specific examples related to the goals under examination.

5. Each family participant should be a good listener (an active listener focuses attention on the other person, establishes eye contact, and listens with the "inner and outer" ear).

B. Raising one's consciousness about money and the family:

1. Socialization: The media, parents' attitudes and actions, neighbors, and the community all contribute to a person's understanding of money.
2. Personal values and attitudes: Our spending personalities are a reflection of our backgrounds and experiences. Compare such types as the compulsive spender versus the miser. Consider the differences between ideal values and actual spending behavior.
3. Family needs: All aspects of the family situation must be evaluated, including size, life cycle, income, needs, etc.
4. Money and controls: Generally, single persons have more freedom and choices available in their financial decision making; married people need to communicate and compromise, and tend to have less control than singles regarding money matters.
5. Who handles the money: Financial control is frequently determined by custom, tradition, ethnic background, and personality.
6. How the family spends: Spending patterns are determined by family situation, personal characteristics, attitudes about money and spending, family background, and family standard of living.
7. Family net worth: The family's financial status is often determined by its managerial skills in the handling of money and the family's ability to disregard outside forces, such as advertising and the "need" to keep up with the Joneses.

IV. Drawing Up the Budget:

A. It is a good idea to start with a "normative" budget: These are hypothetical budgets put out by governmental agencies depicting how the "average" family spends its money. This will give you some idea as to where to start. Remember that a budget is personal and flexible and should be designed to meet your own personal and family needs.

B. Find out exactly how your money is spent by keeping track of expenditures for at least six weeks to three months. Record all expenditures;

later, review your list and check those items which you feel are unnecessary.

C. The annual budget:
   1. Start with annual net income: salary or wages, interests, dividends, etc. and subtract social security payments, taxes, and all other withholdings.
   2. List fixed expenses: rent or mortgage payments, insurance payments, installment payments, emergency fund, other fixed expenses per year.
   3. List flexible expenses: food, clothing, household supplies, medical costs, recreation, transportation, utilities, other flexible expenses per year.
   4. Subtract total expenditures from net income.
   5. The result is the appropriate amount that can be set aside for savings, realization of future goals, investments, or just for "fun."

D. The monthly budget:
   1. Start with monthly net income.
   2. List all monthly fixed expenses.
   3. List all monthly flexible expenses.
   4. List all irregular fixed expenses (e.g., insurance payments due two times per year) and divide by 12 to get monthly figure.
   5. Subtract total monthly expenditures from net monthly income.
   6. The result is the amount that can be set aside for savings, investments, and incidentals on a monthly basis.

E. Keep records of income and expenditures.

F. Review budget periodically and compare actual expenditures against what has been budgeted.

G. Revise budget as needed.

H. NOTE: Keep in mind that the budget is only a tool. It is valueless unless the individual treats it seriously as a control device for living within one's income.

I. Be consistent in your calculations. That means that you need to use annual or monthly figures or calculate everything per paycheck period. The annual budget will give you a good overview of your finances. Your monthly or "per paycheck" budget will help you in your day-to-day living and decision making.

V. Misconceptions about Budgeting:
   A. Budgeting is only recordkeeping.
   B. Some people do not earn enough income to budget.
   C. Some people earn too much income to make budgeting necessary.

D. Budgets put one into a financial straitjacket.

VI. Tools to Aid You in Budgeting:
  A. Income records: paycheck stubs, bank interest statement, dividend records, etc.
  B. Other records: Personal checkbook, cancelled checks, receipts, and monthly statements from your bank--for documenting your payments.
  C. Copy of goals--short-, intermediate-, and long-range--for evaluating expenditures.
  D. Financial statement--for preparing a personal balance sheet.
  E. Journal sheets or budgeting book for drawing up and maintaining the budget.
  F. Work charts--for anticipating expenditures, e.g., a 12-month budgeting/spending chart (might be included with E).

VII. The Personal Balance Sheet:
  A. Before establishing a budget, draw up a personal balance sheet (called taking financial inventory).
  B. The Balance Sheet: Assets minus Liabilities equals Net Worth:
    1. Assets: What you own:
      a. Money in checking and savings accounts.
      b. Stocks, bonds, and other types of investments.
      c. Personal property: cars, furniture, appliances, jewelry, etc. (Note: Calculate these at current market value).
      d. Real estate.
      e. Other assets (think of anything owned): cash value of insurance policies, pension funds, etc.
    2. Liabilities: What you owe:
      a. Bills you owe.
      b. Installment credit outstanding.
      c. Mortgage on house.
    3. Net worth: What you own minus what you owe.
  C. Prepare a balance sheet annually.
  D. Budgeting should help increase one's net worth from year to year. This increase can be documented by comparing annual balance sheets.

VIII. Agencies Aiding the Consumer:
  A. Consumer League in your state.
  B. Superintendent of Documents, Government Printing Office, 710 North Capitol Street, Washington, D.C. 20402.
  C. County Cooperative Extension Service.
  D. SEA, Extension Service, U.S. Department of Agriculture, Information Service, 14th Street

and Independence Avenue, S.W., Washington, D.C. 20250.
Also, Cooperative Extension Service offices at state land grant universities.

E. Special Assistant to the President for Consumer Affairs; Office of Consumer Affairs; Department of Health, Education and Welfare; 330 Independence Avenue, S.W., Washington, D.C. 20201.

F. Regional Office of U.S. Department of Housing and Urban Development.

G. Better Business Bureau.

H. Trade and professional associations:
   1. American Academy of National Lawyers, 900 N. Lake Shore Drive, Chicago, Illinois 60611.
   2. American Home Economics Association, 2010 Massachusetts Avenue, N.W., Washington, D.C. 20036.
   3. National Foundation for Consumer Credit, 1819 H Street, N.W., Washington, D.C. 20006.
      (Furnishes addresses of Consumer Budget Credit Counselling Services in each state upon request.)
   4. National Retail Merchants Association, 100 W. 31st Street, New York, New York 10001.

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SPECIFIC TEACHING SUGGESTIONS ON BUDGETING

All or some of the following teaching suggestions can be used, depending on the type of audience. They can also be adapted and/or expanded as the situation warrants.

1. Make available to participants the materials provided on the topic of budgeting. (See "Resources" section of this unit.)
2. Have participants prepare a personal net worth statement. This can be done rather simply by listing assets in one column and liabilities in another. Subtract the liabilities from the assets to arrive at net worth. (Because of the personal nature of this exercise, participants should not be required to reveal their net worth to the rest of the group.) Rather than using personal cases, you might prepare a case study to be analyzed.
3. Have participants prepare a sheet with three columns. Head the columns "Short-Range Goals," "Intermediate-Range Goals," and "Long-Range Goals." List at least five short-range goals, three intermediate-range goals, and one long-range goal. Have participants share their lists with everyone in the group and discuss the reasons for their choices.

   Note: Call to the attention of participants that this is only a practice exercise and that the development of actual goals should be a family affair.
4. Provide participants with a form on which they can draw up a budget. These forms are available from many sources--loan companies, banks, the Cooperative Extension Service, stationery stores--or you can design and duplicate the form yourself. Have each participant prepare a budget for a typical month, taking his or her individual family circumstances into consideration. If it can be done without embarrassment, several of the budgets might be shared and used as the basis for discussion.
5. Have participants ask friends and acquaintances what their first reaction is when they hear the word "budget." These reactions should be recorded and shared with the group at a later session.
6. Have participants write down the answers to the following questions:
   a. What was the last article of clothing you bought (or piece of furniture, hobby equipment, etc.)?
   b. Why did you buy it?
   c. Where did you buy it?
   d. Do you still like it?
   e. Would you buy it again?

f. What influenced your choice to buy it?

7. Ask participants to describe what they consider to be one major mistake in financial planning which they have personally made. Have the group analyze why this mistake happened.

VALUES-CLARIFICATION ACTIVITIES ON BUDGETING

The following examples of values-clarification activities for the unit on budgeting can be used by the teacher as presented or adapted to meet the learner's needs.

Activity #1

All people have some money for which they are solely responsible. Some have more than others, but all have to make decisions as to how their money is to be spent. It often happens that we spend money in ways that are in conflict with our goals and values. The following exercise is designed to force participants to take a look at their spending habits and to help them decide their degree of satisfaction with these habits.

The presenter should have each participant draw a circle on a clean sheet of plain paper. The participants should divide this circle in accordance with their spending patterns, with each segment representing, in percentage form, the relative amount of the expenditure. The finished product is a pie chart of how the participants' money is being spent. Prior to developing these charts, the presenter, with the aid of the group, should prepare a list of categories which represent the areas in which participants spend their money. This list should be displayed on the board, by means of an overhead projector or on a newsprint pad. These areas might include:

newspapers and magazines
lunches
recreation, including spectator sports
automobile and/or transportation
savings with a purpose
savings without a purpose
gifts and contributions
clothing
incidentals (tobacco, candy, toiletries, etc.)
hobbies
miscellaneous

After the pie charts have been completed, the presenter might provoke discussion by asking such questions as:

- Are you satisfied with the size of your slices?
- Consider your short- and long-range goals in life. Does your chart represent progress toward these goals?
- Draw a pie chart representing what you consider

an ideal spending pattern for yourself.

- Are you willing to make certain changes in your spending pattern to better represent the ideal chart?

Activity #2

Ask each participant in your group to assume that he or she is the head of a household. This household includes two children and two adults. Both adult members of the family are employed in fairly secure (if not well-paying) jobs. Inflation has caused a substantial decrease in the real income (gross income discounted for taxes and inflation) of the family. There is no solution but to cut family spending.

Ask each participant to rank order the following list of ten household expenses according to where the cuts in family spending should be made. (The first area to be cut would be listed first.) Volunteers may then put their list on the board. Another approach to starting discussion would be to survey the group, writing on the board the number of participants who assigned each item a number from one to five (upper half) or from six to ten (lower half).

_____ Food

_____ Clothing

_____ Health care

_____ Recreation and entertainment

_____ Personal allowances

_____ Household upkeep

_____ Gifts and contributions

_____ Family transportation

_____ Household equipment

_____ Personal items (cosmetics, tobacco, papers, magazines, hobbies, etc.)

Variations of this list approach can be used to initiate a values-clarifying discussion, with specific emphasis on sacrifices or adjustments that can be made in the family spending patterns.

The list of expenditures as well as the background, structure, and income of the hypothetical family can be adjusted by the teacher to fit those of the learners' (e.g., a group representing a special ethnic background and/or families with limited resources.) Remember, the teacher needs to know his or her audience and be flexible and understanding in his/her citing of examples.

QUESTIONS FOR DISCUSSION ON BUDGETING

The following questions are designed to serve as guidelines and examples for the teacher. The content outline on budgeting lends itself to establishing additional questions.

1. What is the value of long-range goals to financial planning?
2. What financial problems might occur as a result of not planning?
3. What are some common mistakes in managing money?
4. How might the lack of money affect a person's attitude toward life?
5. What are some factors that influence the ways people spend money?
6. Define and contrast a planned purchase with an impulse purchase.
7. Cite instances of compulsive spending by you or members of your family; include when it happened, where, why, and how often.
8. Discuss the importance of family input in the budget-making process.
9. What is the difference between an asset and a liability?
10. Why is it necessary to keep records of one's income and spending?
11. What is the difference between fixed expenses and flexible expenses?
12. What are some of the misconceptions that people hold about budgeting?

VOCABULARY--BUDGETING

Assets: All property, both real and personal, that is owned. Examples include cash, checking accounts, savings accounts, stocks, bonds, houses, furniture, cars, etc.

Budget: A plan for spending, saving, and investing; in broader terms, it can be called a guide for better living.

Communication: The ability to talk honestly and listen actively to other people, with all involved understanding what is being said.

Consciousness: An awareness about things--ourselves and our personal environment. Specifically in the unit, an awareness about money, its function in society, and how it can be managed to gain maximum value from the amount one has available.

Family Life Cycle: The circumstances a family finds itself in at any given time. Examples include single persons (career-minded and nonemployed), married or unmarried; couples without children; one or two adults with pre-school children, school-age children, children in college; pre-retirement without children, retirement, etc.

Financial Goals: Objectives that one wishes to attain as a result of conscientious and intelligent management of financial resources.

Financial Records: Any document that verifies how a person earns and spends his or her money. Examples include paycheck stubs, checkbooks, monthly bills, bank statements, etc.

Fixed Expenses: Those expenses that will remain the same throughout the year. Examples include insurance payments, rent or mortgage payments, and payments under an installment obligation.

Flexible Expenses: Those expenses that change from day to day. Examples include food, household supplies, medical costs, utilities, and recreation.

Liabilities: Everything that is owed. Examples include unpaid utility bills, installment debts, mortgages, etc.

Net Income: Salary, wages, interest, dividends, social security, etc., less all withholdings.

Net Worth: Assets minus liabilities. This item may be viewed as a person's wealth, free and clear of any debts.

Normative Budget: A budget based upon averages. Normative budgets are generally drawn up by the federal government to show how the "average" family of four spends its money. Different budgets are drawn for different geographical locations as well as for the "average" urban family, the "average" suburban family, and the "average" rural family.

Opportunity Costs: Those things that must be given up when one makes a decision to act in a particular way, e.g., when one decides to spend one's money on one specific item instead of another. If a person decides to spend $400 for a television set, he or she no longer has that money available for other purposes such as buying a sail boat, taking a vacation, saving, etc. These other purposes represent the opportunity costs on those things that are given up when one makes a decision to commit his or her financial resources in a particular way.

Personal Balance Sheet: A listing of a person's assets, liabilities, and net worth. The total liabilities are subtracted from total assets to yield the person's net worth. This is also called taking financial inventory.

Personal Property: All property that is not real property, or real estate. Examples include intangible personal property such as bank accounts, insurance policies, stocks and bonds; and tangible personal property such as furniture, cars, jewelry, and clothing.

Personal Values: Those things that are important to us as individuals. For instance, a person may decide that incurring debts is undesirable, with the exception of acquiring a mortgage in order to purchase a home. Frequently, there is a difference between those things people claim to value and the pattern of their behavior. A person may claim to value being debt-free yet abuse the use of credit in his daily life.

Real Property (real estate): Specifically defined as land and anything permanently attached to it. This includes a lot and the houses, trees, and bushes that are a part of it.

Socialization: The process of adapting to social needs or uses, e.g., socialization about money (the process of developing a certain attitude towards handling and using money) is developed through the mass media, and from being exposed to the attitudes of other people and from personal experience.

Withholdings: Those things taken from a worker's pay before the worker receives his or her paycheck. Typical withholdings include income tax, social security, pension payments, and union dues.

EVALUATION INDICATORS--BUDGETING

Depending on the content covered, the following are some indications (called indicators) the educator might look for as a successful outcome of teaching the unit on budgeting.

1. Participants will be able to define the term budget and indicate the place of budgeting in family financial management.
2. Participants will be able to define the following terms:
   a. income
   b. fixed expenses
   c. flexible expenses
   ~~d. personal value system~~
   e. asset
   f. liability
   g. net worth
3. Participants will be able to draft a personal balance sheet so that assets equal liabilities plus net worth (or so that net worth equals assets minus liabilities).
4. Given a list of "typical" family goals, participants will be able to classify each of them as short-term, intermediate-term, or long-term.
5. Participants will be able to list at least three tools that can be utilized in the preparation and maintaining of a budget.
6. Participants will be able to list the steps necessary to the preparation and maintenance of a budget.
7. Given a hypothetical family situation, participants will be able to prepare a monthly budget for the hypothetical family.
8. Participants will be able to explain the importance of total family communication in the budgeting process.

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B. McVey and Associates, Inc. *Budgeting*. Chicago: Follette Publishing Company, 1977.

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D. Warmke, Roman F., Eugene D. Wyllie, and Beulah E. Sellers. *Consumer Decision Making*, 2nd ed., Part 4: "Money Management and the Consumer." Cincinnati: South-Western Publishing Co., 1977.

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1. *A Date With Your Future*
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B. *How to Stretch Your Money*. Public Affairs Committee, 381 Park Avenue South, New York, 1970 (Pamphlet No. 302A).

C. *Your Budget*. Money Management Institute, Chicago, Illinois: Household Finance Corporation, Latest edition.

D. Contact the Cooperative Extension Service in your state for a list of publications available.

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B. *Budgeting and Money Management*. 2nd ed. Consumer Education Programmed Learning Instruction Booklets,

Delta Pi Epsilon National Office, Gustavus Adolphus College, St. Peter, Minnesota 56082.

C. Money Management (Multi-media Kit). Changing Times Educational Service, 1729 H Street, N.W., Washington, D.C. 20006, Latest edition.

Filmstrips

A. Marriage and Money. American Council of Life Insurance/Health Insurance Institute, 1850 K Street, N.W., Washington, D.C. 20006.

B. Money Management. RMI Educational Films, 701 Westport Road, Kansas City, Missouri 64111.

C. Money Management and the Consumer. Control Data Corporation, Herman Resource Management Services, HQND3R, P. O. Box 0, Minneapolis, Minnesota 55440.

Films

A. From Modern Talking Pictures Services, Inc., 2323 New Hyde Park Road, New Hyde Park, New York 11040.

1. A New Look at Budgeting
2. A Penny Saved

B. Consumer Education: Budgeting. BFA Educational Media, 2211 Michigan Avenue, Santa Monica, California 90404.

C. Using Money Wisely. Journal Films, Inc., 909 West Diversey Parkway, Chicago, Illinois 60614.

Credit

OVERVIEW

Experts recommend that the total amount of consumer debt (exclusive of the home mortgage) for individuals or families should not exceed 15-20% of take-home pay.

We know that "about 39% of all debtors were in 'some trouble' because of too much credit" and "at any given time, approximately 50% of all American families owe installment debt."* This means that more than one-third of American families have more debt than they can safely handle. Therefore, a unit on Consumer Credit is included in this manual.

In order to use credit wisely, we must first understand it. When properly used, credit can be a medium for improving one's standard of living. When abused, credit becomes a blueprint for financial disaster.

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*Arch W. Troelstrup and E. Carl Hall, The Consumer in American Society, 6th edition, McGraw-Hill, Inc., New York, 1978.

GENERAL OBJECTIVES FOR THE LEARNER ON CREDIT

Upon completion of this unit, participants will:

1. Be able to define the term credit.
2. Be able to identify both advantages and disadvantages of using credit.
3. Be aware of the various laws and regulations governing the granting and use of credit.
4. Understand the special problems of women and minorities when dealing with credit.
5. Know, when given any set of circumstances, how much credit an individual or family can afford to carry.
6. Know which things might be done to establish a good credit rating.
7. Understand the function and contribution made by credit bureaus.
8. Know what actions should be taken when they cannot pay their bills.
9. Understand the purpose of credit life insurance.
10. Know the importance of shopping for the best credit terms.

CONTENT OUTLINE ON CREDIT

The following suggestions can be used as a guideline for teaching a lesson or course on credit that will meet the specific needs of participants.

I. Credit Defined:
The receipt of money, goods, or services now in exchange for a promise to pay back in full, including any interest charges, at a later date.

II. Advantages and Disadvantages of Using Credit:
A. Advantages:
1. Consumers can enjoy use of the product before paying for it.
2. It is convenient. There is no need to carry large sums of money.
3. Buying on credit can be a form of forced savings. An individual or family may find it easier to pay off a debt on a large purchase (e.g., furniture) in regular amounts rather than to save the money first and then make the purchase.
4. Credit can be used in emergencies to provide extra funds.

B. Disadvantages:
1. Some people have a tendency to buy more than they need.
2. A consumer may limit shopping choices to stores accepting credit.
3. Money is allocated for credit payments that might be needed for other purposes.
4. Finance charges add to cost of goods.

III. Federal Legislation Protecting the Consumer:
A. Truth-in-Lending (Title I of Consumer Credit Protection Act):
1. This law applies to personal loans in amounts under $50,000. There is no limit on real estate loans.
2. There are no maximum or minimum interest rates set by federal statutes. However, interest rates are set by individual states.
3. Lenders must state annual percentage rate.
4. Lenders must reveal total finance charge in dollars and cents.
5. Regulations are established for open-end (charge accounts) and closed-end (installment purchases) credit.
6. The consumer has the right to rescind a

loan contract which resulted in a lien on his or her home (other than a first mortgage used to purchase the home within three business days).

B. Loan shark activities (Title II of CCPA):
   1. The federal law calls these activities "Extortionate Credit Transactions."
   2. It is illegal to extend credit using threats and extortion.
   3. It is also illegal to collect credit by any extortionate means (any direct or implied violence to cause harm to persons, property or reputations).
   4. Punishment consists of monetary fines and imprisonment.

C. Wage garnishment (Title III of CCPA):
   1. The amount taken out of wages cannot exceed approximately 25% of disposable income (state law supersedes federal law, if the percentage is lower).
   2. An employee cannot be dismissed from a job because of one garnishment.

D. Credit cards (Title V of CCPA-Amendment):
   1. Liability is limited to $50, and then only if creditor meets certain conditions. This $50 limit is applied only up to the time the cardholder notifies the credit extending agency. If notified immediately there may be no liability at all on the part of the cardholder.
   2. The card is not valid until signed.
   3. The card may not be sent unsolicited.

E. Fair Credit Reporting Act (Title VI of CCPA):
   1. The act is designed to protect consumers against false or inaccurate credit reports.
   2. A credit bureau is regulated regarding the release of information in your file.
   3. A seven-year time period is the maximum that adverse information can remain on the consumer's record (bankruptcy, 14 years).
   4. The credit seeker must be notified that he or she is being investigated.
   5. The consumer can request proper information regarding his or her credit file, and can include a 100-word statement telling his or her side of a dispute.

F. Fair Credit Billing Act (Public Law 93-495):
   1. The consumer is protected against inaccurate and unfair credit billing and credit card practices.
   2. The consumer must receive billing statements at least semi-annually.
   3. The creditor must acknowledge the consumer's questions as to the accuracy of the billing

statement.

4. Actions on questionable billing statements must be resolved within 90 days after receipt of notice from consumer.
5. Special rules apply regarding issuance of adverse reports on unresolved questionable statements; charges not in dispute must be paid according to the terms of the contract.
6. Credit card companies cannot prohibit merchants from giving discounts for cash.
7. The credit card user has recourse against the issuer of the credit card when goods purchased with the card are unsatisfactory.
   a. The transaction must exceed $50.
   b. The transaction must be made in the same state as the mailing address of the customer, or within a 100-mile radius of that address.

G. Equal Credit Opportunity Act:
1. Credit must be made without discrimination on the basis of sex, marital status, race, color, religion, national origin or age.
2. Income of spouse may not be discounted in determining credit worthiness.
3. After June 1, 1977, all accounts used by both spouses or for which both are liable must be reported in both names.
4. Other provisions have to do with alimony, child birth, and divorce.

IV. Federal Trade Commission Rules:

A. Door-to-door selling
1. A three-day cooling-off period is provided for the consumer if the selling price of consumer goods is $25 or more.
2. The sale must be initiated away from the seller's principal place of business.
3. The consumer's right to cancel must be stated in the contract.

B. Selling through the mail:
1. All promotional materials must clearly explain how the plan operates.
2. The subscriber must be given at least 10 days in which to instruct not to mail merchandise.
3. Under the FTC's Trade Regulation Rule, the seller is required to ship the merchandise within 30 days or else give the buyer the options of extending the time, or canceling the contract and receiving a refund.

V. Women and Credit:

A. Refer to item III, G, "Equal Credit Opportunity Act" on page 31.

B. The reason for discrimination against women in the granting of credit is based many times on myths. The facts are:

1. Increasing numbers of married and single women are in the work force.
2. Changing life-styles have caused millions of American women to become heads of households.
3. Regional statistical data regarding women in the labor force vary according to region and need to be updated periodically.

C. Women play many roles (from homemaker to salaried employee), making it difficult to establish financial identity.

VI. The amount of credit a consumer can afford to assume depends upon:

A. Size of family, family structure.
B. Personal values, attitudes, life-style.
C. Position in life cycle.
D. Stability of job.
E. Size of income.
F. Extent of current financial obligations.
G. Rule of thumb: consumer debt (not counting mortgage payments) should not exceed 15-20% of disposable income. The actual amount a family is able to assume would depend on specific circumstances.

VII. Establishing a Personal Credit Rating (credit record):

A. Work at a full- or part-time job.
B. Open a checking account (apply for an overdraft account).
C. Apply for a single-purpose credit card (department store, gasoline, etc.).
D. Apply for a multi-purpose credit card.
E. Borrow cash from a bank or credit union (and pay it back according to terms of contract).
F. Pay for the purchase of furniture or car on installment plan.
G. When deciding whether or not to grant credit, credit extending agencies look for "the five 'C's' of credit:"

1. Collateral (property to back up loan in event of default).
2. Capital (your net worth--assets minus liabilities).
3. Capacity (your ability to repay debt--based on income and currently outstanding

debts).
4. Character (your record for repayment of debts).
5. Conditions (economic conditions--availability of money for lending).

VIII. What Credit Bureaus Do:
A. They receive and file records of credit transactions.
B. They provide lenders with reports on credit worthiness of prospective borrowers.
C. They maintain a credit file. This file includes information on:
1. The consumer's record of payment.
2. The consumer's record of any overdrafts or defaults.
3. The consumer's history of extension or denial of credit.
4. Evaluation of the consumer as a good credit risk.
D. Credit bureaus do not make decisions, they only provide information.
E. The consumer's credit rating is determined by favorable or adverse information in credit bureau files:
1. It is important that credit-related information be updated regularly.
2. See Fair Credit Reporting Act (III, E) for more information.
F. To establish a good credit rating, the consumer needs to:
1. Pay bills on time.
2. Refrain from overextending himself or herself.
3. Talk to lender, if unable to meet bills on time.

IX. When the Consumer Cannot Pay His or Her Debts, He or She Should:
A. Speak to creditors about renegotiating the loan and payments.
B. Consider a consolidation loan.
C. Get credit counselling. (Public and private agencies provide credit counselling services. If in trouble, you might consult your bank or Urban Poverty Agency for assistance).

X. Credit Life Insurance:
A. Decreasing term insurance will pay off outstanding debt in the event of death of debtor (e.g., if loan has been taken out for a new car, remaining balance will be paid off).
B. Under the Truth-in-Lending Act, the consumer must be informed of the cost (premium) if

credit life insurance is a requirement for getting credit.

XI. Sources and Cost of Consumer Credit:

A. Sources:
   1. Credit unions.
   2. Commercial banks, savings banks, and savings and loan associations.
   3. Credit cards (issued by banks, stores, gasoline companies, etc.).
   4. Dealers (automobile), department stores, specialty shops, etc.
   5. Small loan companies.
   6. Pawn shops.

B. Cost:
   1. Rates vary. The consumer needs to shop around for the most advantageous credit source available to him or her.
   2. Secured loans (supported by collateral) are less expensive to obtain than unsecured loans.
   3. The consumer needs to know how to calculate the (true) annual percentage rate.
      a. Under Truth-in-Lending, APR (annual percentage rate) must be provided to the consumer (see Item III, A, 1-6, "Truth-in-Lending" on page 29).
      b. Even under Truth-in-Lending, actual rates may vary slightly from those reported, and it might be helpful for the consumer to know how to compute the APR.
      c. Formula for determining (true) annual percentage rate:

$$R = \frac{2\ (MD)}{P\ (N+1)}$$ where
R = (true) interest rate (or APR)
M = payment periods in a year
D = dollar cost of loan
P = principal amount of loan (amount borrowed)
N = total number of payments being made

Example:

Assume an automobile is being purchased for $3,000. The trade-in (and/or downpayment) amounts to $500, with the remainder being paid off in 36 monthly installments of

$85 each.
To determine the APR, use the formula given in 3c and fill in the necessary figures in the illustration.

R = ?
M = 12 (monthly payments; therefore, 12 per year)
D = $560 (you must pay the lender $3,060; which is $85 x 36 months; you borrowed $2,500, determined by subtracting $500 from $3,000; therefore, the dollar cost of the loan is $560, or $3,060 minus $2,500).
P = $2,500 (the amount borrowed)
N = 36 (36 monthly payments)

Finally: $R = \frac{2(12 \times 560)}{2500(36 + 1)} = \frac{13,440}{92,500} = .145$ or 14.5%

XII. Agencies Aiding the Consumer:

A. For specific billing problems consult the creditor involved (see Fair Credit Billing Act, III, F, on page 30).
B. Office of Consumer Protection, your state.
C. Better Business Bureau, local office.
D. Federal Trade Commission, regional office.
E. Consumer Credit Counselling Service of Greater New York, 185 Madison Avenue, Room 502, New York, New York 10016. Consumer Credit Counselling Services also exist locally (their address may be obtained from the National Foundation for Consumer Credit, listed below).
F. Your state Department of Banking may have a consumer credit bureau.
G. Trade and professional associations:
   1. American Bankers Association, 1120 Connecticut Avenue, N.W., Washington, D.C. 20036.
   2. Associated Credit Bureaus, 6767 Southwest Freeway, Houston, Texas 77036.
   3. International Association of Credit Card Investigators, 1620 Grant Avenue, Novato, California 94947.
   4. National Consumer Finance Association, 1000 16th Street, N.W., Washington, D.C. 20036.
   5. National Foundation for Consumer Credit, 1819 H Street, N.W., Suite 510, Washington, D.C. 20006.
   6. National Institute of Credit, 3000 Marcus Avenue, Lake Success, New York 11040.

SPECIFIC TEACHING SUGGESTIONS ON CREDIT

The teacher can use all or some of the following teaching suggestions for the unit on credit, depending on the type of audience. These suggestions can also be adapted and/or expanded as the situation warrants.

1. Secure enough blank credit application forms for the group. Ask each participant to complete a form. After completion of the forms, have a discussion on those items that creditors consider important in determining whether or not a person qualifies for credit.
2. Give the group a hypothetical case of obtaining an automobile loan of $2,500 or more. Ask each individual to shop at different lending agencies for the best rate. During class, compare the different rates offered by different lenders.
3. Invite a speaker from a local credit bureau to speak to the group on the services provided by such bureaus. The speaker should be asked to identify procedures used by and laws regulating credit bureaus.
4. Materials on credit can be obtained from governmental agencies and local financial institutions. These materials should be secured and made available to the participants. (See "Resources" section of this unit and General Bibliography.)
5. Bring in (or ask participants to bring in) newspaper advertisements of credit terms. Use these for comparison and group discussion.
6. If there is a member of your group who belongs to a credit union, ask him or her to report on the advantages of the credit union as he or she sees it and why he or she joined it. You might also secure a credit union representative to speak.

VALUES-CLARIFICATION ACTIVITIES ON CREDIT

The following examples of values-clarification activities for the unit on credit can be used by the teacher as presented or adapted to meet the learner's needs.

Activity #1

The presenter should duplicate the statements below, according to the following directions: Working on your own, place an "A" in the blank if you agree with the statement and a "D" in the blank if you disagree with the statement.

With the possible exceptions of a house and car, credit should not be used as a means of purchasing goods and services. ______

Frequent use should be made of purchasing on credit since it allows you to enjoy goods and services before paying for them. ______

The cost of credit is too expensive for the service it provides. ______

(Other statements, appropriate to the particular group, may be added. These statements would have to do with reasons for or against using credit.

Discussion on the issue of the use of credit can be generated by asking for volunteers to identify their reactions to the statements. The presenter might want to discuss inconsistencies in the respondent's standard of values, for instance, the values of that person who wants to use credit but does not feel that he or she should pay for the service. (Would this mean that the cost of credit should be spread equally among credit and cash customers?)

Activity #2

The Truth-in-Lending Act is primarily a disclosure law designed to help consumers shop more intelligently for credit. Many have labeled this law as government meddling in a free enterprise system. Their contention is that the consumer is able to shop wisely for credit, that such laws are an insult to the consumer's intelligence. Advocates of the law cite abuses by lenders in the area of consumer credit, and claim that the unwary consumer is in need of protection through the law.

Discuss the above with your group, emphasizing the following:

What should be the role of the government in protecting the consumer?

How much responsibility should be placed upon the consumer for his or her behavior in the marketplace?

Should credit be classified with such things as product safety in determining when government protection is required?

Do debtors' prisons have a place in modern-day society?

QUESTIONS FOR DISCUSSION ON CREDIT

The following questions are designed to serve as guidelines and examples for the teacher. The content outline on credit lends itself to establishing additional questions.

1. What do you consider the greatest advantage to using credit and the greatest disadvantage to using it?
2. What are those things one should consider when trying to determine how much credit one is able to assume?
3. Do credit bureaus perform an important service for creditors? If yes, what is it? Do credit bureaus perform an important service for consumers? If yes, what is it?
4. Identify the important terms of the following federal legislation:
   a. Truth-in-Lending.
   b. Fair Credit Reporting Act.
   c. Fair Credit Billing Act.
   d. Equal Credit Opportunity Act.
5. What is the purpose of credit life insurance?
6. What are some of the things a person might do if he or she is unable to pay his or her debts?
7. How might a person establish a good credit rating?
8. When one is shopping for an automobile loan, what are the sources of lending agencies one might check in comparing prices for the loan?

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VOCABULARY--CREDIT

Annual Percentage Rate: The rate of interest paid by a debtor computed on an annual basis. The rate must be revealed under the terms of the Federal Consumer Credit Protection Act.

Billing Statement: The record sent (usually monthly) by creditors to consumers showing the beginning balance, transactions for the period, ending balance, finance charges, and annual percentage rate. The frequency with which billing statements are sent is regulated by the Federal Fair Credit Billing Act.

Capital: An individual's net worth; that is, the assets less the liabilities.

Closed-end Credit: A fixed amount of credit available to the debtor. The number of payments is predetermined as is the time for payment. An installment loan for the purchase of a car is a typical example.

Collateral: Property, either real or personal, used to secure the repayment of a loan.

Consolidation Loan: A loan obtained for the purpose of paying off several other loans. Many small loans can be consolidated into one large loan. The consumer thus enters into a new contract, usually spreading out the payments over a longer period of time. There are smaller monthly payments although at greater total costs in interest charged.

Consumer Credit Protection Act: (Truth-in-Lending) A federal law requiring credit extenders to reveal the cost of credit in both dollars and cents and as an annual percentage rate. Other provisions of the Act cover loan shark activities, wage garnishment, credit cards, and credit reporting (see Fair Credit Reporting Act).

Cooling-off Period: A period of time in which a consumer may reject a sales contract that was made under certain conditions. Under a Federal Trade Commission rule on door-to-door selling, the provisions specify that when a sale has been initiated in the home and involves $25 or more of household type goods, the consumer has three business days in which he or she can cancel the contract (e.g., vacuum cleaner, encyclopedia). Under the Consumer Credit Protection Act, there is a three-day cooling-off period whenever a house is used as collateral for a loan, except when the loan is given on a first mortgage (e.g., aluminum siding, repaving of driveway).

Credit: A promise to pay at a future date given in exchange for the present receipt of goods or services.

Credit Bureaus: Reporting agencies that receive and file records of credit transactions; credit bureaus provide reports to agencies that extend credit.

Credit Counselling: A procedure whereby an individual who is having difficulty paying his or her credit obligations has a conference(s) with a credit counsellor. The credit counsellor offers advice regarding the debts and how to manage money so as to prevent future problems.

Credit History: The record a consumer, business, or government has for repaying debts.

Credit Life Insurance: Decreasing term insurance, the purpose of which is to pay off any outstanding balance of a debt in the event of the death of the debtor.

Credit Rating: The worthiness of a consumer, business, or government as a credit risk; that is, the likelihood of a debt being repaid.

Credit Union: A savings/lending institution whose customers all belong to a particular group. For example, all teachers in a particular city may form a credit union for their saving and borrowing needs.

Equal Credit Opportunity Act: A federal law designed to prevent discrimination on the basis of sex, marital status, race, color, religion, national origin, or age in the granting of credit.

Fair Credit Billing Act: A federal law designed to protect the consumer against inaccurate and/or unfair credit billing.

Fair Credit Reporting Act: Title VI of the Consumer Credit Protection Act. A law designed to protect consumers against false and/or inaccurate credit reports.

Finance Charge: All of the costs, both direct and indirect, that must be paid by the debtor for the extension of credit. It is the dollars and cents amount that must be revealed under the Consumer Credit Protection Act.

Holder-in-Due-Course Doctrine: A doctrine whereby a third person (not a party to the negotiable instrument) receiving a negotiable instrument must be paid the proceeds of the instrument regardless of any personal defenses available to the maker or drawer of the instrument. For example: A check is given to a merchant for the purchase of a TV set. The set does not work, but the check has already been transferred by the merchant to a third party (perhaps a bank). The purchaser cannot refuse to pay the proceeds of the check to the third party (bank). (The purchaser, of course, can seek satisfaction from the merchant.)

The holder-in-due-course doctrine does not apply when the third party is a part of the original transaction. For instance, a creditor that works regularly with an automobile agency cannot be a holder-in-due-course for any consumer loan made by it through the agency for the consumer. In such cases the consumer can refuse to pay the holder of the note (financial institution).

Loan Shark: One who lends money at interest rates in excess of those allowed by law. Rates charged by loan sharks often exceed 1000%.

Open-end Credit: A credit extending arrangement whereby the amount of credit available to the debtor will vary with the purchase and payments. A revolving charge account is a typical example.

Rescind: To undo; to relieve oneself of a legal obligation by having the contract undone. Under the Consumer Credit Protection Act the consumer, who signs a contract under which a lien is placed on his or her house (except for first mortgages used for the purchase of the dwelling), has three business days within which to cancel (rescind) the contract (cancellation must be in writing).

Secured Loan: A loan supported by (or backed up by) collateral given by the borrower.

Small Loan Company: A money-lending institution making loans of relatively small amounts to consumers. The rates charged and amounts that can be loaned are regulated by the state in which the small loan company is licensed. The interest rate charged is usually higher than bank rates because of the size of the loan (relatively small) and the risk that these companies usually accept.

Wage Assignment: A withholding by an employer of a part of a debtor's wages for the benefit of a creditor. Done without the aid of the courts. The employee normally voluntarily assigns (transfers) the right to collect a part of his or her wages to the creditor. States normally regulate the amount of wages an employee is allowed to assign.

Wage Garnishment: Any legal procedure done through the courts by which a certain amount is withheld from a person's salary to pay off his or her creditors. Under the Consumer Credit Protection Act a person cannot be dismissed from his or her employment because of one wage garnishment.

EVALUATION INDICATORS--CREDIT

Depending on the content covered, the following indications (called indicators) are signs the educator might look for as a successful outcome of teaching the unit on credit.

1. Participants will be able to define, orally or in writing, the term of credit.
2. Participants will be able to list at least five advantages and five disadvantages of using credit.
3. Participants will be able to list at least three provisions of each of the following federal laws:
   a. Truth-in-Lending.
   b. Fair Credit Reporting Act.
   c. Fair Credit Billing Act.
   d. Equal Credit Opportunity Act.
4. Given an individual's or family's financial condition, participants will be able to determine the credit limit that an individual or family will be able to handle.
5. Given a list of consumer credit behaviors, participants will be able to identify those behaviors that would lead to a good credit rating and those behaviors that would lead to a poor credit rating.
6. Participants will be able to describe the alternative actions to be taken when one is having difficulty meeting his or her credit obligations.
7. Participants will be able to describe the functions and contributions made by the credit bureau.
8. Participants will be able to describe an acceptable process to be used when shopping for credit.

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D. MCE--Northeast Management Consumer Education Guides: You and Credit (NE-158)
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A. Everybody's Money (Quarterly). Consumer Credit Union National Association, Inc., P. O. Box 431, Madison, Wisconsin 53701.

B. Learning Activity Packages, Unigraph, P. O. Box 24287, Seattle, Washington 98124.

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C. Using Consumer Credit, 2nd ed. Consumer Education Programmed Learning Instruction Booklets, Delta Pi Epsilon National Office, Gustavus Adolphus College, St. Peter, Minnesota 56082.

D. A book of financial loan payment tables, available at bookstores. (A lending institution may be willing to give you a copy).

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B. Credit Squeeze. Information Officer, Ontario Ministry of Consumer and Commercial Relations, 555 Yonge Street, Toronto, Ontario.

C. Let the Buyer Beware. Singer Society for Visual Education, 1345 Diversey Parkway, Chicago, Illinois 60614.

Films

A. Consumer Power: Credit, BFA Educational Media, 2211 Michigan Avenue, Santa Monica, California 90404.

B. The Money Tree. AIMS Instructional Media Service, Inc., P. O. Box 1010, Hollywood, California 90028.

C. The Wise Use of Credit. Association-Sterling Films, Inc., 512 Burlington, La Grange, Illinois 60525.

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Insurance

OVERVIEW

It is not enough for people to build up a healthy financial position for themselves. Equal importance should be attached to protecting that financial position and, as in the case of life insurance, creating financial security for those who survive us. It is impossible for us to avoid all risks. The next best thing is to insure against them.

Insurance, whether it be for property, liability, or life, is the only means most of us have available for preserving what we have. Without insurance in our family financial plan, all of the other plans may come to naught.

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GENERAL OBJECTIVES FOR THE LEARNER ON INSURANCE

Upon completion of this unit, participants will:

1. understand the fundamental principles upon which the concept of insurance (sharing of risks) is based.
2. know the different kinds of insurance necessary for sound financial management.
3. be able to differentiate among the different types of life insurance.
4. know the various types of health insurance coverages available.
5. be aware of the need to insure against possible property loss.
6. know the factors that determine the cost of insurance.
7. be able to intelligently choose an insurance agent.
8. know the importance of periodically examining their insurance program.
9. know the function played by the life cycle and composition of the family when determining insurance needs.

CONTENT OUTLINE ON INSURANCE

The following suggestions can be used as a guideline for teaching a lesson or course on insurance that will meet the specific needs of the learners.

I. Fundamental Principles of Insurance:
   A. Risks cannot be eliminated, but they can be shared by all those carrying this insurance (e.g., in the event of fire).
   B. Not all risks are generally insurable; in general, insurance coverage could not be obtained for a risk that affects only a very few people unless one is willing to pay a very high premium; for instance, the hands of a pianist might be insured, but at high cost.

II. Risks Needing Protection:
   A. Life (risk of death); persons left behind are protected from the economic loss caused by death.
   B. Health (risk of loss of earnings and/or protection against high medical expenses).
   C. Property (risk of damage to or loss of property).

III. Organization of Insurance Companies:
   A. Stock companies are owned by stockholders.
   B. Mutual companies are owned by policyholders of the company; policyholders receive dividends based on earnings.
   C. When comparing costs between stock and mutual companies, one should consider mutual company dividends as a return on the premium, and reduce the price of the initial premium accordingly.

IV. Life Insurance:
   A. Types of Life Insurance:
      1. Term Insurance:
         a. Coverage is for a given number of years.
         b. Buys protection only, no cash value.
         c. Initial cost is less than other types of life insurance, although premium usually increases with each renewal and eventually exceeds the premium cost of whole life insurance.
         d. Types of term insurance:
            (1) Level term insurance (death benefits do not change).
            (2) Decreasing term insurance

(death benefits decrease with age of policy; example: mortgage insurance).

e. Typical examples of term insurance:
   (1) Credit life insurance and mortgage insurance where coverage is for the term of the outstanding debt.
   (2) Group life insurance where coverage is for the term in which insured is a member of the covered group.

2. Whole life insurance:
   a. Coverage is for the whole life of the insured.
   b. Policy builds up a cash value, representing a savings feature.
   c. Relative cost is more than term, but less than endowment insurance.
   d. Variations of whole life:
      (1) Modified whole life combines whole life and term insurance.
      (2) Limited payment life provides for the policy being paid up in a given number of years.
      (3) Jumping juvenile policies provide for increased coverage on juveniles upon their becoming 21 years of age.
      (4) Increasing premium whole life: premium increases for a number of years and then levels off.

3. Endowment policies:
   a. Coverage for the endowment period only.
   b. Policy matures at the end of endowment period with proceeds being paid at that time, making this type of policy as much a savings as an insurance plan, although the interest paid on the savings portion is very low.
   c. Relative cost is the most expensive of all types of life insurance.
   d. Typical uses of endowment policies:
      (1) Education fund.
      (2) Retirement fund.

4. Combination plans:
   a. <u>Family plan</u> combines various types of insurance on all members of the family.
   b. <u>Family income policy</u> combines whole life insurance with decreasing term,

c. Family maintenance plan combines whole life insurance with level term insurance.
d. One-parent family plan protects just one parent (whole life) and children (term).

B. Extra protection available to insured:
 1. Waiver of premium benefit requires the insurance company to pay your premiums if you are disabled for more than six months.
 2. Guaranteed insurability allows you to increase your insurance coverage without having to take a physical examination.
 3. Double indemnity pays the beneficiary of an insurance policy twice the face amount if death is accidental.
 4. Automatic loan provision provides for an automatic loan against cash value in order to pay premium.

C. Settlement options:
 1. Lump sum payment.
 2. Installments paid for a fixed period of time and/or for a fixed amount.
 3. Payment of accumulated interest; proceeds of policy remain with insurance company.
 4. Annuity of life income payments.
 5. Joint or survivor annuity option gives life income to annuitant and spouse as long as either one should live.

D. Developing your personal life insurance plan:
 1. Identify current and long-range needs and realize that needs change.
 2. Identify current coverage of needs:
  a. Social Security.
  b. Group policies.
  c. Private policies.
  d. Net worth.
  e. Other considerations of personal financial picture.

A METHOD FOR DETERMINING THE AMOUNT OF LIFE INSURANCE TO PURCHASE: A HUMAN NEEDS APPROACH*

The human needs approach is a realistic method of determining the amount of life insurance an individual should purchase. This method is made up of five parts:

(1) "Clean-up" fund - burial expenses, debts,

*This illustration has been added to the content outline for the sole purpose of presenting a logical procedure for determining one's life insurance needs.

taxes, medical expenses for last illness, miscellaneous debts.

(2) Readjustment period - period of time for widow and dependents to adjust to the loss of a breadwinner's earnings. Period of time is usually two to three years and income used is breadwinner's annual take-home pay.

(3) Dependency Period Income - takes into consideration number of children, and their ages until end of dependency, usually the age of 18.

(4) Educational needs - primarily college or vocational study.

(5) Widow's Income - (Social Security Gap) - time period widow no longer receives social security payments.

Example: Male, age 27, dies; wife, age 27; one child, age 2,

Social Security Gap, age 47 to 62 (child gets Social Security benefits to age 22 if full-time college or vocational student, age 18 if not) thus 20-year Social Security payment for wife (age 27 plus 20 equals 47).

Note: Example using the complete human needs approach: Male, married, age 27; wife, 27; one child, age 2.

(1) Clean-up fund -

A.	Mortgage	$30,000
B.	Car loan	3,500
C.	Burial expenses	2,000
D.	Last illness	1,000
E.	Taxes	200
F.	Misc. debts	1,000
	Total	$37,700

(2) Readjustment period - three years after death. Take home pay $13,000. Total $39,000.

(3) Dependency period income - one child, age 2 - Given three years under readjustment period thus concerned with age 5 thru 18. $2,000 per year for 13 years, total $26,000.

(4) Educational needs - for this example consider college expense for four years at $3,000 per year. Total $12,000.

(5) Social Security Gap for widow age 47 to 62 as determined previously, 15 years, $4,000 per year approximately. Total $60,000.

Total Life Insurance needs excluding savings, investments, and any existing life insurance the breadwinner may possess:

(1)	$37,700	
(2)	39,000	
(3)	26,000	
(4)	12,000	
(5)	60,000	
Sub-total:	$174,700	
Less: Savings		$ 8,700
Investments at market value		2,000
Group Life Insurance from employment		30,000
Sub-total:		40,700
Total amount of Life Insurance needed:		$134,000

Recommended life policy to purchase to meet this need - decreasing term life insurance waiver of premium benefit (if breadwinner should become disabled for six months or more, premiums paid (waived) by insurance company)

Annual premium for male, age 27, good health, $298 per year.

V. Health Insurance:

A. Cost of health care is becoming prohibitively expensive. Health insurance helps to meet health costs from serious or unexpected accidents or illnesses.

B. Health insurance policies lack standardization; consumers should compare policies by comparing the following:

1. Deductible -- initial amount of health expenses you pay.
2. Co-insurance -- percentage of health expenses you pay after paying the deductible.
3. Pre-existing condition -- a medical condition existing prior to purchase of the policy; if and when the company will pay expenses resulting from this condition.
4. Benefit Maximum -- the limit a policy will pay for a given benefit.
5. Lifetime Maximum -- the limit a policy will pay on lifetime total benefits.
6. Renewables -- renewal of the policy may be guaranteed or it may only be conditionally renewable.

C. Basic types of health insurance coverage:

1. Hospital expense: helps pay for hospital costs -- room and board, routine nursing care, minor medical supplies and related services.
2. Surgical expense: covers hospital, surgical, and some medical fees.

3. Physician's expense: helps pay for in-hospital doctor visits or for home and office visits.
4. Major medical expense: helps pay for a broad range of hospital, surgical, and medical expenses that are brought on by serious or prolonged illness or injury. They usually have a high lifetime maximum, but also a deductible and a co-insurance feature.
5. Disability income: pays cash for the time you are not working due to illness or injury.
6. Medicare: for people 65 or over; it reduces medical costs associated with hospitalization, surgery, or a long period of recovery.
7. Medicaid: provides coverage for those in critical financial situations; it is financed through taxes.
8. Special insurance plans: available for dental, prescription drugs, eyeglasses, etc.

D. Private Health Insurance
1. Individual policies may be purchased for a person or a family.
2. Group policies: available through work, professional organizations, or fraternal organizations; they are usually less expensive than individual plans and offer comparable coverage.
3. Health Maintenance Organizations (HMOs): community medical plans; a fixed amount is paid annually for unlimited use of HMO facilities.
4. Blue Cross and Blue Shield: nonprofit health care organizations that offer generous benefits for reasonable (not cheap) fees.

E. Some special considerations regarding health insurance:
1. Transferability of group insurance policies.
2. Combination of group coverage with individual coverage.
3. Survivors and dependents benefit in group contracts.
4. Health insurance is an area requiring special attention particularly for senior citizens--many policies are so limited in scope as to be virtually worthless.

VI. Property Insurance:
A. Automobile insurance:

1. Coverage available:
   a. Liability:
      (1) When the insured causes personal injury to another individual (Personal Injury).
      (2) When the insured causes damage to another individual's property (Property Damage).
   b. Collision or upset that causes damage to the insured's automobile (Collision).
   c. Loss caused by fire, theft, and other named hazards (Comprehensive).
   d. Loss caused by personal injury to those in insured's automobile (Medical Payments).
   e. Damage or injury caused by an uninsured motorist (Uninsured Motorist).
2. As with other types of insurance, premiums are determined by the degree of risk involved:
   a. Personal considerations:
      (1) Age and sex of driver.
      (2) Value of automobile covered.
      (3) Geographical location of owner.
      (4) Number of accidents experienced by driver of insured automobile.
      (5) Number of miles driven per year.
      (6) Other incidental factors.
   b. Premiums differ among companies; shop for the best value relative to needed coverage.
   c. No-fault insurance should reduce premiums by reducing the number of automobile accident cases going to court.
   d. Should automobile insurance be mandatory or voluntary.

B. Homeowners insurance:
   1. Policies available vary in amount of coverage provided.
   2. By 80% co-insurance clause the policyholder will lose a proportional amount of coverage if property is not insured for at least 80% of its replacement value.
   3. Tenants insurance is available to cover personal property of people living in apartments or houses.

VII. Insurance for Different Needs - How Much Insurance Is Enough:
   A. Women: special consideration to married, unmarried, and single parent.
   B. Minorities: special consideration to income and living conditions.
   C. Single parent: special consideration to age and needs of children.

D. Family life cycle: special consideration to empty or full nest.

E. Children: special consideration to number, ages, and needs.

F. Alone at retirement: special consideration to life-style to be maintained.

G. Working couples: special consideration to life-style to be maintained.

H. Reconstituted families (two single parents joining in a new marriage): special consideration to treatment of children involved.

I. Special considerations: e.g., aging parents, unmarried couples, etc.

VIII. Choosing an Insurance Agent:

A. Interested in your needs.

B. Is qualified.

C. Can provide references.

D. Is conveniently located.

E. Remember, generally speaking, the higher the premium, the greater the commission earned by the insurance agent.

IX. Agencies Aiding the Consumer:

A. Department of Insurance in your state.

B. Regional Office of Department of Housing and Urban Development.

C. Regional Office of Federal Trade Commission.

D. Local Consumer Affairs Office.

E. Better Business Bureau.

F. Trade and professional associations:

1. American Association of Insurance Services, 221 N. LaSalle Street, Chicago, Illinois 60601.
2. American Council of Life Insurance and/or Health Insurance Institute, 1850 K Street, N.W., Washington, D.C. 20006.
3. American Insurance Institute, 85 John Street, New York, New York 10038.
4. American Society of Chartered Life Underwriters, 270 Bryn Mawr Avenue, Bryn Mawr, PA 19010.
5. Health Insurance Association of America, 1701 K Street, N.W., Washington, D.C. 20006.
6. Insurance Information Institute, 110 William Street, New York, New York 10038.
7. National Association of Life Underwriters, 1922 F Street, N.W., Washington, D.C. 20001.

SPECIFIC TEACHING SUGGESTIONS ON INSURANCE

The teacher can use all or some of the following teaching suggestions for the unit on insurance, depending on the type of audience. These suggestions can also be adapted and/or expanded as the situation warrants.

1. A wealth of materials is available from such sources as the American Council of Life Insurance, the Insurance Information Institute, major insurance companies, your state insurance department, and local insurance brokers. Many of these materials should be secured and made available to participants. (See "Resources" section of this unit.)
2. Bring in (or ask participants to bring in) newspaper and magazine articles depicting economic loss. Stress the fact that many of these losses could not have been avoided, but that risks can be shared through insurance.
3. Displays can be prepared on the various types of insurance--life, health, home, and auto. Actual policies might be highlighted, with the participants' attention being called to the salient features of these policies. Sample policies might be secured from the sources suggested in item #1.
4. Invite a member of the insurance industry to speak to the class. This person might be an underwriter, insurance agent, or adjuster. It is always a good idea to solicit questions from your group before the speaker is to appear. These questions should be sent to the speaker so that he or she is aware of the areas in which the group is interested.
5. Ask participants to examine their houses or apartments room by room, preparing an inventory of the property and its replacement value. At the same time they are going from room to room preparing this inventory, they should also be asked to list and correct any fire hazards they might find. (Note: Such an inventory should be kept in a place other than in the house; in a safe-deposit box, for example.)
6. Ask participants to complete applications for life insurance. Use these applications to emphasize the importance of the concept of the insurable risk.
7. Ask a participant, or a small group of participants, to interview an insurance agent. The interview should be designed to bring out the following:

    insurable risk

determination of premium
insurable interest
insurance and financial security
moral responsibility for adequate insurance coverage

(These terms are defined in the section on vocabulary.)

8. Prepare or procure several case studies of families or individuals with different backgrounds: income, family size, family life cycle, etc. Ask the group to prepare an insurance program for each of the cases. Differences in the programs to fit the different life situations should be called to the attention of participants.

VALUES-CLARIFICATION ACTIVITIES ON INSURANCE

The following examples of values-clarification activities for the unit on insurance can be used by the teacher as presented or adapted to meet the learner's needs.

Activity #1

People frequently hold misconceptions about the purpose and value of insurance. Because the buying of protection is such an intangible thing, some have difficulty in understanding the need for it.

At the beginning of the unit on insurance, participants' values can be examined by the teacher through the technique of the informal interview.

Select a volunteer to answer a few questions. Ask a number of preplanned questions, but ask spontaneous questions also to follow up on the responses given by the participant. The interview should not last more than five or ten minutes.

The concept of protection through the sharing of risks might best be explored through an interview on the topic of life insurance. (Although principles of insurance, in general, will be applied, life insurance is an especially good medium for a values clarification activity.) The interviewee might be asked to assume that he or she is the head of a household and the sole support of a family which includes two adults and three children. The questions asked of the interviewee, both pre-planned and spontaneous, should be designed to bring out the following concepts:

* Realization of the risk of an untimely death.
* Responsibility for the welfare of the family.
* Morality of having the family become a burden on society.
* Intelligent money management to include provision for life insurance.
* Peace of mind in knowing the family is protected.
* Different strategies applied to life insurance to fit differing situations.

Since the most important part of the interview revolves around the spontaneous questions based upon the answers of the interviewee, it is impossible to suggest a list of questions to be presented. However, you might begin by asking the interviewee (as the head of household) about the impact on his or her family in the event of an untimely demise. If the interviewee answers that the family would be left destitute, the interviewer should follow up with a question such as: "What might be done to prevent your family from becoming destitute upon your death?"

Needless to say, if the interviewee responds that his or her death would have no effect on the family, the interviewer must be flexible enough to steer the interviewee in a direction that will bring out the importance of life insurance coverage.

If time permits, others might be invited to present questions to the interviewee. At the conclusion of the interview, the interviewee should also be permitted to ask the interviewer any of the questions asked of him or her.

Activity #2

The automobile is a very important part of the life of most people. However, some people are not so enthusiastic about the need (and cost) of automobile insurance. Many will claim that the premiums paid for automobile insurance in a year during which they had no accidents is a waste of money.

The following activity should be placed in a setting exclusive of financial responsibility laws, or laws that require all licensed drivers to be insured. At the conclusion of the activity, these laws would be introduced and their importance discussed.

To identify the disasters that might befall a family through the failure to provide automobile insurance, two role-playing situations could be contrived.

The first situation would include a husband and wife, one of whom as an uninsured motorist had a $500,000 judgment levied against him or her for totally and permanently disabling a pedestrian. A substantial part of the family income was attached to satisfy the judgment. The husband and wife are arguing money problems caused by the judgment.

The second situation would also be developed around a husband and wife, one of whom was the injured party and is now confined to a wheelchair. They, too, are having money problems compounded by the disability.

After the role-playing activities have been completed, the teacher might ask the class about any problems caused by the accident not touched upon by those playing the roles. The session should be concluded by the introduction and discussion of financial responsibility laws and the need for having adequate coverage of automobile insurance.

QUESTIONS FOR DISCUSSION ON INSURANCE

The following questions are designed to serve as guidelines and examples for the teacher. The content outline on insurance lends itself to establishing additional questions.

1. Is it possible to eliminate all risks in one's life?
2. If a person pays for insurance coverage on an automobile policy and has no accidents, the money spent on premiums has been wasted. What is wrong with this statement? (Also see "Values-Clarification," Activity #2.)
3. Generally speaking, why is term life insurance less expensive than whole life?
4. How do whole life and endowment insurance policies build up a cash value?
5. Offer one argument for and one argument against the inclusion of double indemnity in a life insurance policy.
6. If the wife (or husband) is not a family bread-winner, but stays home and manages the house, is it worthwhile to carry life insurance on that individual? Is it necessary to carry life insurance on children? Why?
7. If one is careful with his or her diet, health insurance should be unnecessary. Is this statement true or false? Why?
8. What are the factors that determine the premium one pays for automobile insurance?
9. What is meant by no-fault automobile insurance?
10. What is the 80% co-insurance clause? Why is it used?
11. What can an individual do when he or she has difficulty in obtaining adequate insurance coverage for auto, health, home or life?

VOCABULARY--INSURANCE

Automatic Premium Loan: A provision in an insurance policy whereby if you fail to pay your premium, the insurance company pays the premium by charging you for a loan taken out against your accumulated cash value.

Beneficiary: The person named in an insurance policy to receive the proceeds of that policy when they become due.

Cash (Surrender) Value: The value of a life insurance policy in the event that it is voluntarily cashed in prior to death or maturity. The policyholder may borrow against the cash value at low rates of interest.

Claim: A payment demanded for a loss in accordance with the terms of an insurance policy.

Co-insurance: A relative division of costs between the insurer and the insured, whereby the insured must cover the insured property for a given proportion of its replacement value.

Collision Insurance: A type of automobile insurance to cover damage to your car as a result of collision or upset.

Comprehensive Insurance: A type of automobile insurance to cover damage to your car as a result of fire, theft, falling objects, or other hazards, but not as the result of collision or upset.

Contract: A legally binding agreement.

Coverage: The dollar amount, and/or hazards for which protection is given under an insurance policy.

Credit Life Insurance: Usually a form of decreasing term insurance, the purpose of which is to pay off a particular debt in the event of the death of the debtor; mortgage life insurance is a perfect example of this.

Deductible Clause: A clause in an insurance policy requiring the insured to pay the first part of a loss up to a stated (deductible) amount.

Double Indemnity: Sometimes called the "accidental death benefit." If this clause is in your life insurance policy, your beneficiary will receive twice the amount of the face value of the policy should you die as a result of an accident.

Endowment Policy: A life insurance policy which is payable when the insured reaches a given age, or upon death, if that occurs earlier.

Family Life Insurance Plans: Combination life insurance policies that include coverage for husband, wife, and children.

Financial Responsibility Laws: Laws in many states that require the owner of an automobile to carry liability insurance coverage.

Group Insurance: Insurance, usually health or life, written to cover an entire group of people under a single contract.

Guaranteed Insurability: A provision in a life insurance policy allowing the insured to buy multiples of his or her present insurance coverage at later dates without the need of proving insurability at the time the additional insurance is purchased.

Health Maintenance Organizations: Organizations of medical people formed to provide health services for members of a group.

Indemnity: The compensation given for damage or loss sustained.

Insurability: Possessing the capacity to be insured. A person with a terminal disease may lack insurability; that is, he or she may lack the ability to obtain life or health insurance.

Insurable Interest: An interest in a life or property to the extent that its loss or damage will cause financial disadvantage. For example, a person does not have an insurable interest in a house in which he or she has no financial interest.

Insurance: A contract whereby one party (insurer) agrees to compensate another party (insured) for loss on a specified subject caused by specified perils; a sharing of risks.

Liability Insurance: Insurance to cover you or your family against your failure to behave with reasonable care towards other people or their property; found most particularly in automobile and homeowner's policies.

Limited Payment Life Insurance: A whole life insurance policy in which the premiums are completely paid at some fixed future date. Examples include life paid up at 65 and 20-(year) payment life.

Major Medical Insurance: Health insurance to cover the catastrophic costs of major illnesses.

Medicare (also Medicaid): A government health care program set up to pay the medical costs of certain qualified citizens.

Modified Whole Life Insurance: A policy giving the same protection as whole life insurance, but for lower premiums than would ordinarily be charged in the first few years; the premiums will be higher in the years thereafter.

Mutual (Insurance) Company: An insurance company owned by its policyholders.

No-Fault Insurance: A system used for automobile insurance coverage whereby the state does not try to determine through the courts who was at fault in a given accident. An injured party may take another party to court only if certain conditions are met. Under no-fault, each party's insurance company usually pays for the loss of its insured members.

Participating Policy: An insurance policy that provides for the payment of dividends to the policyholders, with the dividends actually representing a return of premium.

Policy: In insurance, the contract between the insured and the insurer.

Policyholder: A person who owns an insurance policy.

Premium: The payment made by the insured for the coverage provided under an insurance policy.

Risk: The possibility of a loss from a specified hazard or danger.

Settlement Options: The different methods from which the beneficiary may choose to have the proceeds of an insurance policy paid to him or her. It may be that the option chosen is selected by the insured and made a part of the policy.

Sharing Risks: The concept of insurance whereby many people pay premiums to provide the money to cover economic losses suffered by any in the group.

Social Security: A government insurance program covering old age, survivors, disability, and health coverage for qualified individuals.

Stock (Insurance) Company: An insurance company owned by stockholders who may or may not hold a policy with the company.

Term Insurance: Life insurance covering the insured for a limited period of time which is specified in the contract (policy). Generally, the cost of term insurance increases with age--an important point to keep in mind when buying renewable term policies.

Waiver of Premium: A provision in an insurance contract whereby if you are disabled and cannot pay your premium, the insurance company will pay the premiums for you for as long as you are disabled. Usually, disability must be for a period of six months before this provision is effective.

Whole Life Insurance: Life insurance covering the insured for his or her entire life. Cash value builds up with this type of insurance.

Worker's Compensation: Insurance carried (by law) by most employers to cover expenses incurred by a worker injured on the job.

EVALUATION INDICATORS--INSURANCE

Depending on the content covered, the following indications (called indicators) are some signs the educator might look for as a successful outcome of teaching the unit on insurance.

1. Participants will be able to explain, orally or in writing, the fundamental principles upon which insurance is based. This explanation should demonstrate a knowledge of the following concepts:
   life is not without risks.
   life's risks can be costly.
   life's risks can be shared.
   the cost of sharing risks depends upon how great a risk is being shared.
2. Participants will be able to define the term cash value, and describe the method by which this value accumulates in certain types of life insurance.
3. Given various sets of circumstances, participants will be able to select the type of life insurance to best meet the needs of each case. This indicator might be measured by using the following types of life insurance: term, straight, limited-payment, and endowment; and asking participants to identify the best type of life insurance for:
   a young couple (mid-twenties with two pre-school children and a
   family income of $12,500 per year, with prospects of increasing this considerably within the next 5 to 10 years (wife to work) and
   paying $320 per month for principal, interest, and taxes on a small house.
4. Given a list of coverages for various health hazards, participants will be able to identify the particular type of health insurance that would offer protection against each hazard.
5. Participants will be able to list the factors that determine the premium rate for both homeowner's and automobile insurance; and will be able to state, in writing, the need to insure against the loss of one's property.
6. Given a particular family situation--i.e., a stage in life-cycle, stability and amount of income, age of parents, number and ages of children, life-style, etc.--participants will be able to design an adequate insurance program for the family. The adequacy of the program is to be determined by the teacher's best estimate as to the depth and breadth of coverage needed.
7. Participants will be able to list the characteristics that distinguish the helpful insurance

agent from the agent who is simply a "commission merchant."

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3. Sample Life Insurance Policy

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Filmstrips

A. Choices and Decisions: Becoming A Wise Consumer. American Council of Life Insurance/Health Insurance Institute.

B. Health: Can We Afford It? Current Affairs Films, 24 Danbury Road, Wilton, Connecticut 06897.

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Financial Aspects of Housing

OVERVIEW

The purchase of a house represents the largest investment many people will make in their lifetimes. Today, the costs of shelter (including structure, operation, maintenance, and furnishing) represent the largest proportion of the household budget.

The financial aspects of housing are complicated by the fact that there are many alternate types of shelter which differ widely in their costs, all of them demand an understanding of the legal instruments and laws regulating land and real estate.

Occupying the position of importance it does in the family's finances, housing must be given very careful consideration in helping families adjust to economic change.

GENERAL OBJECTIVES FOR THE LEARNER ON FINANCIAL ASPECTS OF HOUSING

Upon completion of this unit, participants will:

1. understand the financial and other considerations regarding housing.
2. know the economic advantages and disadvantages of home ownership.
3. know home ownership expenses and be able to determine the amount they can afford to pay for a house.
4. understand the negotiation process of buying a house.
5. understand closing costs.
6. know mortgage types and how to obtain a mortgage.
7. understand homeowner's insurance and be aware of the necessity to increase it as inflation dictates.
8. learn the differences in housing alternatives.

CONTENT OUTLINE ON FINANCIAL ASPECTS OF HOUSING

I. Advantages and Disadvantages of Home Ownership:
   A. Advantages of ownership:
      1. Property taxes and mortgage interest are deductible.
      2. Equity is gained in the house you own—it is an investment.
      3. May gain through increase or appreciation in property value.
      4. Improves credit rating when payments are promptly made.
      5. May serve as a hedge against inflation.
   B. Disadvantages of ownership:
      1. Generally more expensive than renting.
      2. Money spent on a house cannot be invested elsewhere.
      3. Homeowners are not as mobile as renters.
      4. Monies invested in a house are not easily or quickly converted into cash.
      5. Homeowners must cover larger property and public liability risks.

II. Before Buying a House, Consider the Following:
   A. Community factors which (directly or indirectly) affect costs:
      1. Distance from your place of work.
      2. Whether the community is growing or on the decline.
      3. Quality of the schools.
      4. Care and upkeep of the neighborhood.
      5. Zoning regulations.
      6. Other community surroundings:
         a. Railroads.
         b. Highways.
         c. Vacant land.
         d. Houses of worship.
   B. Financial factors:
      1. House appraisal.
      2. Affordable price.
      3. Mortgage money available.
      4. Current interest rate and whether additional points will be charged.
      5. Tax rate.
      6. Total monthly costs (principal, interest, insurance, taxes, operating and maintenance costs).

III. How Much House Can You Afford:
   A. How expensive a house to buy (general guidelines):
      1. Purchase price should not exceed approximately two to three times

annual salary, depending on downpayment, personal circumstances, net worth, type of loan obtained, etc.
2. Monthly payments on principal, interest, and taxes should not exceed 25% of monthly take-home pay.
3. Monthly payments may be as much as 35% of take-home pay if:
   a. there is more than one paycheck in the family.
   b. there are no children planned.
   c. increase in income is expected.
   d. you are willing to substantially alter your style of living and make sacrifices.
4. FHA suggests that total monthly housing expense not exceed 50% of take-home pay. (The amount will vary according to such factors as number of dependents, health status, personal circumstances, age, etc.)

B. Monthly housing costs include:
1. Mortgage payments which most usually include:
   a. Principal portion.
   b. Interest portion.
   c. Property taxes (1/12 of annual assessment).
   d. Homeowner's insurance (1/12 of yearly cost).
2. Property taxes (if not included in mortgage payment).
3. Utilities:
   a. Heating or cooling (gas, oil, electricity).
   b. Water.
   c. Telephone.
   d. Garbage removal.
4. Maintenance.
5. Repairs.
6. Special property assessments (paving streets, sidewalks, etc.).

C. Monthly housing costs can be kept down by:
1. Making a large downpayment.
2. Taking the mortgage over a longer period of time (although this will cost more total dollars to pay off the loan).
3. Finding a relatively low interest rate.
4. Keeping mortgage payment within affordable limits.

D. Other expenses to be covered include:
1. Moving costs.
2. Closing costs, including legal fees.
3. Prepaid items such as several months'

taxes and homeowner's insurance.

4. Essentials for maintaining property: storm windows, lawn mower, etc.
5. Any immediate repairs or replacements

IV. The Need for a Lawyer:

A. Real property language is legal and highly technical.
B. A lawyer will protect your interests and advise if problems arise.
C. A lawyer will search the title to make sure it is clear.
D. A lawyer will see that provisions under the Federal Real Estate Sales Procedure Act (RESPA) are followed.
E. A lawyer should see that your civil rights are not violated.

V. Making the Deal:

A. Negotiate for price - do not offer asking price.
B. The purchase agreement:
   1. A legal document stating buyer's commitment to buy.
   2. A contract to buy accompanied by earnest money (a deposit).
   3. Must be in writing and contain property descriptions, terms, conditions, etc.
   4. Should be checked by lawyer.
   5. Includes all terms and conditions of sale, but does not transfer title.
   6. Make sure purchase agreement contains provisions for:
      a. All agreements and conditions in writing.
      b. Final purchase price.
      c. The deposit required.
      d. Time period in which to meet obligations (get mortgage, etc.) and length of time the seller is bound.
      e. Any easements or restrictive covenants on the property.
      f. Confirmation that interest and taxes are to be prorated to date of closing.
      g. Penalties in case of failure to complete your part of agreement.
      h. Fixtures and other items to remain with house.
      i. Other clauses might include such things as termite inspection, appliances to remain in the house, any other possible problem areas.

VI. The Closing:

A. Time at which title to property passes from seller to buyer.

B. Deed is signed over to buyer.
C. Monies needed by buyer at closing.
   1. Purchase price of house (less anything already paid in earnest money).
   2. Closing costs (vary with state):
      a. Fees for: title search, credit report, appraisal, legal services, transfer of records, etc.
      b. Escrow payments (usually one to six months property taxes paid to lender).
      c. Title insurance for lender and for buyer.
      d. Inspection for termites.
   3. Adjustments for taxes, water, fuel in tank, etc.
   4. Homeowner's Insurance - one year policy usually required at closing.
   5. Any additional points required.
D. As a general rule, closing costs and legal fees will amount to 1-3% of the purchase price.
E. By law you must be provided with a reasonable estimate of the closing cost prior to closing date.
F. Legal papers involved at closing:
   1. Deed - legal document transferring title (ownership) from seller to buyer.
   2. Mortgage note or bond, containing:
      a. Promise to repay mortgage loan.
      b. Amount to be paid per year.
      c. Interest rate.
      d. Statement of penalties if borrower defaults.
      e. Promise that taxes and insurance be paid and property be well-maintained.
      f. Statement that note is secured by a mortgage.
   3. Survey (describing size and exact location of property).
   4. Title insurance policy (insures title against defects in title not listed in the title report or abstract); be certain that both the mortgagee <u>and</u> the mortgagor are covered.
   5. Mortgage - borrower's (buyer's) pledge of property to the lender of the mortgage money, and is lender's security for the granting of the mortgage loan.

VII. The Mortgage:
   A. Possible sources of mortgage money:
      1. Savings and loan associations.
      2. Commercial banks.

3. Savings banks.
4. Federal and related agencies.
5. Life insurance companies.
6. Others.
7. Credit Unions.

B. Shop for price; many factors cause interest rates to vary:
1. Different lenders.
2. Size of mortgage and amount of downpayment (usually the larger the downpayment, the lower the interest rate).
3. General conditions in the money market (how much money is available).
4. Type of mortgage - amortized, term, variable rate, etc.

C. Types of mortgages (conditions subject to change over time):
1. Conventional mortgage:
   a. Need a good credit rating, the required downpayment, and enough income to handle monthly payments.
   b. Average loan is approximately 75% of purchase price. A downpayment of at least 25% is normally required.
   c. Usually allows 25 to 30 years repayment.
   d. Points may or may not be charged, depending upon money market situation and other factors.
   e. Short waiting period for approval of the loan application.
   f. Mortgage contract may contain a prepayment penalty clause.
   g. Borrower obtains private insurance to insure the mortgage loan thus allowing for a smaller downpayment.
2. FHA Insured Loan:
   a. Federal Housing Administration guarantees lender it will pay losses resulting from foreclosure.
   b. Interest rate is usually lower than conventional mortgage.
   c. Mortgage insurance premium of 1/2 of 1% on the declining balance of the loan is charged.
   d. Points may be charged:
      (1) A point is equal to 1% of the mortgage loan.
      (2) Buyer can be charged for maximum of one point: Seller is responsible for any additional points.

e. FHA accepts higher credit risks than conventional mortgage lenders.
f. FHA appraises the house to be purchased and gives this information to the bank making loan.
g. A longer waiting period for mortgage approval than with conventional mortgage.
h. Seller may increase price of house to make up for points having to be paid.
i. Downpayments as low as 5% are accepted.
j. Repayment periods for as long as 30 to 35 years are available.

3. VA Mortgage:
   a. Veterans Administration guarantees mortgage loan.
   b. [illegible]terans or survivors are [illegible]
   c. [illegible]npayment is required.
   d. [illegible]r interest rates.
   e. Repayment period is up to 30 years.
   f. No prepayment penalty is assessed borrower.
   g. No cost for mortgage insurance premium.
4. Farmers Home Administration Mortgage:
   a. Administered by the U.S. Department of Agriculture for rural families.
   b. Interest rate is relatively low.
   c. Payment period of up to 40 years.
   d. No downpayment is required.
   e. Amount of loan is based on applicant's eligibility.
   f. Mortgage is insured.
5. New concepts in mortgaging your home (Check regulations in your state for availability of these provisions):
   a. <u>Graduated mortgage payments</u>: Allow home buyers to start with lower monthly payments than conventional mortgages. Monthly payments increase gradually on a pre-determined schedule. (The thinking here is that the new homeowner's income will increase and he/she will be better able to handle the larger payments later in the life of the mortgage).
   b. <u>Reverse mortgages</u>: Allow older homeowners with little or no mortgage debt to use the equity in their homes to boost income. (In effect, the homeowner is selling the house

back to the bank).

c. Variable-rate mortgages: Allow interest rates to increase or decrease (with certain restrictions), depending upon the cost of money in the money market.

D. Amortizing a loan:
1. Pay regular level monthly payments during the entire loan period.
2. Payments may change due to change in property taxes and insurance costs.
3. Interest portion of the payment is larger in early stages, with amount of principal being reduced as loan is paid off.
4. Depending upon the mortgage contract, the monthly payment may include taxes and insurance in addition to principal and interest.

VIII. Homeowner's Insurance:

A. Basic Homeowner's Policy (HO-1): Protects against minimum basic perils such as damage or loss from fire or lightning; wind or hail, smoke; vehicles; burglary and theft; explosion; aircraft; vandalism and malicious mischief; breakage of glass consisting as part of house; riot or civil commotion.

B. Broad Form (HO-2): Protects against basic perils and additional perils such as damage from falling objects; ice, snow; collapse of building, or any part thereof; freezing of plumbing, heating and air conditioning systems and domestic appliances; accidental discharge, leakage or overflow of water or steam from within a plumbing, heating or air conditioning system or domestic appliance; tearing, cracking, etc. of hot water heating system or appliances; injury from electrical appliances, wiring, etc. (TV and radio tubes not included).

C. Comprehensive Policy Form (HO-5): An all-risk policy which means that individual perils do not have to be listed; coverage against all risks except those specified, e.g., floods, earthquake, backing up of sewers, tidal waves, war, etc.

D. All Homeowner's Insurance Plans Cover:
1. an allowance for living expenses incurred while house is being repaired based upon actual expenses and usually limited to no more than 20% of the insurance on the house.
2. liability protection for others injured on your property or damage caused by you or

your family to the property of others. (The insured should investigate cost of increasing liability protection, as it is relatively inexpensive).

3. medical payments designed for smaller injuries occurring on your property or involving you and your family in some way even if occurring elsewhere.

E. House, garage, and other private structures (not for business purposes) on your property are covered. Coverage figured as a percentage (usually 10%) of the insurance on the house.

F. Homeowner's insurance coverage should be based on replacement cost of property, not market value.

G. 80% co-insurance clause:

1. To get fully reimbursed for partial loss, the insured must carry coverage equal to at least 80% of the replacement value. (This means 100% of the value of the house. The land is usually figured as 20% of the property value).

2. Example: Replacement value - $50,000
Minimum insurance - $40,000
(80% of $50,000)
If you carry only $30,000 and have a $10,000 loss, the company will only pay $7,500.

$$\left(\frac{30{,}000}{40{,}000} \times 10{,}000\right)$$

H. Contents of the house are insured under homeowner's policies: coverage is figured as a percentage of the insurance on the house.

1. Personal property (contents) depreciates. Reimbursement is at market value.

2. If contents are of greater value than the policy covers, a personal property floater will cover expensive personal property such as jewelry, silverware, antiques etc. for additional cost.

3. Should have an itemized list of all personal belongings in a safe deposit box and with relative or friend outside the house in case of severe or total damage to the house.

IX. Alternatives to Owning a Single-Family House:

A. Multiple-family house:

1. Two- to four-family house.

2. Owner may rent out apartment(s) to help pay off mortgage.
3. Tax advantages.

B. Cooperative apartment:
1. Corporation of shareholders owns entire apartment building.
2. Each shareholder is entitled to a proprietary lease on a unit.
3. Each shareholder must pay proportionate share of costs of operating the building and grounds:
   a. Principal and interest on the mortgage loan.
   b. Taxes and insurance.
   c. Maintenance and repairs.
   d. Salary for superintendent and manager.
   e. Landscaping.
4. Costs will vary with the vacancy rate; the more units occupied, the less the proportionate cost.
5. Majority consent is required before a shareholder can sell his or her stock in the cooperative.
6. Tax advantages.

C. Condominiums:
1. Individual is sole owner of the space within a unit.
2. Owners of a unit must secure their own mortgage money, and have their own private title and deed.
3. Owners pay their property taxes and homeowner's insurance.
4. Land and all common areas (halls, laundry, parking lot, etc.) are owned in common with all condominium dwellers.
5. Owners can sell or lease their units without permission from anyone.
6. Must pay maintenance fee for cleaning and upkeep of common areas.
7. Tax advantages.

D. Mobile Homes:
1. Provide ownership and privacy at a relatively small expense.
2. If not parked on your own property, monthly rent for property on which mobile home is situated must be paid.
3. Maintenance costs are low.
4. Mobile homes usually do not appreciate as much as other houses (they have even been known to depreciate in value).

5. The loan taken to buy a mobile home will most likely carry a higher interest rate than a house mortgage; the loan is normally from 7 to 12 years and is an installment loan (not a mortgage).
6. Be sure to have a location to park the mobile home before purchasing the unit.
7. In some states owners of mobile homes may have to pay a personal property tax.

E. Renting your Housing:
1. Tenant's rights and responsibilities.
2. Financial considerations of renting.
3. Advantages of renting:
   a. Maintenance and utility costs are lower.
   b. Mobility is greater.
   c. Can offer greater convenience.

X. Agencies Aiding the Consumer:

A. Department of Housing and Urban Development, regional office.

B. Department of Housing and Urban Development, Assistant Secretary for Equal Opportunity, 451 7th Street, N.W., Washington, D.C. 20410.

C. Bureau of Housing, your state.

D. Federal Home Loan Bank Board, your federal district.

E. Special Assistant for Public Affairs, National Bureau of Standards, Department of Commerce, Administration Building, Washington, D.C. 20234 (for housing standards).

F. Department of Civil Rights, your state.

G. Trade and Professional Associations:
1. American Institute of Financial Brokers, 121 W. Wacker Drive, Chicago, Illinois 60601.
2. American Society of Real Estate Counselors, 155 E. Superior Street, Chicago, Illinois 60611.
3. Manufactured Housing Institute, P. O. Box 201, Chantilly, Virginia 22021.
4. National Association of Home Builders of the United States, 15th and M Streets, N.W., Washington, D.C. 20005.
5. National Association of Housing Cooperatives, 1828 L Street, N.W., Suite 1100, Washington, D.C. 20036.
6. National Association of Real Estate Appraisers, 853 Broadway, New York, New York 10003.
7. National Association of Real Estate Brokers, 1025 Vermont Avenue, N.W., Suite 1111, Washington, D.C. 20005.

SPECIFIC TEACHING SUGGESTIONS ON FINANCIAL ASPECTS OF HOUSING

1. Secure and make available to participants materials on financial aspects of housing. These materials can be obtained from such sources as the Department of Housing and Urban Development, the Federal Housing Administration, the Cooperative Extension Service, banks, savings and loan associations, and realtors.
2. Ask participants to call several savings and loan associations and banks to learn the current rate of interest they are charging for home mortgages. This information should be brought to a future meeting for discussion by the group.
3. Ask a realtor to speak to the group on the procedure and costs of buying a house. It would be a good idea to solicit from the group those financial questions it would like answered. The teacher should discuss these with the speaker prior to the meeting for participants. The same activity might be repeated using an insurance agent to speak on the topic of homeowner's and title insurance.
4. Participants might be asked to interview homeowners to learn their reasons for home ownership. The participant might ask: "Why do you prefer to own your house rather than renting?"
5. Ask a participant or group of participants to interview a lawyer to learn the concerns and procedure of closing a real estate transaction.
6. Ask each participant to go to his or her local tax office to learn the real property tax rate and assessments for his or her particular municipality. This information should be brought to a future meeting for discussion by the group.
7. Give participants a form with spaces identifying: 1) Take-home pay, 2) Monthly expenses and savings, excluding housing expenses, and 3) Housing expenses (itemized). Ask each participant to figure how much he or she can afford to spend on monthly housing.
8. Ask participants to write in outline form the differences among renting, owning a house, owning a cooperative, owning a condominium, and owning a mobile home. Discuss the advantages and disadvantages of each.
9. Get copies of real estate settlement disclosure publications from realtors or the district Housing and Urban Development Office to share with participants. Get realtors to indicate current closing costs for buyers and sellers for average priced homes in the area in which participants live.

VALUES-CLARIFICATION ACTIVITIES ON FINANCIAL ASPECTS OF HOUSING

Activity #1

Many participants may be unaware of a conflict in values regarding their housing needs and methods of supplying them. A simple checklist of advantages and disadvantages of home ownership may help clarify one's values.

For this exercise, the presenter would prepare two lists side-by-side on a single sheet of paper. One list would represent the responsibilities of home ownership. The other list would represent the freedom of care enjoyed by the renter. However, the lists would not be identified as such. The sheet should provide the following directions: "Below are two columns with the items in each numbered identically. In the space provided, place a check mark next to the item that best represents your attitude. Check only one of the identical numbers. In other words, check only one number 1, one number 2, etc. This is not a test, so please answer honestly."

1 ____ Being in debt does not bother me.	1 ____ The thought of having long-term debts is disturbing to me.
2 ____ I enjoy working around the house and yard.	2 ____ I would much rather play tennis or read a book than spend any time around the house and yard.
3 ____ I feel more comfortable putting my money into relatively stable forms of savings and investments.	3 ____ I enjoy the excitement of speculative forms of savings and investments; I like having the chance for large gains.
4 ____ I prefer finding a good job and staying with it.	4 ____ I prefer changing jobs from time to time, finding excitement in starting all over.
5 ____ I prefer staying in one place and being	5 ____ I do not like being locked

committed to one community.	into one community or location for a long period of time.

Discussion of this activity might be fostered by putting the two lists on a board (or overhead transparency) and asking how many participants checked each item. Or, participants may be asked to reveal their choices to the group on an individual basis. Column 1 is indicative of those attitudes more likely to be held by homeowners.

Activity # 2

The following list represents attitudes people may have about the house in which they live. In order that participants may discover which attitudes are most important to them, ask them to rank order each of the items from 1 to 10. Number 1 would represent the attitude most important to them, with number 10 representing the attitude of least importance.

_____ I want my house and grounds to be a showplace.

_____ I prefer having the house of my nearest neighbor very far away.

_____ I enjoy mowing lawns and doing yard work.

_____ I want my housing costs to be as low as is necessary to keep me reasonably comfortable.

_____ I like having neighbors nearby.

_____ I want my house to be used by the family; it is a place to live in, not a museum.

_____ I want every member of my family to be able to enjoy the privacy of his or her own room.

_____ I don't think any family should be without a dog.

_____ I plan to live in many different houses, selling any one of them to the person willing to pay my price.

____ I think a house should blend in with the environment.

Some very interesting conclusions can be drawn by examining participants' answers. For instance, the person who places high value to: "I want my house and grounds to be a showplace," and low value to: "I enjoy mowing lawns and doing yard work," should probably look for a relatively carefree house on a comparatively small lot. By studying their own responses, participants can discover just what is important to them in the way of housing.

QUESTIONS FOR DISCUSSION ON FINANCIAL ASPECTS OF HOUSING

1. Discuss the advantages and disadvantages of home ownership.
2. In addition to paying principal, interest, taxes, and insurance, there are many other expenses associated with home ownership. Name as many of these other expenses as you can.
3. Offer suggestions for keeping the monthly costs of home ownership down.
4. Name several "rules of the thumb" for determining how much one should pay for his or her housing.
5. Why is it said that no one should pay the asking price of a house that is for sale?
6. What are some of the expenses identified with a house closing?
7. Describe several elements of each of the following types of mortgages: conventional, FHA, and VA.
8. What is meant by amortizing a loan?
9. What is the difference between homeowner's insurance and title insurance? Why are these two forms of insurance important?
10. Why is it important to keep an up-to-date inventory of the contents of your house?
11. When we think of home ownership, we think of owning the single-family dwelling. What are some alternatives?

VOCABULARY--FINANCIAL ASPECTS OF HOUSING

Amortization: The reduction of a loan through periodic payments of interest and partial repayment of principal. Mortgage loans are usually amortized by regular monthly payments over a 20- to 30-year period.

Appraisal Fee: A charge made to have property evaluated. A lender of mortgage money will insist that the property be appraised before the loan is made.

Appreciation in Value: The increase in value of a thing. A house purchased for $40,000 with a current market value of $43,000 has appreciated $3,000.

Arrears: Payments that have not been made when they become due.

Assessed Value: The value placed on real property by the taxing authority of the municipality in which the property is located. According to the municipality, property may be assessed at market value or as a percentage of market value.

Closing: The act of transferring title to real property from the seller to the buyer.

Closing Costs: Costs which must be paid by the buyer and seller when title to real property is transferred. Examples of such costs are title insurance, appraisal fee, recording fees, attorney fees, etc.

Co-Insurance Clause: A clause in a homeowner's insurance policy requiring that the property be insured for at least 80% of its cost to replace. For example, a property that would cost $50,000 to replace must be insured for at least $40,000. If the full co-insurance amount is not carried, partial losses will only be reimbursed at a prorated amount.

Condominium: Individual ownership of separate portions of a building, plus joint ownership of common areas (halls, parking lots, etc.)

Conventional Mortgage: A mortgage, the payment of which is not insured or guaranteed by a governmental agency. The interest rate and down payment are generally higher for a conventional mortgage than for a government-insured mortgage. Approval of conventional mortgages is usually done more quickly than on government-insured mortgages. This type of mortgage requires the best type of credit rating.

Cooperative: A form of ownership wherein the land and building are owned by a corporation which in turn leases space to its shareholders. Each shareholder is entitled to a long-term lease to one of the building units.

Deductible: With regard to this unit, this term refers to the fact that property taxes and mortgage interest payments may be deducted from gross income when determining taxable income for federal income tax purposes.

Deed: The legal document that transfers title (ownership) of real property from the seller to the buyer.

Depreciation in Value: The decrease in value of a thing. A house purchased for $40,000 with a current market value of $37,000 has depreciated $3,000.

Earnest Money: Money that accompanies an offer to purchase as evidence of good faith. Earnest money is usually given at the time the purchase agreement is signed by the buyer.

Easement or Restrictive Covenant: An agreement regarding real property that restricts the freedom of the owner as to the use of the property. For example, a neighbor living behind you may have the right to use your driveway to get to and from his or her property.

Equity: Simply speaking, the rights of ownership. A person's equity in the house he or she owns is determined by taking the market value and subtracting any outstanding mortgage balance. For instance, the owner of a house with a market value of $40,000 and an outstanding mortgage balance of $15,000 would have an equity of $25,000 ($40,000-$15,000).

Escrow: A deposit of funds required by the lender to pay such items as property taxes, hazard insurance, etc. on behalf of the borrower.

FHA Mortgage: A mortgage loan insured by the Federal Housing Administration. Buyer pays the insurance and downpayment, which is usually smaller than that of a conventional mortgage.

Farmer's Home Administration Mortgage: Designed for low- and medium-income rural families which need housing but cannot afford it through regular channels. The loan is administered by by the U.S. Department of Agriculture. The interest rate may be as low as 6% (subject to change).

Homeowner's Insurance: Insurance to cover damage to buildings and contents (not used for business) on the land of the insured. The perils against which one is insured depends upon the type of homeowner's policy.

Market Value: The price a piece of property would bring if sold in the open market. Market value is determined by conditions of supply and demand. If houses are in short supply and are in great demand, their relative market value should be high. If houses are in great supply and there is little demand for them, their relative market value would be lower. Type of house, condition of neighborhood, etc. all affect the market value of a house.

Mobility: The ability to move freely from one geographical location to another. Since homeowners must first consider selling their property before moving, they are not as mobile as renters.

Mortgage: The pledge of property by the buyer of that property to the lender of money needed to buy the property; it is security for granting the loan.

Mortgage Note or Bond: The unconditional promise, in writing, to repay the lender of mortgage money the amount borrowed.

Mortgagee: The lender of mortgage money. Usually a savings and loan association or bank.

Mortgagor: The borrower of mortgage money.

Points: One percent of the loan amount; one-hundredth of the total amount of a mortgage. Both buyers and sellers may pay additional points depending upon the type of loan and the availability of money from lenders.

Purchase Agreement: A contract to buy (real property). A sales contract setting forth all terms and conditions of the sale. It does not transfer title to the property. The purchase agreement must be signed by both buyer and seller.

Recording Fees: Charges made for recording the mortgage and the deed in a municipality's office of records. A new record is made whenever property changes ownership.

Survey: A document showing the exact size and location of a piece of real property. Survey systems differ in various parts of the United States.

Tax Rate: A percentage of the assessed value of taxable property. The tax rate of real property is expressed as the mill rate, dollars per hundred, or dollars per thousand. Often stated as so many dollars per assessed value, e.g., $2.13 per $100 of assessed value.

Title Insurance: A policy which insures against defects in title not listed in the title report or abstract of real property. Lenders require title insurance to cover the amount of the loan. Buyers need it to cover the value of the property.

Title Search: An inspection of publicly available records and documents to determine the current ownership and title conditions for a property.

VA Mortgage: A mortgage loan guaranteed for up to 30 years by the Veterans Administration, available to eligible veterans. Contact the nearest VA field office to get current status and details of the law as well as the availability of loan money.

Variable Interest Rate Mortgage: A mortgage loan in which the interest rate rises and falls with changes in prevailing interest rates.

EVALUATION INDICATORS --FINANCIAL ASPECTS OF HOUSING

1. Participants will be able to list at least three advantages and disadvantages to owning one's housing.
2. Participants will be able to list those things which are important in determining whether or not to buy a particular house. These determinants which directly or indirectly affect costs should include: distance from job, schools (proximity and rating), appearance of neighborhood, surroundings, tax rate, and price bracket of house.
3. Participants will be able to list at least ten expenses associated with home ownership.
4. Given take-home pay and monthly expenses (except housing) and savings, participants will be able to determine how much of a monthly housing expense they can afford.
5. Given a list of expenses normally associated with housing, participants will be able to identify those expenses which must be paid before or at the time of closing.
6. Participants will be able to identify at least three characteristics of each of the following types of mortgages: conventional, FHA, and VA.
7. Participants will be able to list at least three alternatives to the single-family dwelling as forms of meeting their housing needs.
8. Participants will be able to distinguish between homeowner's insurance and title insurance.

SELECTED BIBLIOGRAPHY OF TEACHING/LEARNING RESOURCES ON FINANCIAL ASPECTS OF HOUSING

Books

A. Porter, Sylvia. Sylvia Porter's Money Book, Volume 2, Chapter 13: "A Roof Over Your Head." Garden City, New York: Doubleday and Company, Inc., 1975.

B. Rachall, Denis T. Family Finance, Chapter 9: "Housing." Boston: Little, Benen and Company, Inc., 1975.

3. Warmke, Roman F., Eugene D. Wyllie, and Beulah E. Sellers. Consumer Decision Making, 2nd ed., Part 6: "Housing Needs and the Consumer." Cincinnati: South-Western Publishing Company, 1977.

Pamphlets

A. From Consumer Information Center, Pueblo, Colorado 81009.

1. Rent or Buy?
2. Settlement Costs
3. When You Move--Do's and Don'ts

B. Matejic, Denise M. The ABC's of Mortgage Loans and Insurance (Leaflet 488-A). Cooperative Extension Service, Cook College, Rutgers University, Publications Distribution Center, Box 231, New Brunswick, New Jersey 08903.

C. Matejic, Denise M. The Dollars and Sense of Buying a House...Mobile Home...Condominium or Cooperative (Leaflet 486-A). Cooperative Extension Service, Cook College, Rutgers University, Publications Distribution Center, Box 231, New Brunswick, New Jersey 08903.

D. From Minnesota Agricultural Extension Service, University of Minnesota, Institute of Agriculture, Forestry and Home Economics, St. Paul, Minnesota 55108. (Please note: The Minnesota publications have general application, but they were written in light of Minnesota's statutory and market situations. It should be kept in mind that these situations vary somewhat from state to state.)

Consumer Housing Alternatives (B420)

Housing Costs (EF 315)
Buying a Minnesota Home (B414) (Especially helpful for 25- to 30-year-olds.)

E. A Shopper's Guide to: Homeowner's Insurance. New Jersey Department of Insurance, 201 East State Street, Trenton, New Jersey 08625

F: Contact the Cooperative Extension Service in your state for a list of publications available.

Other Printed Media

A. Housing, 2nd ed. Consumer Education Programmed Learning Instruction Booklets, Delta Pi Epsilon National Office, Gustavus Adolphus College, St. Peter, Minnesota 56082.

B. Housing. Learning Activity Packages, Unigraph, P.O. Box 24287, Seattle, Washington 98124.

C. Smith, Geneva D. Dollars For Housing. AHEA "HELPS," 2010 Massachusetts Avenue, N.W. Washington, D.C. (teaching kit).

Films

A. Housing and Home Furnishings. Butterick Publishing, 161 Avenue of the Americas, New York, New York 10013.

B. Selecting and Buying A Mobile Home. Photo Lab, Inc., 3825 Georgia Avenue, N.W., Washington, D.C. 20011

Saving and Investing

OVERVIEW

What should be done with discretionary income? How should the income that remains, after taxes and living expenses have been covered be utilized to improve the standard of living? This is a concern of many people. Some choose to spend these leftover funds. These are the people who frequently ask themselves, "Where does all of our money go?" Others, more interested in improving their financial positions and planning ahead for later years, select sources for saving and investing that will enable their discretionary income to grow.

Wise decisions on saving and investing can increase the family's net worth. However, unwise decisions can cause that net worth to be diminished. For this reason, it is important that all consumers know something of the principles of saving and investing.

GENERAL OBJECTIVES FOR THE LEARNER ON SAVING AND INVESTING

Upon completion of this unit, participants will:

1. understand the basic concepts involved in the individual saving and investing plan.
2. be able to differentiate between fixed dollar and variable dollar investments.
3. know the sources available for acquiring savings and investments.
4. be able to evaluate the advantages and disadvantages of these sources.
5. be able to differentiate between stocks, mutual funds shares, and bonds.
6. know what possibilities for investing are available to the person of limited means.
7. understand what a portfolio is and know the basic principles involved in managing it.
8. understand the difference between growth of funds and income, and how these relate to the safety of investments.
9. know what to look for and what to avoid when choosing an investment broker.
10. know the forms and sources of protection provided the investor.
11. be aware of certain fairly unique forms of investment such as antiques, stamps, and coins.

CONTENT OUTLINE ON SAVING AND INVESTING

The following suggestions can be used as a guideline for teaching a lesson or course on saving and investing that will meet the specific needs of the learners.

I. Some Basic Concepts about Saving and Investing:
   A. Why save?
      1. To create an emergency fund.
      2. To buy "big ticket" goods and services.
      3. To provide for children's education.
      4. To afford a downpayment on a house.
      5. To supplement social security and pension at retirement.
   B. Analyze objectives: What are you seeking in your savings and investments?
      1. Safety of principal.
      2. A guaranteed return.
      3. Steady, if small, income.
      4. Greatest possible income, even if risk of loss is high.
      5. Ready access to savings.
      6. Growth of investments.
      7. Tax advantages.
      8. A hedge against inflation.
   C. Sources used for saving and investing depend upon your personal "make-up" and your financial circumstances and obligations:
      1. Some temperaments are not suited to worrying about the stock market or other speculative means of investing.
      2. Age is a determining factor regarding sources of income required and need to have this income readily available.
      3. Current family income influences the amount of risk which should be taken.
      4. Number of dependents influences the amount of risk to be taken.
      5. Aspired style of living requires a specific level of income.
      6. Personal values influence the choice of a saving and investment medium.
      7. In the case of a married couple, the choice of a saving or investment medium should be compatible with the ideas of the spouse.
      8. If both husband and wife work, a greater investment risk might be assumed.
      9. Before investing in high-risk ventures, an emergency fund should first be established.

II. Fixed-Dollar vs. Variable-Dollar Investments:

A. Definitions:
   1. Fixed-dollar medium: the return on the saving or investment is fixed over a period of time; e.g., savings accounts, savings certificates, government bonds, corporate bonds.
   2. Variable-dollar medium: the return on the investment varies with general market conditions; e.g., common stocks, mutual fund shares, real estate.

B. The risk of loss is greater when investing in a variable-dollar medium; however, the chance of a larger return on the investment is also greater.

III. Fixed-Dollar Savings and Investments:

A. These are a good choice if the number one concern is the safety of principal.

B. Through the power of compounding interest, savings can grow rather rapidly.

C. Types of savings:
   1. Savings accounts and certificates of deposit:
      a. Commercial and savings banks.
      b. Savings and loan associations.
   2. U.S. Government Savings Bonds:
      a. Series E Bonds:
         (1) They offer the greatest safety of principal and interest.
         (2) They can be bought conveniently through payroll deductions and are a good method of accumulating savings.
         (3) Income tax payments can be deferred.
         (4) They can be purchased in small denominations.
         (5) They have a fixed redemption value.
         (6) Bonds are registered; therefore, they can be replaced if lost or stolen.
         (7) Interest continues after maturity date.
         (8) The bonds can be jointly owned.
         (9) They are appreciation bonds - you pay $37.50 for a bond worth $50 at maturity (smaller and larger denominations are available).
         (10) They can be exchanged for Series H Bonds.
         (11) They cannot be used as collateral.
      b. Series H Bonds:

(1) They offer absolute safety of principal and interest.
(2) Bonds are registered; therefore, they can be replaced if lost or stolen.
(3) They are available in larger denominations than Series E type (\$500 minimum).
(4) They are current income bonds--interest is paid semi-annually, not at maturity; bond is purchased at face value.

3. Credit union share accounts.
4. Other forms of savings:
   a. Private pension funds and annuities.
   b. Social Security.
   c. Equity in your house.
   d. Cash-surrender value of life insurance policies.
   e. Maturity value of endowment policies.

IV. Types and Characteristics of Savings Institutions:

A. Savings banks and savings and loan associations.
   1. They are community-oriented.
   2. They encourage saving and thrift.
   3. They are owned by the depositors.
   4. The deposits are insured by the Federal Deposit Insurance Corporation or Federal Savings and Loan Insurance Corporation (currently up to \$40,000 per account.)
   5. Savings of depositors are invested primarily in long-term mortgages.
   6. They offer the following types of accounts:
      a. Regular savings accounts.
      b. Certificates of deposit.
      c. Christmas and vacation clubs.
      d. Payroll deduction accounts.
   7. Withdrawal notice on savings accounts can be imposed.
   8. On the average, they pay a higher rate of interest than commercial banks.

B. Commercial banks:
   1. These are corporations owned by stockholders.
   2. Part of earnings are paid to stockholders as dividends and to depositors as interest.
   3. They are referred to as department stores of banking because of the many services they provide:
      a. Safe-deposit boxes.

b. Checking accounts.
c. Savings clubs.
d. Loans for various purposes (including business).
e. Investment services.
f. Trust accounts and trust services.

4. It is convenient to have many services all in one bank.
5. Savings are available to the depositor in case of need.
6. Deposits are insured by the FDIC (currently up to $40,000 per account).
7. Interest paid is generally lower than that paid by savings banks and savings and loan associations.

C. Credit Unions:
   1. They are open only to members (members belong to same company, occupation, or community group).
   2. Savers are owners of the credit union.
   3. They offer payroll deduction plans for saving and borrowing.
   4. They encourage saving and thrift.
   5. Deposits are insured.

V. Reasons for Saving at Banks, Savings and Loan Associations, or Credit Unions:
   A. They offer safety of deposits.
   B. They are examined and regulated by government agencies.
   C. They offer liquidity of funds.
   D. Saving through these institutions can provide the consumer with financial stability.
   E. Consistent saving can teach thrift and responbilility.
   F. Compound interest can substantially increase the amount of money saved by the consumer.

VI. Variable-Dollar Investments:
   A. Types of variable-dollar investments:
      1. Stocks:
         a. Ownership of a share of stock represents proportional ownership in the company issuing the stock.
         b. Stock may be common or preferred:
            (1) Common : Owner carries greater risk than in the case of preferred stock; dividends are not certain. There is a chance of greater return on the investment.
            (2) Preferred: Owner usually receives preferential treatment on dividend payment, but divi-

dends are not guaranteed.

c. The value of stocks will usually rise and fall with the progress of the company, often with general market conditions.

d. Dividends, although not assured, represent a form of current income.

e. Stocks offer a chance for earnings. They may be sold at a higher price than was paid for them. Of course, they may be sold for less money, resulting in a loss.

f. Special tax breaks are given on income earned through the holding, buying, and selling of stocks.

g. Stocks are traded on stock exchanges or over the counter (purchased from brokers). They are normally purchased through brokerage houses.

2. Bonds:

a. Ownership of bonds makes the bondholder a creditor of the issuing corporation or government agency. This is generally less risky than ownership; however, any corporate bond is only as good as the corporation standing behind it, which would be indicated in the rating.

b. A fixed rate of interest is paid on bonds.

c. Prior to maturity, bonds have a market value and may be bought or sold for more or less than their face value. However, at maturity, the face value will be paid by the issuer.

d. Issuers of bonds:

(1) Corporations: industrial, service, utilities.

(2) Federal government:

a. U.S. Treasury Bonds.

b. U.S. Treasury Notes.

c. U.S. Treasury Bills.

(3) State and local governments:

a. State Bonds.

b. Municipal Bonds.

(4) Agencies of governmental units.

e. Characteristics of bonds:

(1) With regard to security:

a. <u>Secured</u>: Specific assets or a specific source of income are used as collateral for the bond; secured bonds generally pay lower interest rates because they are less risky.

b. Debenture: Bond is supported only by the general credit of the issuing agency; no special assets are pledged as security to guarantee payment.

(2) With regard to registration:

a. Registered: Name of owner is registered with the issuing agency; bond can be replaced if lost or stolen; interest is sent to the registered owner.

b. Coupon: This type is also known as bearer or negotiable bond; interest is paid to the person who sends in the attached coupon to the issuing agency; however, since they are negotiable, most coupons are just deposited in the bondholder's bank; sufficient coupons are attached for interest payments throughout the life of the bond, meaning that a 15-year bond paying interest semiannually would have 30 coupons attached.

(3) With regard to liquidation of the company, the bondholders, as creditors of the issuing company, are paid off before the stockholders in the event of financial failure.

f. Generally, bonds are less risky than stocks, but may not offer as great a reward.

g. Ratings:

(1) Bonds are rated as to their safety as an investment medium; safest bonds are given the highest ratings.

(2) The most popular rating agencies are Standard and Poor's Corporation and Moody's Investors Service.

(3) Ratings may run from triple "A" (safest) to "D" (least safe).

(4) Generally, the lower the rating, the greater the risk and the

greater the interest rate.

3. Mutual funds:
   a. Definition: a company, established to perform research which invests the funds of its investors in various securities. It is known as an investment company.
   b. Major advantages of mutual funds:
      (1) The investor can invest relatively small amounts.
      (2) Expert management of invested funds is provided by employees of the mutual fund.
      (3) The small investor has investment dollars diversified among many different types of investments: stocks (common and preferred), bonds, government securities.
   c. In general, mutual funds should be bought for the longer term only; they are not meant for trading. If used properly, mutual funds can be considered a good financial option for the smaller investor.
   d. Different mutual funds specialize in different types of securities. If an investor feels more comfortable in the bond market, he or she can choose a mutual fund with this specialization.
      (1) Types of mutual funds range from conservative (e.g., municipal or tax-free bond fund) to income-oriented (e.g., bonds, preferred stocks in portfolio) to growth-oriented (e.g., many common stocks in portfolio) to speculative (e.g., speculative stocks).

          EXAMPLES:

          - Money market funds - invest in U.S. Treasury Bills and other types of money market instruments.
          - Bond funds - invest in bonds only.
          - Income funds - primary investment objective is income, not growth; they invest primarily in preferred stocks and bonds for high interest and yield.
          - Balanced funds - bonds, pre-

ferred and common stocks, included in portfolio to give it "balance".
- . Income and growth funds - diversification in common stocks.
- . Growth funds - stocks with growth potential.
- . Aggressive funds - aggressively growth-oriented; more risk than growth funds.
- . Speculative funds - specialized funds such as oil, real estate, cattle, special situations, undervalued stocks, venture capital situations.

(2) It is important for consumers to read the prospectus of the mutual fund which contains an explanation of the objectives and type of fund.

e. Types of mutual funds (investment companies):

(1) Closed-end companies: have a fixed number of shares and will not redeem shares of investors; shares are traded on open market, shares are purchased through brokerage houses.

(2) Open-end companies: the true mutual fund; there is no limit to the number of shares issued; shares are not traded on the market, but are bought and sold directly by the company.

(3) Note that both closed- or open-end companies may be either load or no-load. With load funds, a commission is charged for buying (and also sometimes for selling) shares in the fund.

B. Ways of investing for the small investor:

1. Dollar cost averaging and other accumulation plans:

a. The investor invests a given amount each month in a plan sponsored by individual brokerage houses.

b. Ordinarily a single stock is purchased, giving the investor the advantage of dollar cost averaging. This means that more shares are purchased when the price is down, and fewer shares when the price is high.

2. Investment clubs:
   a. They are composed of a group of people, usually 15 to 20, interested in investing in the stock market.
   b. Members usually meet once a month.
   c. Monthly dues (usually $20-$30) are used to purchase stocks and/or bonds.
   d. Monthly reports are given by individual members on how well investments are progressing. Members make suggestions (following their own research) regarding which securities to buy.
3. Mutual funds (see VI, A, 3 on page 101).
4. Unit Investment Trusts.

VII. Portfolio Management:
A. An investor's portfolio consists of all of the investments (usually in marketable securities) held by the investor.
B. Considerations in managing a portfolio:
   1. Liquidity of investments - how quickly the investments can be turned into cash.
   2. Safety - what risks the investor is taking and is willing to take.
   3. Taxes - the best times to buy and/or sell for maximum advantage.
   4. Diversification - maintaining a balance between fixed- and variable-dollar media, current income and growth investments, safety and risk.
C. The portfolio may be managed by the investor or by a professional in the field.
   1. Investment advisor from a brokerage house.
   2. Bank trust department officer.

VIII. Choosing a Broker:
A. What to avoid:
   1. Broker offers frequent hot tips.
   2. He or she is aggressive and full of promises to double your money in a year.
   3. Broker's firm does not have a good reputation.
B. How to choose a broker:
   1. He or she comes from a reputable

brokerage house.

2. Broker has a good deal of experience and satisfied clients.
3. The investor can relate to broker in terms of temperament and age. The broker understands the consumer's overall situation.

IX. Protection for the Investor:
   A. The Securities Investor Protection Corporation:
      1. An agency of the federal government.
      2. Insures investors up to $100,000 per account against brokerage house failure.
   B. The Securities and Exchange Commission:
      1. An agency of the federal government.
      2. Serves as the principal regulatory agency for the securities industry.
      3. Under terms of investment Company Act of 1940, investment companies (mutual funds) must register with the SEC.

X. Sources of Investment Information:
   A. Newspaper financial pages.
   B. Stockbrokers.
   C. Financial reference manuals:
      1. Moody's Investors Services.
      2. Standard and Poor's Corporation
      3. Arthur Wiesenberger and Company (for mutual funds).
   D. Investment advisors.
   E. The various exchanges.
   F. Trade and Professional Associations.

XI. Miscellaneous Other Investments:
   A. Antiques.
   B. Real estate.
   C. Stamps.
   D. Jewelry.
   E. Coins.
   F. Silver and gold.
   G. Gems.
   H. Paintings.
   I. Sculpture.

XII. Agencies Aiding the Consumer:
   A. Bureau of Securities in consumer's state department of law.
   B. Securities and Exchange Commission, regional office.
   C. Department of Banking, your state.

D. The New York Stock Exchange, 55 Water Street, 23rd Floor, New York, New York 10041 (written inquiries only); also New York Stock Exchange, 11 Wall Street, New York, New York 10005.

E. Federal Deposit Insurance Corporation, regional office.

F. Federal Home Loan Bank Board, #1 World Trade Center, 103rd Floor, New York, New York 10048.

G. American Stock Exchange, Information Services Division, 86 Trinity Place, New York, New York 10006.

H. Trade and professional associations:

1. American Bankers Association, 1120 Connecticut Avenue, N.W., Washington, D.C. 20036.
2. American Institute of Banking, 1120 Connecticut Avenue, N.W., Washington, D.C. 20036.
3. Federal Managers Society for Savings Institutions, 111 E Wacker Drive, Chicago, Illinois 60601.
4. Federation of Women Shareholders in American Business, 1091 Second Avenue, New York, New York 10009.
5. Investment Company Institute, 1775 K Street, N.W., Washington, D.C. 20006.
6. Investment Council Association of America, 127 E. 59th Street, New York, New York 10022.
7. Investment Education Institute, 1515 E. 11 Mill Road, Royal Oak, Michigan 48067.
8. National Association for Investment Clubs (NAIC), P.O.Box 220, Royal Oak, Michigan 48068.
9. National Association of Real Estate Investment Trusts, 1101 17th Street, N.W., Suite 700, Washington, D.C. 20036.
10. National Association of Security Dealers (NASD), 1735 K Street, N.W., Washington, D.C.
11. Securities Industry Association, Committee on Economic Education, Broad Street, New York, New York.

SPECIFIC TEACHING SUGGESTIONS ON SAVING AND INVESTING

You can use all or some of the following teaching suggestions for the unit on saving and investing, depending on the type of audience. These suggestions can also be adapted and/or expanded as the situation warrants.

1. Secure the materials available for use by participants (see "Resources" section of this unit and the bibliography).
2. Ask a participant, or group of participants, to investigate several banks and/or savings and loan associations in the area to determine the rate of interest of regular savings accounts and the frequency with which this interest is compounded. If there are any special provisions for end-of-month or beginning-of-month deposits or withdrawals, this should also be a part of the investigation. A report should be made to the entire group.
3. Invite a speaker from a bank, savings and loan association, credit union, and/or brokerage house to speak to the group on savings and investments. A good speaker might be a person from the investment department of a commercial bank, since he or she would be in the best position to view the entire area of savings and investments. As with any speaker, it is a good idea to familiarize the speaker, in advance, with the audience and the type of information it is seeking.
4. Instruct each participant to select a particular common stock and follow its price in the market for several days. Participants might enjoy comparing the movement of their stocks.
5. If possible, take participants on a field trip to a local brokerage house.
6. Ask each participant to put together a hypothetical portfolio of stocks and bonds. Each participant should not spend more than $50,000 on the market value of his or her portfolio. Justification should be given for each security in the portfolio. The justification should include such things as: safety of investment, return (yield), growth, relation to the individual's personal characteristics and circumstances, etc. It would be fun to observe the changes of the market value of the portfolio on a daily basis for the duration of the class. A resource person might be secured to aid in the completion of this activity.

VALUES-CLARIFICATION ACTIVITIES ON SAVING AND INVESTING

The following examples of values-clarification activities for the unit on saving and investing can be used by the teacher as presented or adapted to meet the learner's needs.

Activity #1

A saving and investment plan can be drawn up for any individual or family regardless of financial circumstances. Whether or not one is happy with a particular plan depends upon one's values and attitudes. Different things are important to different people. The following simple exercise will give participants a pretty good idea as to what is important to them in the way of savings and investments. Equally important, the exercise will give them some specific direction as to the saving and investment program they may plan for themselves.

Duplicating the list below, ask participants to place a check mark next to any item that reflects their particular attitude.

<u>Savings and Investment Attitude Scale</u>
<u>(Check Those Items That Apply To You)</u>

____ 1. I like to feel that my principal is safe and growing slowly.

____ 2. I enjoy the thrill of checking the stock market every day to see how my investments are doing.

____ 3. If I owned a share of stock that dropped 10% in market value in one day, I would be sick for a month.

____ 4. I like the idea of taking great risks with the possibility of reaping great returns.

____ 5. I want the money I have saved available to me at a moment's notice.

____ 6. I would choose stocks more for their ability to appreciate in value than for the dividends I might receive.

____ 7. The Bond-A-Month Plan is one of the best ways devised for saving for the future.

____ 8. U.S. Government Bonds represent a fraud in that the inflation caused by their sale is greater than the interest paid the bondholders.

____ 9. Perhaps the best form of investment for any investor, regardless of tax bracket, is a highly rated municipal bond.

____10. There can be no better investment than buying land in an undeveloped area.

A quick analysis of the responses will reveal that the odd-numbered items represent those attitudes and values of the conservative investor. The even-numbered items are typical of the person willing to take greater risks in the hopes of receiving greater gains. Some participants may mix their responses, in which case their values would call for a highly diversified portfolio. Be aware that there are no correct or incorrect answers, only personal opinions to be expressed.

Activity #2

Most people want the "good" things in life. People generally want a good education for their children, supplemental retirement funds, a trip abroad, etc. However, in order for most of us to have these things, we must save and make sound investments. This means making small sacrifices today in return for relatively large rewards tomorrow. The following exercise should serve as a good gauge for determining the willingness of people to give up certain small luxuries in return for greater enjoyment in later life. Directions: Following is a list of things that "money can buy." Using the space provided, number the items from one to ten in order of their importance to you. Assign the number "1" to the most important and the number "10" to the least important.

_____ Dinner out once or twice a week.
_____ Income to supplement my social security and pension at retirement.
_____ Color TV's for the children's rooms.
_____ A theater/dinner trip at least once a month.
_____ A college education for each of the children.
_____ A second house at the shore or mountains.
_____ A new car every other year.
_____ A six-week trip abroad.
_____ An emergency fund in the event of job loss and/or serious illness.
_____ Skiing every weekend during the winter months; or week-ending at the shore during the summer months.

From a glance at the list one can determine fairly easily whether or not a person is most interested in those things which bring immediate pleasure or those things which require years of hard saving. Participants who claim to be more interested in the long-term goals should be asked if they are making the daily sacrifices necessary to accomplish them. The person of average means who claims that he or she wants to own a house at the shore and yet insists upon spending money on $100-ski weekends needs to work on bringing his or her behavior in line with his or her values.

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QUESTIONS FOR DISCUSSION ON SAVING AND INVESTING

The following questions are designed to serve as guidelines and examples for the teacher. The content outline on saving and investing lends itself to establishing additional questions.

1. What are some of the objectives people have in mind when planning their savings and investments?
2. What does an individual's temperament have to do with the forms of savings and investments he or she will seek? What other personal issues need to be considered?
3. How does one determine the amount that is available for saving and investing?
4. What are some advantages of saving through the purchase of U.S. Series E Savings Bonds?
5. Why are commercial banks referred to as department stores of banking?
6. What advantages accrue to the person who saves at savings banks, commercial banks, or savings and loan associations?
7. What are the differences between fixed dollar investments and variable dollar investments?
8. What are the differences between a stock and a bond?
9. Why would one seek out mutual funds as a form of investment?
10. What is meant by an investor's portfolio? What are some of the considerations given to the management of the portfolio?
11. What should people look for in a broker?
12. In addition to stocks, bonds, and savings accounts, what are some other forms of investments one might consider?

VOCABULARY--SAVING AND INVESTING

Bearer, Coupon, or Negotiable Bonds: The name of the owner of the bond is not registered with the issuer. These bonds have coupons attached to them (usually one for every six months in the life of the bond; e.g., a ten-year bond would have 20 coupons attached). The coupons are payable to the bearer, and anyone holding a coupon may have the power to cash it. (Note: Power to cash does not necessarily mean right to cash. A thief has the power to transfer the coupons for cash; however, he or she has no right to do this.)

Bond: A certificate witnessing indebtedness of the issuing agency. Holders of corporate bonds are creditors of the corporation.

Broker: A person (or company) who, for a commission or fee, brings sellers and buyers together for the purpose of effecting a sale. Usually found in securities and real estate businesses.

Brokerage House: A company, the purpose of which is to buy and sell marketable securities for its clients.

Commercial Bank: A bank offering many different services. A commercial bank offers regular and special savings accounts, checking accounts, safe-deposit boxes, trust departments, investment departments, personal and business loans, traveller's checks, etc. For this reason, the commercial bank is frequently referred to as the department store of banking.

Compound Interest: The process whereby interest is paid on interest that has already been earned. If, in one year, $100 at 5% would amount to $105, in the second year interest would be paid on the $105 ($100 principal and $5 accumulated interest).

Credit Union: A financial institution for saving and lending money. One must be a member of the credit union group in order to use its facilities. Membership is drawn from some specific group; e.g., employees of a company, teachers in a particular district, etc.

Dollar Cost Averaging: A system of buying securities whereby a fixed amount is periodically invested in a specific security. When the price of the security is high, fewer shares are purchased; when the price of the security is low, more shares are purchased with a fixed number of dollars. For instance, if one puts $60 per month in a particular stock, he or she can buy six shares if the price is $10 per share, but only five shares if the price goes up to $12 per share.

Emergency Fund: Money set aside (usually in a savings account) to cover unexpected emergencies such as loss of job or serious illness not covered by insurance. An individual's emergency fund should represent between three months' and six months' take-home pay.

Exchange: A place where bankers go to buy or sell marketable securities for their customers. The New York Stock Exchange, where trading in stocks and bonds occurs, is the largest and most active exchange.

Federal Deposit Insurance Corporation (FDIC): The federal agency that insures the deposits in customers' accounts held in member banks. (All national banks and most state banks are members of FDIC.) Currently, each account is insured for $40,000.

Federal Savings and Loan Insurance Corporation (FSLIC): The federal agency that insures the deposits of customers' accounts held in federally chartered savings and loan associations. Currently each account is insured for $40,000.

Fixed-Dollar Investment: Investments (or savings) that give the investor a stated return on his or her investment over a period of time. Savings accounts, certificates of deposit, and U.S. Government Series E and H Bonds represent good examples. The value of these investments does not rise and fall with inflation. Such a condition decreases the "real" worth of these investments during periods of inflation.

Growth Investment: Any marketable security, whose value increases at a rate more rapidly than the rate of growth of the economy as a whole.

Investment Clubs: Social clubs formed for the primary purpose of learning about investing in the securities market. Members pay dues which are used to buy stocks and bonds. Before investing in a particular security, that security is investigated by a member or committee of the investment club.

Liquidity (of Funds): The ease with which savings and/or investments can be changed into ready cash.

Marketable Security: An investment that can be bought or sold through exchanges designed to trade in those particular securities in the over-the-counter market.

Mutual Fund: Generally speaking, an investment company. That is, a company, the purpose of which is to invest the funds of those investing in it. People invest in mutual funds to gain the advantage of expert management and diversification of their investments.

Over-the-Counter Market: A market consisting of dealers who buy and sell securities, dealing directly with investors or through brokerage firms. There is no central location or trading floor. The concentration is in securities which are not available on the organized exchanges.

Portfolio: All of the investments (usually in marketable securities) held by an investor.

Principal: The amount of savings or investments accumulated by the investors; the principal is the amount against which the return or rate of return is determined. The return is computed as interest paid on savings accounts, dividends and market value appreciation (or depreciation) on stocks, and interest and market value appreciation (or depreciation) on marketable bonds.

Prospectus: A document describing the characteristics of a stock issue, a bond issue, or mutual fund shares.

Rate of Return (Yield): The amount earned on the principal part of savings or investments expressed as a percentage of that principal part. A $100 savings account that earns $5.42 for the year represents a rate of return of 5.42%. A share of stock purchased for $100 earning a yearly dividend of $4 and sold at the end of one year for $102 has realized a rate of return of 6% ($4 + $2 = $6 earned on a $100 investment).

Registered Bond: The name of the owner of the bond is registered with the issuer of the bond. These bonds are not negotiable. Even if lost or stolen, only the registered owner is entitled to payment.

Return: The amount an investor/saver earns on the principal amount of his or her investment or savings. If $100 is placed in a savings account that accrues interest of $5.42 for the year, the return on the $100 is $5.42. A share of stock purchased for $100 earning a yearly dividend of $4 and sold at the end of one year for $102 has realized a return of $6 ($4 + $2).

Risk: The chance one takes of losing all or part of his or her invested principal. Generally, the greater the risk, the greater the chance for a large return on the investment.

Savings and Loan Association: A corporation organized to offer savings accounts and to make loans primarily for home mortgages.* Savings and loan associations are beginning to increase the number of services provided for their customers.

Secured Bond: A bond, supported by identifiable assets or income of the issuing agency. For instance, a corporation may offer stocks, bonds, and promissory notes that it holds as collateral for an issue of bonds.

Security Investor Protection Corporation (SIPC): A

*Also housing-related expenditures and investments.

nonprofit federal corporation patterned after the Federal Deposit Insurance Corporation (FDIC). Each customer having securities and cash on deposit in a brokerage firm is insured up to $50,000, although the cash in the account is insured only to a maximum of $40,000.

Series E Bond: A debt obligation of the U.S. Government. Series E Bonds are appreciation bonds in that the purchaser buys them for less than face value, with the bond maturing to face value in approximately five years. (The number of years changes as the interest rate being paid changes; that is, the interest rate is changed by having the bond mature at an earlier or later date.) At the time of publication, the minimum $25.00 bond would be purchased for $18.75.

Series H Bond: A debt obligation of the U.S. Government. Series H Bonds are current income bonds. That is, the purchaser pays face value for the bond and receives interest payments every six months. The minimum amount for which these bonds can be purchased is $500.

Stock: A certificate representing ownership in a corporation. The investor owning a share(s) of stock owns a proportionate share of the corporation issuing the stock.

Variable-Dollar Investment: Investments that give the investor different rates of return on his or her investment over a period of time. Common stocks, with their changing market value, represent a good example. The value of these investments usually rises and falls with inflation, thereby providing a "hedge" against inflation.

EVALUATION INDICATORS--SAVING AND INVESTING

Depending on the content covered, the following indications (called indicators) are some signs the educator might look for as a successful outcome of teaching the unit on saving and investing.

1. Through a written or an oral statement, participants will be able to explain the difference between U.S. Series E and U.S. Series H Bonds.
2. Through a written or an oral statement, participants will be able to distinguish among the commercial bank, savings bank, savings and loan associations, and credit unions.
3. Participants will be able to list three fixed dollar savings/investment media.
4. Participants will be able to list three variable dollar savings/investment media.
5. Through a written or an oral statement, participants will be able to show the difference between a corporate stock and a corporate bond.
6. Participants will be able to define mutual funds and identify the advantages of this form of investment.
7. Participants will be able to list three ways by which the small investor might invest his or her investment dollar.
8. Participants will be able to define the term "investment portfolio."
9. Participants will be able to identify three rules to follow when choosing an investment broker.
10. Participants will be able to identify three sources which might be consulted for investment information.

Given a hypothetical savings and investment program, participants will be able to analyze the program and determine how well it meets the following objectives:

a. safety of principal.
b. guaranteed return.
c. steady income.
d. greatest possible income relative to risk.
e. liquidity.
f. growth of investment.
g. tax advantages.
h. hedge against inflation.

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Pamphlets

A. Journey Through A Stock Exchange. American Stock Exchange, 86 Trinity Place, New York, New York 10006.

B. You and the Investment World. New York Stock Exchange, 11 Wall Street, New York, New York 10005.

C. Your Savings and Investment Dollars. Money Management Institute, Chicago, Illinois: Household Finance Corporation, latest edition.

D. Contact the Cooperative Extension Service in your state for a list of publications available.

Other Printed Media

A. From Changing Times Education Service, 1729 H Street, N.W., Washington, D.C. 20006.

1. Saving and Investing (Multimedia Kit)
2. Banking, Saving and Investing (Mini Unit)

B. Savings and Investments. Consumer Education Programmed Learning Instruction Booklets Delta Pi Epsilon National Office, Gustavus Adolphus College, St. Peter, Minnesota 56082.

Filmstrips

A. Banking Series. Interpretive Education, 400 Bryant Street, Kalamazoo, Michigan 49001.

B. Saving to Reach Your Goals. Society for Visual Education, Inc., 1345 Diversey Parkway, Chicago, Illinois 60614.

Films

A. How to Invest and Why. Sterling Movies, Inc., 43 West 61st Street, New York, New York 10023.

B. Investor in the Marketplace. Business Education Films, 5113 16th Avenue, Brooklyn, New York 11204.

Estate Planning and Retirement

OVERVIEW

When people die intestate, that is, without leaving a will, the state laws determine how the estate of the deceased is to be divided. The laws of the state may not provide for a distribution of property in a manner consistent with the wishes of the deceased; however, without a will, there is no choice. The will, an important part of estate planning, assures that the property of a deceased person is distributed by choice, not chance.

The making of a will is not the only element of estate planning. The creation of trusts, giving of gifts, and taking full advantage to save on estate and inheritance taxes are also important when people are making plans to see that their property is preserved and passed on to beneficiaries.

If you are to enjoy your retirement, you must be familiar with both the problems and pleasures of retirement. Adjustment to retirement is not an easy matter, but this unit should point you in the right direction.

GENERAL OBJECTIVES FOR THE LEARNER ON ESTATE PLANNING AND RETIREMENT

Upon completion of this unit, participants will:

1. be able to define the term "estate."
2. understand the importance of estate planning as an integral part of an individual's personal financial management.
3. know the meaning of the term "will," and understand the part played by the will in a person's estate planning.
4. know the different types of trusts that may be established.
5. understand how estate taxes can be reduced through the process of estate planning.
6. know what people to consult when planning an estate.
7. understand the problems and pleasures of retirement.

CONTENT OUTLINE ON ESTATE PLANNING AND RETIREMENT

The following suggestions can be used as a guideline for teaching a lesson or course on estate planning and retirement that will meet the specific needs of the learners.

I. What is an Estate:
   A. All property, both real and personal, owned by an individual.
   B. Upon death, the estate is reduced by any outstanding obligations of the deceased.

II. Why Is Estate Planning Important:
   A. Every individual, regardless of financial means, has an estate.
   B. Estate planning allows one to provide for one's survivors in the way one chooses.
   C. Estate planning allows one to provide for one's survivors without burdening them with debts and taxes.
   D. Estate planning allows for maximum utilization of the assets of one's estate upon one's retirement.

III. Necessary Elements of Estate Planning:
   A. The will:
      1. A means by which one can direct the orderly disposal of one's property upon death.
      2. Why have a will:
         a. If a person dies intestate (without having a will), his or her property is distributed according to the laws of the state; the state appoints an administrator to handle the disposition of the estate.
         b. Wills help to avoid squabbling among survivors--the property is distributed according to the design of the deceased.
         c. Wills allow the individual to choose the person he or she wants to administer the estate (known as the executor).
         d. Wills can be used to nominate guardians for any children.
         e. Wills made by a husband and wife provide a means for the avoidance of many problems in the event of the deaths of both partners

occurring in a common disaster (by having a common disaster clause in the will).

3. Requirements of a valid will:
   a. Must be in writing.
   b. Must be signed by the testator (person making the will).
   c. Must be witnessed (most estates require two or three witnesses); whether legal or not under your state law, it is not a good idea for a beneficiary to serve as witness.
   d. Witnesses must sign will in one another's presence.
   e. Testator must declare in front of witnesses that it is his or her will.
4. Wills should be reviewed periodically.
5. Keep will in a safe place, and perhaps have your lawyer keep a copy.
6. Probate is the process of proving the validity of a will in court.

B. Letter of last instruction:
   1. Not a part of the will.
   2. Opened at death and containing:
      a. Location of will.
      b. Funeral instructions.
      c. Location of all important papers.
      d. Location of safe-deposit box.
      e. List of bank accounts and securities.
      f. Statement explaining reasons for disinheritance, if applicable.
      g. Might attach a personal balance sheet to the letter of last instruction.

C. Trusts:
   1. Property is transferred by one party (trustor) to a second party (trustee) for the benefit of a third party (beneficiary).
   2. Irrevocable trusts cannot be changed or cancelled.
   3. Revocable trusts can be changed or cancelled.
   4. Life insurance trusts name a trustee to handle the proceeds of a life insurance policy for the beneficiary.
   5. Living trust (<u>inter vivos trust</u>):
      a. Can be controlled by trustor during his or her lifetime.
      b. Unless made irrevocable, it is

subject to estate taxes.

6. Testamentary trust:
   a. Created through the will of the trustor.
   b. Makes certain that property is managed expertly after death of trustor.
7. Benefits of a trust:
   a. Income taxes can be reduced by creating a trust for a child in a lower tax bracket.
   b. Death taxes can be reduced by taking the property out of the estate.
   c. Protection and utilization of property for the benefit of an incompetent money manager.

D. Gifts:
   1. Can give up to $3,000 per year per recipient to as many people as you like without any gift tax having to be paid; married couple can give up to $6,000 per year.
   2. Marital deduction allows for gifts in excess of $100,000 being made to a spouse without a tax being levied.
   3. Under Tax Reform Act of 1976, a single, combined tax schedule for gifts and estates has been established.
   4. If taxes are to be paid, they are paid by the giver.

E. Life insurance:
   1. Creates an immediate estate.
   2. Proceeds of insurance policy not subject to estate tax if insured divests himself or herself of all incidents of ownership in the policy.

F. In the planning of an estate, particular attention should be given to:
   1. Social security benefits (of both spouses).
   2. Benefits from private pensions (noting rights of transfer).
   3. Types of savings and investments held.
   4. Market value of investments.
   5. Market value of precious holdings; e.g., jewels, antiques, paintings, etc.
   6. Property held by joint ownership.

IV. People to Consult When Planning an Estate:
   A. Lawyer.
   B. Accountant.

C. Insurance agent.
D. Bank trust officer.
E. Financial planner.

V. Retirement:
  A. Retirement brings radical changes:
    1. Total income is usually down.
    2. Expenses are down.
    3. Two special problem areas of expense:
      a. Illness.
      b. Travel.
  B. Planning for retirement:
    1. What are your values, goals, plans.
    2. What are your resources:
      a. What will each provide in cash or income.
      b. How will you use them:
        (1) Purchase of fixed or variable annuities.
        (2) What to do with the house.
        (3) What to do with insurance policies.
  C. Social Security:
    1. Provides a modest pension upon retirement.
    2. Includes health insurance through Medicare if person eligible makes application and pays the premium.
    3. Provides for disability insurance prior to retirement.
    4. Provides for survivors in the event of death.
  D. Employee Retirement Income Security Act (ERISA):
    1. Known as the Pension Reform Law.
    2. For the protection of both worker and beneficiaries by regulating pension plans and assuring their proper management.
    3. Established the Pension Benefit Guaranty Corporation which provides protection to vested benefits up to a maximum of $750 per month.
    4. Allows for the establishment of Individual Retirement Accounts (IRA's) for those who do not participate in a pension plan:
      a. May deduct 15% of earnings per year up to $1,500, or $1,750 with a spouse account; husband and wife may both take the $1,500 deduction.
      b. Money in IRA is not subject to tax

until withdrawn (at any time after age 59-1/2 years; must begin withdrawing by age 70-1/2).

c. Substantial penalty if money is withdrawn prior to 59-1/2 (except in the case of death or disability).

E. Self-Employed Individuals Tax Retirement (Keogh Act):

1. May deduct 15% of earnings from self-employment up to $7,500 per year.
2. Money deducted must be placed in a pension account and is not subject to tax until one begins withdrawing (between ages 59-1/2 and 70-1/2).
3. Percentage contributed to plan of owner-employer must be matched by contributions to plan of any employee with three or more years of service.

VI. Agencies Aiding the Consumer:

A. Social Security Administration, 6401 Security Boulevard, Baltimore, Maryland 21235.

B. Bar Association of your state.

C. Administration on Aging, Department of Health, Education and Welfare, Washington, D.C. 20201.

D. Trade and professional associations:

1. American Association of Insurance Services, 221 North LaSalle Street, Chicago, Illinois 60601.
2. American Association of Retired Persons, 215 Long Beach Boulevard, Long Beach, California 90801.
3. American Bankers Association, 1120 Connecticut Avenue, N.W., Washington, D.C. 20036.
4. American Bar Association, 1155 E. 60th Street, Chicago, Illinois 60637.
5. American Institute of Banking, 1120 Connecticut Avenue, N.W., Washington, D.C. 20036.
6. National Association of Accountants, 919 Third Avenue, New York, New York 10022.

SPECIFIC TEACHING SUGGESTIONS ON ESTATE PLANNING AND RETIREMENT

The teacher can use all or some of the following teaching suggestions for the unit on estate planning and retirement, depending on the type of audience. These suggestions can also be adapted and/or expanded as the situation warrants.

1. Invite an attorney to speak to the group about the making of a valid will. Invite a trust officer from a local bank to speak to the group on trusts and estate planning. In each case be sure the speaker is made familiar with the audience, and is also given a list of questions that participants would like answered.
2. Secure a standard form that may be used for writing a will. Have enough copies of this form for all participants. Using the form, ask each participant to prepare a will based upon the current status of his or her estate.
   NOTE: Be certain to warn participants that due to the legal technicalities of wills, one should not be drawn up without the aid of a lawyer. The form is only being used to give the learners an idea as to the size of the estate they own.
3. Instruct a participant, or group of participants, to investigate the laws of intestacy in your state. A report on the findings should be made to the group. Advice may be sought from the state or local bar association or from a friend having expert knowledge of the law.
4. Develop a hypothetical case around the estate of a deceased person. Give participants all of the information they would need to determine the federal estate tax to be paid. The information in question would include: assets and liabilities of the estate, gifts made previously, marital status of the deceased, tax-rate schedules, and credits given. (The necessary forms for this exercise can be obtained from any office of the Internal Revenue Service.)
5. Have a representative from the trust department of a local bank speak to the group on planning for retirement.

VALUES-CLARIFICATION ACTIVITIES ON ESTATE PLANNING AND RETIREMENT

The following examples of values-clarification activities for the unit on estate planning and retirement can be used by the teacher as presented or adapted to meet the learner's needs.

Activity #1

Many people are not aware of the importance of making a will. They do not realize that if a person does not provide for the disposition of his or her property through a will, then the state will provide for the disposition of the property according to the laws of intestacy. This distribution made by the state may be very different from the way the deceased would have wanted his or her property distributed.

You can alert participants to the above and also help them clarify the importance of various people in their lives, through the following exercise. Ask participants to make a list of all of their property, both real and personal. Next to each item listed, ask participants to identify the person they would like to bequest that item to in the event of their death.

The list, of course, need not be shared with the group unless the participant wishes to reveal it. It would be interesting if some of the participants would be willing to reveal the reasons for their decisions. The presenter should make perfectly clear to the participants that such a distribution of one's property would not be possible without a valid will.

Activity #2

A person's values are not always revealed in his or her actual behavior. For instance, a person may profess to realize the importance of estate planning and yet do nothing to bring it to fruition. The following activity will do much to make a person aware of his or her true feelings with regard to estate planning. Hopefully, such enlightenment will change behavior patterns not in keeping with sound estate planning practices.

How Serious Are You About Estate Planning?

Check the appropriate column	Yes	No
1. Do you have a will?	____	____
2. Are you familiar with the laws of intestacy in the state?	____	____
3. Do you know the legal relationship that exists between parties holding property jointly?	____	____
4. Have you chosen a guardian for your children in the event that you and your wife/husband die in a common disaster? (Ignore, if not applicable)	____	____
5. Are you familiar with the laws governing federal estate and gift taxes?	____	____
6. Do you know the Social Security benefits to which you are entitled?	____	____
7. Do you have adequate insurance to provide for those you leave behind? (A single person with no dependents should have fixed expenses covered.)	____	____
8. Have you prepared a letter of last instruction?	____	____
9. Do you, or someone else, have a list of your investments and valuables?	____	____
10. Have you ever talked to a professional--lawyer, accountant, insurance agent, banker--about your estate?	____	____

If you claim to believe in estate planning and yet have answered "No" to any of these questions, it shows a weakness in your resolve. Only you can bring your professed beliefs into line with your actions.

QUESTIONS FOR DISCUSSION ON ESTATE PLANNING AND RETIREMENT

The following questions are designed to serve as guidelines and examples for the teacher. The content outline on estate planning and retirement lends itself to establishing additional questions.

1. What are the benefits that might accrue from careful estate planning?

2. What are some of the reasons given by people for refusing to make a will?

3. Identify several advantages of making a will.

4. Identify the requirements of a valid will.

5. Why is it important for a person to leave a letter of last instruction for his or her survivors?

6. What are the benefits of establishing a trust?

7. What is meant by the expression that life insurance creates an "instant estate?"

8. Identify the professionals that one might consult during the process of estate planning and/or retirement.

VOCABULARY--ESTATE PLANNING AND RETIREMENT

Administrator/Administratrix: The person, man or woman, appointed by the court to settle the estate of a person who has died without leaving a valid will.

Beneficiary: One who benefits from a particular occurrence. With regard to this unit, a beneficiary is anyone who would share in the proceeds of a deceased's estate, or who would benefit from a trust agreement.

Common Disaster: A disaster resulting in the deaths of both husband and wife.

Estate: All of a person's property, both real and personal.

Estate Planning: The plan that one makes for the utilization of his or her assets during retirement and for the disposal of said assets upon death.

Estate Taxes: Taxes levied by the federal government on the net value of the estate left by a deceased person. A certain amount of the estate is exempt from these taxes.

Executor/Executrix: The person named in a will, man or woman, to administer the estate upon the death of the testator.

Financial Inventory: A listing of assets minus liabilities giving one's net worth.

Individual Retirement Account (IRA): A system provided by the federal government whereby a person who is not a participant in a pension plan may set aside 15% of his or her salary up to $1,500 per year in a tax-deferred account. One may not begin drawing on the account until age 59-1/2. One must begin drawing by age 70-1/2. Substantial penalties are imposed for early withdrawal.

Inheritance Taxes: Taxes levied by a state government on the net value of the estate left by a deceased person. The amount of tax and exemptions varies among the different states.

Intestate: To die without leaving a valid will.

Keogh Plan: A plan similar to the Individual Retirement Account for self-employed persons. Under the Keogh Plan 15% per year may be set aside for retirement up to $7,500. These funds are not subject to tax until withdrawn between the ages of 59-1/2 and 70-1/2. As with the IRA, there is a substantial penalty for early withdrawal.

Letter of Last Instruction: A statement of instructions left by a deceased person. Such a letter may contain such things as: burial instructions, locations of important papers, locations of safe-deposit boxes, list of bank accounts and other holdings, etc.

Living Trust: A trust made operative during the life of the trustor.

Probate: The process of proving the validity of a will in the proper court.

Tax Reform Act of 1976: A federal law combining the taxes levied on gifts and estates into a single tax schedule.

Testamentary Trust: A trust created in the will of a deceased person.

Testator/Testatrix: A man or woman who leaves a valid will.

Trust: A legal arrangement whereby property of one party (trustor) is transferred to a second party (trustee) for the benefit of a third party (beneficiary).

Will: The written document by which a person makes disposition of his or her estate, to take effect after his or her death.

Witness: A person who attests to the authenticity of a particular happening.

EVALUATION INDICATORS--ESTATE PLANNING AND RETIREMENT

Depending on the content covered, the following indications (called indicators) are some signs that the educator might look for as a successful outcome of teaching the unit on estate planning and retirement.

1. Participants will be able to define the following terms:
   - estate
   - will
   - trust
   - testator/testatrix
   - trustor
   - trustee
   - beneficiary
   - death taxes
2. Participants will be able to list at least three reasons why estate planning is important.
3. Given a list of statements relative to a will, participants will be able to select those statements that represent advantages to making a will.
4. Participants will be able to list the requirements of a valid will.
5. Participants will be able to explain the difference between the revocable and irrevocable trust and the living and testamentary trust.
6. Given a list of statements relative to a trust, participants will be able to select those statements that represent advantages to the creation of a trust.
7. Participants will be able to identify laws designed to both establish and protect pension rights.
8. Participants will be able to identify those professionals one should contact when in the process of estate planning and/or retirement.

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Chapter 2:

GENERAL STRATEGIES AND MATERIALS

GENERAL METHODOLOGY

Regardless of the environment in which one is teaching, there are still only two basic approaches to be used. These approaches may be referred to as the traditional (formal) approach and the informal approach. Simply speaking, the traditional approach is teacher-centered while the informal approach is centered around the learner. Teacher-centered instruction may also be identified as directive or classical instruction, while learner-centered instruction may be further identified as non-directive or progressive. For our purposes, we will use the expression traditional when referring to teacher-centered techniques, and informal when referring to learner-centered techniques. It should be kept in mind that, generally speaking, neither approach is superior to the other. However, in most situations teachers profess to have more success with the informal approach to instruction.

Traditional Approaches to Teaching

Straight Lecture. Perhaps the most popular of the traditional approaches to teaching is the straight lecture method. By this method the teacher speaks either from notes or from memory, but virtually all of the speaking is done by the teacher. The greatest advantage to this approach is that it is efficient; that is, the teacher has absolute control over seeing to it that the subject matter he or she wishes to cover is covered. Its greatest disadvantage, of course, is that it does not allow for any learner involvement. Many groups find this method uninteresting, and are frequently "turned off" by it. However, if used with skill, it can be very effective; especially if the teacher illustrates the lecture with dynamic teaching aids (e.g., slides, transparencies, etc.) and is able to weave relevant stories or anecdotes into the lecture material. The lecture method may be more effective with adult groups, many of whom are reluctant to participate in class activities.

Recitation. The recitation is also a popular traditional teaching technique. By this method, participants are given a reading assignment and then asked during class to recite the material from the assignment. The chief problem here is that creativity can easily be stifled. This is the case when learners are asked to memorize and recite, and are not asked to interpret. Again, as with the straight lecture method, the recitation method is a very efficient way of "getting through" the content to be covered.

Question and Answer. The question-and-answer technique can be placed under traditional or informal methods of teaching. It really depends upon the specific manner in which the teacher handles the approach. If the teacher is seeking (and accepting) only one answer to the questions posed, then this technique would have to be identified as traditional. However, if the teacher uses the questions as a springboard for further discussion of the topic at hand, then he or she is teaching in an informal manner. By maintaining control over the questions and answers, the educator can be fairly certain that the desired amount of content will be covered. The more freedom (informality) the teacher allows with regard to the answers to the questions, the more likely will the group stray from the topic at hand. A teacher using the question-and-answer technique must become adept at asking questions. Questions asked at random may make no sense. The sequence of questions should follow a logical pattern.

To summarize the traditional approaches to teaching, one would say that they are all efficient in that they allow the teacher to control the amount and type of subject matter to be covered, but that they are weak in that they do not encourage involvement of the participants--at least involvement to the extent of fostering thinking on the part of the learner. However, if done skillfully and in combination with other activities, they can be very reliable methods to employ.

Informal Approaches to Teaching

Discussion. The discussion is perhaps the simplest of the informal teaching methods. This particular technique is best used when the discussion is directed fairly closely by the teacher; that is, participants are not given the opportunity to ramble at will. The teacher can best direct the discussion through his or her use of a proper questioning technique. In fact, the discussion should be initiated by a question posed by the teacher. Keep in mind, however, that the informality of the discussion rests on the teacher's willingness to accept all contributions offered by the students. The discussion leader (usually the teacher) should make every effort to make certain that the discussion is not dominated by a few students. The effectiveness of this approach is best revealed when all in the group are encouraged to participate. An accepting teacher will get this type of response. The learner whose contributions are continually rejected will soon learn to keep his or her opinions to himself or herself, creating an unhealthy environment in which to hold a discussion. Remember, the key to a good discussion is acceptance and respect on the part of the teacher for the contributions of all of those in the group.

Small Groups. Within any group of more than 10 or 12 people, one is invariably going to find one or two who are too shy to participate. Even the most accepting teacher finds it virtually impossible to draw some people out. A good technique for encouraging involvement of all of those in a class is to use the small-group approach for presenting a particular lesson. A shy person is much more likely to participate in a group of (no more than) three or four than when exposed to an entire class. Each group should be given a question or questions for discussion. The members of the group should select a recorder-reporter whose job it will be to keep notes and report the conclusions of the group to the entire class. (Recording and reporting do not have to be done by the same person.) A class discussion might well evolve from the conclusions arrived at by the small group. There is a certain amount of control lost by the teacher when the small-group method is employed. It is sometimes difficult for the teacher to know the contribution being made by each member of the group. For this reason, he or she should circulate among the groups to see that no one is being excluded from the discussion.

The following is an excellent technique to use when employing the small-group discussion method: write down all discussion highlights on a newsprint pad sheet, or other large sheet of paper. At the end of the small-group sessions, ask the reporters to report on the results of the discussion while the newsprint pad sheets are taped against the wall. All of the sheets of paper should remain on the wall for all to see and comment on.

Problem Solving: In the final analysis, the bottom line of the teaching-learning process is to develop in the learner the ability for solving problems. Facts are fine, but they are meaningless unless they can be effectively used in problem-solving situations. Any educator would do well to incorporate into his or her teaching the opportunity for problem-solving experiences. Although the process of problem solving may be complex, the individual steps involved are relatively simple. They include:

1) Stating the problem.
2) Gathering the facts.
3) Analyzing the facts.
4) Evaluating alternatives.
5) Developing hypotheses.
6) Selecting a hypothesis for the solution.
7) Living with your selection.

To develop an adequate illustration of the problem-solving technique would require more space than this manual can afford. However, without too much difficulty, a teacher can present a consumer problem to a group of learners and have the group work through the steps presented to arrive at an appropriate solution to the problem.

Simulation and Role-Playing. The technique of problem solving can be practiced in ways less structured than indicated by the steps above and in ways that may be more fun. We are addressing here the techniques of simulation and role-playing. Both techniques are similar; however, simulation is somewhat more structured than role-playing. Simulated activities, appropriate for consumer education, would include such things as: preparing a budget, determining the costs of buying or renting, "paper" investments in the stock market, preparing a will, etc. One should note how structured these activities are.

Role-playing (or as is sometimes called, the socio-drama) is much less structured. A typical role-playing situation for the topic of life insurance might put one participant in the role of an insurance salesperson and another in the role of a prospective purchaser. The salesperson would go through the procedure required to sell life insurance to a person who is unsure whether or not such insurance is necessary. Another role-playing situation might have a banker planning the estate of another party. After the role-playing episode has been completed, the group should be asked to respond to the procedures used by those playing the roles. Again, one might note how unstructured the role-playing situation is. The learners playing the roles are simply presented a situation and they "take it from there.

Brainstorming. Brainstorming is an exciting problem-solving technique that can prove to be both worthwhile and enjoyable. Through brainstorming, a problem is presented and all are encouraged to call out any solution that may come to their minds. No solution is rejected, but all ideas are recorded--usually on the board. "Hitchhiking," modifying the idea of another, is encouraged. Solutions are not evaluated until all have been recorded. After all solutions have been exhausted, each is evaluated and either accepted or rejected. The process of analyzing and evaluating is continued until a single solution remains. Speed is an important factor in brainstorming. Remember, responses are recorded as soon as they are given, with no value judgments offered until the evaluation phase of the process begins.

Utilizing Hypothetical Cases--Case Studies Technique. Here the teacher prepares a case study which is relevant and of interest to the audience, lets the participants present possible solutions to the case study (or presents it himself/herself), and goes over the suggested solutions with the entire group.

Even "difficult" groups (those which do not open up easily) feel comfortable with this method; it is not a threat to them as they do not have to reveal personal data.

Projects. Assigning your participants projects to complete is another very good informal teaching technique. There is literally no end to the types of projects one might assign. Bulletin boards, oral reports, papers prepared outside of class--all represent excellent exercises for participant involvement. Asking participants to interview professionals in the community gives them an excellent opportunity to see the relationship between what is learned in class and what is practiced in the outside world. Two techniques designed specifically for tying the classroom to the community outside are the field trip and the outside speaker. These techniques are discussed in detail in the chapter on "Utilizing Community Resources."

The teacher needs to be sensitive to his or learners when assigning projects (e.g., regarding age, knowledge of community; ease of moving about community, both physically and psychologically).

Home-Study Course. The home-study or correspondence course technique offers several advantages to learners and teachers alike. It is a method which brings the lesson(s) into the learners' homes. Many learners who might be too busy or are not willing or able to attend regular classes in community rooms, schools or colleges, are gladly accepting the opportunity to learn and study by taking a home-study course. They can proceed at their own speed as their schedule permits. The teacher retains contact with the students, as they are given assignments to complete. The teacher corrects, comments on, and returns the assignments to the students. This method offers a good procedure for evaluation, as quizzes can be administered after each unit of the course to measure knowledge gained by the participants. In addition to these quizzes, a questionnaire can be sent out several weeks after the conclusion of the course to find out if the participants had taken any action, planned to take any action, had shared the information with others (if so in which way and with whom) or had gained any other benefit from taking the course. Evaluation of social benefits gained and true knowledge gained are becoming increasingly important in today's educational community.*

Learning Centers. Innovativeness and flexibility are two very important components of the informal teaching method. One such innovative method which can offer great flexibility is teaching through learning centers such as mobile units or vans. This mobile unit can either be moved around frequently from location to location or be stationed for a long period of time near a school, library, shopping center, or wherever a large

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*The federally funded project "Helping Families Adjust to Economic Change" utilized the home-study course method successfully during its existence. The above was written based on this experience.

number of people congregate or pass by. ** Learning centers can also be established in rented facilities which are close to where people shop or work, etc. The advantage of a learning center for the learner is that he/she can proceed at his/her own speed--by listening to records, reading educational materials available, asking questions, and even participating in a short mini class if such a class is being offered.

The common strain running through any and all of the informal teaching techniques is the involvement of the learner. Informal teaching is a process of making learning active. The thinking of the proponents of informal teaching techniques is that learning is more meaningful when the learner is made to play an active, rather than a passive, role.

** A mobile unit titled the "$ Mobile" was utilized for some time in the federal project "Helping Families Adjust to Economic Change." The staff involved found it easiest and most successful when the unit was placed at a preinterviewed location where a class was being held. After that session the learners were invited into the van for a short lesson. Otherwise many consumers seemed reluctant to enter the $ Mobile freely for a learning series. The authors still recommend the mobile unit as one of the learning techniques but extensive research needs to be done before investing in such a unit. The following needs to be explored: who will be the potential audience, and how will the consumer be reached and informed about the van; design and attractiveness of van; interior--is it well lit, stable, spacious enough for people to sit and read and/or listen to topics, etc.; noisiness of van; promotion of program offered; hours of operation--including evenings and weekends; feasibility of staffing van, etc.

MATERIALS

Materials available for use in the teaching-learning process are virtually limitless. There are all shapes and sizes of audio-visual equipment, from the relatively modest hand-held slide viewer to the highly sophisticated video tape recorder. For our purposes here, the authors thought it best to identify only the relatively simple and inexpensive materials that might be used; that is, materials that can be secured well within the budget limitations of most funded projects. If well done and current, films, filmstrips, slide-tape presentations, commercially prepared transparencies and the like are all really excellent group stimulators. However, their costs can be high. Even a rented film has to be projected on a screen creating costs that may be difficult to bear. You need also to think in terms of the weight of the equipment, especially if used away from office or school. Some of the materials identified herein can be obtained free of charge; others can be inexpensively prepared by amateurs. In any event, these materials will do much to enliven any presentation.

Telephone Directory. Such a commonplace item as the telephone directory can be put to good use in the teaching of principles of consumer education and/or personal finance. Try to secure enough copies to be used by the group. The telephone company would probably have no objection to giving you the necessary copies. If copies are not available from this source, old books can be obtained from friends when new books are issued.

The classified section (yellow pages) of the telephone book is an excellent source for identifying the availability of the following agencies in your community:

- banks and lending institutions.
- credit bureaus.
- government agencies (all levels).
- insurance agencies.
- realtors.
- stock brokerage houses.

By identifying such agencies, the teacher is also identifying possible sources of guest speakers and places for field trips.

One might use the advertisements in the classified section for exercises in comparison shopping. These advertisements might also be used in an exercise to analyze their effectiveness as an aid in comparison shopping.

· Newspaper. As with the telephone directory, utilization of the newspaper will be improved if a sufficient number of papers can be obtained for the entire group. Many local newspaper publishers would be anxious to supply a group of learners with "day-old" papers. It makes for a mutually beneficial arrangement that is not difficult to effect.

The educational uses that can be made of the newspaper are myriad. For the sake of brevity, a few sections of the newspaper will be identified with suggestions offered for their use.

· News:	Economic issues and how the individual is affected by the economy.
	The need for insurance illustrated by tragedies reported in the papers.
· Advertising:	Exercises in comparison shopping.
	Analysis of ads.
	Availability of outlets for consumer goods and services.
· Classified:	Determining the cost of housing.
	Job opportunities and salaries for use in developing hypothetical budgets.
· Financial:	Stock and bond prices.
	How to read the financial pages.
	How the consumer is affected

	by activities of individual companies.
. Home and Family Living:	Upkeep and maintenance of a home.
	Information for exercises in budgeting.
. Editorials:	How local, state, and national issues affect the consumer.
	Selected "Letters to the Editor" highlighting consumer problems.

The examples given above are merely illustrative. Imaginative teachers could teach effectively if the newspapers were their only source of material.

It should be noted that magazines can be used in much the same way newspapers are used. However, it would be more difficult to secure bulk quantities of a magazine.

Pamphlets. The problem with pamphlets is not in getting them, or even getting them in sufficient quantities. The problem with pamphlets is that there are so many available. The educator who uses pamphlets as a teaching-learning device must be very careful to consider the validity of the material presented by the pamphlet. It should be remembered that private concerns, which willingly provide pamphlets for educational use, have an interest in the reaction of the person using the pamphlet to the content of the material.

Not only is it important that the material be unbiased, but it must also meet the needs and interests of the group using it. The material should be written at a level that can be understood by the user. Finally, the information should be current. There is nothing more frustrating than a presenter having to spend his or her time correcting the content of a resource being used.

A number of different approaches can be employed in the use of pamphlets. They can be used on an individual basis, simply displaying them and having individuals select them at will. Participants interested in a particular aspect of personal finance should be encouraged to browse among the pamphlets covering the area. Pamphlets can be used by small groups for researching a topic to be presented to the entire group. And, of course, pamphlets secured in sufficient quantities would serve well as a point of departure for class discussion.

One point bears repeating. Pamphlets, and similar materials, must be scrutinized for objectivity, regardless of the source. If the teacher is going to use materials having a particular bias, the bias should be recognized and an objective appraisal should be given to the group.

Slides (or filmstrips) and Discussion. Although some slide sets can be expensive, and although not too many are available for the adult audience, they can be a very valuable method to use to supplement a talk, to introduce a new topic, or to summarize a difficult topic. The teacher can use the slides (or filmstrips) to aid in his or her presentation as he or she goes along. A synchronized talk (slide and tape together) at the beginning of the session can be used to warm the audience up to the subject or be used as the basis for further discussion.

Display. Material in this section on "Display" was obtained from the Center for Media and Technology at Trenton State College in Trenton, New Jersey. (See the "General Bibliography" section.)

General Principles of Display. Who can deny that a picture is worth a thousand words (and, in many cases, several thousand). A compilation of studies on the short-term (3-hour) and long-term (3-day) retention rate of learners exposed to several different approaches to presenting material reveals the following:

Manner of Presentation	Short-term Retention	Long-term Retention
Straight verbal	70%	10%
Visual, no verbal	72%	20%
Visual and verbal	85%	65%

The learners were tested without reference to any notes they may have had. Although 65% is not sensational for long-term retention, the visual and verbal method is far superior to either of the other two.

Creating good displays may be simply stated under three main phases.

The Headline

- Contains the essence of the message to be conveyed.
- Should grow out of teacher's purposes.
- Develops understandings, attitudes, etc.
- Should be dynamic.
- Without a valid headline an array of pictures becomes at best a visual picture file.

Illustrating The Headline

- Both abstract and concrete illustrations may be used.
- These must make the meaning of the headline clear.
- Illustrations should be chosen to elicit student curiosity and maintain interest until the message has been understood.
- May include problem-solving activities, moving parts, objects, dials, pictures, and diagrams.

Arranging The Illustrative Materials

- Should be a good balance of an informal, contrasting kind.
- Should include unity, good judgment, and good taste.
- Wise selection and deliberate use of color will make headlines and illustrative materials more visible; will emphasize and attract attention; and will add a dimension of reality to diagrams, drawings, and other materials.
- An excessive number of colors in one display may be ineffective when serving to distinguish processes and/or categories of objects.

Using Transparencies and the Overhead Projector. The transparency may be the most effective, yet least expensive, visual device ever created. Use of the transparency on the overhead projector allows the teacher to display visuals while he or she is facing the class. Prepared visuals can be written upon while the lesson is in progress. The writing can be easily removed with a damp cloth, so that the same visual can be used in developing another lesson. Another important advantage of transparencies is that they can be used with the lights in the room on, thus facilitating notetaking. There are portable overhead projectors for those who teach "out in the field." The major expenses for making your own thermal transparencies are the overhead projector and the thermal copier. But once these are purchased, they can be used for many years. Making transparencies is a relatively simple task. Directions for the preparation of transparencies are included in any package of transparencies purchased.

Materials and Equipment Needed

1. Master copy - Drawn on plain white paper with india ink, #2 lead pencil, or typed. May also be a photocopy from a book, mimeographed material, newspaper, or other material printed with black ink. (Not ball point pen or colored inks.)

2. Transparency film. A medium-weight film good for most purposes would be Type #135.

3. Thermal copier.

4. Frame - May be a commercially made frame or one made out of cardboard. You can also use transparencies without a frame, but you should use a heavy-duty transparency film and store them with soft paper between the film.

Thermal Spirit Master. Any teacher will find many occasions in which it will be helpful to have copies of certain materials available to all in his or her group. The thermal spirit master makes the preparation of multiple copies a relatively simple matter. Normally, 50 to 60 easily readable copies can be made from a single master. (Note: One should consult the copyright laws to be certain that these laws are not violated. For the most part, the laws have to do with the amount of material being duplicated and the use to be made of that material.) Directions for the preparation of thermal spirit masters come with every package of masters.

Materials and Equipment Needed

1. Master copy - Must have carbon base: #2 pencil, india ink, photocopy, typed copy. SPIRIT MASTER CANNOT be made

from copy made with ball point pen, Flair pen, or ink (other than india ink). Poor master copies give poor results. Small print has a tendency to block up.

2. Spirit master.

3. Carrier.

4. Thermal copier.

Wet Mounting. It may happen that you want to display a picture, but do not have an overhead projector available. The picture can be cut out from its source and held up for all to view. It can then be filed for future reference. The only problem with this arrangement is that pictures so kept will not last very long; they become torn, tattered, and frayed in short order. Pictures that you want to display, and that are worth saving, can be made more durable through the wet mounting process. This is a process of affixing a picture permanently to a piece of cardboard.

Materials and Equipment Needed

1. Picture or material to be mounted.

2. Scissors or paper cutter.

3. Mounting board or other cardboard.

4. Rubber cement.

5. Wax paper.

6. Pencil.

How to Wet Mount

1. Trim the picture with paper cutter or scissors.

2. Place the picture on the mounting board and mark the corners with pencil for placement later. Consider the size of the border you want around your picture.

3. Coat the back of the picture and the marked area of the mounting board with an even layer of rubber cement.

4. Allow the rubber cement on both surfaces to dry (will form a dull finish when dry).

5. Place two pieces of wax paper on the rubber-cement side of the mounting board so that they overlap each other and so that the cemented surface is entirely covered.

6. Place the picture on top of the wax paper, aligning it with the guide marks made earlier on the mounting board.

7. While holding one side of the picture steady, slide or peel away the wax paper from under the other side of the picture. Smooth this side down on the exposed cement.

8. Remove the other sheet of wax paper, and smooth down the remaining portion of the picture.

9. Rub away any excess rubber cement around the edge of the picture.

Note: The thinner in the rubber cement may stain certain types and/or colors of the mounting board. If this occurs; care must be taken to insure that the cement coating on the board does not extend beyond the area covered by the picture being mounted. No harm will be done. But it does make for a sloppy, unattractive appearance.

Media Manual, published by the Cooperative Extension Service, Cook College of Rutgers University in New Jersey includes a really fine summary on the preparation of effective visuals. The summary is presented here.

SEVEN KEYS TO EFFECTIVE VISUALS

In preparing visuals for overhead or opaque projectors, here are seven tips. They are just as valid for planning exhibits, posters, flip charts or slides.

1. Big is Beautiful. Drop visuals on the floor in front of you. If you can't read them, your audience won't be able to either.

2. Simple is Slick. In visual-making, one is the magic number. The ideal, one illustration, one caption is an ideal configuration for a truly effective visual. So keep captions short--six or seven words to a line. A maximum of three lines is recommended.

3. Layers are Lovely. An advantage of the overhead projector is that you can lay one visual over another easily. A blank overlay is a useful visual to have available, too. You can drop it over any prepared visual and with a dark marker, make special notes.

4. Color is Cool (when it isn't warm). You can get nice, crisp color. Basically, you want to use the darker-blue, blue-green, violet colors, the so-called "cool" colors as background. The "warm" colors--yellow, orange, red--are more assertive and are best used for words or illustrations you want to emphasize.

5. Centered is Sensible. A good rule of thumb is to mentally divide your visual into sixths, horizontally and vertically. However, sometimes an off-center design may be more attractive than a centered one. The 16 center squares are the best area for your most important visual or message. The bordering sixths should be reserved for things of secondary importance--better still, leave the border areas blank except, perhaps, for some background color. And don't crowd the center or you'll lose your message.

6. Subtle is "Sticky". Be careful of too arty or unclear messages. Use arrows, stars, underlines to make your point and focus the viewer's attention. An occasional visual with one single word on it--big, in brilliant color--can really grab attention.

7. Balance is Basic. Balance the central design with border areas. Make sure harmony and proportion are part of your planning to achieve an attractive result. In brief, the key to better visuals is simplicity and clarity. In preparing yours, think of what you yourself are able to absorb from the big screen while someone's up there at the podium talking. Don't give your listeners more than you could take. To be safe, give them a little less.

Teaching is a difficult job. In fact, it may be among the most difficult of jobs to undertake. Since the object of teaching is learning, teachers, in any setting, should use any and every strategy available to them to make the teaching-learning process more efficient. Learning will be more effective when the learners are encouraged to participate and when their attention is directed at the teacher because of the multi-media devices being used in the development of the lesson.

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Chapter 3:

UTILIZING COMMUNITY RESOURCES

THE PROFESSIONAL COMMUNITY

The term "community resources" is such a simple expression. Yet what tremendous complexity is behind it. Knowledge of community resources can help teachers accomplish more and reach more people with consumer information. Use of community resources makes your program come alive, as it makes the situation you are trying to discuss more realistic. Knowing about community resources can help consumers apply their knowledge gained effectively.

Community resources are of two kinds, human and material. They are available in abundance all around us. Some of us are familiar with them and utilize them to our advantage. Others are timid and for one reason or another, do not feel they have a right to utilize them; they refuse to venture out into the community to find out more about these resources. Still others are just not familiar with what is available and make many mistakes in the management of personal resources because of that lack of knowledge.

Some consumer educators are reluctant to teach the topic of family and personal financial management. They find it easier to teach buymanship of goods and services. Why is this so? One reason for this reluctance is the prevalent idea that one has to know all there is to know about personal finance and to teach the entire session or course alone. Yet many educators do not feel they have enough skills to teach all aspects of family and personal financial management. The subject area can be quite technical; its various aspects can change rapidly. It includes information on specialized legislation as well as teaching such skills as utilizing human relations within the family, increasing communication among family members, demonstrating decision-making skills and goal setting, taking personal and financial inventory, and preparing for retirement, just to name a few.

Consumer educators should not feel that they have to have all of the information that is available in these areas. Because of the breadth of the subject, this is virtually impossible. They should realize that there are numerous intelligent, knowledgeable specialists in the community who are eager to be involved in educational programs and to serve the community which provides them with their clientele. These specialists are representatives from the fields of banking, insurance, savings and investing, credit, real estate, law, psychology, and family counselling. Included are the consumer credit specialist, the mortgage loan officer, trust officer, certified public accountant, the credit bureau information officer, estate planner, the life insurance specialist, the property and casualty insurance specialist, the family counselor, the lawyer who deals only with real estate, the lawyer who specializes in family cases, the lawyer who specializes in divorce cases, etc. Each person has his or her own relatively narrow specialty. They can all be used to good advantage.

THE ROLE OF THE RESOURCE PERSON

If you involve community resource persons in your program, you cannot expect that they will do the teaching for you. All you can expect is that they will have up-to-date information and bring that to your audience in an organized manner.

You cannot expect that they are expert teachers (this is your role). They will need resource materials, guidelines, an outline for teaching, and other aids from you to make their job easier. They are not expected to be familiar with modern methods of teaching. You will need to be their teacher, informing them of the audience they will be dealing with and the type of teaching method you will be using. You are the one who needs to know your community, know your audience, be the leader in the entire session and in the preparation and guidance of your resource persons; in effect, team teach with them throughout the session.

You have to expect that there will be some motives of self-interest in your resource persons. With some people, this is a very strong component of their personality; with a few, less so; with others, not at all, as their companies might encourage strong community involvement on the employee's part. Nevertheless, some self-interest, to bring in more sales or getting more customers, will almost always be present.

What else can you expect? You can expect first-class subject matter knowledge. You can expect to learn about possible activities available to consumers; for instance, field trips, such as to a bank or a stock exchange, or a visit to a credit bureau or a credit union to see how it operates.

You can expect that the information presented will be unbiased and that no (or not too many) references will be made (or a sales talk given) regarding the company the resource persons represent. Of course, their name, personal reputation, address, resource materials, etc. would be identified so that any participant can get in touch with them after the meeting if he or she wants to.

Good resource speakers know that if they instill confidence into the audience, their own personality and knowledge will do the selling job for them.

Let us dwell one moment on something said previously, and that is that the teacher needs to have an outline and share this with the resource person. This is one of the reasons for the format of this book. In the "contents" section, we have presented detailed outlines for six topics of personal and family financial management. Within these topic outlines, buymanship skills and other consumer education aspects are included. For teachers who are pressed for time and cannot research an outline from the very beginning for each session, or don't feel they have enough expertise to know what this topic should encompass, an outline format will be very helpful. The format serves several purposes. It can be a teaching outline for the educator, or the teacher can have a copy made of the section in question and present it to the resource persons in order to discuss the outline with them. Some of the points can be left out, others emphasized; either way, you have something from which to work.

You can also determine if there is any portion of the program which you might want to teach, while the resource person would handle other sections. Again, these outlines are a tool for you to make it easier to either teach yourself, team teach, or utilize a professional from the community in the proper way.

SPECIAL TIPS FOR THE EDUCATOR UTILIZING A RESOURCE PERSON

- It is important that the educator teach decision-making skills at each session; that he or she present options to the consumer, which means that the information is provided in such a way as to show several choices available to the consumer. If the educator wants to let the resource persons do these things, then he or she might help them see how this teaching can be done, and provide them with case studies, values clarification exercises, and other such materials.

- When scheduling an event, meeting, television show, etc., where you plan to include resource persons, allow enough time to do so. Do not expect them to drop everything and readjust their schedule to yours. Including them in the planning process might gain you more cooperation for the next program. It might also gain your organization, your program or your project special support. Also, including resource persons in a well-structured and organized planning meeting or advisory committee meeting might add depth and community support to your program.

- Follow up on your invitation to the resource person to serve as a speaker with a letter.

- Arrange for the proper equipment to be available.

- Give credit where credit is due. Show respect to your resource persons and do not misuse them. After the presentation, follow up with a thank-you letter, recognizing that valuable time was given to you to support your program. Include a short report on the success, comments received, etc. regarding your program.

- Try not to show biased judgement in subject matter, and encourage your resource people to do the same. Give options to the participants, but, if possible, do not make "good or bad, right or wrong" statements.

- Do not let yourself be used by someone who serves only his or her own interest.

- Explore with your resource person various methods for making your program more exciting; for example, which activities would lend themselves best to the type of program you want to offer. Are there field trips which could be taken which would reinforce what you are trying to teach. A tour of a bank followed by a mini-lesson on any of the topics of personal and financial management will acquaint people with at least one institution in your community and with a resource person in that institution. Maybe a member of the institution could welcome your group, show them around, make them familiar with the workings of the institution. This might be a very good "teachable moment", particularly if some participants are interested in the immediate use of the facilities and services offered.

- Use classroom aids, films, filmstrips, fact sheets, materials, and exhibit some good books for participants to browse through.

- Do not teach by lecture alone, let your learners do something: fill out questionnaires; do quizzes; do values clarification exercises; conduct a discussion group after your lecture; have an informal discussion group on a specific topic such as managing resources, where participants would not be threatened but would still share with one another their life experiences.

- In some instances, especially when working with low-income families, it would be beneficial to get adults out into the community to open savings accounts or checking accounts at a bank or savings and loan institution, or let them check into their credit file at a credit bureau--they might want to visit and talk to someone from a credit union about establishing one in their community.

The opportunities are manyfold; we, as educators, just need to find and use them.

A SUMMARY OF THE RESPONSIBILITIES OF THE TEACHER WHEN WORKING WITH A RESOURCE PERSON

To sum up, the teacher inviting a resource person into the formal or informal classroom needs to present the very best possible program to the audience. Whoever is brought in should not be a substitute or a time filler; the person should be someone who will enrich the program, supplement what you have to offer, and add to whatever you have to give.

Inform your resource persons what they need to do. Tell them the makeup of your audience, give them a background of the population and of the atmosphere which will be prevalent. Help them in every way they wish. Also provide resources, such as visual-aid equipment or films, and have them ready on time. Be prepared to team teach, and do not expect your resource person to be an expert teacher. You need to blend your skills as a teacher and combine your subject matter knowledge with that of the resource person to meet the needs of the participants so that the outcome is an informed, knowledgeable, and satisfied participant.

WHEN AND HOW TO APPROACH A RESOURCE PERSON

Determine what you want to teach and how much knowledge you think your audience can absorb. Once you have that in mind, you can map out the types of resource persons to contact who can make a contribution to your program.

Contact your resource persons via a written invitation or personal phone call. You need at least three- or four-weeks leeway from the time you approach your resource person to the time he or she appears on the program. Give yourself enough time in scheduling to find the right person and to work jointly on the program content and delivery. Be sure you follow up your meeting with a letter or note of appreciation.

FINDING THE RIGHT RESOURCE PERSON AS GUEST SPEAKER FOR YOUR PROGRAM

This is not an easy task and you will certainly make some mistakes. One good method of identifying good resource persons is by word of mouth. If somebody was a good resource speaker once, you can assume he or she will be so again.

Another possibility is to call a trade or professional association. A trade or professional association is a nonprofit organization representing a certain industry, business, or profession. For instance, the bankers association in each state represents the banking industry in that state. Many times a representative of the association will have knowledge about good resource people in specific fields and can make the right recommendation. Such associations, as well as many colleges, provide a speakers' bureau service. The source is well worth investigating. There are directories of trade and professional associations available; check with your local library.

You should also learn about the representatives of your state's or county's regulatory agencies such as the Departments of Insurance or Banking, and the Office of Consumer Affairs. They can be valuable resources to you.

PROGRAM STRATEGY

Find out from your resource persons if they are going to advertise the program with you. If you included them in the planning stage, this is a very legitimate question to ask. Many resource people will be very glad to help in the advertising if they have the backing of their institution. With many banks, we found that they will be glad to co-sponsor programs if invited at the right time. They will then cooperate in the promotion and the teaching of the sessions, seminars, or forums.

The following program (Exhibit A) is an example of a co-sponsored program between two educational institutions and several private businesses. It was originally conducted between 1975-77 and has been repeated successfully several times. Three other examples which are included (Exhibits B, C, and D) also serve to illustrate the importance of cooperation with community agencies.

So far we have spoken about the individual meeting or a session of classes. A word needs to be said about holding forums (for instance, a consumer forum), a panel discussion, or seminars where several workshops are included. Here you first have one, two, or three short individual presentations followed by a workshop. You might have several speakers involved in them. How do you handle such an event so that you do not lose control over what will be presented at these sessions? It is not much different from what you have to do for a one-session commitment. The difference is in the management of the affair. Approach each individual with the same diligence and thoroughness as before. Keep in mind that all the strings come back to you; you are the coordinator, the central force in the program. You need to keep a strict schedule. Information regarding your different resource persons (names, titles, expertise) should be kept in separate folders. You need to know what materials your different resource people need and what materials they already have. Also included in the resource person's folder should be such information as: their schedule, the event in which they participated, the content of material they taught, their strengths and weaknesses (as you saw them), and any other valuable information. A folder should also be kept on the overall event.

The allocation of time in the presentation is an important element whenever there are several people involved. Plan for a question-and-answer period at the end of the program.

You might want to give out 3 X 5 cards on which participants can write down questions while the speakers are talking. Later, you can collect the questions, read them to the speakers (if you have a large audience and want to avoid repetition) or let the participants ask the questions themselves. In any event, collect the cards at the end of the session for future program planning purposes.

ADDITIONAL METHODS OF UTILIZING COMMUNITY RESOURCES INCLUDE:

- Field trips: When arranging for a field trip, you should keep the following tips in mind:

  Does the field trip relate to the purpose of the program?

  Does it aid in the better understanding of the subject matter taught or is it more or less recreational in nature?

  Allow enough time in your scheduling.

  Let the company or person in charge know in advance your group's make-up and background, the field trip's purpose, and results to be achieved.

- Exhibits of educational materials and books, representing various aspects of the community you are in. Again, the various associations and other groups can be of help in supplying these resources and in developing such a display.

The following chart* will give you some idea as to who might be good resource persons for you to consider as guest speakers. Also included are places for field trips and organizations that might help get materials for your participants.

It will also be of benefit, at least from time-to-time, to involve your resource people in your program to a greater extent than just to have them as speakers. For example, involving them in your program from the very beginning, during the program planning stage, throughout the program delivery, and

*Check local telephone directories for trade, civic, and professional associations and government offices in the community.

VINCENT A. ABBATIELLO
Photo Communications Coordinator
Rutgers University

JOSEPH M. BYRNE
President
Fred S. James & Company of N.J.

RUTH B. CONNOLLY
Vice-President, Bayley Seton League
Seton Hall University

EUGENE CRESCENTINI
Director of Marketing
Carteret Savings and Loan

MARY MADELINE DEVITT
Field Underwriter
New York Life Insurance Company

DR. ROBERT A. DIAB, Esq.
Professor of Law
Seton Hall University, School of Law

ROBERT E. FERGUSON
President
First National Bancorporation

DR. GERALD GARAFOLA
Head Law Librarian
Seton Hall Law School

NED C. LITWACK
Consultant
Ned C. Litwack Associates

DENISE M. MATEJIC
Family Resource Management Specialist
Rutgers University

ANNE McLOUGHLIN
President, Bayley Seton League
Seton Hall University

ROSE PANNULLO
Treasurer, Bayley Seton League
Seton Hall University

MEYER PESIN, Esq.
Counsellor at Law

What To Do With Your Money!

September 30,
October 7, and 14
7:30 to 9:30 P.M.

at Student Center Seton Hall,
South Orange Campus

Seton Hall University
South Orange, N.J.

Rutgers University
The State University of N.J.
Cooperative Extension Service
Cook College

Sponsored by:

Essex County Cooperative Extension,
Rutgers University,
in cooperation with
Bayley Seton League
Seton Hall University
Carteret Savings and Loan
First National Bancorporation
James Agency
Litwack Associates
Rutgers University Foundation

Program

Greetings:
John E. McLoughlin
Marguerite Kerr

September 30
PLANNING YOUR INVESTMENTS

Savings
Edmund Lawlor

Investments: Stocks, Bonds and Mutual Funds
Allen O. Felix

Real Estate and Mortgages
Robert O'Brien

Moderator
Denise M. Matejic

October 7
PLANNING YOUR ESTATE

Life Insurance
Mendel Klinger

Trusts
John Charles Leeds

Tax and Legal Aspects
Mary Jean Gallagher

Charitable Giving
Adelaide M. Zagoren

Moderator
Robert A. Diab

October 14
PLANNING YOUR PENSION

Pension Planning for Young & Old
1. *Keogh and IRA*
Thomas Foley

2. *Corporate Employee Benefits*
Martin Rubashkin

Moderator
Ned C. Llewgh

...stions and answer period follows

Our Speakers

DR. ALLEN FELIX
Director of Education
New York Stock Exchange

THOMAS FOLEY
Director of Business Development
(Consultant for Pension Plans)
Carteret Savings and Loan Association

MARY JEAN GALLAGHER, Esq.
Attorney at Law
Pitney, Hardin and Kipp

MANDEL KLINGER, Esq.
John Hancock Mutual Life Insurance Company

EDMUND LAWLOR
President
New Jersey Savings League

JOHN CHARLES LEEDS
Sr. Vice-President and Chief Trust Officer
First National State Bank

ROBERT B. O'BRIEN
President
Carteret Savings and Loan

MARTIN RUBASHKIN, Esq.
Attorney at Law
Partner, Whitman and Ransom

ADELAIDE M. ZAGOREN
Executive Director,
Associate Alumnae of Douglass College
Rutgers University

Our appreciation to participants for donating their time to this community program.

COORDINATORS:
John E. McLoughlin, *Secretary to University Senate, Seton Hall University*
Marguerite Kerr, *Extension Home Economist, Rutgers University, Essex County*

Registration Form:

NAME ______ BUSINESS NAME ______

ADDRESS ______ BUSINESS ADDRESS ______

HOME TELEPHONE ______ BUSINESS TELEPHONE ______

Return to:
MARGUERITE KERR
Essex County Cooperative Extension of Rutgers University
25 Thirteenth Avenue
Newark, New Jersey 07103

Exhibit B

TRAINING ANNOUNCEMENT

MRC·TV

TO: Human Resources Personnel, Family Service Agencies, Program Administrators, All Interested Persons

PROGRAM:

YOUR MONEY MATTERS

Money Planning In Today's Society

DATES : Thursdays, May 4, 11, 18, 25, and June 1.
TIME : 10:00 to 12:00 NOON.

LOCATION : All MRC-TV studios. Please see attached listing of all MRC-TV studio locations.

This five-part course will deal with effective money management on the part of individuals and families. Subject areas to be covered include budgeting, personal credit, home purchasing and mortgaging, savings strategies, and insurance policies.

Coordinating this course will be:

DENISE MATEJIC, Associate Specialist In Family Resource Management; and Associate Professor, Home Economics Department, Cook College, Rutgers - The State University.

RICHARD SPRINCE, Program Assistant, Cooperative Extension Service, Cook College, Rutgers - The State University.

Session 1: (May 4) Denise Matejic.

Modern Budgeting: Planning Your Money Effectively

* goal setting & payment plans, meeting expenses;
* importance of communication w/i a family;
* taking a financial inventory, self-analysis;
* uses of money.

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Session 2: (May 11) **Personal Credit Use & Protective Legislation**

Richard Sprince,

* advantages and disadvantages of credit use;
* shopping for a loan;
* the credit bureau and you;
* credit legislation protecting the consumer
* important terms to look for in loan contracts.

GUEST SPEAKER - John L. Richards, Sales Manager, Credit Bureau, Inc., Tinton Falls, N.J.

Session 3: (May 18) **Your Personal Savings & Investment Program**

Denise Matejic,

* savings strategies-accounts, certificates of deposit, stocks & bonds, mutual funds;
* choosing a broker/advisor;
* adjusting your personal savings strategy during various stages of your life;
* reasons for saving.

GUEST SPEAKER -George E. Sharpf, Vice President, Amboy Madison National Bank, Parlin, N.J.

Session 4: (May 25) **Family Protection Through Life Insurance**

Denise Matejic,

* who needs it ? How much do you need ?
* types of policies;
* comparing companies & policy costs;
* social changes: women & insurance.

Session 5: (June 1) **Housing: Buying vs. Renting**

Richard Sprince, Coordinator.

* selecting a house;
* additional expenses in home owning;
* determining how much you can afford;
* types of mortgages.

GUEST SPEAKER - to be announced.

PLEASE PASS THIS NOTICE AROUND TO YOUR COLLEAGUES.

For more information, call
Evan Liblit, MRC-TV
212-466-3857

Exhibit C

CURRICULUM GUIDE

"Money Matters and Me"

Cooperative Extension Service and YWCA

DATE	TIME	SUBJECT	SPEAKER
3/28	7-8 p.m.	Family Financial Planning	Denise M. Matejic Associate Specialist Rutgers
4/4	7-8 p.m.	Personal Credit Use	Albert J. Cyr Area Sales Manager Credit Bureau Industry & Richard H. Sprince Extension Assistant Rutgers
4/11	7-8 p.m.	Credit Legislation & You: What You Should Know About Credit Legislation	Salvatore Sangiorgi Regional Director Federal Trade Commission
4/25	7-8 p.m.	Life Insurance: How Much Can I Afford and How Much Do I Need?	Martin K. Kirshner Sales Manager Metropolitan Life
5/2	7-8 p.m.	Retirement	Thomas Foley Director of Business Development Carteret Savings & Loan
5/9	7-8 p.m.	Your Savings and Investing Concerns	Lyle Gary Account Executive Merrill Lynch

Moderator for all sessions: Richard Sprince

*** ***

REGISTRATION ACCEPTED FOR ONE OR ALL SESSIONS.
Late registration welcome after first session.

****

YWCA of Central Jersey, 51 Livingston Avenue, New Brunswick, 545-6622

Programs
of
The Department of 4-H Youth Development
of the
Cooperative Extension Service
of
Rutgers-The State University
in
Ocean County

4-H Family Tyme

4-H PREP Clubs

4-H Family, Community, Project, and School Clubs

Extension School Program

Extension Scouting Program

Extension Single-Parent Family Program

Extension Community Needs Youth Program

OCEAN COUNTY COOPERATIVE EXTENSION SERVICE

PRESENTS A

SINGLE PARENT FAMILY SEMINAR

"Adjusting to a New Lifestyle"

Exhibit D

IN COOPERATION WITH

SINGLE PARENT SOCIETY

AND

PARENTS WITHOUT PARTNERS

Realizing the particular needs and concerns of single parent families, the Department of 4-H Youth Development of the Ocean County Co-operative Extension Service is offering a series of four seminars for separated, divorced or widowed men and women.

Each seminar is designed to discuss issues relevant to the single parent family. We encourage single parents to participate and offer their own life experiences to panelists and members of the audience. Our goal is to educate and support the single parent family.

Ocean County Cooperative Extension Service, Department of 4-H Youth Development, presents this seminar with the cooperation and assistance of two vital single parent organizations: Single Parents Society, President, Marion Cello and Parents Without Partners, President, William Schleckser.

Location of each seminar will be in the Auditorium of the Ocean County Health Building, Sunset Avenue, Toms River. Admission is free to each seminar.

Ann M. Finnegan, Coordinator
4-H Program Associate

Program

Seminars will be every Monday in April at 7:30 P.M.

April 3

The Legal Process of Separation, Divorce or Widowhood — The Hon. Judge Mortimer Rogers of Manchester Township

April 10

Getting into the Mainstream — Dr. Nancy Allen, Chief Psychologist at Ocean County Mental Health Clinic

Single Parent Panel

Roz Friedman - Mother of two children
Peter Sandman - Sharing custody of children
Joe McGrath - Custody of 4 children
Marion Cello - Mother of 2 grown children

April 17

Dollars & Sense
Tips on budgeting, credit, insurance, and money mgmt. for the male or female head of household — Denise Matejic, Specialist in Family Resource Mgmt. Sonia Butler, Extension Home Economist

April 24

Fears & Feelings of Teens In a Single Parent Family. — George Davison, Social Worker from O.C. DYFS
A panel of teenagers from O.C. Chapter of P.W.P. which is moderated by Bob Dippel

in the program evaluation will give you a much stronger program and a much stronger commitment from your community for your organization and your program. This "advisory committee" or "planning committee" can become a strong base for further program development.

COMMUNITY RESOURCES**

PEOPLE	PLACES	ORGANIZATIONS
Catalog Sales Office Managers	Catalog Sales Office	Better Business Bureau
Dept. Store Mgrs.	Dept. Stores	Chamber of Commerce
Dept. Store Buyers	Credit Depts.	
		Medical Assns.
Bankers	Loan Companies	Bankers Assn.
Lawyers	Court Houses	Bar Assn.
Insurance Agents	Insurance Companies	
		Social Security Admin.
		Internal Revenue Service
Other Teachers	Universities	Extension Service
Govt. Officials and Representatives	Govt. Offices	Food and Drug Admin.
Newspaper Writers	Newspaper Office	
Stock Brokers	Brokerage Houses	Stock Exchange
Financial Advisors	Main Offices of Major Companies	
Credit Managers		Dept. of Consumer Affairs
	Model Homes or Apts.	
		Housing Bureaus
Business Executives		
Real Estate Brokers		
Car Dealers		
	Libraries	
	Publishing Houses	
		Urban League

** Adapted from A Department Store in the Classroom, Consumer Education Services of Sears Roebuck and Co., Sally R. Campbell, author; p. 56. This booklet is a good source of information for

HOW CAN YOU SAVE YOURSELF IF YOUR RESOURCE PERSON DOES NOT COME ON TIME, DOES NOT SHOW UP AT ALL, OR REALLY LETS YOU DOWN AND DOES A POOR JOB

- Always have something prepared which you can make use of if the resource person comes late or does not come at all. This might include films, exercises, values-clarification strategies, reading, etc. There are many audio-visual aids available that can be used for this purpose.

- Switch lessons. If you have plans to teach a lesson aloneduring the next session, switch to that lesson. Be prepared to do that by having the next lesson ready and with you.

- If you see that the resource person is not doing a good job at all, or is not coming across to the audience, you should be flexible and ingenious enough to pick up the pieces by suggesting an activity which can be done, or posing questions to the resource person and then guiding him or her in answering them. (Perhaps you can prepare a set of questions before the meeting.) You might step in and write the main points discussed so far on the blackboard and team teach from then on, working from the outline you both discussed. You might be a moderator of the entire session, even though you had not thought this would be necessary.

These are just some of the ways a skilled educator can come in and salvage a bad situation.

What do you do if you have a negative reaction from your audience to your speaker, and he or she does not seem to be able to handle the situation? First, you need to realize that the session, the program, the audience, and the outcome are <u>your</u> responsibility. If the speaker cannot handle a situation,

---

utilizing community resources. It is concise, yet thorough. It suggests possible resources to be used, offers illustrations of introductory and follow-up letters. Invaluable tips are also given on the "do's and don'ts" regarding the use of resource people. A revised copy of this booklet is available and can be obtained for the price of $2.50 by writing to: Consumer Information Services, Department 703--Public Relations, Sears Roebuck and Company, Chicago, Illinois 60684.

it becomes your responsibility to handle it. You have to be in charge of that meeting at all times. If you find yourself in the unfortunate situation of having to deal with troublemakers, invite the troublemakers up to the podium by saying, "We would all like to hear what you have to say, won't you come up and share your ideas with us?" This usually quiets them down quickly.

SOME FINAL THOUGHTS ABOUT UTILIZING COMMUNITY RESOURCES

You, the consumer educator, might find that the method described in this section of the resource guide is a complicated way of teaching a class--be it in a formal or informal classroom setting. You might find it easier to study and do all of the teaching yourself, and never include someone from the "outside" in the program.

However, we need to realize that when consumers need help, advice, or guidance when they purchase insurance, banking, or other services, they usually do not come to a teacher, yet go to the community resource person dealing in that service. They go to their insurance broker, their banker, their savings and loan association, or the small loan company for this personalized advice.

Therefore, the authors, who have been working in the field of family and personal financial management for many years, feel that it is very beneficial for participants if the classroom can be made more realistic, and if we can create a life situation which is similar to the situation out there in the community.

Community educators are catalysts or change-agents who can bring the two worlds of the classroom and the community together. They can make sure that any information given out is unbiased and correct. Because of their expertise, they can also make sure that additional avenues that would provide information to participants are explored. This pertains particularly to information needed by individuals to make wise decisions and become satisfied, well-informed consumers, equipped with all the decision-making skills and knowledge needed to improve their standard of living.

Appendix: General Bibliography of Teaching/Learning Resources

Books (Content)

Allentack, Andrea J. and Gordon E. Bivens. Consumer Choice - The Economics of Personal Living. New York: Harcourt Brace Janovich, Inc., 1977.

Anderson, Joanne Manning. For The People: A Consumer Action Handbook. Reading, Massachusetts: Addison-Wesley, 1977.

Engel, Louis. How to Buy Stocks. Boston: Little, Brown and Company, Latest edition.

Epstein, David G. Consumer Protection. St. Paul, Minnesota: West Publishing Company, 1976.

Fetterman, Elsie and Charles Klamkin. Consumer Education in Practice. New York: John Wiley and Sons, Inc., 1976.

Gitman, Lawrence. Personal Finance. Hinsdale, Illinois: Dryden Press, 1978.

Haemmel, William G., Barbara C. George, and James J. Bliss. Consumer Law. St. Paul, Minnesota: West Publishing Company, 1975.

Hastings, Paul G. and Norbert J. Mietus. Personal Finance, 2nd ed. New York: McGraw-Hill Book Company, 1976.

Jelley, Herbert M. and Robert O. Herrmann. The American Consumer, 2nd ed. New York: Gregg Division, McGraw-Hill Book Company, 1978.

Miller, Roger LeRoy. Economic Issues for Consumers. St. Paul, Minnesota: West Publishing Company, 1978.

Mittra, Sid. Personal Finance: Lifetime Management By Objectives. New York: Harper and Row Publishers, 1977.

Porter, Sylvia. Sylvia Porter's Money Book, Revised ed. Garden City, New York: Doubleday and Company, Inc., 1976.

Stillman, Richard J. Guide to Personal Finance, 2nd ed. Englewood Cliffs, New Jersey: Prentice-Hall, Inc., 1975.

Swagler, Roger M. Caveat Emptor. Lexington, Massachusetts: D. C. Heath and Company, 1975.

Troelstrup, Arch W. and E. Carl Hall. The Consumer in American Society, 6th ed. New York: McGraw-Hill Book Company, 1978.

Trooboff, Benjamin M. and Fannie Lee Boyd. Personal Finance for Consumers. Morristown, New Jersey: General Learning Press, 1976.

Warmke, Roman [illegible]e D. Wyllie, and Beulah E. Sillers. Co[illegible]ecision Making, 2nd ed. Cincinnati: [illegible]-Western Publishing Company, 1977.

Wolf, Harold A. Personal Finance, 5th ed. Boston: Allyn and Bacon, Inc., 1978.

Books (Methodology)

Daughtrey, Anne Scott. Methods of Basic Business and Economic Education. Cincinnati: South-Western Publishing Company, 1974.

Hill, William Fawcett. Learning Thru Discussion. Beverly Hills, California: SAGE Publications, 1969.

Hyman, Ray. The Nature of Psychological Inquiry. Englewood Cliffs, New Jersey: Prentice-Hall, Inc., 1964.

Mager, Robert F. Preparing Instructional Objectives, 2nd ed. Belmont, California: Fearon Publishers, Inc., 1975.

Popham, Estelle L., Adele Frisgie Schrag, and Wanda Blockhus. A Teaching-Learning System for Business Education. New York: Gregg Division, McGraw-Hill Book Company, 1975.

Pamphlets

From American Association of Retired Persons, 215

Long Beach Blvd., Long Beach, California 90801:

Your Retirement Consumer Guide
Your Retirement Information Guide
Your Retirement Psychology Guide

From American Institute for Economic Research, Great Barrington, Massachusetts 01230:

Annuities from the Buyer's Point of View
Home Owner or Tenant
How to Avoid Financial Tangles
Life Insurance from the Buyer's Point of View
Understanding the Money Muddle - And How It May Affect Your Family's Future

From Education and Community Services, American Council of Life Insurance, Health Insurance Institute, 1850 K Street, N.W., Washington, D.C. 20006:

A Date With Your Future
Catalog of Educational Materials on Life and Health Insurance and Personal and Family Finance (Latest Edition)
Making the Most of Your Money
Policies for Protection: How Life and Health Insurance Work
Sample Life Insurance Policy
Sets, Probability and Statistics: The Mathematics of Life Insurance

Budgeting for the Family. Consumer Information Center, Pueblo, Colorado 81009.

Build Your Own Retirement Program. Superintendent of Documents, U.S. Document Printing Office, Washington, D.C. 20402.

From Cooperative Extension Service. Cook College, Rutgers University, Publications Distribution Center, Box 231, New Brunswick, New Jersey 08903. (All authored by Denise M. Matejic):

The ABC's of Mortgage Loans and Insurance
The Dollars and Sense of Buying a Home...Mobile Home...Condominium or Cooperative
How Much Am I Worth
Programming My $'s
Protection Through Life Insurance for You and Your Family
Your Credit Rights and Responsibilities

Washington, D.C. 20006.

From Delta Pi Epsilon National Office, Gustavus Adolphus College, St. Peter, Minnesota 56082 (Consumer Education Programmed Learning Instruction Booklets):

Budgeting and Money Management
The Consumer in Society
Housing
Making Use of Insurance

Home Buyers Guide. Washington, D.C.: National Association of Home Builders, 1973.

How Recent Changes in Social Security Affect You. (HEW Publication No. SSA-78-10328). Washington, D.C.: U.S. Department of Health, Education, and Welfare/Social Security Administration (Available from local Social Security office).

From Insurance Information Institute, 110 William Street, New York, New York 10038:

Automobile Insurance Leaflet
Chances Are...
Educator's Guide to Teaching Auto and Home Insurance
A Family Guide to Property and Liability Insurance
Home Insurance Leaflet
Sample Insurance Policies - Introductory Book

McKitrick, Max O. _Financial Security_. (The Contemporary Consumer Series). New York: McGraw-Hill Book Company, 1975.

McKitrick, Max O. _Money Management_. (The Contemporary Consumer Series). 1975.

From Money Management Institute, Household Finance Corporation, Prudential Plaza, Chicago, Illinois 60601:

Your Budget
Your Housing Dollar
Your Savings and Investment Dollar

Rent or Buy. Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

What Truth in Lending Means To You. Board of Governors of the Federal Research System, Washington, D.C.

Wise Home Buying. Washington, D.C.: U.S. Department of Housing and Urban Development (available from local HUD office).

You and the Investment World. New York: New York Stock Exchange, 1976.

Your Social Security. (HEW Publications No. SSA-77-10035). Washington, D.C.: U.S. Department of Health, Education, and Welfare/Social Security Administration (available from local Social Security office).

Periodicals, Newspapers, and Services

(Note: The number of individual references to periodicals, newspapers, and services is virtually endless. A more useful service would be provided by simply listing these sources and encouraging the user of this manual to peruse them at will.)

ACCI Newsletter. American Council on Consumer Interests, 162 Stanley Hall, University of Missouri, Columbia, Missouri 65201.

The Advocate. Metropolitan Washington Planning and Housing Association, 1225 K Street, N.W., Washington, D.C. 20005.

Barron's National Business and Financial Weekly. Dow, Jones and Company, Inc., 22 Cortlandt Street, New York, New York 10007.

Business Review. (of Regional Federal Reserve Banks).

Business Week. McGraw-Hill Building, 1221 Avenue of the Americas, New York, New York 10020.

Changing Times. The Kiplinger Washington Editors, Inc., 1729 H Street, N.W., Washington, D.C. 20006.

Consumer Education Forum. American Council on Consumer Interests, 162 Stanley Hall, University of Missouri, Columbia, Missouri 65201.

Consumer Legislative Monthly Report. U.S. Office of Consumer Affairs, Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Consumer News. U.S. Office of Consumer Affairs, Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Consumer Newsweek. Consumer News, Inc., 813 National Press Building, Washington, D.C. 20004.

Consumer Reports. Consumers Union of United States, Inc., 256 Washington Street, Mt. Vernon, New York 10550.

Consumers' Research Magazine. Consumers' Research, Inc., Washington, New Jersey 07882.

Everybody's Money. Consumers Credit Union National Association, Inc., P.O. Box 431, Madison, Wisconsin 53701.

Forbes. Forbes, Inc., 60 Fifth Avenue, New York, New York 10011.

The Journal of Consumer Affairs. American Council on Consumer Interests, 162 Stanley Hall, University of Missouri, Columbia, Missouri 65201.

The Kiplinger Washington Newsletter. The Kiplinger Washington Editors, Inc., 1729 H Street, N.W., Washington, D.C. 20006.

Local Services: Banks
Better Business Bureau
Chamber of Commerce
Credit unions
Consumer interest groups
Local offices of federal and state agencies
Newspapers
Small-loan companies
Others depending upon location

Money Magazine. Time, Inc., 541 N. Fairbanks Court, Chicago, Illinois 60611.

Moneysworth. Moneysworth, 251 West 57th Street, New York, New York 10019.

Moody's Investor Service, Inc., 99 Church Street, New York, New York 10007. Publications of particular interest would include:

- *Moody's Bond Survey*
- *Moody's Handbook of Common Stocks*
- *Moody's Stock Survey*

Nation's Business. Chamber of Commerce of the United States, 1615 H Street, N.W., Washington, D.C. 20006.

Personal Finance Law Quarterly Report: Conference on Personal Finance Law, 115 Broadway, New York, New York 10006.

The Retirement Advisor. Retirement Advisors, Inc., 3 East 54th Street, New York, New York 10022.

Standard and Poor's Corporation, 345 Hudson Street, New York, New York 10014. Publications of particular interest would include:

O.T.C. and Regional Exchange Reports
The Outlook
Standard N.Y.S.E. Stock Reports
Stock Guide

Tips and Topics, (Quarterly Newsletter) College of Home Economics, Texas Tech. University, Lubbock, Texas 79409.

The Wall Street Journal. Dow, Jones and Company, Inc., 22 Cortlandt Street, New York, New York 10007.

Filmstrips and Slides

American Council of Life Insurance, Health Insurance Institute, 1850 K Street, N.W., Washington, D.C. 20006.

Choices and Decisions
Marriage and Money

Associated Credit Bureaus, Inc., 6767 Southwest Freeway, Houston, Texas 77036.

The Credit Generation
Debt--The Flip Side of Paradise
Living Under The Fair Credit Reporting Act

Changing Times Education Service, 1729 H Street, N.W., Washington, D.C. 20006.

Buying Health Care
So You Want To Use Credit

Control Data Corporation, Human Resource Management Services, HQNO3R, P.O. Box 0, Minneapolis, Minnesota 55440 (The Individual as Consumer Series)

Credit and the Consumer
Insurance and the Consumer
Investing and the Consumer

Money Management and the Consumer

Current Affairs Films, 24 Danbury Road, Wilton, Connecticut 06897.

Health: Can We Afford It

Federal Reserve System, Office of Public Information, Constitution Avenue at 20th Street, N.W., Washington, D.C. 20551.

Truth in Lending--Information for Consumers

Insurance Information Institute, 110 William Street, New York, New York 10038.

Insurance for the Home

Interpretive Education, 400 Bryant Street, Kalamazoo, Michigan 49001.

Applying for Credit
Banking Series
Budgeting Series

Money Management Institute, Household Finance Corporation, Prudential Plaza, Chicago, Illinois 60601.

Be Credit Wise
Money Talks

Prentice-Hall Media, 150 White Plains Road, Tarrytown, New York 10591.

At Issue: Health Care - Right or Privilege
At Issue: Inflation

Teaching Resources Films, 2 Kisco Plaza, Mt. Kisco, New York 10549.

Consumer Education, Part II: Managing Your Money
The Role of the Commercial Banking System

Universal Education and Visual Arts, 100 Universal City Plaza, Universal City, California 91608.

Films

From AIMS Instructional Media Services, Inc., Box 1010, Hollywood, California 90028.

The Money Tree

From Aetna Life and Casualty, 151 Farmington Avenue, Hartford, Connecticut 06156.

<u>Money Management and Family Financial Planning</u>
<u>Planning for the Future</u>

From Association-Sterling Films, Inc., 866 Third Avenue, New York, New York 10022.

<u>The Little Giant</u> (credit)
<u>Personal Financial Planning</u>
<u>The Wise Use of Credit</u>

From B.F.A. Education Media, 2211 Michigan Avenue, Santa Monica, California 90404.

<u>Consumer Power - Credit</u>
<u>Consumer Power - Whistle Power</u> (money management)
<u>Installment Buying</u>

From Communications Group West, 6335 Homewood Avenue, Suite 204, Hollywood, California 90028.

<u>A Credit Card Bouquet</u>
<u>Harry J. Woods Is At the Door</u> (credit)

From Film Fair Communications, Ventura Boulevard, Studio City, California 91604.

<u>Read Before You Write</u> (credit)
<u>There Is A Law Against It</u>
<u>Your Right to a Hearing</u> (credit)

From Journal Films, Inc., 909 West Diversey Parkway, Chicago, Illinois 60614:

<u>Using Money Wisely</u>
<u>Your Credit Is Good...A Film About Paying Later</u>

From Modern Talking Pictures Service, 1212 Avenue of the Americas, New York, New York 10036.

<u>Market in Motion</u>
<u>One Man Band That Went to Wall Street</u>

<u>Kits and Other Media</u>

From Changing Times Education Service, 1729 H Street, N.W., Washington, D.C. 20006.

Multimedia Kits: <u>Housing</u>
<u>Insurance</u>
<u>Money Management</u>

Saving and Investing

Mini Units: Banking, Saving, and Investing
Credit
Health Care
Housing
Insurance
Money Management

Systems V Modules (on values clarification)

Consumer Survival Kit. Program Circulation Department, Maryland Center for Public Broadcasting, Owings Mills, Maryland 21117. (Virtually all topics covered on video cassettes with study guides available.)

From J. C. Penney, Educational and Consumer Relations, 1301 Avenue of the Americas, New York, New York 10019.

Credit: A Consumer Resource
Credit: Attitudes
Credit: Shop for Credit
Credit: What Is Credit
Insights Into Consumerism: Consumer Spending Power - What Are the Issues

Money Talks, or You've Got to Have a Plan Man. Money Management Institute, Household Finance Corporation, Prudential Plaza, Chicago, Illinois 60601.

Roman, John C. and Robert E. Finch. Family Financial Management. Cincinnati: South-Western Publishing Company, 1976.

From Unigraph, P.O. Box 24287, Seattle, Washington 98124 (Learning Activity Packages).

Budgeting
Credit
Credit Cards
Health and Homeowner's Insurance
Housing
Life Insurance
Savings and Investments

Consumer-Related Organizations

Center for Study of Responsive Law, P.O. Box 19367, Washington, D.C. 20036.

Consumer Federation of America, 1012 14th Street, N.W., Washington, D.C. 20005.

Consumers' Research, Inc., Washington, New Jersey 07882.

Consumers Union of U.S., Inc., 256 Washington Street, Mt. Vernon, New York 10550.

Council for Family Financial Education, Inc., Twin Towers, 1110 Fidler Lane, Silver Spring, Maryland 20910.

Invest-in-America National Council, Inc., 121 South Broad Street, Philadelphia, Pennsylvania 19107.

Joint Council on Economic Education, 1212 Avenue of the Americas, New York, New York 10036.

National Consumer's League, Inc., 1029 Vermont Avenue, N.W., Washington, D.C. 20005.

Society of Consumer Affairs Professionals in Business (SOCAP), 1750 Old Meadow Road, McLean, Virginia 22101.

Professional and Business Organizations

Advertising Council, 825 3rd Avenue, New York, New York 10022.

American Bankers Association, 1120 Connecticut Avenue, N.W., Washington, D.C. 20036.

American Bar Association, 1155 E. 60th Street, Chicago, Illinois 60637.

American Council of Life Insurance, Health Insurance Institute, 1850 K Street, N.W., Washington, D.C. 20006.

American Home Economics Association, 2010 Massachusetts Avenue, N.W., Washington, D.C. 20036.

American Medical Association, Commercial Division, 535 N. Dearborn Street, Chicago, Illinois 60610.

Chamber of Commerce of the United States, 1615 H Street, N.W., Washington, D.C. 20006.

Council of Better Business Bureaus, 845 3rd Avenue, New York, New York 10022.

Credit Union National Association, Inc., 1617 Sherman Avenue, Madison, Wisconsin 53701.

Insurance Information Institute, 110 William Street, New York, New York 10038.

J. C. Penney, Educational and Consumer Relations, 1301 Avenue of the Americas, New York, New York 10019.

National Association of Manufacturers, N.A.M. Marketing Committee, 277 Park Avenue, New York, New York 10017.

National Consumer Finance Association, Educational Services Division, 100 16th Street, Washington, D.C. 20036.

National Foundation for Consumer Credit, 1819 H Street, N.W., Washington, D.C. 20006.

National Safety Council, 425 N. Michigan Avenue, Chicago, Illinois 60611.

New York Stock Exchange, Manager, School and College Relations, 11 Wall Street, New York, New York 10005.

The Savings and Loan Foundation, 1111 E Street, N.W., Washington, D.C. 20024.

Sears, Roebuck and Company, Consumer Information Services, Sears Tower, Chicago, Illinois 60684.

Trade and Professional Associations

Names and addresses of trade and professional associations can be found in the content section of each individual unit of study.

NOTE: A listing of government organizations giving aid to the consumer would be an impossible task. Anyone seeking the aid of these agencies might consult the telephone book under the headings of the U.S. Government, your state government, or your local government.

Self-Instructional Modules for Production and Utilization of Audio-Visual Media

The Center for Media and Technology at Trenton

State College in Trenton, New Jersey, has established itself as a leader in auto-tutorial units for the operation and utilization of audio-visual equipment. Those interested in learning how to make a thermal transparency (or apply many other media techniques) can simply go to the center and check out the video cassette module for this particular activity. In addition to the video cassette, written objectives and procedures are included as a part of the module. The individual can view the cassette in a private viewing area.

At present there are plans for the preparation of 50 to 60 modules in both the slide-tape and video cassette formats. More than half of these modules have already been completed; more are being completed almost daily. Specifically, the modules cover the areas of:

Prerequisite Equipment Operation Skills
(what you must know to use the modules)

Media Equipment Operation Skills

Media Production Skills

Television Equipment Operation Skills

Television Production Skills

Creative Application Skills

Anyone having any interest in the use or availability of these modules can get additional information by writing: Center for Media and Technology, Trenton State College, Trenton, New Jersey 08625.

About the Authors

Denise Matejic holds the equivalent rank of Associate Professor in the Department of Home Economics, Cook College, Rutgers University. She has a Master's degree from the School of Business Administration in Vienna, Austria, and did post graduate work at the Institute of Finance, New York, the American Institute of Banking, and the New Jersey Professional School of Business.

As Associate Specialist in Family Resource Management, she provides assistance to Extension faculty and other professionals in developing, implementing, and evaluating educational programs in family financial management and consumer economics. She has written extensively for the Cooperative Extension Service, Cook College, Rutgers University, and co-authored *Personal Money Management: Guidelines for Teaching* used nationally and other publications used regionally.

She has been a guest lecturer at Rutgers University's Douglass and University Colleges, Fairleigh Dickinson University, and many New Jersey community colleges. She has also hosted two television series in consumer education. Mrs. Matejic has been a frequent speaker at seminars and workshops for professional and community groups on a county, state, and national level. She has also provided training for employees of several industrial corporations.

Mrs. Matejic is a member of the New Jersey Bell Consumer Advisory Panel, the New Jersey Ford Consumer Appeals Board, and a director of the New Jersey Consumers League. She serves as a member of the American Council of Life Insurance Advisory committee and has been consultant for the New York Stock Exchange, Household Finance Corporation, Gulf Oil Consumer Affairs office, and New Jersey Department of Education - Center for Consumer Education Services. She is a member of the Northeast Extension Publication Committee on Management/Consumer Education. She is a member of the American and New Jersey Home Economics Association, New York Regional Council for Industry-Education Corporation, American Council of Consumer Interests, and Women's Studies Institute of Rutgers University. She has been listed in the 1979 edition of Who's Who in Finance and Industry.

May W. Huang is Assistant Professor in Vocational-Technical and Home Economics Education, the Graduate School of Education at Rutgers University. She holds a B.Ed. degree from Taiwan Normal University, a M.S. degree from the University of Massachusetts, and a Ph.D. degree in home economics and research and development from The Ohio State University.

Her background and experiences include secondary and college teaching, teacher education, leadership training and personnel development, educational research and development, and program and system design and evaluation. Aside from the articles she has written for various educational journals in China and this country, Dr. Huang has served as a consultant on educational planning and evaluation at the national, state, and local levels.

Neil A. Gaston is a Professor of Business at Trenton State College, New Jersey. He received his Bachelor's and Master's degrees from Trenton State College and his Ed.D. in business education from New York University.

He has 19 years' experience in teaching at the college and high school level in the areas of consumer education and personal finance, including 7 years as chairperson of the Department of Business and Distributive Education at Trenton State College.

He is consumer arbitrator for the Central Jersey Better Business Bureau and has served on the executive boards of the New Jersey Business Education Association, Future Business Leaders of America, and New Jersey Business Education Council.

He is consulting editor of the Journal of Business Education, has served as editor of the New Jersey Business Education Association newsletter and magazine, and has authored about 20 articles on business and consumer education.

He has spoken to professional groups such as the Eastern Business Education Association, New Jersey Business Education Association, and Society of Consumer Affairs Professionals in the areas of business and consumer education.

MEMBERS OF THE ADVISORY COMMITTEE TO THE PROJECT "HELPING FAMILIES ADJUST TO ECONOMIC CHANGE"

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Sharon Szabo, Consumer Analyst, Division of Consumer Services, New Jersey Insurance Department, Trenton, New Jersey

Harvey I. Trabb, Staff Writer, Rutgers News Service, Rutgers University, New Brunswick, New Jersey

Viola Van Jones, Director, Womens Center, Douglass College, Rutgers University, New Brunswick, New Jersey

Joel Wiener, Coordinator of Financial Project Dept., Urban League of Greater New Brunswick, New Brunswick, New Jersey

Allan A. Weisberg, Manager of Organizational Planning, Surgikos - (Johnson & Johnson), New Brunswick, New Jersey

Renee Zimrin, Advisor, New York Regional Council for Industry - Education Cooperation, West Orange, New Jersey

Dr. John L. Gerwig, Dean, Cooperative Extension Service; and Associate Dean, Cook College, Rutgers University, New Brunswick, New Jersey

For information regarding the ordering of educational materials developed under this project, as listed below, write to the Publications Distribution Center, Rutgers University, Cook College, P.O. Box 231, New Brunswick, New Jersey 08903. Copies can be obtained at cost. Write to the above address for quotation of prices.

Planning and Managing Community Programs—A process approach

Helping Families Adjust to Economic Change—A project report

Your Money Matters—A self-study program guide for educators

Personal and Family Finances—A resource guide for teaching

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