
Contents

Preface

v

Part One / HOW TO ACHIEVE FINANCIAL HEALTH

- 1 • SUCCESSFUL MONEY MANAGEMENT IN AN ERA OF INFLATION AND ENERGY SHORTAGE** 3
The Impact of Inflation • The Energy Shortage • Personal-Finance Models as Management Tools • *Establishing Objectives; Personal Finance Areas; Resources or Educational Tools; Functions; Decision-Making Process* • Organizing Your Finances • *Suggested Equipment*
- 2 • BUDGETING** 21
Why Budget? • Savings • Establishing Your Budgeting Program • *Determining Net Worth; Income and Expenses; Long-Range Planning; Maintaining Proper Records; Realistic Program Evaluation; Case: Rik and Rhoda Richtun* • Effective Record Keeping • *Sample Records* • The Role of Budgeting in Personal-Finance Management.
- 3 • CONSUMER PROTECTION** 48
Origins of Consumer Legislation and the Role of the FTC • FTC Literature • Protection in Buying From Door-to-Door Salesmen • Consumer Claims and Defenses • Consumer Product Safety Commission • Role of the Food and Drug Administration • *Function of the FDA; Scope of the FDA's Legal Authority* • Other Sources of Consumer Information • *Consumer Information Center; Guide to Federal Consumer Services; Better Business Bureaus; State and Consumer Agencies; Libraries; Media Participation* • Truth in Lending Act • The Equal Credit Opportunity Act • Fair Credit Reporting Act • Recent Trends in Consumer Action • The Consumer's Future Role
- 4 • CONSUMER CREDIT** 75
Types of Consumer Credit • *Sales Credit; Cash Credit* • Sales-Credit Cost • "Cost-Free" Credit • Quality Merchandise at Bargain Prices • Credit Cards • *Companies Specializing in Credit Cards Only; Bank Credit*

Cards; Carte Blanche vs. Bank Cards; Specialty Credit Cards; Use of Credit Cards; Payment of Credit-Card Bills; Protection Against Credit-Card Loss

5 • IF IT'S MONEY YOU MUST BORROW

87

Determining Borrowing Costs • Loan Sources • *Friends and Relatives; Government Agencies; Life Insurance Policies; Credit Unions; Commercial Banks; Savings and Loan Associations; Personal-Loan Companies; Pawnbrokers; Loan Sharks* • Impact of Inflation and Taxes on Borrowing • Your Loan Eligibility • Loan Shopping • Kick-
ing the Loan Habit • Getting Out of Debt

Part Two / MAJOR EXPENDITURES

6 • FOOD

105

Planning Your Food Purchases • *Facilities; Budget; Preshopping Hints* • Implementing Your Plan at the Grocery Store • Checking on Your Purchases • Food and Health • Home Canning • Food Co-ops
Co-ops in Action; Advantages of Co-ops; Importance of Good Management • A Garden of Your Own • Cookbooks and Other Guides

7 • CLOTHING AND PERSONAL CARE (including Health Maintenance)

119

Clothing • *Planning Your Clothing Purchases; Implementing Your Plan at the Shops; Checking on Your Purchases* • Personal Care • *Annual Physical Examination; Dental Checkups; Health-Club Membership; Physical-Fitness Plans; Proper Diet; Personal Exercise Program; Track Clubs; Barber-shops and Beauty Parlors*

8 • TRANSPORTATION—HIGHLIGHTING CARS

129

Car Buying and the Management Approach • *The Planning Phase: Determining Your Objective; Negotiating for a New Car; Buying a New Car at \$125 Over the Dealer's Cost; Selling Your Car; Buying a Used Car; Negotiating for a Used Car* • Annual Cost of a Car • *License Fees; Fuel; Insurance; Maintenance and Repairs; Annual Depreciation; Yearly Finance Charges* • That Car Loan • Automobile Maintenance • Future of the Automobile • To Read Before You Buy • Alternate Forms of Transportation and the Management Approach • *The Planning Phase: Determining Your Objective* • Motorcycles • *Types of Motorcycles; Estimating Costs; The Secondhand-Motorcycle Market; Fuel Conservation; Motorcycles vs. Cars* • Bicycles • *Types of Cycles; Bicycle Safety; Is Cycling Economical? Improving the Cyclist's Lot* • Public Transportation • Person Power—Walking and/or Jogging

9 • LARGE APPLIANCES AND OTHER MAJOR EXPENDITURES

157

Major Appliances and the Management Approach • *A Look at Clothes Washers; Other Major Appliances; Clothes Dryers; Dishwashers; Compactors; Disposals; Refrigerators; Freezers; Ovens; Repairs on Appliances* • Other Large Expenditures • *Travel; Furniture; Stereo Systems; Pets; Weddings; Divorce—A Grand Rip-Off? Funerals; Other Big Expenses*

Part Three / HOUSING

10 • SHOULD I RENT OR BUY?

189

Renting vs. Buying • *Career Factors; Availability of Housing; Buying for Rental Purposes; Buying for Resale* • Tips on Buying • Advantages of Renting • Advantages of Buying • Renting vs. Buying: Which Costs More? • Types of Housing Available for Purchase and How to Finance Them • *Conventional Homes; GI Loan; FHA; Conventional Loans* • Real Estate Settlement Procedures Act • Energy Conservation • Cooperative Apartments • Condominiums • Mobile Homes • *Quality and Service; Mobile Parks* • Recreational Homes • *Motor Homes; Other Choices* • Rental Options • For Singles Only

11 • SUBCONTRACTING YOUR HOME

206

The Planning Phase • *Choosing a Location; Arranging for Purchase; Deciding on Plans and Materials; Obtaining Bids; Setting Up Financing Arrangements; Closing; Importance of Timing; Stillman's Managerial Approach to Home Building* • Implementing Your Plan: The Building Phase • *Selecting Workmen; Importance of Being on the Job; Productive Use of Weekends* • Controlling What You Have Planned • *Specific Controls and Inspections*

12 • LANDSCAPING, INCLUDING GARDENING

225

Tailoring Your Landscaping to Your Lifestyle • What Will It Cost? • How Do You Go About Landscaping Your Home? • *Obtain Advice From the County Agent and Land-Grant University; Secure a Gardener; Hire a Professional Landscaper; Do It Yourself* • Creating a Lawn • *Specific Steps to Lawn Growing* • Maintaining Your Lawn • A Truck Garden of Your Own • A Garden for the Children • Roses and Other Flowers • Landscaping Expenditures

13 • PROTECTING YOUR PROPERTY

233

A Managerial Approach to Home Security • Effective Protective Measures • *Dogs; Marked Equipment; Locks;*

Guns; Neighborhood Spirit; Police Assistance; Burglar- and Fire-Alarm Systems; Enclosed Garage; Iron Doors and Windows • Other Security Suggestions • Staggered Hours; At-Home Appearance; Protected Valuables; Pictures; Escape Routes; Secure Windows; Outdoor Lighting; Fencing; Wireless Equipment; Alertness to Tricks; Security Checks; Top-Secret Measures • Is Your Home Your Fortress? • Insurance • Home-owners' Insurance; Flood Insurance • Security During Construction

14 • MAINTENANCE, REPAIRS, IMPROVEMENTS 250

Maintenance • Importance of Preventive Care; Tools and Storage; Record Keeping; Prompt Corrective Action; Maintaining Your Cooling Unit; Painting • Repairs • The Do-It-Yourself Philosophy; Replacements • Home Improvements • The Planning Phase; Protecting Yourself Against Contract Abuse and Swindlers; Budget Aspects

15 • SWIMMING POOLS 261

Advantages of Pool Owning • Exercise; Entertainment; Increased Property Value; Status Symbol; Aesthetics; General Savings; Pride of Ownership • Disadvantages of Pool Owning • Cost; Upkeep; Accidents; Usability; Financial Loss • A Managerial Approach to Pool Building • Selecting Your Lot; Financing Your Pool; Additional Considerations; The Building Phase; Pool-Scaping; Pool Maintenance; Pool Safety

16 • MOVING 272

The Planning Phase • Reduction of Household Possessions; Selecting the Best Means of Moving; Allocation of Adequate Funds; Estimating Moving Expenses; Storage Considerations; Recording of Possessions; Use of Checklists; Transportation of Valuables; Adequate Loss Protection; Use of the ICC Pamphlet • Implementing Your Move Plan • Importance of Supervision; Preparing for the Packers; Overseeing the Loading; Weighing Your Possessions • Checking On Your Move • The Unloading Phase; Payment; Submitting a Claim • Short-Distance Moves

Part Four / INSURANCE AND SOCIAL SECURITY

17 • LIFE INSURANCE AND SOCIAL SECURITY 287

Life Insurance • Purpose of Life Insurance; Choosing an Insurance Company; How Much Insurance Do You Need? Types of Insurance Plans; Ordinary Insurance; Special Policies; Determining the Most Advantageous Ordinary Policy; Variable Insurance • Social Security • Who Is Covered? Recent Legislation; Cash Benefits; How to Estimate Your Social Security Retirement Check; Social Security's Rising Costs; Social Security's Future

18 • CAR, PROPERTY, LIABILITY, ACCIDENT AND HEALTH INSURANCE (including Medicare)

311

Car Insurance • Determining Your Objective • *Types of Insurance Companies; Types of Available Coverage; Insurance Rates; Choosing an Insurance Company; Accident Procedure; No-Fault Insurance; Car Insurance and the Young Driver* • Property Insurance • *Homeowners' Coverage; Flood Insurance; Boatowner's Policy; Personal Property; Farmowner's Policy* • Liability • Accident and Health Insurance • *Group Plans* • Medicare • *Determining Eligibility: The Two Aspects of Medicare*

Part Five / FIXED INCOME INVESTMENT

19 • BANKS, SAVINGS AND LOAN ASSOCIATIONS, CREDIT UNIONS AND THE MONEY MARKET

333

Importance of Cash Reserves • *What Are Cash Reserves? Selecting the Appropriate Financial Institution; Rule of 72* • Banks • *Purpose; Role of the Federal Deposit Insurance Corporation (FDIC); Banks and the Federal Reserve System (FRS); Checking Accounts; Savings Accounts* • Savings and Loan Associations • *Purpose; Savings and Loan Charters; Savings and Loan Insurance; Savings and Loan Dividends* • Credit Unions • *Purpose; History of Credit Unions; Growth of Credit Unions; How Safe Are Credit Unions?* • The Money Market • *Treasury Bills; Bankers' Acceptances; Commercial Paper; The Role of Consumer Protection*

20 • BONDS

355

U.S. Government Securities • *Special Features of Series E and H Bonds; Nonmarketable Securities; Marketable Securities; Purchase of Marketable Securities* • Status of U.S. Government Securities • *Advantages of U.S. Government Securities; Drawbacks of U.S. Government Securities* • Government Agencies and IBRDs • Other Public-Interest Agencies • *The Government National Mortgage Association* • State and Municipal Securities • *Rating Municipals; Pricing Municipals; Are Municipals Right for You? Need for Caution* • Corporate Bonds • *Rating Corporate Bonds; Commission Fees* • Floating Rate Notes • Convertibles • *Convertibles and Your Portfolio* • Yield to Maturity • Bonds and Your Portfolio: An Overview • Bonds and Profits

Part Six / GROWTH-POTENTIAL INVESTMENTS

21 • THE STOCK MARKET

377

Quality vs. "Magic Stocks" • Types of Stock • *Preferred Stock; Common Stock; Determining Yield* • The Cost of Trading Shares • *Buying and Selling Small Lots; Fixed Commission Rates; Negotiated Rates* • Over-the-Counter

Trading • Sources of Market Information • *The Financial Section; Investment Literature; Choosing a Brokerage Firm; Averages and Indexes*

- 22 • STOCK ANALYSIS AND YOUR INVESTMENT PROGRAM** 395
Importance of Security Analysis • Role of the Investment Model in Stock Analysis • *Establishing Your Objective; Locating Growth Issues* • Types of Statistical Analysis • *Fundamental Approach; Chartist Approach; Formulator Approach* • Other Investment Considerations • *Undervalued Issues; Short Selling; Put and Call Options* • Stockholder Protection • Building a Model Portfolio
- 23 • INVESTMENT COMPANIES: MUTUAL AND CLOSED-END FUNDS** 414
Types of Investment Companies • A Bit of History • How Open-End Companies Work • *Capital Structure; Purchase Costs; Objectives; Income and Capital Gains; Annual Charges* • How Closed-End Companies Work • *Reasons for Poor Growth; Purchasing Process; Leverage; Costs* • Emergence of New Funds • *Commodity Funds* • Open-End vs. Closed-End • How to Select an Investment Company
- 24 • REAL ESTATE** 430
Investing in Land • *Risk of Exploitation; Scouting for Terrain; Tips for the Land Buyer; Financing Land Purchases* • Investing in Property • *Leasing a Home; Function of Leverage; Need for Diversification; Importance of Appraisals; Properties as Income Sources; Impact of the Energy Shortage* • Firms Specializing in Real Estate • *Real Estate Trusts; Real Estate Companies; Real Estate Syndicates* • Investing in Low-Income Property
- 25 • PROFITABLE HOBBIES: HIGHLIGHTING NUMISMATICS AND GOLD** 445
Three Success Stories • Numismatics • *Reaping a Cash Harvest; Nonmonetary Rewards of Numismatics; Importance of Selectivity; Importance of Quality; Importance of Quantity and Demand* • How to Join the Coin Hunt • *Coin Clubs; Dealing with Dealers; Care and Display of Coins; Supplementary Reading Material* • Gold as a Hobby • *The New Gold Rush; Methods of Investing in Gold; Which Method of Gold Investment Is Best? A Word of Caution; Gold and Your Portfolio*
- 26 • COMMODITIES** 466
Development of the Futures Market • Establishing Commodity Exchanges • *How the Commodity Market*

Works; Hedging; Factors Influencing Commodity Prices; Sources of Commodity Information • Commodity Exchanges • A Silver Futures Transaction • Spot Trading • Risks and Rewards of Commodity Trading • Guidelines for the Speculator

Part Seven / TAXES, RETIREMENT AND ESTATE PLANNING

- 27 • TAXES: HIGHLIGHTING INCOME TAXES** 483
Federal Income Tax: To be Avoided, Not Evaded • *A Bit of History; Who Must File a Return?* • Types of Forms and Where to Get Them • *IRS Publications; Preparing Your Return; Other Federal Income Tax Considerations* • Nonfederal Taxes • *State and Local Income Tax; Property Tax; Sales Tax; Other Taxes*
- 28 • RETIREMENT, WILLS AND TRUSTS** 510
Retirement • *Sources of Retirement Income; Retirement Plans; Can I Afford to Retire?* • Wills and Trusts • Wills • *Will Format; Auxiliary Documents; Executor/Administrator* • Trusts • *The Living Trust; The Testamentary Trust; The Role of Guardian/Conservator; The Insurance Trust; Trust/Management Costs* • Guidelines and Summary • *Probate Costs; Company Benefits; Estate Taxes* • Conclusion
- APPENDICES
- I • Financial Periodicals and Services 539
- II • Glossary 546
- III • Bibliography 566
- *Index* 569