Managing YOUR PERSONAL FINANCES

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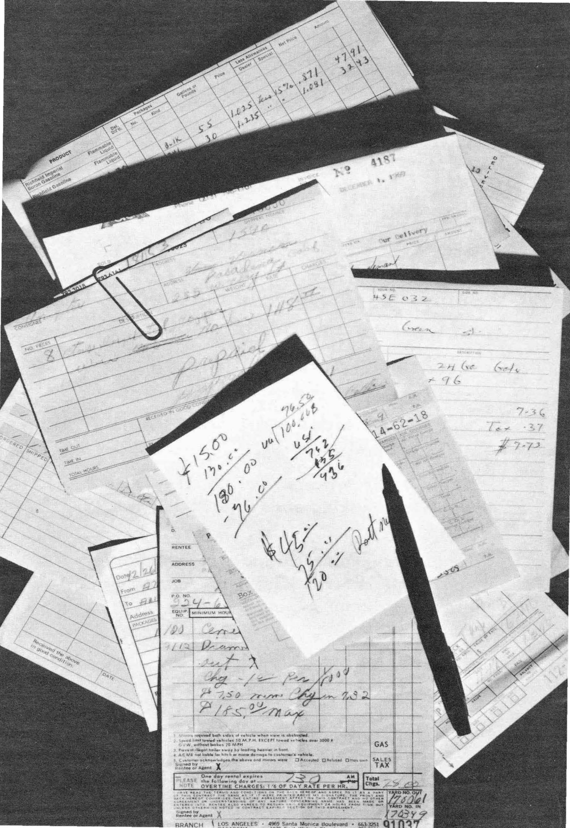
"MORE MONEY!" cries the average American family. "Look at these bills" How can we ever get out of debt?"

What a paradox! Americans earn more, and can buy more than ever before – yet have more financial headaches!

But WHY? What is wrong? Why such worry over "making ends meet?"

This booklet makes the answers plain. It pinpoints mistakes made in handling money and shows HOW you can enjoy prosperity without money worries.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FINANCIAL difficulty is a critical family problem in the United States.

Professional financial counselors receive thousands of letters from bewildered families asking "How can we get out of debt?" "Why are we having problems?" "How can we budget our money?"

Perhaps the most frequent plea is: *"What are we doing wrong?"*

Yes, what is wrong? Americans and other Westerners have more material goods than ever before. Why should there be increased financial problems in the midst of burgeoning material prosperity? Why such worry over "making ends meet"? Why do people have so many money problems?

Why Financial Problems?

This booklet gives practical answers to these problems. It pinpoints the mistakes people make in handling their money; it shows how you can put your financial house in order; it tells you how to really enjoy the truly good life.

Let's begin by taking a critical look at the financial situation of individual people — and the nation as a whole.

For example, take the Franklins who live in Phoenix, Arizona. Their name, of course, has been

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changed. The people, however, and their problems are real.

The Franklins were headed for financial catastrophe. Collectors from 25 different creditors were hounding them. Stan Franklin was expecting to get fired from his job at any time. Conversation at home was one big squabble over money difficulties.

"Look at these bills," screamed Stan's wife Connie. "It's your fault we're in this mess."

"No it isn't," Stan roared back. "If you'd stop charging all that stuff, we wouldn't owe so much."

The long and bitter argument continued night after night. At times they talked about going into voluntary bankruptcy. But the Franklins *didn't* file personal bankruptcy. Rather, they solved their problem! They learned how to get out of debt — and stay out.

A Problem of Debt

The Johnsons of New Jersey were in the same financial bind — perhaps worse off. They were hopelessly swamped by bills. Creditors were literally besieging them night and day. The electricity had already been turned off. The phone was to be disconnected shortly. A finance company was threatening to repossess their car.

Yet, three years later the Johnsons were out of debt. "For the first time in years," they said, "we are finally 'paid in full.' " It was a wonderful feeling.

But how did they turn the tide? Their monthly payments had added up to $306.50. Steve Johnson's monthly take-home pay had amounted to only $515. The family was left with a meager $208.50 for all the expense of living. With three small children, this was obviously not enough.

Yet they managed to pull out of debt. How did they do it? This booklet will examine the steps which people like the Franklins and Johnsons can take to put themselves on a sure financial footing, a footing that allows them to enjoy life and *actually* have more.

But why do families lose this footing and get in debt in the first place? Why this great paradox of our age: burgeoning affluence and a simultaneous increase in financial problems?

This paradox often stuns family financial counselors.

The Affluent in Debt

Take the case of the McBains. Husband Bob worked for a large oil company. He earned $10,000 per year when that amount could purchase somewhat more than it can today. Yet, except for a small checking account and pension-plan deposits, the McBains did not have a dollar in cash to their names. In fact, Bob and wife Jennie were spending about $20 per month more than they earned.

The McBains were having money problems typical of an increasing number of young, good-income families. These misfit twins — *good income* and *overindebtedness* — often go hand-in-hand. The Family Service of New Haven, in Connecticut, found that most families calling on the agency for help were in the $9,000 to $11,000 per year salary bracket.

But why? Why do such well-educated, highly paid Americans have trouble with their finances? Why do approximately 200,000 families declare personal bankruptcy EACH YEAR? *More people resort to bankruptcy today, than during the height of the depression!*

Why do millions of other families for years practice a kind of financial brinkmanship?

Some authorities estimate that for every personal bankruptcy, at least twenty other families are having dire financial problems.

Many are living on meager incomes. They desperately need practical information on how to make the most of their money. But even the comparatively affluent endure frustration, a never-ending succession of time payments, family squabbles over money, and a feeling that the good life is escaping them. They can't enjoy what they do have.

Financial Worry Versus Affluence

But why should this be? Americans today are virtually glutted with the physical trappings of our Age of Technology.

Today, almost two in five families make over $10,000 per year; approximately one family in five enjoys an income of $15,000 or more. The median family income is $9,280. This represents a 75% increase in family income over ten years ago. Even with inflation, the median income of 1970 packs 36 percent more buying power than the 1960 income.

Some 80 percent of American families have at least one car. One in three families has two or more cars. Two out of every three American families own homes. One in every 11 homes is equipped with a swimming pool. Four out of five families have black and white television sets. One in four owns a color TV.

On top of this, Americans spent more than 80 billion dollars in 1969 on leisure. That's a substantial total of $400 per man, woman and child!

Approximately 28 million Americans own stock in corporations. An amount equal to nearly $6000 per family is currently in savings accounts. The financial assets of all Americans is close to the TWO TRILLION DOLLAR mark.

Then why this paradox? Why nagging worries in trying to make ends meet? Why, according to some estimates, is the average American family only three months away from financial failure.

The answer is simple. Much of the United States' so-called prosperity is predicated on borrowed money. Too many Americans have borrowed too much.

America's Private Debt

This borrowing spree adds up to a collective personal debt estimated at well over half a trillion dollars — a figure that staggers the imagination. This debt includes everything — home mortgages, installment credit, personal loans, charge accounts.

If every person owed an equal amount of money, a family of four would have an $11,300 debt.

To further intensify the problem, assets and debts are not evenly distributed. According to one study, 40 percent of American families have NO SAVINGS at all! And, usually, these are the families heavily in debt.

It is no wonder that a sudden emergency — an illness, an accident, a new baby, auto repairs — can bring financial disaster.

Many simply have no money for emergencies or for purchasing needed items on a cash basis. On top of this, since World War II, a new type of money psychology has made great inroads into the thinking of Americans.

A large number of people no longer feel it necessary or even financially wise to save. A new generation has largely given up the maxim of money management which once guided the prudent family.

A New Money Psychology

Much of this thinking stems from rising inflation. A dollar worth 100 cents in 1959 was only worth 76 cents in 1969. One authority estimated that a family which tripled its income between 1939 and 1969 found itself no better off in terms of real purchasing power.

As a result, millions of families are convinced that it doesn't pay to save. Little by little, too many Americans are embarking on a "Buy now and pay later" spending spree. Simultaneously, it has become increasingly possible to purchase anything from toothpaste to television on credit.

Consumer credit has leaped ahead. It rose over 2000 percent from 1945 to 1970. In the decade from 1950 to 1960, consumer credit more than doubled. It more than doubled *again* in the 1960-1970 decade.

Without realizing it, multitudes of Americans are abusing their "no money down and fifteen dollars a month" way of life. Increasingly, the average person is living from paycheck to payment. In too many cases, payment is due BEFORE paycheck!

One authority estimates that the "average American" has pledged close to 15 percent of his income toward monthly installment obligations. Further estimates are even more disturbing. When all short-term debts — including charge accounts — are taken into consideration, the percentage of debt-tagged income is staggering. Average Mr. and Mrs. America has earmarked 20 percent of their paycheck to meet payments!

Sidney Margolius, family finance expert, calculates that those who owe money often must pay 25 percent or more of their income to creditors.

Age of Credit Buying

The result of this new money psychology is obvious. Short-term personal debts are leaping ahead alarmingly. The total jumped from less than $6 billion in 1945 to $90 billion by 1965. By early 1970, consumer debt was estimated at over $120 billion. This did NOT include mortgages, farm debts, bank loans. Amazingly, one family out of every 33 is in hock to the creditors to the tune of 40 percent or more of its income.

Business statistics revealed that Americans owed 36 BILLION dollars in mid-1969 on the cars they drove. According to the University of Michigan Survey Research Center, approximately 66 percent of all new cars are purchased on credit. Used cars are bought on time in 46 percent of the cases, according to this estimate.

Appliances fare little better. Approximately 39 percent of all refrigerators and 35 percent of all cooking ranges are said to be bought on credit. In fact, home furniture and appliances are purchased on the installment plan in at least 30 percent of all cases.

Our Money Problems

Other authorities claim these items are bought on credit in larger percentages. Whatever the real statistics, it is clear that Americans are buying heavily on the installment plan.

And, they are often in *financial trouble.*

The intensity of the trouble is partially revealed by *garnishee* rates. A garnishment occurs when a creditor seizes a large part of the debtor's wages. This is usually one step before the individual declares bankruptcy.

The Cook County Circuit Court in Chicago has recorded as many as 85,000 garnishees a year. One large Chicago employer, Inland Steel, revealed that as many as 10 to 30 percent of all employees have been garnisheed in recent years. Los Angeles courts reported 115,000 in 1965. Akron and its surrounding area have 20,000 a year. Detroit had 52,000 garnishees in 1965.

Increased and over-extended use of credit is bringing this type of financial hardship to millions. Some experts are worried.

Charles Neal is one. He is a financial counselor of long experience. He is familiar with the whole spectrum of money problems. For several years, Mr. Neal was Director of Financial Counseling for the American Institute of Family Relations. Speaking of bankruptcies in particular, Neal said:

"The cause in almost every case was OVERUSE of credit — in other words, impatience to have all the goodies of life.

"In order to get credit, a family must have income. Bankruptcies in these times usually can be blamed on *poor management*, not on lack of income." (Charles Neal, *Sense With Dollars*, New York: Doubleday and Company, 1968, page 1.)

Almost all bankruptcies are "no asset" cases. Yet, each has obviously been using credit liberally — *too liberally*. Supposedly, they are amassing the good things of life on credit. But what has happened to them?

Americans are simply buying first and saving later

— if at all. They have formed the habit of borrowing. Without thinking, millions dutifully turn to the bank, the credit card, the time payment plan.

Seldom, it seems, are they able to pay off what they owe.

The Problem With Credit

The consumer is largely to blame for *misusing* the credit available. Some of the guilt rests on basic economic misconceptions — in particular the idea that industry must produce more and more. At the same time, we are told that we must CONSUME this production at an ever-increasing rate.

"Out of this we have been forced to become a nation of consumers. We must consume at an ever-increasing rate in order that the goods of our production (which itself must continue to climb) do not become pure overproduction." (Rex Wilder, *Macmillan Guide To Family Finance*, New York: Macmillan, 1967, page 5.)

Few people stop to ask: "Is this really the right way to do it?" As a result Americans are buying more of everything than ever before. We are taught through advertisements that we SHOULD buy more — and do it now! And we *like* to do it. After all, it's pleasant to acquire things rapidly. But is this always good? Can we overextend our credit without dire consequences?

Our "Buy, Buy, Buy" Society

It has been said that we are bombarded with fifteen or sixteen hundred advertising messages per day. Most of them beat the gong for "More purchases — and now!" "Take a vacation." "Buy this refrigerator." "Keep up with the new style." "Purchase a home."

In forging this advertising barrage, marketers have one overall purpose in mind.

American social critic Vance Packard summarized the approach in the following way: "As the marketing experts groped for ways to keep sales soaring in the face of mounting saturation, one of the first thoughts that struck them was that each consumer should be *induced to buy more* of each product than he had been buying. "The way to end glut was to produce gluttons." (Vance Packard, *The Waste Makers*, New York: Pocket Books, 1960, page 25.)

The result? You live in a society that has artificially stimulated consumption to keep production going. Such a society, if it isn't careful, could come crashing down.

Of course, Rome wasn't built in a day and neither was our consumer society. There was a time when Americans WAITED for what they wanted *until* they could afford it. Today, such an attitude is considered virtually subversive and just a bit naïve.

Charles Neal, expert in family finance, runs into this "buy now, pay later" attitude and its drastic effect on the average consumer.

A Nation of Consumers

Says Neal: "Having counseled thousands of persons face to face, I know how easy it is to get trapped on a financial treadmill. Every day we are urged to live better, "higher on the hog" — and immediately — not later.

"Keeping up with the Joneses is no joke; it is the very essence of modern-day American living. Even the most solemn and thrifty economists plead with us to part with our cash and use our credit liberally. After all, they say, if we don't spend freely, the economy may suffer, and who knows, we might all be out of jobs." (Charles Neal, *Sense With Dollars*, New York: Doubleday, 1968, page 2.)

Credit has been hailed as the way to have what you want sooner. "If you paid cash, you'd never have all that you enjoy," the promoters tell you.

This isn't telling the whole story. It may, temporarily, *change the time* of your purchase. However, a family with NO debt and a good income can purchase most everything within a matter of a few months. The trouble with this is that most families are so far in debt, they haven't seen this principle work.

Credit does *not* give you "greater buying power." In fact, credit ultimately *decreases* your buying power. Remember, you do pay at least 15 percent extra — and often much more — to the creditor for the items you buy on time.

If your income is sufficiently large, you can afford most of what you need anyway. And if you can't afford an item without credit, you need to ask yourself BEFORE you buy: "Can I really afford this?" If you can't, *beware!*

Our CREDIT Economy

Credit has also been deified as the savior of our economy. "Why, it has built our mass industries," cry the manufacturers. "Take a look at the auto industry."

This *idea* — that credit built the industry — is open to question.

In some cases, the effect has been merely to divert spending from one industry to another. For example, the railroad industry was once a backbone industry. Today, it has been largely relegated to a second-rate status. The auto has been one factor in demoting railroads.

For another point, credit has not caused an increase in recent car sales. From 1963, car production has remained generally static at eight to nine million. However, auto installments jumped 80 percent from $20 billion to $36 billion in the years 1963-1969. Obviously, more credit doesn't necessarily increase sales. There is a limit.

Nevertheless, manufacturers have literally flooded the market with new gadgets. Much of the time to tempt you to buy more — and on credit. Constantly, the cry is to upgrade. Exchange the black and white TV for a color model; get a new car with greater horsepower and modern styling; trade in the white range for a built-in green one; add on another room; get a power mower with a driver's seat.

One publication put its finger on the problem when it said: "The advertising industry has, to use the phrase of one budget advisor, turned us into a nation of 'wanties.' "

But how many people can *really* afford a new home, a swimming pool, two cars, a color television, three weeks' vacation — all at the same time?

Few can.

Young Couples and Credit

Young couples expect to *immediately* have the standard of living which took their parents years to achieve. Many families make large purchases BEFORE the income for such expensive items is really available. Financial disaster often strikes!

A Southern banker estimated that 50 percent of consumer bankruptcies involved people under 29. The usual age range of bankrupt families appearing before an Oregon bankruptcy referee happened to be in the 23-to-35 age bracket.

People who spend unrealistically to gratify some immediate desire often do not realize what they're doing to their financial stability. After all, they have been told that they should expect more *now.* This, they are advised, is part of the great American dream. GET whatever you like, whenever you like. "Buy now, think later."

What can you do about the situation? Simply, don't buy. Don't buy until you can afford it.

Should YOU Use Credit?

This, of course, doesn't mean you should *never* use credit. In our credit-oriented society you will probably find it helpful to use credit occasionally. A good credit rating can be an asset if used wisely.

The editors of the J. K. Lasser Tax Institute summarized it well. "Plainly, the smart money manager uses


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STANDARD
GEFCO
A GOVERNMENT EMPLOYEES INSURANCE COMPANY
Mobil
ENCO
Motoring!
COMPANY
Gulf
TRAV
135 038
SECURITY PACIFIC NATIONAL BANK
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credit cards instead of cash," they wrote. Then they added this penetrative thought. "But he does so knowing that he could have paid cash if he so wished; and he does not charge items or services he would not otherwise have bought." (*Managing Your Family Finances*, by the J. K. Lasser Tax Institute, New York: Doubleday, 1968, p. 84.)

Besides, credit cards are handy to have. It might save a lot of frustration, say, if your car breaks down on the road. It could turn a disaster into a minor inconvenience. Credit cards also prevent you from having to carry large sums of cash.

Of course, most of us use credit all the time. For example, we buy electricity, gas, water, use of the telephone, on credit. That is, we use the services first and *then* pay for them.

However, credit is a *convenience!* And you *do* pay for the service. In some cases, as with oil company credit cards, you need to make the purchase anyway. It doesn't matter if you use the cards or not. This is the type of "credit" paid off without a visible charge. You usually do, however, pay higher prices for the item or service.

There may be times when it is *essential* to use credit. For example, few people can afford to purchase a house on a cash basis.

At other times, credit may save you money. For example, suppose you have several children. You have to do extensive washing and drying of clothes. It may be *less* expensive to purchase a washing machine on credit than to continually trek to the "washateria" and pay for washing and drying. Plus you would gain the extra convenience of being at home.

The same might be said for a freezer. Can you

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CREDIT CARD EXPLOSION — According to some estimates, 200 million credit cards are outstanding in the United States. As early as 1967, the volume of sales on credit cards passed $12 billion.

afford to buy bulk meat and a freezer — and save money in the long run?

There are legitimate and money-saving uses of credit. But credit use *must* be handled maturely, discreetly and very carefully.

The credit system has been extended to so many people — and is so easy to obtain — that too many take it for granted. And they abuse it by buying too much *before* they can really afford to buy.

Can You Afford It?

The sensible person must realize that no matter how much he makes, he will *never have enough* money for everything he would like to buy.

Yet, too many people simply have not thought through the significance of that simple statement. "Credit is available, so why not use it," they reason. Later, they wake up to the painful facts of life. Human desire out of control is the real culprit.

It is characteristic of human nature to live just beyond one's means! It is also a driving human motivation to acquire material goods — even though you can't afford them. After all, that's why people use and abuse credit. You can now buy something you cannot afford — by borrowing *someone* else's asset.

One might ask himself this pertinent question: "If I can't afford it — should I have it?" Painful though it may be, those in debt must face up to the reality of their financial position! This desire to have what one cannot afford is often at the root of the overindebtedness problem. There are, of course, other causes which we will examine.

The bewildering array of easy credit doesn't help the debt-ridden family. Neither does the "you-owe-it-to-yourself" advertising barrage. As a result, people buy when they can't afford it. The end result is obvious. It's called *overindebtedness.*

Of course, people have always used credit and abused it. In past generations entire families were sold into slavery to pay off a debt. Or they went to prison. Today people sell themselves — and often their children — into financial slavery. "The borrower is servant [slave] to the lender" (Prov. 22:7). That is a simple statement of fact.

The more we owe others, the less we often really possess.

We have become a "renter" rather than an owner society. Take your car for example. You are probably making a never-ending succession of monthly payments on your car. You are in effect "renting." A thirty-year mortgage on a house means you are little more than renting that home for a good portion of your life.

Many other items with built-in obsolescence are, indeed, rented. The "owner" is paying payments on the commodity — sometimes long after it has worn out. This has had a devastating effect on the way we view and manage our money.

When to Buy

We are being conditioned to accept the "time-payment plan" as the way to handle money. Let's explain it this way. Under a very limited credit system, cash was required for nearly all consumer goods and services. A person had a built-in automatic control on most spending desires and decisions.

He simply asked himself one question: "Do I have the money to purchase this item?" If he did, fine. But if there was no cash available, his decision of "I can't afford it" was already made.

It kept his human desire in bounds!

The economics and psychology of the matter was simple. There was no frustration; no worrying about unpaid bills; no fear of some unforeseen catastrophe putting him financially under.

But our *credit society* has transformed all that. The average consumer has been conditioned to debt. As a result, his economics has gotten complicated. And in spite of affluence, Mr. Average American generally feels in a financial pinch.

"Under the system [a credit economy] . . . the question is no longer 'Do we have the money?' but 'Can we afford it?' The latter involves a much more complex equation, and there is no built-in yes or no signal to which you can look for an answer." (Carlton Smith, R. P. Pratt, and the Editors of *Time-Life* books, *The Time-Life Book of Family Finance*, New York: *Time-Life*, 1969, page 11.)

Therefore, it becomes easy to reason around the fact that you cannot afford an item. Most people would have to admit they can't afford $500 for a color TV. But $18.50 per month for three years — now that's *different*. Or is it?

How *Not* to Handle Money

Most people simply aren't equipped to handle their finances in this complex manner. It requires extensive education in economics and allows too much latitude to the desires of human nature. Indeed, the question might be: "Should people handle their purchases in this way at all?"

In a *McCalls'* magazine survey a shocking conclusion was reached by the investigators. "The overwhelming impression was that many an American shows a naïveté, a lack of realism and a kind of carelessness in his spending career that would probably get him fired if he were to display these same qualities to the same degree in his . . . earning career." ("How Women Feel About Money," *McCalls*, July, 1964, page 76.)

Millions of Americans have an appalling lack of

H. Armstrong Roberts Photo

A CONSUMER'S GARDEN OF EDEN — Department stores, as other "supermarket" establishments, feature a vast variety of desirable goods easily available on credit. Many people buy such goods on impulse.

knowledge about the credit system they use so liberally. They are not even aware of how much credit costs them.

According to one survey published in the *Journal of Marketing* and recorded by Hillel Black, "Approximately two thirds of the users of installment credit did not know the amount of the carrying charges or interest rate on their most recent installment purchase." (Hillel Black, *Buy Now, Pay Later*, New York: Pocket Books, page 74.) Hopefully, the "Truth in Lending" law has made this knowledge easier to acquire. But it still doesn't educate the populace to the complexities of credit. Most shoppers are concerned only with the question, "How much is that per month?"

An Ohio credit bureau manager was quite frank on the wisdom of the average consumer. "We feel that an increasing number of people are not competent to handle credit. In our study locally, we feel that 25 percent of consumers are unable to handle extensive credit transactions." (Sidney Margolius, *The Innocent Consumer Vs. The Exploiters*, New York: Trident Press, 1967, page 53.)

Financial expert Margolius admitted that, "Comprehensive financial counseling for average income families remains one of the great unmet needs of our time." (Sidney Margolius, *How To Make The Most of Your Money*, New York: Meredith Press, 1969, Preface.)

Lack of Training

It is this lack of knowledge and experience in rightly handling personal finances which is at the bottom of many a family money problem.

Most people have been trained as money *earners* — *not as SPENDERS!* A man may be an expert in running a computer, and fail miserably in running a budget. He may be a whiz at managing a supermarket, and flop in managing his budget. Few people have been taught *how* to spend money sensibly.

In the remaining pages of this booklet, *seven* important principles of financial success are discussed. Each is a vital key to help you make the most of managing your income.

What, then, must be done?

Where should you begin?

Principle No. 1 — EDUCATE YOURSELF

Simply put, this is education about personal finances — *and yourself!*

In today's complex financial world, such knowledge is absolutely necessary. A person must have some education about credit, insurance, how to buy a car or home — plus all the other factors involved in spending money — if he is to keep his financial house in order.

If you plan to purchase a home, find out all you can about home buying. How much will it cost? What are you getting yourself into? What obligations will you have? Do the same for any other purchase.

Thinking of borrowing money? Find out all the different places where you can get credit. Is it *really* worth it? Understand thoroughly *how much* the credit will cost you.

In the back of this booklet is a list of books and pamphlets available on all aspects of money management and spending. The average consumer should *read and study* at least one of them.

A person must also have knowledge about HIMSELF!

He must understand himself for what he is. Face up to the fact that his desires very often outrun his income. In other words, he shouldn't let himself be talked into buying something he cannot afford.

But what salesman, what advertiser, what manufacturer asks a potential buyer: "Have you analyzed your financial situation? Can you really afford this product you want to buy from me? Will this benefit your family?" Precious few bring up such questions.

A Common Trap

Lack of training in handling finances is directly tied in with another common problem.

Couples simply START spending foolishly!

The situation begins something like this. A couple wants to get married. She is 17 and he is 19. (Approximately 50 percent of all brides in the United States are in their teens. More first babies are born to girls of 19 and 20 than any other age.) They have absolutely NO resources and little training in financial matters. Immediately, they go in hock for the wedding itself.

They get married on a meager income and simply start buying. Of course, they don't have cash. So they beat a hasty path to the credit agency and start on a lifelong *credit cycle.* Their expectations almost reach fantasy proportions. They don't understand themselves. They don't realize how completely manipulated they are by our materialistic society. They simply *buy, buy, buy.* Then financial problems crop up. They have continual difficulties in meeting their bills. They may soon be among the 200,000 declaring personal bankruptcy every year.

This couple will worry and gripe about money. It can be a depressing emotional experience. In fact, their money problems may lead to divorce. But all this is so needless! It would never have happened *IF* the couple had sat down to figure out a budget BEFORE they got married instead of after. In fact, they might have concluded: "We can't *afford* to get married yet. Let's wait a few months until we are financially able." Or once married, they would have been mature enough to purchase only what they could afford.

If you are contemplating marriage, stop and think.

Get together and ask yourselves, "Can we really afford to marry?" Marriage is not for children. It brings responsibilities — including financial ones.

For those of you who are interested, we will send you a FREE copy of our book, *Modern Dating — Key to Success or Failure in Marriage*. It contains vital knowledge about dating and marriage that every teen-ager and parent should understand.

Suppose, however, that you already have dire financial problems. What can you do? Chances are, if you are making a fairly good wage, your problems are quite solvable with a little work.

Your financial difficulties are caused by two things. First you are living "too high on the hog" for the salary you are making. Hard as this may be to swallow, it has to be accepted. Not everyone can purchase what he wants to. If you only earn so much money, you can only buy so much.

Realize your financial position in life, and learn to live within it. This doesn't mean you shouldn't improve yourself.

In fact, what you may need to do is learn HOW to improve your earning power.

Too many people are just square pegs in round holes. They work without enthusiasm, without enjoyment, without satisfaction. Rather than receiving fulfillment in their job, they seek escape and happiness in some hobby or diversion.

If you're in such a position, you need to learn how to make a success of your working life. Find out how to improve your position. Perhaps you're in the wrong occupation. Or maybe you need to improve in your present job.

Once you earn more, you may be able to purchase more of the physical things you need or want.

Remember, however, don't confuse owning goods with the "good life." The good life may include owning goods; but owning goods does not mean you are necessarily enjoying the good life.

This is exactly where many people fail. They are pursuing false goals and values.

A Shocking Paradox!

As never before, America and other technological nations are living in the lap of luxury.

Today, most material comforts and objects are available in differing degrees to the average person. But paradoxically, *increasing prosperity has not brought with it increasing happiness!*

Scores of millions still allow the creeping cancer of failure to chain them to a daily life of unhappy circumstances.

But why?

Why are only the very few really happy and successful? Why is it that in spite of current prosperity in much of the world, we find people constantly overspending, in debt and unhappy?

Why do so many feel — in spite of affluence — that somehow the "good life" has escaped them?

Much of this worry stems from a confusion of what constitutes the "Good life." Most simply do not understand the principles of *real success!*

Some don't have their hearts in their jobs. They aren't trying to improve their job skills and increase their incomes. Yet, they are trying to keep up with the Joneses. That is one reason why people are in debt. Others don't know how to successfully manage their money even if they do have a high-paying job. Hopefully, this booklet will get some started in the right direction.

But getting one's finances in order is only one step to real success. A person may still feel that he isn't getting out of life what he wants. He may yet find success in life eluding him.

Many families have poor incomes. Others are barely subsisting. They see others enjoying what they consider "the good life." "Why can't we," these people wonder, "also enjoy these luxuries?" Others are well off and have plenty of material possessions. Still, they are unhappy. But why? Can one be happy — even on a small income? The answer is "yes" — if he knows how!

You need to understand the *entire* scope of what SUCCESS *really* is.

That's why we offer you another FREE booklet. It's called *The Seven Laws of Success*. This booklet tells you why the majority are *unsuccessful* in what they do. It makes plain the *living laws of SUCCESS!* Tells you HOW you can be a success — not only in your financial life, but in everything you do.

However, there is something you can do *immediately* about overindebtedness. Simply quit overspending and *curtail* your credit purchases. Credit has been causing you a lot of heartache and worry. But credit has also been *costing* you money.

Principle No. 2 — GET ON A CASH BASIS

Many people do not seem to realize why the credit system is so popular with businessmen. The reason is simple. It makes money. In fact, the profit derived from credit may in some cases exceed the profit from the sale of the item itself.

Suppose, for example, you purchase a color television for \$500. On 24 monthly installments you might pay something like \$100 for finance charges. That would buy the outfit the wife has been needing for the last three years and some new shirts and shoes for dad.

Or, you purchase an automobile for \$3500 total price. You pay \$700 down and spread your charges over three years. The credit contract may be around \$600 dollars. That's enough to buy the above TV set, the wife's outfit, the shoes — and a celebration dinner to boot!

We realize everything can't be purchased on a cash basis. But you should avoid needless credit expenses by paying cash when you can. That ought to be an obvious conclusion. Make every effort to get on a cash basis as soon as possible. Drastically limit your credit buying.

The principle is not new. As a matter of fact, it's advocated by family finance consultants all the time.

For example, one family planning guide says, "PLAN TO GET ON A CASH BASIS as soon as you can." (*Money Management for Your Family*, by the editors of *Better Homes and Gardens*, Des Moines: Meredith Press, 1962, page 12.)

Another says, "Most money management experts agree that a person should not borrow unless he absolutely must. The loan should be for a family necessity, to meet an emergency or perhaps to buy a car that is essential to his work." (Sal Nuccio, *New York Times Guide To Personal Finance*, New York: Harper and Row, 1967, page 32.)

One *can* eventually put cash ahead for family necessities and emergencies. It just seems few people discipline themselves to do it.

Credit Is a Bad Investment

Paying cash for an item teaches you a basic principle.

Simply stated, it tells you: *There is NOT enough money for everything.*

A person on a low or moderate income simply cannot have everything he wants when he wants it. In fact, no matter how much money you make there is never enough for everything. We simply have to learn to be content with what we can rightly afford. Most Americans are not suffering in comparison to other nations. When you feel that the good life has missed you, remember this old adage: "I complained because I had no shoes until I met a man who had no feet."

The cash basis — if you follow it — teaches you that simple principle. You can begin for the first time to distinguish between *goods* and the real *good life.*

On the other hand, the credit system allows too many immature people to momentarily sidestep any block to their shopping spree. But as does any broken law, it breaks them. It causes overindebtedness, worry about financial problems, family squabbles, perhaps bankruptcy, and the feeling that one is never getting ahead.

In fact, paradoxically, when a person misuses credit he can't enjoy what he already has. It leads to other problems. Divorce is one.

For example, a recent American Bar Association survey conducted under expert guidance in the United States and Puerto Rico, found that "89 percent of the respondents cited financial difficulty as one of the two prime causes of divorce. The other was drinking, to which economically distressed people sometimes turn." (*Ibid.*, page 2.)

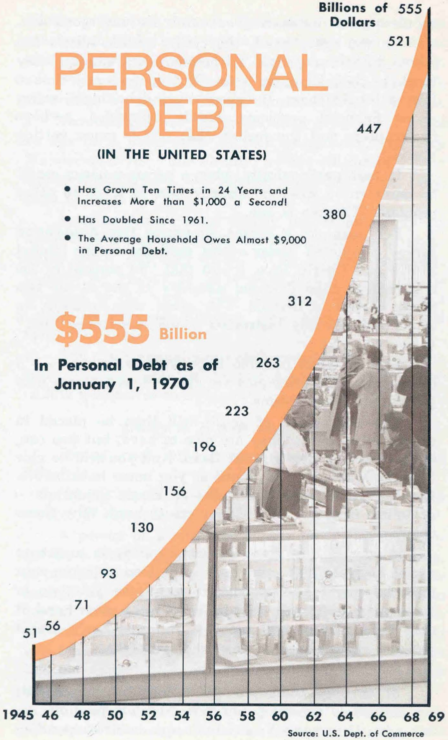
Buying when possible only on a cash basis — *if* other important principles are also followed — can help you avoid such problems.

The acquisition of goods will then be placed in proper perspective. They are nice to have; but you can, if you have to, live without them. And you will be able to *enjoy* what you can afford as you never have before. Besides, you'll save hundreds — perhaps thousands — of dollars in credit fees. Money comes hard. Why throw it away?

The way to quit throwing money away is to get on a cash basis. It isn't going to be easy. Depending on your financial plight and income, it may take you two or three years to become paid in full! On the other hand, it may take only several months. But you can't expect years of overspending to be solved overnight.

So what should you do?

Make only those few installment purchases that are absolutely necessary until all debts are paid off. It's not going to be easy. You've built up a habit of spending


PERSONAL DEBT
(IN THE UNITED STATES)
• Has Grown Ten Times in 24 Years and Increases More than $1,000 a *Second!*
• Has Doubled Since 1961.
• The Average Household Owes Almost $9,000 in Personal Debt.
$555 Billion
In Personal Debt as of January 1, 1970
Billions of Dollars
555
521
447
380
312
263
223
196
156
130
93
71
56
51
1945 46 48 50 52 54 56 58 60 62 64 66 68 69
Source: U.S. Dept. of Commerce

on credit over the years. Also, you are behind financially due to overspending.

Principle No. 3 — CUT OUT THE EXTRAS

Next, decide what purchases you can either cut back on or do without. One family, previously trapped in the vortex of holiday spending, did the following. They simply quit the long-established and time-honored practice of giving Christmas and birthday gifts. They saved hundreds of dollars. It helped them to get their financial house in order.

Another family sold some of their luxuries to pay off their installment debts. One family sold their expensive stereo for $300. That was enough to pay the remaining debt on this luxury item, and there was a little cash left over.

So ask yourself, "Do I really need the boat, the camper, the color TV?" If not, why not get rid of them? You really shouldn't have bought them in the *first place!* They added to your excessive debt.

Next, cut out the extras. Cut down — or cut out — all the lunches and dinners out. What about the children? Do they really need those expensive toys? No more foodless foods. They're expensive and don't improve your health either.

No more purchases for the husband's ham radio set or other extravagant recreation. The betting at the office or shop will have to go. It's a dubious practice anyhow.

Then consider your home and car. Can you really afford the home you're living in? Have you bought too high? Should you sell? The same might be said for the automobile.

We are not advocating selling either one, necessarily. In many places, an automobile is considered an absolute necessity. However, in other places, a car is a luxury and a great liability, and it doesn't pay to keep it.

For example, take New York City. High insurance rates, incredible parking fees and problems, the fact of gross traffic congestion, the availability of good public transportation make owning a car in that city a real question mark.

The point is this. Examine everything about your financial situation. Cut out whatever is not necessary. It may hurt; but once it is all over, the momentary pain will be more than compensated for by peace of mind which comes later. In fact, getting out of debt will be a satisfying and rewarding project.

Principle No. 4 — REPAY ALL YOUR DEBTS

Most financial counselors advise a person to pay off all his debts as soon as possible. "It is often wisest," says one authority, "to make debt repayment the first goal of a spending plan." (*Money Management for Your Family*, by the editors of *Better Homes and Gardens*, Des Moines: Meredith Press, 1962, page 12.)

There is little value in saving money when you are paying from 12 to 22 percent — and more — interest on your current debts. Once you pay off your bills, what is the next step?

Financial counselors advise: "Make a family capital fund the next goal of your spending plan, once you have paid your fee-costing debts." (*Ibid.*, page 12.)

Some authorities suggest building up a few hundred dollars emergency fund even *before* you pay off your debts. The reason is clear. Suppose you are staunchly paying off your debts. Then suddenly — the family car needs $200 worth of repairs. You would have to go out and borrow again.

This is tough on the morale — and hard on the pocketbook. That's the reason some advise building up a financial cushion. You, of course, have to adapt these principles to your situation and temperament.

Overall, however, the *immediate* goals are clear. You want to pay off your debts as soon as possible. Either concurrently or immediately afterward, the next step is to build up some sort of reserve to handle emergencies.

Your long-range goal is to get on a cash basis and stay there. Never lose sight of this final goal. Of course, you may never be able to purchase a home on a cash basis. In the future, you may be able to buy it on credit. Purchasing a car on a cash basis may also be a problem. However, if you pay cash for everything else, you probably will be able to *afford* to purchase a car on credit.

But the less you buy on credit the better. Why throw hard-earned money away? Why be a typical wage earner, working four or five years of your life just to pay interest fees?

Principle No. 5 — SAVE FOR SPECIFIC PURPOSES

In order to buy the cash way, you've got to have some money saved up.

In today's language, to save means to put money away to be USED for a specific purpose. Simply to put money "aside" would be considered wasteful hoarding.

The secret of successful saving is to save for *specific goals*. One way to do it is to set up a major category for each major goal.

Everyone should have an emergency fund of several hundred dollars. The amount depends on the family and its needs. One authority suggests a minimum fund equal to the income anticipated over a two-month period. Others suggest half a year's income, perhaps more. Certainly, two months should be a minimum.

You should also have a special fund for a particular object you would like to purchase. For example, you may find you can afford to save for a stereo set. Set up a fund called "Stereo Fund." Put in what you can afford from each paycheck — either weekly, semimonthly, monthly — or whatever. The time will come when you can purchase the item with cash. And having cash, you might find a real bargain on a new one — or a good used one.

Savings immediately brings up the problem of children's education, retirement and other future financial problems. Many authorities are not recommending the saving of money for such long-range projects. Indeed, one authority advises NOT saving money for your children's college education.

The reason is simple. It's called *inflation.* This simply means that your dollar today may be worth only half as much at some future time.

For example, assume you saved $3 per day for 40 years. You would have a grand total of $135,500. But if inflation continues, your saved sum would be cut to $61,000 in actual purchasing power. Of course, there are other factors. Bank interest might make up for a large portion of the loss, or the prices of goods and services may not have inflated at the same rate.

Those who are well-off usually invest their money in various ways. Some use insurance as a type of savings for the future. These subjects should be looked into, but they are not the purpose of this booklet.

Insurance is a MUST in this day and age. Every family should have it. Don't neglect it and be as unwise in NOT spending your money as some are in spending it. Auto, home, life and medical insurance are considered absolute essentials by financial advisors. Each family should thoroughly study into such insurance and be sure they have what they feel is *necessary for them.*

Most of the books and pamphlets listed in the back of this booklet can provide thorough information on this subject.

The State of Our Health

Perhaps most frustrating to the average person are medical bills. Finance counselors see this as one of the top financial worries of families.

Sidney Margolius, finance counselor mentioned previously, has written: "Almost all counselors and credit bureaus report unexpected or unprovided for medical and dental expenses are a major cause of money problems." (Sidney Margolius, *How to Make the Most of your Money*, New York: Meredith Press, 1969, page 9.)

At this point a word about health is needed. As in family financial problems, we have a similar paradox concerning health problems. Today, we have more doctors, more hospitals, better surgical techniques. Yet, we seem to have INCREASING health problems and costs.

Why this paradox?

Today, we think it is *natural* to be sick. We also assume it is the normal way of life to be in debt. People are shocked to be told they need not be in debt. They are equally shocked to be told they NEED NOT be sick.

It is UNNATURAL to have heart disease; it is *unnatural* to have cancer; it is unnatural to have decayed teeth. Disease simply means the body is not functioning as it should.

It is not the purpose of this booklet to discuss the causes of disease. But we do need to examine the state of our health.

Something is wrong in the way we are living. We seem to be under a curse of our own making. Even those who are careful with their money find it can quickly vanish on doctor bills, medicines, operations and hospital costs.

For those interested, we have a FREE article called "The Seven Laws of Radiant Health." It discusses some basic principles of good health. Good health can save you hundreds, perhaps thousands of dollars.

Principle No. 6 — BUDGET YOUR MONEY!

In a University of Michigan study, it was found that less than one half of the nation's families had $500 or more squirreled away in some kind of savings. Approximately 40 percent had none at all.

Why do so few people seem to be able to save money? The answer is startling. In many cases, families are not sure HOW MUCH they are spending or the amount they owe. They have no spending guide — no budget — for their earnings.

Few people would take an extended trip without a map. No builder would construct a building without blueprints. Yet, strangely, many families don't have their spending mapped out. They have no blueprint which earmarks their earnings for specific expenses. In one survey, it was found that only one in fourteen used a budget.

Some people actually claim, "We don't need a budget." The fact is, everyone needs some kind of budget. How complex it is, its overall structure, its details will vary according to the family.

A budget is a cash forecast — a list of upcoming expenditures throughout the year. Any business organization must have one in order to operate. Any family must have one to properly dispense its money.

Of course, a budget is not a panacea in itself. Some families budget but still come up with a poor financial situation at the year's end.

A budget merely charts your course. But YOU must discipline yourself to travel down the right road. Its purpose is to enable you to look ahead, NOT to keep track of the past. Your past expenditures are important only as they help you define your present and future spending plans.

In general, a budget can be very simple. All you need know is your income and your outgo. Putting down what you make should be no problem. Estimating your outgo may be more difficult.

Know Income and Outgo

One way is to figure out how much you spent last year on all your items. If you have a hard time recalling where last year's money went, that may be the very reason you are having financial difficulty. You simply didn't chart a course for your outgo, and overspent.

In setting up a budget, it is essential to know, as much as possible, *where* your money goes. Some expenses are obvious. You pay rent, say $125 every month. Your car payment may be $72.25 per month. Other monthly expenses may be for telephone, electricity, gas, heat, or miscellaneous installment payments.

In fact, *most expenses* are *monthly* ones.

Food can be a *weekly* budget consideration. Other expenses are *yearly*. An expense which usually overtakes the family without a budget is an "emergency." Yet, it is NOT a bona fide emergency at all.

For example, automobile insurance hits a family, say in January. Suddenly there is perhaps a $168 insurance bill — and no money. One simple solution is to put away $14 per month. Or set up a fund of $3.25 per week.

That's what a budget does for you. It forecasts your yearly expenditures *ahead of time*. You can then plan your payment of bills. How you do it is up to you.

Some people are paid weekly, others semimonthly, others monthly. A number of families may be paid on a commission basis. Perhaps a farmer has only one or just a few income periods throughout a year.

Every family has its unique situations and obligations. That's why setting up one "model budget" for everyone can be dangerous. There is no "average" family situation. General overall principles apply in each case, but the details of a budget should be worked out by the family itself.

A Family Affair

Whatever a budget is — it should be a family affair. Unless the husband and wife cooperate and work together, no budget will work. If both charge items on different credit cards and separate bank accounts, financial catastrophe can occur.

If a family is going to tighten its financial belt to get out of debt, it cannot be an arbitrary decision. Both husband and wife must agree to it. The children must be told and informed about what is going on — and WHY.

It will teach children they can't have everything

H. Armstrong Roberts Photo

MAKE BUDGETING A FAMILY AFFAIR — Children should be taught how to earn, and how to intelligently budget money at an early age.

they want. They will also learn HOW a family should budget its money and handle its expenses. Too little of this kind of education is available to young people today. It's no wonder they make the same mistakes their parents are making.

Teach your children how to handle money. Certainly they should be taught how to *earn* it. But don't neglect to teach them how to *spend* it properly. Even first graders — and younger — can learn the basic rudiments of handling money.

Unfortunately, in today's world many parents have not learned HOW to teach their children. We have a FREE book called *The Plain Truth About Child Rearing*. It explains in detail how to instruct and teach your children to be happy and successful individuals. You may have a copy by simply writing to the address nearest you, given at the end of this booklet.

Whatever decisions are made, be sure your children are in on it — if able to understand. Many purchases can and should be talked over with the family. By this very participation all will learn the basics of family financing.

The husband should take the lead in setting up the budget. Depending on the circumstances, a wife might keep the records and pay the bills. Organization and individual duties will vary with each family. There is no set pattern. But, whatever is done, it should be done together. Psychologists and home economists agree that sharing financial duties promotes family harmony. It builds stronger family ties in every way.

The Working Wife

At this point, a few words about the working wife seem in order.

Today, nearly twenty million married women have jobs. In fact, nearly one fourth of the labor force of the United States is married and female. The income earned by working wives was primarily responsible for tripling the number of families with income of $10,000 or more between 1950-1970. Close to one half of wives from this income bracket are working.

But why are all these wives — many with small children — out working? Is it for a limited time to pay off debts or to get the family's financial feet on the ground? Not generally. Families with working wives are spending *both* incomes. In other words, the wife works as a permanent family breadwinner.

This, of course, causes many problems. Small children suffer. They do not receive their full share of parental care and teaching. Such neglect can be the root cause of later delinquency.

Another factor is that a working-wife situation may lead to serious marital problems — even divorce. The story about the secretary falling in love with the boss does occasionally occur.

Then there are the strictly monetary problems. A wife's clothing budget jumps 25 percent. Her food and grooming budget goes up 10 to 15 percent. Transportation, tax and baby-sitter may further eat into the income.

If a pregnancy or serious illness occurs, the couple living to the hilt of both incomes may well be in serious financial difficulty. When all factors are considered, little can be said in favor of wives working. There are exceptions, of course.

The Wife's Part

Few people realize that by NOT working, a wife can perhaps save *much more* for the family budget.

A wife can do quite a bit in cutting down on family costs. One major category involves purchasing of food and related items. It is precisely in this area that a lot of the family money is literally thrown away. One authority writes:

"Next to squandermania, *careless shopping* eats into the family income most heavily. There is an astonishing variation in the prices asked for standard merchandise in different kinds of stores and under different brand names." (Arthur Milton, *How To Get a Dollar's Value for a Dollar Spent*, New York: Bell Publishing, 1964, p. 31.)

For example, in one supermarket there may be 250 kinds and brands of canned vegetables, 50 kinds of baby food, and 100 varieties of cake mix. It is this type of bewildering situation which confronts the housewife as she whisks along the supermarket aisle. The typical housewife will be spending at the rate of $20 per hour at this market. Her husband may only earn from $2 to $8 per hour.

A working wife is generally going to be too tired to be aware of such a situation. A wife at home, keenly interested in saving money, will know how to hunt down the bargains. And she will have the time. A working wife probably will not.

When you remember that an "average" family spends somewhere around 20 percent of the family income on food, this is a whopping responsibility.

A wife at home will have the time to plan menus — and to shop with a list. She won't spend 11 percent of her food budget for sweets — candy, cookies, pies, soft drinks — as the average American does.

She'll buy less of the convenience foods, because the non-working wife won't need to use the time for an outside job. She will be aware that some 75 percent of items purchased in the food line are *processed* to some degree and, therefore, not as nutritious as other items.

She will be wise enough to go shopping after having eaten — not before. Those who shop on an "empty stomach" usually buy more than they actually need. They're hungry and everything looks good! The wise wife will also shop with a list to avoid impulse purchases. A homemaker wife will plan her menus — taking advantage of bargains. A working wife will rarely have the time, energy or interest to do all this. Frequently, the homemaker wife will also cut down on the family budget by making some of the family clothes, and by initiating other money-saving practices.

The husband and children of a homemaker wife will receive the care they need. The children will have better training. Plus, this wife will be a lot happier! This short "In Defense of Home-Working Wives" shows in general how they can save the family budget a substantial sum of money and add considerably to the stability of the family.

The Husband and the Car

The husband doesn't necessarily need to hunt down household bargains. Basically, that should be the wife's responsibility. But the husband does have a great responsibility in being sure that the family gets the best deal in another area. We mean purchasing the family automobile.

Men understand automobiles better than women. Although even here their knowledge is woefully inadequate. In any case, they should have the interest to find out all they can.

A car can be one of the biggest family budget wreckers. It has kept a lot of families in the poorhouse. Once again, much of the problem goes back to the *beginning* of a married couple's life.

They were forced by circumstances to purchase a problem-ridden automobile and have never been able to get ahead. In fact, the selling of a used automobile has been called the next thing to a perfect crime.

One authority estimates that repairing automobiles is a $25 billion per year industry in the United States. That's a yearly repair bill of about $250 per automobile. When you figure that a large share of autos are new, those driving around with older cars sometimes are paying a much larger sum.

The standard-size, one-year-old car costs its owner about $1475 during the year. This includes depreciation, gasoline, insurance, maintenance, parking, garage, tolls and taxes.

How Much to Spend

Financial authorities sometimes recommend that no new car be purchased for less than ONE-THIRD cash payment. Further, they say you shouldn't extend financing beyond 36 months. Otherwise, depreciation of your car decreases its market value *faster* than you can decrease the loan balance.

This determines how expensive a car you should purchase. The average American spends somewhere around 15 percent of his budget on transportation.

Therefore, buying a car requires some real thought. Can you wait until you have a bigger down payment? Should you buy a smaller car? A smaller car may cost you only $8 instead of $20 per month on gasoline. Your payments will also be smaller.

It's no wonder that financial experts sometimes have those in financial difficulty ask themselves: "Can I sell my car?"

In fact, Australian financial expert Austin Donnelly once did just that. He sold his car.

"Some years ago," Donnelly recounted, "I found it necessary to sell our car because our financial position went down following heavy medical expenses . . . many of our friends were most upset; they seemed to think that we were crazy to sell what they thought was an absolute necessity. We adopted the attitude that better people than we had done without a car, so why shouldn't we." (Austin Donnelly, *You and Your Money*, Sydney: Ure Smith Pty. Limited, 1968, page 40.)

Donnelly, of course, admitted he missed his car. He and his wife were happy later to purchase a new one. But the point is this. They were able to do without an automobile until they overcame the financial crisis.

Whenever you purchase a car — especially your first one — be sure you know exactly what you can afford. And, if you are in grave financial difficulty, you might need to consider whether the car is worth keeping.

What we have discussed concerning automobiles is very general. It is your responsibility to go into the subject at greater depth. Get the facts on the car's mechanical function, insurance rates, credit costs, and other related facts BEFORE you buy.

Buying a Home

As expensive as a car is, it pales into insignificance when you consider the cost of a home.

A family needs to study long and hard before they purchase a home. Very few newly married people can really afford an expensive home.

Yet, a few years ago one survey found that forty percent of home buyers financed by government guaranteed loans were under 30. Financial counselors usually advise against young couples rushing into a home purchase. Yet, many do it. They saddle themselves with a series of hefty payments for mortgage, insurance, taxes and upkeep.

Just how much you pay for interest alone is clear by this simple example. Suppose you pay $5,000 down and agree to pay back $20,000 at 6 percent over 25 years. What's the cost of your house? You will pay $38,661 dollars, or $18,661 dollars in interest.

Further, some advisors make this simple estimate. Suppose your payments are $175 a month on the mortgage. Say add 50 percent to mortgage cost for taxes, upkeep, improvement, and insurance each month. Also, the home buyer is forced into depleting his cash reserve for a down payment.

It's quite evident that a home buyer has to go in with both eyes open. A home is a major purchase. Any family desiring to acquire a home should have all the facts before it buys.

Counselors advise that 25 percent of a family's after-tax income is the maximum to be allotted to total housing expense. Under today's conditions your total housing should cost less than a week's income.

This, of course, is a general estimate. Those with large incomes perhaps can pay a greater percentage. People with very limited income may not be able to afford as much. Others may not have too much choice in what they pay.

Rent or Buy—Which?

Many people think that when they pay rent, their money is being wasted. Yet, when they buy a home, they are making rent-like payments for 25 or 30 years.

True, they are building up a certain equity. But remember, owning a house can be an expense as much as an investment. In fact, some authorities question WHETHER it really is that good an investment. It boils down to these questions.

Can you afford formidable costs such as property taxes, insurance and interest? Not to mention improvements and upkeep — painting, repairs, public utilities assessments, etc. — as well as the monthly expenses of water, trash, heat? Are you able to financially *maintain* your home? Do you have money for sudden emergency expenses such as a new hot water heater? Will you find the cost of paying for and maintaining a home *not* financially burdensome? Will the property increase sufficiently in value? Will you come out ahead in the long run?

Then perhaps you could go ahead and buy.

But for those *without any resources* it is a highly questionable purchase. For those heavily in debt already, it is not a wise contemplation. Get out of debt first, save some money and then think about owning a home. The same goes for whatever you want to purchase.

Principle No. 7 — A FINANCIAL LAW

We have given you the principles of wise money management. It would certainly seem that if one follows these six principles he should be a financial success. Yet many have followed these principles and still fallen far short of real success in life. There is a financial LAW of which they either were in ignorance or failed to follow. That law is principle #7.

It is not a federal or state law, nor a municipal ordinance. It is a living, *active* law as much as the law of gravity. It is the ingredient that *changes everything* — increasing income, money management — everything! Yet it is universally ignored.

Countless thousands who have followed this basic financial law have been prospered, not only financially but in other important ways. They found that it *worked!* Some notable men, such as the original John D. Rockefeller, and the soap and toothpaste industrialist William Colgate have been publicized as practicing this principle.

Yet what an indictment against prejudice and the hostility of human nature that even the source of this law and knowledge of it has been not only ignored, but commonly avoided and even resented! Because of this regrettable condition, we have omitted giving this law in this booklet. But we say without apology that this vital, living, workable, beneficial law is revealed in the Bible.

However, the Ambassador College Graduate School of Theology has prepared and published a complete explanation of this little-understood subject in a booklet titled *Ending Your Financial Worries.*

Frankly you *need* it. It is at once a *challenge,* and a *promise* of rewarding benefits. It will be sent free on request.

Another booklet you *need* is titled, *The Seven Laws of Success,* by Herbert W. Armstrong, written after a life filled with contacts with those recognized as the successful of the world. Gratis, of course, as a public service.

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