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Build Financial Security

Mildred Novotny

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BUILD
FINANCIAL SECURITY

YOUR MONEY
• TO MANAGE
• TO SPEND
• TO INVEST
• TO PROTECT

COOPERATIVE EXTENSION SERVICE
SOUTH DAKOTA STATE COLLEGE
U. S. DEPARTMENT OF AGRICULTURE
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BUILD FINANCIAL SECURITY

Financial security means different things to different people. Some families and individuals feel secure if they have a steady job, own their home, or if they are free from debt. Whatever financial security means to you, it is likely associated with peace of mind and confidence that you can provide for your family's needs, desires, and responsibilities. No one can foretell your expenses of a lifetime, but you can expect a basic pattern of expenses during the family life cycle. A plan for meeting these expenses is the first step toward building financial security.

There are, in general, four economic needs which require careful financial planning.

- Emergencies
- Protection against death of earner and other losses
- Special family goals
- Retirement

Surely these are too important to leave to chance. Your first reaction may be, "How can I provide for future illness, college education, or old age now? I'm barely making ends meet as it is." The answer, of course, is that you can't take care of everything at once, and you may never achieve all that you want. Just waiting to see what happens may bring nothing but disappointments.

On the other hand, if you plan ahead you are likely to achieve much of the kind of security that is important to you. Planning makes you think about a problem. It gives you a clearer idea of what lies ahead and helps you determine what you will try to accomplish this year, next year, five or fifteen years from now. The sooner you get started, the better off you will be.

SET YOUR FINANCIAL GOALS

Your family must determine its financial goals before a plan can help you get where you want to be. You will have in mind certain objectives for each of the four basic needs. For example: a reserve fund of $900; an income of $350 a month if the income earner dies while the children are young; a new auto; college education for children; an independent income in later years.

CHECK YOUR PRESENT SITUATION

A good bit of what you want may already be provided. Social Security is of tremendous value to families with young children and to those on retirement. While the payments are not sufficient to live on, they form a base on which to build a personal program of savings, insurance, and investments.

The form, "Financial Checkup," in the back of this leaflet will help you summarize your present assets. The second form, "Plans for Using Savings, Insurance, Investments, and Benefits," will help you figure out what your assets mean in terms of your particular goals.

You will want to know the present value of your savings and investments; what your insurance policies, annuities, and pension plan would mean in lump sums and monthly income. Find out if your family is eligible for veterans' or lodge benefits. Examine your health, property, and auto insurance policies to see if they are up to date with present needs. Look into all possible sources of income available if you should become disabled. Listing this information and checking it against your goals will help you determine the additions that are necessary to provide the security you want for your family.

DEVELOP A PROGRAM FOR BUILDING FINANCIAL SECURITY

To build financial security, you need to know about financial building materials and how to put them together. Your financial plan will likely contain several of the following:

- savings accounts and E bonds
- insurance
- common stocks or mutual funds
- home ownership and real estate

START WITH SAVINGS

A cash reserve is one of the most important parts of your family's financial plan. An unforeseen repair on your auto or water heater, illness not covered by insurance, a period of unemployment, a move to change jobs are typical problems you can't escape.
Financial advisors suggest a basic reserve fund that could handle at least two months’ living expenses. The amount you need depends on the resources you can count on in case of emergencies. Such resources include sick leave, health insurance, and workmen’s compensation. Build your reserve fund gradually while you work on the other phases of your plan.

Another need for savings is to have “working capital.” This enables you to buy equipment, furniture, and cars without using a great deal of credit. It also lets you take advantage of a bargain, an investment, or a business opportunity for which cash is required.

Make Savings a Habit

The important thing is to get started. Save a definite amount each month and increase your savings as your earnings advance. Even small amounts count up. Saving $5 a month amounts to $61.46 in a year. For long-range goals it pays to get an early start to benefit from compound interest. This means interest is added to your savings and becomes a part of your principal.

<table>
<thead>
<tr>
<th>MONTHLY SAVING</th>
<th>YEARS SAVED</th>
<th>TOTAL SAVED</th>
<th>SAVINGS PLUS INTEREST</th>
</tr>
</thead>
<tbody>
<tr>
<td>$10</td>
<td>20</td>
<td>$2,400</td>
<td>$3,877</td>
</tr>
<tr>
<td></td>
<td>10</td>
<td>2,400</td>
<td>3,028</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Advantage of an early start $ 849</td>
</tr>
</tbody>
</table>

Plan For Your Goals

Whatever your goals may be, they are important to your family. To achieve them, you must follow some systematic savings plan. List your goals and estimate how much will be required for each. When you know how much you can save each month on the average, you can calculate how long it will take to save for each goal. The form “Growth of Savings,” available from Agricultural Extension Service, will help you. Your list may look something like this:

<table>
<thead>
<tr>
<th>GOALS</th>
<th>AMOUNT NEEDED</th>
<th>MONTHLY* SAVINGS</th>
<th>TIME NEEDED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserve</td>
<td>$ 300</td>
<td>$ 5</td>
<td>4 years</td>
</tr>
<tr>
<td>Vacation</td>
<td>125</td>
<td>10</td>
<td>1 year</td>
</tr>
<tr>
<td>College</td>
<td>4,000</td>
<td>25</td>
<td>10 years</td>
</tr>
<tr>
<td>Auto</td>
<td>1,250</td>
<td>50</td>
<td>2 years</td>
</tr>
<tr>
<td>Retirement fund</td>
<td>12,000</td>
<td>50</td>
<td>15 years</td>
</tr>
</tbody>
</table>

* Interest at 4½%.

Make Money Work for You

All money should be put to work to increase its usefulness. Where to locate your savings depends upon the amount of your savings, what you want to achieve with your money, and when you plan to use it.

Objective in Saving and Investing

The following objectives should be considered in appraising saving outlets.

- **Safety of Principal** – Your dollars are safe against loss by theft or bankruptcy.
- **Liquidity** – Savings can be quickly and easily converted to cash.
- **Earnings** – Annual rate of return or yield on your savings.

These objectives cannot be obtained to the same degree in any one type of saving or investment. In general, where dollars are safe and easy to convert to cash, the earnings are low. Where there is risk of losing some of your principal, you might receive a higher return.

Safety of principal and liquidity are important considerations in locating your savings for emergencies and for short-term goals. With money for further savings, you will want to consider two other objectives.

- **Hedge Against Inflation** – As prices continue to rise, dollars buy less than when they were invested. For long-term planning, some of your investments should increase in value to keep up your buying power and to increase your personal worth. In general, the value of good common stocks has kept pace with rising prices. You must be able to hold a stock for a long period of time to allow for growth. Over a short period the prices change considerably, but the trend is upward.

- **Diversification** – This is the principle of minimizing risk of investing by dividing your holdings among various kinds of savings and investments and also among various industries and companies when you buy stocks and bonds.
Where to Locate Savings

There are a number of places to locate savings. Each institution has special characteristics.

Accounts in Banks — Banks are convenient places to locate savings and offer a number of services not available in other savings institutions. Some of these services are: Checking accounts, safe deposit boxes, and trust services. Banks pay depositors whenever they ask for their money. A large share of a bank's deposits are kept in cash and in government bonds. National banks are members of the Federal Deposit Insurance Corporation which insures deposits up to $10,000. State banks are voluntary members. The interest rate on savings may be as high as 3½%, and higher on money kept in the bank a year.

Accounts in Savings and Loan Associations — These institutions are organized and operated under either state or federal law. Most of their funds are invested in home mortgages. Generally, you may withdraw your shares at any time, but the organization has the right to spread out repayments of accounts over a period of time.

Accounts in all Federal Savings & Loan Associations, and in many state associations, are insured up to $10,000 by the Federal Savings & Loan Insurance Corporation. Accounts earn dividends at a rate of 4% to 4½%.

Credit Unions — These organizations are usually formed by groups of employees or members of a firm or institution. Services are limited to members only. Savings may be withdrawn at any time. Interest on deposits is about 4 per cent. Accounts are not insured, but life insurance may be carried in an amount equal to your savings up to $2,000. If you die leaving $500 in your account, your beneficiary will receive $1,000. In general, credit unions have a good safety record.

Series E Government Bonds — These are the safest form of savings, since they are backed by the federal government. During the first year the interest is less than 2 per cent. After 2½ years they earn an annual interest rate of 3 per cent. At maturity, in 7 years and 9 months, they pay 3¾ per cent. Thus, E Bonds are best suited to long-range savings plans. Titles to E Bonds and to savings accounts may be held jointly by two or more persons, with right of survivorship. If one account holder becomes disabled or dies, funds are then readily available to the other account holders.

INVEST IN SECURITIES

Common stocks and mutual funds have become popular investments for people with moderate incomes. Purchases can be made with smaller amounts of money than it takes for some other investments. Purchase of stock provides a way for your money to increase in value. Remember that there is no sure-fire guarantee that you will increase your capital — there are risks as well as rewards. It’s wise not to count on being able to sell stock at just any time and get back every dollar you invested.

Most experts agree on these rules before buying stock:

- Have current income large enough to take care of living expenses
- Have sufficient life insurance
- Have an adequate reserve fund (probably enough to handle six months' living expenses)
- Understand the amount of risk you can assume.

You will want to know your objective in investing — whether it is to increase your money (capital growth) or high income return now. Above all, get information and advice from a reputable broker. Only when you do all this can you participate in the investment process on a sound basis.

Common Stock

When you buy common stock you are part owner of the company and you stand to gain or lose. You should get information about the kind of business, its management, and its performance in relation to other stocks in the same industry. Find out if the sales and earning record has increased steadily over a period of five to ten years, and if the company can be expected to grow in the future. The price of a good stock will rise and fall, but the trend is to increase.

Growth Stocks

These are found in new companies or old ones that are expanding or developing new products. A large share of the profits may be plowed back into the business. There may be little or no dividends now, but the stocks have good prospects for continued increase in dollar value. The advantage of the "deferred income" is less income tax to pay while the investment grows in value.
Income Stocks

These represent companies that are well established and pay a good return now. They may also increase in value but not as much as growth stocks.

Bonds

Bonds are issued by a government, school district, corporation and others. When you own a bond you have loaned money to the company. Bond holders are creditors and have first claim on the profits and real assets in case of bankruptcy. The company promises to pay a stated amount of interest each year and to pay back the principal, or amount loaned, on maturity.

Mutual Funds

People who lack the time or knowledge to purchase stocks outright may prefer buying shares in mutual funds. There are many different kinds of funds. Some invest in common stocks only. Others invest in a combination of common stocks, preferred stocks, and bonds. These are called balanced funds. Some invest in one industry, such as chemicals or insurance, while others diversify their investments. Keep in mind that mutual funds are basically stock investments and are subject to the same market fluctuation as stocks.

Earnings on these funds, less management fees and other expenses charged to the operation of the funds, go to the shareholders. The main advantage of the funds is the possibility of expert management. The disadvantage is the high initial fee of 7½ per cent to 8 per cent on the original investment. There may also be a regular management fee.

Mutual funds are not suited to short-term investments. Before putting money into a fund, find out if its objective suits your purpose. A fund may invest for growth or income, or it may be highly speculative. Be sure to understand all the terms involved in an investment plan. Some funds are contractual. This means you agree to pay a management fee for a certain number of years even though you withdraw your money in a shorter time.

Mortgage and Loans

Mortgage and loan investments are satisfactory for skilled lenders and for those who can afford to take a risk. These investments usually require large sums of money which are loaned over a considerable period of time. The interest rate may be 5½ per cent or more. As the payments are received, the money can be reinvested to earn interest on interest.

Rental Property

Real estate in a favorable location usually rises in value at about the same rate as the rest of the economy. The money you invest in it will grow in value as prices rise. It takes a fairly large sum of money to get started in real estate investment, and a good deal of time and skill to choose and manage property wisely. Real estate has many income tax advantages. Property taxes, interest paid on loans, and many additional expenses connected with rental property are deductible.

Home Ownership

Buying a home represents the largest investment a family makes in a lifetime. Think it over carefully. Owning a home provides many satisfactions, and has advantages as an investment.

- A well-kept home in a desirable neighborhood usually increases in value.
- Interest payments and property taxes are deductible on income tax.
- Mortgage payments remain at a fixed amount, giving you a slight hedge against inflation.

Since the major part of the purchase price of a house is borrowed, it is important to get your loan at the lowest possible rate. A difference of ½ of 1 per cent in interest is worth shopping for. Paying 5½ per cent instead of 6 per cent on a $10,000 mortgage you could save about $700 in 20 years.

If you paid off the mortgage at 5½ per cent in 15 years instead of paying 20 years at 6 per cent, you could save $2,484 in interest. There is a difference of only $10 in monthly payments.

If your financial situation improves, you may want to make pre-payments on your mortgage and thus save thousands of dollars in interest charges over the years. Or you may prefer to keep the extra money available for other purposes.

For example: Interest on your mortgage might be about 6 per cent. If you need to buy things for the home and have money on hand to pay cash, you can avoid paying the higher true interest rate of 12 per cent to 20 per cent required to borrow money or make installment payments.
COMPARE WAYS OF SAVING

These facts about saving should help you decide where to put your money for your various goals. For the long pull and for financial security, you need a balance of liquid savings, insurance for protection, and carefully selected investments as a hedge against inflation—and to increase your personal worth.

<table>
<thead>
<tr>
<th>TYPE</th>
<th>SAFETY OF PRINCIPAL</th>
<th>EARNINGS</th>
<th>GROWTH OF PRINCIPAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed Income</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U. S. Savings Bonds</td>
<td>Highest</td>
<td>Fair</td>
<td>None</td>
</tr>
<tr>
<td>Savings accounts</td>
<td>High</td>
<td>Fair</td>
<td>None</td>
</tr>
<tr>
<td>Corporation bonds</td>
<td>High</td>
<td>Fair</td>
<td>A little, but variable</td>
</tr>
<tr>
<td>Preferred stock</td>
<td>Good</td>
<td>Moderate</td>
<td>A little, but variable</td>
</tr>
<tr>
<td>Variable Income</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common stocks and</td>
<td>Least</td>
<td>Varies</td>
<td>Possible growth over</td>
</tr>
<tr>
<td>Investment funds</td>
<td></td>
<td></td>
<td>long term</td>
</tr>
<tr>
<td>Real Estate</td>
<td>Good</td>
<td>Varies</td>
<td>Variable over short period</td>
</tr>
</tbody>
</table>

Deferred Income

For long-range plans, such as retirement and to increase your personal worth, it is important to defer current earnings on your investments and thus minimize income tax. Here are some ways to do this:

Municipal Bonds

The returns on municipal bonds are exempt from Federal Income Tax. This makes them particularly attractive to people in the higher income tax bracket.

Government E Bonds

You may allow interest to accumulate and then declare the whole amount when the bonds are cashed. If the income is low at that time, there may be no tax on the interest.

Savings in Children’s Names

Savings accounts and stocks held in children’s names can earn about $650 a year without being subject to income tax.

A steady job in a growing industry or a stable institution, where income tends to increase as prices go up, is one of the best safeguards against decline in value of the dollar. Over the years the income of many wage earners has gone up faster than prices.

Stocks and Investment Funds

The first $50 of stock dividends is deductible in figuring Federal Income Tax, the first $100 if stocks are owned by husband and wife. Low earnings means less income tax. The profit from the sale of stock owned longer than six months and from long-term capital gain on some investment funds is only 50 per cent taxable.

PROTECT WITH INSURANCE

Insurance is protection against losses resulting from hazards that occur in everyday living. Many of these can be met with current earnings and savings, but certain events such as death, serious illness, property damage, and injury to others could cause financial hardship. Since few people can afford all the insurance they would like, it is necessary to decide which losses would be the hardest to meet and insure against those. Add other protection gradually.

In a sense, all insurance is a form of “social security.” It is a way of providing income for your family; it protects your property and it guarantees your ability to perform moral duties to your fellowmen which your social nature prescribes and the law enforces.
Life Insurance

Life insurance protects against loss of income. Your life insurance program should be planned or revised to fit in with the benefits your family could expect from Social Security and from other resources. If the income earner dies, there is urgent need for money to pay final expenses, debts, costs of estate settlement, and to provide an income at least until a new one can be established.

Providing Monthly Income

Your wife may decide she could get along with a monthly income of $350 if she were left with your two young children in her care. Social Security payments (based on your average yearly earnings of $4800) may amount to about $254 while both children are under age 18. Using the proceeds from a $10,000 life insurance policy, your family could expect $100 a month for 10 years. This brings the total monthly income up to $354 for that 10-year period. Between the time the youngest child is age 18 and the mother is age 62 there will be no income from Social Security. The mother will likely be working, but you will want to supplement her earning if you can. Insurance is one way of doing this. On retirement, the cash value of life insurance may be used for income. If you are paying on a home mortgage and other debts, or if you are a business partner, consider the effects of these obligations on your family and your estate if you should die. You may want insurance policies to cover them.

Selecting Life Insurance

While the children are young and your funds are limited, you will do well to concentrate on a combination of term and ordinary life insurance. Put extra dollars you could save into forms where they earn good interest or grow in value. Thus you can add to your savings and draw on them without reducing your protection. This takes will power, but you must make sound choices and use opportunities that work to your advantage.

Group insurance through your employment is cheaper than individual policies, but don't rely on it for all your insurance. If you change jobs you may forfeit your protection or you may lose out on a good position because you fear giving up your job benefits. A competent insurance agent can help you plan your insurance program to best fit your needs, using the amount of money you have to spend.

Casualty Insurance

Many families have a large share of their savings invested in their house, household furnishings, auto, and other personal property. Your insurance against fire and other losses should be kept up to date with present values. The homeowner's "package" type policy combines many of the separate coverages in one policy. The premium is less than for separate policies. Liability insurance is essential to protect you against injury to persons or damage to the property of others for which you, other members of your family, or your animals are liable. Premiums for casualty insurance, including property damage, health, and auto collision, are lower if you take a deductible when it is available.

Health Insurance

Basic health protection includes hospital, surgical, and limited medical benefits. Whether an income policy deserves consideration depends largely on your sick leave and other job benefits. Major medical health policies are of tremendous value in the event of a costly illness. There's a deductible amount which you pay. The insurance company pays about 75 per cent of the remaining expense up to $7,500 or $10,000.

ORGANIZE YOUR BUSINESS AFFAIRS

At little or no cost, you can prevent many financial difficulties that could arise if your family is left without the income earner.

MAKE SUITABLE LEGAL ARRANGEMENTS

Get expert advice on family legal and business affairs so that your assets will be arranged to leave as much as possible for your dependents after any death taxes are paid. Usually, both husband and wife should make a will. Have wills drawn by an attorney who specializes in estate planning. Families of modest means particularly need carefully drawn wills to assure suitable distribution of property. Name a qualified executor of your estate and a suitable guardian for your minor children. If there has been a change in your family—a recent marriage, birth, death, or purchase or sale of property—you will need to revise your will and change the beneficiary on your life insurance policies. You might name a second and third beneficiary on your insurance policies and pension plans. Hold titles to your real and personal property in such a way that estate settlement will be simplified.
Find out the approximate cost of settling your estate and plan a fund or an insurance policy to cover it. This fund will prevent forced sale of property—possibly at a loss.

**INFORM THE FAMILY ABOUT FINANCIAL AFFAIRS**

A successful plan for financial security requires the cooperation of the whole family. Both husband and wife should be well acquainted with all phases of family finances so that either could assume full responsibility if necessary. Include older children in some discussions of financial matters. They should know whom to contact for help and advice in an emergency. Family members should know how to budget the income, how to do business at the bank, and how to write and endorse checks properly and balance checking accounts.

It is particularly important to keep the family informed about investments. If the income earner dies, the widow should know the purpose of each family investment. She should know which to sell first, which to keep for long-term goals, and which to convert to another type. She should also know whether to keep or sell the family farm or business. She should know if debts, the home mortgage, and business partnership are covered by insurance. You may appoint someone to handle these matters for your family, but the members should know something about them. Your survivors need a plan for using the benefits from life insurance, savings, and investments, to help them use dollars wisely over a period of years. If you made an arrangement for payment of insurance proceeds some years ago, be sure it fits present circumstances. If it doesn’t, change it at once. You may prefer to let the beneficiary decide how insurance benefits are to be paid so that payments will be received in the right amount at the right time.

Arrange to have cash readily available in case the income stops. This could be in a jointly held account or in accounts held separately by husband and wife. Another way of providing ready cash is to keep travelers checks and U.S. Savings Bonds at home.

Show family members how to make claims for benefits. Have all business papers in order and readily available when needed. The safe deposit box is not necessarily the best place to keep wills and insurance policies. The survivors may not have access to the box as soon as they need it.

**PLAN FOR RETIREMENT**

Start planning your retirement early! The kind of living you enjoy in retirement depends largely on how well you manage your finances through your earning years and, also, on your ability to adjust to change.

**ANTICIPATE LIVING EXPENSES ON RETIREMENT**

Generally, living expenses will be less when you retire, except that medical care may be higher. You will no longer have business expenses for transportation, lunches, dues; mortgages and other debts could be paid off; part of your insurance premiums might be terminated; income taxes may be lower as there will be double exemptions when you are over 65, medical expenses are deductible, Social Security and some other benefits are tax free.

If you don’t know approximately what it costs you to live now, start keeping records. Figures will show what you must spend and where you can make necessary reductions. Your retirement income may be considerably lower than your present one; it may come in “bits and pieces” and require careful management to make it stretch.

**KNOW TYPES OF FUNDS NEEDED**

For your retirement, three types of funds are desirable and necessary. Fixed income, growth income, and a reserve.

**Fixed Income**

Social Security will provide only the foundation to which other forms of fixed income can be added. These include job pensions, savings, Government E Bonds, and income from life insurance. Annuities supply another form of fixed income. They may be purchased through payments over a period of years, or in a lump sum. On retirement, you may purchase an annuity using savings, the cash value of life insurance, or the returns from sale of stocks.

**Growth Income**

Since the cost of living has been going up and probably will continue upward, you should plan some investments that will grow in value to maintain your buying power. Growth investments may be your home and rental property, farm or business, common stock and mutual funds. While building retirement income, your investments should provide the following:
- Capital growth
- A high degree of safety of principal
- The greatest possible amount of deferred income to provide greater future income.

**Reserve**

A long or serious illness that is not covered completely by health insurance could cause a real financial hardship. It is desirable to have a reserve fund of several thousand dollars or one equal to a year's income. The fund should be in a savings account or U.S. Bonds, so it is safe and easy to convert to cash. You also need a minimum amount of life insurance for final expenses.

**KNOW YOUR RETIREMENT INCOME NEEDS**

**Income Wanted**

Estimate how much you would need per month or year, based on present prices. Then allow an extra amount to compensate for rising prices (prices have advanced about 2 per cent a year over a long period of time). A simple formula will help you:

**Information needed**
- Income needed based on present prices  
  (minimum estimate for a couple) $270
- Amount to add for each year until retirement
- Years until retirement (present age 52)

**Using the formula:**

$270 + ($270 \times 13 \times 2\%) = $340 \quad \text{— your required income (rough estimate)}

Don't overlook the possibility that prices may continue to rise after you retire.

**What You Have Already Provided**

Social Security benefits may pay you up to $174 a month when you retire at age 65 and your wife is age 62. The cash value of a $10,000 life insurance policy might pay $50 a month while both husband and wife live, and $35 a month to the last survivor. Thus your income from these two sources could amount to $224 a month. Savings and E bonds add $20.

**What You Need to Add**

If you save $100 a month, starting at age 52, and put part of your money where it can grow in value, you might accumulate a sum of $20,000 or more by the time you reach age 65.

Then, if you use principal and interest (at 4%) you could expect to receive $100 a month for 20 years from your investment of $20,000. This would bring your monthly income up to $344.

**SAMPLE PLAN FOR RETIREMENT INCOME**

**Income wanted — $340 per month (for a couple)**

- Fixed income:
  - Social Security payments (man 65, woman 62) $174
  - Life insurance benefits 50
  - Savings and E bonds 20
  - Total sure income $244

- Growth income:
  - From savings and investments ($20,000) $100
  - Total income expected $344

- Reserve:
  - Emergency fund 5,000
  - Life insurance for final expenses 2,000

**CHECK YOUR FINANCIAL AFFAIRS**

Check the following when you are close to retirement.

**Social Security** — Contact your Social Security office. Find out the monthly payment you will receive as a worker, couple, widow, or widower. Get all the information about applying for benefits — they are not paid automatically.

**Employment Pension Plan** — Review the settlement choices. Find out how much, how long, and under what conditions you will receive benefits. Will benefits continue to your widow? If so, how much?

**Life Insurance** — Find out if you can convert part of your life insurance benefits into retirement income. What size payment would be made to a couple? To the last survivor? Would it be better for you to take the cash values and invest the money yourself?

**Health Insurance** — If your health insurance coverage ceases when you stop working, consider enrolling in non-cancellable health insurance before reaching re-
tirement age. Some plans have age limits for new applicants and either discontinue or limit benefits at age 65.

Reserve — Arrange to have a substantial reserve in savings accounts and Government E Bonds.

Investments — Consider converting some of your growth securities into others paying a higher income. You might sell stocks to buy an annuity or shares in a mutual fund. Either would pay you a regular monthly income.

Your Wills — Review your wills and bring them up to date. Get advice on estate taxes. Plan a fund to meet the cost of estate settlement.

LIFETIME FINANCIAL PLANNING

Your family will go through many different stages in its development. There will be fluctuations in the general economy and also cycles of prosperity and depression within given industries. Regardless of these changes, you will be better able to meet them if you have a sound financial plan for your family which includes:

- A reserve to meet emergencies
- Protection against loss of income, property damage, sickness
- Funds for special family goals
- Provision for an adequate retirement income

To do this takes a good deal of effort and family cooperation. But it’s a way to achieve your goals and provide the security and peace of mind that are important in family living.

PLAN FOR HOUSING

Give careful thought to where you want to live and where you can afford to live. Perhaps your present home will be too large or too expensive to keep up, and you’ll want a smaller home or an apartment. Later you may want to consider a retirement home to relieve you of responsibility and ensure medical care.

By all means, keep your plan flexible. While you are in your fifties, you may think you want a certain way of living in later years. Then, when it’s time for retirement you may find that you want or need something entirely different. If you move to a new locality, be sure it is one where either of you would enjoy living if left alone.
FOR FURTHER READING

INVESTMENT SERVICES

These include daily, weekly, monthly and yearly summaries about entire industries and individual companies. They are available at investment firms and libraries. For example, Standard & Poor's, Moody's.

PERIODICALS

Barron's – weekly
Wall Street Journal – daily and weekly

REFERENCES

Save It, Invest It, and Retire. Rogers, Donald I., Henry Holt and Company, New York, 1956
Social Security Administration, Bulletins.
Teach Your Wife To Be A Widow. Rogers, Donald I., Henry Holt and Company, New York, 1957