TABLE OF CONTENTS

I. You, the Consumer

A. The Consumer in the Economy, Teaching Outline I

B. Games to Play, Teaching Outline II

C. Making the Most of Your Money, Teaching Outline III

II. Shop with Zip

A. Be a Good Shopper, Teaching Outline I

B. Today's Laundry Basket, Teaching Outline II

C. Six Shopping Sins, Teaching Outline III

III. Learn to Live with Credit

A. Credit -- Blessing, or Burden? Teaching Outline I

B. Revolving Credit, Teaching Outline II

C. Using Credit Wisely, Teaching Outline III

IV. Equipment for the Home

A. Buying Equipment for the Home, Teaching Outline I

V. Planning for Funeral

# THE CASE FOR CONSUMER EDUCATION

Every phase of life today requires consumer decisions. It has been estimated that in every 24-hour period an average American is bombarded, knowingly or otherwise, with some 1,500 commercial messages. For every message there must be a response--a decision--a choice.

Consumer education should not have as one of its purposes that of directing consumer choices. Consumer education involves the exposure of all possible alternatives and opportunities for the consideration of the consumer. The individual then assumes the responsibility for making a decision after having given full consideration to his particular needs and to the product that will best meet those needs.

Americans in their role as consumers face a major challenge. The business of selling is highly organized. The business of buying is conducted by the smallest unit--the individual or the family.

Business is making increased use of the findings of motivational research to effectively promote sales of their merchandise. Motivational research relates behavior to desires, emotions and intentions. It attempts to find out why consumers behave as they do in given situations. Motivational Research capitalizes on the fact that consumers do not know what they want or why they act as they do.

Economists often mistakenly believe that consumers do act in a rational way. Sales psychologists, however, know consumers are not very rational. When making their decisions, consumers may act irrationally, emotionally, or without knowledge of what they are getting because of: indifference, gullibility, or merely because they act with implicit faith in the American market place--a faith that is not always justified.

The following notes are from the book, THE STRATEGY OF DESIRE - Motivational Research in Marketing, by Ernest Dichter.

One of the basic tasks of modern times is to learn to decide. Modern economic life is full of decisions--buying, brand selection, arrangement of one's financial affairs are only a few. Contrary to what we think, changing one's brand, one's candidate, one's job, are all miseries of choice rather than pleasures. One of the prime roles in decision-making should be "beware of your emotions."

We are afraid of the new decision, we remain "loyal" or so we say. In reality we may be afraid of making a new move. When we stay in the same old neighborhood or resist making a change in our living habits, we are avoiding the misery of choice.

Source: Missouri Extension Newsletter, July 1968

## The Consumer in the Economy

Teaching Objective: For individuals and families to increase their understanding of the American competitive economic system and how it works so that they can more effectively utilize their resources for improved family living.

Some principles that might be discussed:

1. Under the free enterprise, or competitive, system, production of goods and services is based upon the demand of consumers.

2. The producer of goods and services must offer them at prices consumers are willing to pay; if prices are too high, consumers may not buy; if they are too low, a producer may not be able to stay in business.

3. Consumers must make decisions regarding the goods they buy because they have limited resources.

4. Consumers reflect their values and goals by the choices they make.

5. There are social, cultural and commercial influences affecting consumer decisions; consumers need to recognize and evaluate these forces if they want to make wise consumer choices.

6. Consumers have power in the market when they work together.

7. The use of credit permits consumers to use goods before paying for them and provides a stimulus to the economy.

Teaching Methods:

One of the following visuals may be used to present information for this lesson:

1. "The Role of Consumers" - a filmstrip in three parts with narration provided.

   The importance of the consumer today, change in status of the consumer, importance of consumer credit, consumers and the pattern of production, consumers and economic stability, difficulty of becoming an intelligent consumer, role of consumer as citizen -

these are the subjects covered. The accompanying booklet contains a black and white reproduction of every frame with the narration for each and a section giving teaching suggestions and discussion questions.

Suitable for adult audiences.

There are three separate strips; each might be a separate program or all three could be used for a workshop setting. If used consecutively with discussion following each of the three strips, the program would need about two hours.

Use discussion questions in narration booklet.

Available from the Visual Aids Department; P. O. Box 5037; N. C. State University; Raleigh, N. C. 27607.

2. "Voyage to Akimera" - a 16 m.m. movie which depicts the role of financial institutions in helping to create and maintain a growing economy. The film tells of the strange and exciting adventures of a 17th century English traveler who is cast ashore into the 20th century. The traveler seeks to discover why average people have a standard of living comparing favorably to that enjoyed by men of considerable importance in his 17th century England. He learns how people's savings and investments create economic forces, helping businesses expand, creating new jobs, making new products possible and bringing about higher paying jobs. Suitable for young adults and older.

   Available on free loan from Association Films; 600 Grand Avenue; Ridgefield, New Jersey 07657.

3. "You and Your Money" - the film presents information about the role of money in the economy and the forces that lead to inflation and deflation. In cartoon style, it is aimed at audiences of high school level and other relatively unsophisticated groups.

   Available from your Federal Reserve Bank; the Federal Reserve Bank of Richmond; Richmond, Virginia 23213.

Discussion Outlines for...

"Voyage to Akimera" and "You and Your Money"

These movies are suitable for older 4-H members and other young adults. Preview your film leisurely and note the points that you feel will be of most interest to the group you expect to attend. Arrange a comfortable meeting room, free from distracting noise and light.

Following the showing of the movie, stimulate discussion with the following questions:

"Voyage to Akimera"

1. How much time had elapsed since the traveler had begun his journey until he landed in Akimera?
2. What were some of the "luxuries" that his host enjoyed in his home that made life easier and more comfortable?
3. What kind of people in 17th century England lived in the manner of his host?
4. What did he learn was responsible for the improvement of life for the average person in Akimera?
5. In which time period would you rather live? Why?

"You and Your Money"

1. Why is money important to us?
2. What happens when everyone has a lot of money?
3. What is a simple definition of "inflation," deflation?"
4. What happens in the economy when many people do not have jobs?
5. What do the banks have to do with the amount of money in circulation?
6. How do income taxes affect inflation?
7. Does the consumer live better in a period of inflation or a period of deflation?
8. What can you do to live better, in spite of changes in the value of our money?

## Games to Play

Teaching Objective: For individuals to learn basic economic principles through the participation in group games.

Learning Experiences: There are available in stores and through educational agencies, commercial games that have an educational value in the study of economics. Through the use of these games, the study of economics can become more interesting and exciting than by any other method. Several games are listed below with a brief description of each and the suggested participants.

"Pit" - by Parker Brothers, Inc.; Salem, Massachusetts - $1.50

The game is for players from age 5 to adult and is based on the American Corn Exchange. There are nine cards of each of the major grains. The idea is to obtain by trading all nine cards of any one kind. If you do this, you have a "corner on the market." One earns points or is penalized at the end of each hand according to the value of the grain cards he holds. A game is 500 points. From 3 to 7 people may play at a time. "Bull" and "Bear" cards add liveliness to the game.

"The Stock Market Game" - Whitman Publishing Company; Racine Wisconsin - $4.00

This is a play money game for a small group, 3 to 6 people, which depicts a simplified operation of the stock market. The players buy and sell stocks; stocks fluctuate in value and sometimes pay dividends; stocks may split to increase players holdings; losses are occasionally incurred; game may be played with a time limit or until one stockholder acquires most of the money and stock. Age of players - 10 years to adult.

"Monopoly" - Parker Brothers, Inc.; Salem, Massachusetts - $4.99

A game which has become a standard. It provides play money for participants to buy and sell property and to improve its value. Participants must pay for the use of others' goods while seeking to increase their own holdings. Acquisition of certain large blocks of property greatly increases income for the owners. Game can last indefinitely or until one player acquires the assets of most other players. For young adults and older.

"Easy Money" - Milton Bradley; Springfield, Massachusetts - $2.88

Another real estate transaction game. May be somewhat simpler than Monopoly, permitting younger players.

"Acquire" - Minnesota Mining and Manufacturing Company - $7.95

A trading game for more sophisticated tastes.

"The Consumer Game" - Department of Social Relations, Johns Hopkins University; Baltimore, Maryland $25.00

Participants receive play money which is used to acquire consumer goods; they may pay cash or use credit and make regular payments; interest and taxes are paid; accidents and risks similar to those encountered in real life situations are present. Designed to teach the basic economics of budgeting income and of installment buying.

For young adults and older, this game will take several hours to play. A "banker" and several other managers are required. It will be most effective as a teaching device if at least ten people play; the limit is 17 players.

Available on loan from the Home Management Department and should be used under the direct supervision of the Extension agent. Instructor's manual available which should be carefully studied by person directing game.

* * *

Prices listed for commercial games are list prices. In many cases these games can be purchased for less at discount drug and variety stores.

# Making the Most of Your Money

Teaching Objective: For young adults to learn to make wise use of their money; for them to learn the value of planning for its use; and how to spend it wisely.

Major teaching points:

1. Many young people have had no experience in earning and spending money; studying realistic situations may help them to gain knowledge for wiser use of money in the future.
2. Individuals have differing values of money and material possessions.
3. Young couples who plan together for the use of their money may achieve a more satisfactory life together.
4. To earn the respect of others and recognition in a world of adults, one must be financially responsible.

Learning Experiences:

The booklet, "Making the Most of Your Money," is available in quantity for classes from the Educational Division; Institute of Life Insurance; 277 Park Avenue; New York, New York 10017. It is free to educators.

Five lessons, written in simple narrative style are in this booklet:

A Lesson in Buying Used Cars

You Don't Have to Fight about Money

Making Your Dollars Buy More in the Supermarket

Juan Learns about "Easy Payment" Plans

Wedding Bells for Carole and Larry

It is suitable for young adults, such as older 4-H youth and others who have limited reading ability or motivation. It could be used as the basis for a series of classes on money management and buying. Each lesson provides a story, discussion questions, vocabulary and questions for evaluation.

If this booklet is used for a series, assignments should be made for reading each lesson before class. In addition, the students might be given an additional responsibility for getting information of a local nature to enrich the discussion periods. For instance, in the lesson on buying a used car, the students should be able to provide information on local terms and conditions of sale, insurance requirements, etc.

To enrich the programs, the following visuals might be used:

"The Owl Who Gave A Hoot" - 16 mm movie. An entertaining cartoon film that touches on the most notorious economic abuses affecting the poor and uninformed: garnishment of wages, repossession of goods, trick contracts, slum landlords, shady credit dealers, slick grocery operators and bait and switch advertising. Available free on loan from Modern Talking Picture Service, Inc.; 1212 Avenue of the Americas; New York, New York 10036.

"Personal Financial Planning" and "Wise Use of Credit" 16 mm films available from the visual aids department.

The following filmstrips are available from the visual aids department or may be purchased as a set from the Household Finance Corporation; Prudential Plaza; Chicago, Illinois 60601, for $7.00.

Your Money and You
You, The Shopper
Managing Your Clothing Dollars
Spending Your Food Dollars
Your World and Money

The booklet might be used for a self-study, but some means of getting the participants together for discussion and evaluation should be provided from time to time.

You the Consumer...

## Bibliography for Agents

Books:


| | |
|---|---|
| Principles of Economics, | C. E. Ferguson and Juanita M. Kreps, Duke University. Published by Holt, Rinehart and Winston, New York, New York, 1962. |
| The Family as Consumers, | Irene Oppenheim, New York University. Published by the MacMillan Company; New York, New York 1965. |
| The Management of Family Resources | Cleo Fitzsimmons, Purdue University. Published by W. H. Freeman and Company; San Francisco, California, 1950. (Now out of print and being revised.) |
| The Consumer in Our Economy | David Hamilton, University of New Mexico. Published by Houghton Mifflin Company; Boston, Massachusetts, 1962. |


Pamphlets:


| | |
|---|---|
| Consumer Decisons: Problems and Policies | Published by the Agricultural Policy Institute; N. C. State University; Raleigh, N. C.; August 1965. |
| Economics and the Consumer | Joint Council on Economic Education; 1212 Avenue of the Americas; New York, New York 10036. 75¢ |
| Family Economics Review | United States Department of Agriculture; Agricultural Research Service; Hyattsville, Maryland 20782; September 1966. |
| Forum, Fall/Winter 1968 | "The Role of Consumer Education." Published by the J. C. Penney Co., Inc.; Educational Relations; 1301 Avenue of the Americas; New York, New York. Available free to educators. |
| Tarheel Farm Economist, | Department of Economics, Agricultural Ext. Service; N. C. State University; Raleigh, N. C. May 1967. |
| Understanding and Using Economics | Better Homes and Gardens; Department A; Reader Service; Des Moines, Iowa 50303. 50¢ |

You, the Consumer...

## Evaluation

Mark the following statements in the column for True or False

| True | False | | |
|---|---|---|---|
| x | | 1. | I am a consumer. |
| x | | 2. | As a consumer, I help to decide what products are available in stores for me to buy. |
| | x | 3. | If I do not like the goods I buy, I do not have to pay for them. |
| | x | 4. | The best way to select the things I buy is to look at them and feel them. |
| | x | 5. | Whenever I buy something and it breaks in use, I should take it back and get my money. |
| x | | 6. | Credit is useful to me in getting things I could not save enough money to buy. |
| x | | 7. | I find it difficult to know as much as I would like to about the things I need to buy. |
| | x | 8. | If prices were lower, everyone could buy all the things he needs. |
| x | | 9. | Every time I get a raise in pay, prices go up. |
| x | | 10. | When I put money in a savings account, it helps to stimulate our economy. |

This key is for use by the agent.

Following the presentation of this lesson, the agent should have participants complete an evaluation sheet. Since the evaluation sheets are not signed by the participants, a small group can do the scoring and tabulating.

A county summary should include

1. Name of agent and county.
2. Total number of persons receiving lesson.
3. For each question on evaluation form enter the percentage of correct answers for the total county.
4. Include any comments or suggestions for improving the lesson.
5. Send one copy of the county summary on questionnaire form to home management department.

# Be a Good Shopper

Teaching Objective: For individuals to understand the importance of maintaining good shopping practices and to develop skill in selecting goods and services for individual and family use.

Points for emphasis:

1. The wise shopper plans what to buy and how it will be used according to family needs.
2. Knowledge of goods and services available in the market and their qualities is important to decision-making.
3. The shopper needs to be able to recognize social and commercial pressures that might cause him/her to buy unwisely.
4. The selection of goods and services for the family should be consistent with the family's values and goals and with the family's financial situation.
5. The consumer has some protection from unscrupulous business practices, and responsibilities to the business community as well.

Learning Experiences:

A. The following "Shopper's Guides" are available as slide sets:

| | |
|---|---|
| Saving at the Supermarket | 15 slides |
| Credit-Blessing or Burden? | 11 slides |
| Today's Laundry Basket | 9 slides |
| Six Shopping Sins | 10 slides |
| What's Underfoot | 12 slides |

The whole series may be ordered to use for a series of general shopping classes or individually as teasers for the introduction of a more intensive class in buymanship using materials from the other Extension departments involved. The first set pertains to food-buying and the last to the buying of rugs. Teaching suggestions for the three other titles are included in this management packet. The script for the sets is compiled into one booklet.

To use a set individually, additional props and discussion questions should be used. One set may be used for brief leader meetings. To use as a leader meeting in adult club, suggest one main point for emphasis. Have leader provide props for one decision situation.

The set of "Shoppers Guides" is on loan from the visual aids department as a group or individually, or they can be ordered for county ownership directly from the Division of Photography; Office of Information; U. S. D. A.; Washington, D. C. 20250, for $6.50 for a complete set of 57 slides.

B. In order to increase the competency of shoppers, they sometimes need to know what is available in the stores. Especially for some homemakers who may seldom get to town to shop, it might be well to arrange for shopping tours. Transportation may be a problem for some; timidity may keep some shoppers from entering new or unusual stores or stores out of their immediate neighborhood.

As with most projects, it is important to plan ahead. Find out the type of merchandise the participants are interested in seeing--clothing, food, housewares, etc. Make arrangements with dealers ahead of time so that his personnel will be expecting you and so that you can come at a time that is most convenient for their attention. Ask for personnel to show different qualities of merchandise and explain how the quality differences are realted to price.

Too large a group may be unwieldy; probably 4 to 6 may be all that can easily be accommodated, and all that could see and hear the explanations. At no time should the participants be made to feel that they should purchase anything.

C. An exercise for the evaluation of advertising will alert shoppers to some of the subtle pressures that cause them to buy particular items.

If assignments are possible beforehand, ask each participant to bring to the meeting an example of an advertisement that she thinks is good and one that is not.

If assignments cannot be made, bring to the meeting old magazines or newspapers that contain printed ads for many companies and stores. Let the participants select good and poor examples of ads and explain the reasons for their selections.

Ask the participants to provide a list of attributes for good advertising. It should include some of the following items:

Attractive, eye-catching, colorful with wholesome appeal.
Give important information about product in definite terms.
Is honest in facts presented.
Tells where and when product can be purchased and gives cost.

A brief report may be given on one of the books by Vance Packard, such as "The Status Seekers," "The Waste Makers," "The Naked Society," "The Hidden Persuaders," or John Kenneth Galbraith's "The Affluent Society."

# Today's Laundry Basket

Teaching Objective: For homemakers to learn how to select laundering aids for modern fabrics.

Points to emphasize:

1. Today's homemaker must know the fiber composition of fabrics that are used in her home and as apparel.
2. Labels and hangtags give information about fibers and sometimes the care they need. Save them for future reference.
3. A wide knowledge of laundering supplies on the market is needed by the homemaker. She should keep on hand those that she will need most often.
4. The homemaker should follow the instructions of the textile manufacturer and use laundering aids as prescribed by their manufacturer.
5. Special treatment is needed for many fibers and for fabrics that are severely soiled.
6. Following recommended practices can extend the life of textiles and garments in the home.

Learning Experiences:

1. This lesson should be taught in a good laundry area in a home, school or utility company demonstration area. It is desirable to launder at least one type of fabric; the effectiveness of the demonstration will depend on the success of the product.
2. Show the slide set, "Today's Laundry Basket," as an introduction. It could be used as an outline for the demonstration, stopping the projector to show and discuss additional examples of the points on each slide.
3. Examples of various fabrics with labels and cleaning aids locally available should be provided.

4. Either the care of specific fabrics could be emphasized or the qualities of different types of laundering aids.

Materials that might be provided for participants:

"Soaps and Detergents for Home Laundering" - U. S. D. A., Home and Garden Bulletin, No. 139, available in limited quantities from the Home Management Department.

"Laundering Permanent Press Items" - mimeographed, available from the Home Management Department in quantity.

From the Clothing Department the following may be available:

"The Intelligent Woman's Guide to Wash and Wear"

"Care for Your Clothes for Longer Wear"

"How to 'Out' Spots"

"Simple Tests of Fabric Makeup"

One copy of "Fabrics and Their Care," a leaflet by Lever Brothers Company, is in each county file for agent reference. If your copy has been misplaced, we may be able to send one more or you may write to Lever Brothers Company; 390 Park Avenue; New York, New York.

## Six Shopping Sins

Teaching Objective: The individuals to be able to recognize some of the problems that cause them to be less effective shoppers than they should be.

Points to emphasize:

1. "Spur of the moment" purchasing can wreck the family spending plan.
2. Individual or family needs should be the basis for buying, not emotional appeal.
3. Shoppers can save money by paying cash and shopping with care.
4. Seldom do shoppers get "something for nothing."
5. The price of an item is generally related to quality, but not always.
6. Proper care is important for the full service from items purchased.

Learning Experiences:

1. Use slide set, "Six Shopping Sins" with script.
2. Provide specific prop as an example of each of the points brought out on the slides.
3. Ask participants for suggestions for avoiding each of the six "sins."

Handouts:

One of the following materials might be provided for participants:

"Be a Good Shopper" - U. S. D. A. publication, available from Home Management Department in limited quantities.

"Personal Buying Habits" - mimeographed, available in quantity
"Shoppers Check List" - " " " "
"Shopping Facilities" - " " " "
(All taken from "Money Mangement, Your Shopping Dollar," Household Finance Corporation.)

"Decisions - Guides for Making Wise Ones" - Home Management mimeo

CALLING CONSUMERS

DOES IT PAY TO ADVERTISE?

Sometimes we see or hear advertising that seems very silly, and we wonder about the cost of advertising. Does advertising cause prices to be higher than necessary? Is it worth anything to us as consumers?

Advertising is a necessary part of our American way of doing business. It aids the distribution of goods produced in our free economic syttem, and helps us all enjoy a higher level of living.

The cost of advertising a product nationally is a part of its production cost. Manufacturers add advertising costs to the costs of equipment, raw materials, and labor used in manufacturing the product. However, by advertising the producer is usually able to produce and sell larger quantities of goods. Therefore, he may be able to buy raw materials at lower prices because he buys them in larger quantities. If it is a really good product that he makes, you are probably buying it as cheaply as you could without advertising, because many other people are buying it, too.

When the retailer advertises, he also hopes to so increase the volume of sales that all costs to him, including advertising, are more than covered so that his business makes a profit. The more he sells, the less the cost of advertising per unit of goods sold.

We enjoy radio and television programs at no direct cost to us because of advertising. Newspapers and magazines are also cheaper for us to buy than they would be without advertising.

Advertising lets us know when new products are available on the market, and should give us facts about various items we want to buy. Sometimes an advertisement does not give enough information, or may give misleading information. It may encourage us to buy things that we do not need or want.

Consumers need to look for facts in advertising. Advertising is good when:

It tells us about new products available
It describes the merchandise we want to buy, or its special features
It uses good pictures
It is easy to read and understand

In addition to these characteristics, local advertising should tell:

Where to buy the product
What the price is
When the store is open

Consumers should look for:

The name of the product
The name of the manufacturer
Location of store or stores where product is sold, and their hours
Description of product--sizes and/or colors available, and special features of the product
Full price of the product

Don't be mislead by questionable terms:

"Deluxe," "premium" quality--who knows what this means?
"Full quart"--a quart is a quart, 32 ounces
"Family size"--how big is your family?
"Up to $__ off"--off what? That dealer's previous price? Another dealer's price? Last year's price?

Learn to look for facts in advertising; don't be mislead by glamorous words or endorsements by people whose way of life is entirely different from yours. Get your money's worth!

Prepared by Mrs. Justine Rozier
Home Management Specialist
North Carolina State University at Raleigh
U. S. Department of Agriculture, Cooperating
North Carolina Agricultural Extension Service
Raleigh, North Carolina
October 1966

## Bibliography

Money Management Library, Money Management Institute; Household Finance Corporation; Prudential Plaza; Chicago, Illinois.

Consumers All, The Yearbook of Agriculture, 1965, The U. S. Government Printing Office; Superintendent of Documents; Washington, D. C. 20402. $2.75

Consumer Buying, Cleo Fitzsimmons. John Wiley and Sons, New York, New York, 1961.

Kiplinger's Family Buying Guide, by the staff of "Changing Times" magazine, Prentice-Hall, Inc.; Englewood Cliffs, New Jersey.

The Innocent Consumer Vs. the Exploiters, Sidney Margolius. Trident Press; 630 Fifth Avenue; New York, New York 10020.

Advertising and Competition, Jules Backman. New York University Press; New York, New York.

SHOP WITH ZIP... Evaluation

## SHOPPER'S CHECK LIST

The following check list can help you evaluate your own personal shopping skill. If you answer "Yes" to most of these questions, you should be getting value for your shopping dollars. If you have several "No" answers, you may need to search for clues that can help you improve your shopping technique and gain more satisfaction from your income.

| | | YES | NO |
|---|---|---|---|
| 1. | Is your spending an expression of your individual and family goals? | ___ | ___ |
| 2. | Are you in the habit of using a well-planned shopping list to be sure you get the things you need and want? | ___ | ___ |
| 3. | Do you make a list of requirements before shopping for major purchases such as furniture or appliances? | ___ | ___ |
| 4. | Do you decide on the approximate price you want to pay for specific items before shopping? | ___ | ___ |
| 5. | Do you compare prices and quality of various items before you buy? | ___ | ___ |
| 6. | Have you a file of available consumer information on the purchase, use and care of products? | ___ | ___ |
| 7. | Do you consider wise use of your time and energy as well as your money when you shop? | ___ | ___ |
| 8. | Are suitability, value and quality as important to you as price reductions when you buy sale merchandise? | ___ | ___ |
| 9. | Do you understand the various forms of credit available to you? | ___ | ___ |
| 10. | Does your spending balance with your income? | ___ | ___ |
| 11. | Is your shopping manner courteous and business-like? | ___ | ___ |
| 12. | Are you using your consumer power effectively in the part you play in our national economy? | ___ | ___ |

Taken from: Money Management, Your Shopping Dollar. Household Finance Corporation.

## Credit -- Blessing or Burden?

Teaching Objective: For individuals to learn about the use of installment credit and its cost; for them to learn to figure the cost of installment credit and to evaluate the different types available to them, for them to learn how to set limits when necessary for the use of installment credit.

Major points to emphasize:

1. Credit is so easy for many people to get today that some may over use it.
2. The main credit users are middle-income families and those in the age range from 18 to 34 years.
3. A family's credit capacity depends upon its spending habits and potential earning power as much as its income.
4. The cost of credit depends upon the lender, the amount of credit used, the time of repayment and the borrower and his assets.
5. The credit users need to know credit terminology.
6. Credit costs are compared by "dollar cost" and "true interest rate."
7. Credit users need to learn how to figure the "true interest rate" when monthly payments are stated by the lender in dollars.
8. Credit users should make as large a down payment as possible and pay the balance quickly.

Learning Experiences:

1. Introduce the subject by using the slide set, "Credit -- Blessing or Burden?" Available from the visual aids department.
2. Have literature available from local lending agencies, banks and dealers for a table display.
3. Use a chalk board and work sheets for participants for figuring the "true interest rate" on some of the local types of loans. Divide the audience into groups of 3-4 individuals and let each group work on a specific problem. Let the group spokesman

present their mathematical solution on the chalk board. If a chalk board is not available, try to provide a newsprint flipchart large enough to put solution on it with black marker.

4. If advance assignments can be made, have participants bring in examples of local installment credit transactions to be studied and compared. (Avoid drawing specific conclusions that would harass local businessmen.)

Materials for use and distribution:

"Consumers' Quick Credit Guide" - a handy pocket reference that might be given to club members, available from Home Management.

"When You Use Credit - for the Family" - U. S. D. A. publication, available from Home Management, but should be given in limited quantities such as to participants in credit workshop.

The following mimeographed materials available from the department may be used in teaching the lesson:

True Annual Interest Rate of Consumer Installment Credit
Comparison of Credit Costs
Installment cost calculator
Some Suggestions When Using Credit
Buying on Credit

Agent References:

"Consumer Credit in Family Financial Management" - Proceedings of the National AHEA workshop on credit, published in book form by the AHEA; 1600 20th Street, N. W.; Washington, D. C. 20009. $2.00

also printed in your publication --

Journal of Home Economics. January 1968, Volume 60, No. 1

"Helping Families Manage Their Finances," Home Economics Research Report No. 21, Agricultural Research Service, U. S. D. A., Revised June 1968. For sale by the Superintendent of Documents; U. S. Government Printing Office; Washington, D. C. 20402
40¢

# BUYING ON CREDIT

Buying furniture on credit? Have you stopped to think how much you're going to pay for the privilege of using that furniture before you actually own it?

Family economists in the U. S. Department of Agriculture say that most people have only a vague notion about the cost of installment credit. They do not realize that interest may be computed in several ways--with considerable difference in the overall cost to the borrower.

Three methods are in general use. They are the add-on, the discount rate, and interest on the unpaid balance.

Now, say you need $360 for that furniture you are planning to buy. Let's see what it would cost you under each of the three methods if the interest rate is 9 percent and you pay off the loan in 24 monthly installments.

With the add-on method, you would pay 2 years' interest on $360 even though the amount you owe would become smaller with each payment. In all, you would pay $424.80 and your monthly payments would be $17.70.

If you get a discounted loan, you will need to borrow $439.02 to get $360 cash, because all the interest on the loan is subtracted before any money is turned over to you. Monthly payments would run $18.29.

Now consider a loan on which the interest is three-fourths of 1 percent a month on the outstanding balance. This is 9 percent a year. Your total payments would add up to $393.75. Your monthly payments would be $16.41.

Reprinted from Food and Home Notes, Supplement for January 1964; United States Department of Agriculture, Office of Information, Washington, D. C.

## SOME SUGGESTIONS WHEN USING CREDIT

1. Use credit only when necessary or when you are sure the costs and risks are justified.

2. Check every possible source of financing and compare both dollar costs and true interest rates before making a final decision. Frequently, you can do better by borrowing and paying cash for the article. This may be borrowing from a credit union (if you are eligible to belong to one), bank or from an individual.

3. Know your lender or dealer. Find out to whom you will owe the payments in installment buying.

4. Make as large a down payment as possible and the repayment period as short as possible. Remember that the shorter the term of repayment, the less will be the credit service cost.

5. Consider your family budget - what the income is, what everyday living costs will be, what other obligations are and whether payments can be made.

6. Study the total debt of the family--real estate, business and consumer debt--before making further commitments.

8. Read the contract or note before you sign. Look for
   - penalties for late payments
   - repossession information, time, charges
   - provision regarding refund of interest or carrying charge if you make payments ahead of schedule

9. Consider saving for the purchase of an item instead of using credit. It will mean foregoing its use, but it will also mean obtaining it at a lower cost and having savings or a start for another purchase.

10. When buying on installment, beware of add-on contracts. Remember that title of original goods purchased will not be clear and that in case of default, you may lose everything you are buying from that concern.

11. Try not to use your maximum credit capacity except in case of emergency.

12. It is a good practice to get entirely clear of consumer debt once in awhile.

13. Remember - "Credit is a good servant, but a bad master."

Reprinted from "Use Consumer Credit Wisely" by Louise A. Young, Home Management Economist, August 1960. Extension Service in Agriculture and Home Economics; University of Wisconsin; Madison, Wisconsin.

## Revolving Credit

Teaching Objective: For individuals to learn effective use of revolving credit and how to figure its costs; for them to learn the advantages and disadvantages of this system.

Major points for emphasis:

1. Revolving credit is available through various types of retail outlets as well as banks and other loaning institutions.
2. There is usually a rather low limit to the amount of credit extended through revolving plans.
3. Many people use revolving credit because it is simple to get and use.
4. Charges for the use of revolving credit may be figured by the dealer or lender by any one of six different methods; the true interest rate varies accordingly.
5. Revolving interest rates are quoted as a "monthly rate;" this must be multiplied by 12 to find the approximate "true annual interest" rate.
6. Most revolving credit plans charge at least 18 percent a year.

Learning Experiences:

1. Use taped dialogue and slide set, "Revolving Credit," as introduction to lesson. (63 slides) Available from visual aids department.
2. Use brochures from local department stores, banks and any other agency that uses credit cards to determine their credit limits and rates. If advance assignments can be made, have participants do this for the group.
3. Prepare examples of typical accounts that local consumers might need to finance:

   A. Items of clothing for two teenagers purchased over a specific period of time. This might include buying new school clothes, September through December.

B. Develop an imaginary revolving account with a mail order company which a couple with a new baby might use to provide for all of the baby's furniture and clothing needs.

For these accounts, list items purchased with date of purchase and price. Develop a payment plan that would pay off these obligations with the least credit cost. You will probably need to state a specified income for the family and simple list of other regular monthly obligations.

4. Using the example in the slide presentation, imagine an income level for the young couple and a budget that would permit them to buy the items desired. Compare the cost of buying these items on a revolving account charging 1½ percent a month and paying for them with a bank loan to be paid back over the same period of time at 6 percent interest a year.

Materials for use and/or distribution:

"Credit Cards" - Home Management mimeographed material

Agent Reference:

Proceedings from AHEA Credit Workshop, January 1968, Journal of Home Economics.

"Credit Cards, Thirty Days to Reality," by Elsie Fetterman, Family Economics and Management Specialist, University of Connecticutt. (One copy prepared especially for North Carolina Extension in Home Management file in each county.)

Some of the materials listed for "Credit -- Blessing or Burden?" may be used.

## Using Credit Wisely

Teaching Objective: For individuals and families with limited experience in handling money and low reading ability to learn about the use and costs of credit.

Major points for emphasis:

1. It is important to know the meaning of words and terms that are used for financial transactions.
2. The use of credit always costs money.
3. Credit is available from different sources; one should know where to get credit.
4. The use of credit will help one get the things he needs before paying for them completely, but it is easy to get too many payments.
5. The credit user should know when to use credit and when it is unwise for him to do so.
6. It is important to be able to compare the costs of credit.
7. A credit user should understand a written contract before signing it.

Learning Experiences:

Materials from the U. S. D. A. series for low-income families are available in limited quantities from the Home Management Department. Counties having O. E. O. funded projects should be able to order directly from U. S. D. A. with those funds.

The Home Economics Extension Agent should read all of the materials in the series, including the Agent's guide and the guide for Home Economics Program Aides. The agent may need to teach this information to aides, or she may be teaching the lesson to the clientele herself.

If aides are working in your county, plan to teach them in the same way they would teach homemakers. If you cannot develop a simple explanatory method, they will copy you. Follow the suggestions in the aide's guide for providing teaching situations and materials.

Limited quantities of the following materials available are:

PA-862 Using Credit Wisely - Agent's Guide

PA-863 Helping Families Use Credit Wisely, Guide for Home Economics Program Aides

PA-864 What is Credit?

PA-865 Should You Use Credit?

PA-866 Where to Get Credit

PA-867 How to Figure the Dollar Cost of Credit

Learn to Live with Credit...

## Evaluation

The following are my feelings about the use of credit:

| | | Yes | No |
|---|---|---|---|
| 1. | I use credit because I do not have the money to buy the things I want. | ___ | ___ |
| 2. | I would rather do without things I want than use credit. | ___ | ___ |
| 3. | I am embarrassed to ask dealers for the use of credit. | ___ | ___ |
| 4. | I charge everything I can. | ___ | ___ |
| 5. | I feel that I am saving money when I use credit. | ___ | ___ |
| 6. | Our local dealers encourage me to use their credit plans. | ___ | ___ |
| 7. | I understand the interest terms for the credit plans I am using. | ___ | ___ |
| 8. | I read all installment contracts before signing them, even the fine print. | ___ | ___ |
| 9. | We have money left over each payday after paying our bills. | ___ | ___ |
| 10. | I feel free to return merchandise I buy on credit. | ___ | ___ |
| 11. | My credit rating is good. | ___ | ___ |
| 12. | I know where my credit cards are. | ___ | ___ |
| 13. | I pay my credit accounts as soon as they are due. | ___ | ___ |
| 14. | I feel that my family lives better than they would because we use credit. | ___ | ___ |
| 15. | My use of credit helps to stimulate the nation's economy. | ___ | ___ |

## Buying Equipment for the Home

Teaching Objective: For family members to learn to select equipment that they need for better family living, to learn to use it safely and to care for it.

Major points to emphasize:

1. The use of modern equipment in the home can provide more comfort for the whole family and help the homemaker use her time more efficiently.

2. The selection of equipment should begin with an analysis of the family's way of life and the need for specific items of equipment.

3. The family should evaluate their need for specialized or deluxe features available in equipment models, the skill of the users, storage space for equipment and other questions that might affect the desirability of purchasing a new piece of equipment.

4. Some time should be spent in comparing equipment available on the market and in comparing specific features and costs of the item from different dealers.

5. The buyer should evaluate the urgency of need and determine if it is worth the cost of credit to have the item sooner.

6. Safety of equipment in use should be a primary concern of the buyer.

7. Proper use and care of the equipment results in a longer service life.

Learning Experiences: (Suitable for adults, club meetings)

1. Have participants inventory equipment in the home and determine the usefulness of each piece. How often is it used and for what purpose? Which pieces could they live without; what types of new equipment would mean the most for improved family living? Use evaluation form. Specify either major appliances or small electrical appliances.

2. If assignments can be made ahead of time, have participants do comparative shopping for items in which they are interested. At meeting, participants shopping for similar items would meet as committees and then report to group their findings.

3. Bring to the group an appliance which is currently being promoted or purchased in the community (i.e., blender, pictures of types of clothes dryers, etc.) Have participants evaluate their need for this item.

Materials for distribution:

"Appliances for You" - H. E. 96
"Get the Best Appliance for Your Money" - Mimeo
"Using Your Equipment Dollar Wisely" - Mimeo

Agent References:

It is desirable to have a good textbook on equipment.

Young Homemakers' Equipment Guide, by Louise J. Peet, Iowa State College Press; Ames Iowa.

Household Equipment, by Louise J. Peet and Lenore S. Thye. John Wiley & Sons, Inc.; 440Fourth Avenue; New York, New York.

Household Equipment Principles, Helen J. Van Zante. Prentice-Hall, Inc.; Englewood Cliffs, New Jersey.

Your Equipment Dollar, Money Management Institute; Household Finance Corporation; Prudential Plaza; Chicago, Illinois.

Consumer Reports (Monthly, and/or their annual compilation) Consumers Union of U. S.; 256 Washington Street; Mount Vernon, New York 10550.

Consumer Bulletin (Monthly, and/or their annual compilation), Consumers' Research; Washington, New Jersey 07882.

Equipment for the Home...

## Evaluation

Fill in the following blanks:

1. The last piece of new equipment brought into our home was _____.
2. Was it purchased or a gift?
3. What family needs were considered in purchasing this item? _____

   _____
4. Was the location for storage and use of this item considered in its purchase? _____
5. Did the buyer look at different models before purchasing this one? ____ How many? _____
6. What special features of this item made it most desirable? _____

   _____
7. Was this a replacement item or a new item in its service to the family? _____
8. In what ways will this item provide better living for the family?

   a. _____

   b. _____

   c. _____
9. If credit was used in its purchase, were plans made for repaying before purchasing? _____
10. What adjustments must be made in the budget for this payment?

    _____
11. How many members of the family were involved in the decision to get this new piece of equipment? _____
12. Has the equipment proved satisfactory? _____
13. Length of use _____years.

## Planning for Funeral Costs

Teaching Objective: For adults to learn about American customs for caring for loved ones after death so that they might be able to cope with the process more adequately and to make wise decisions in a particular time of stress.

Major points to emphasize:

1. The inevitability of death in the family causes many people to have to make decisions regarding arrangements for burial and at a time when they are ill-prepared emotionally to cope with important financial matters.

2. The commercial aspects of American burial customs have developed to a degree that some families feel the cost is exorbitant.

3. It is not customary for individuals to shop for the services associated with burial.

4. Planning ahead for funeral costs need not be considered morbid, but a wise procedure to prevent financial hardship for the remaining family.

5. Some of the fear and superstition of death may be relieved by study of the funeral customs.

Learning Experiences:

This subject may be difficult to present to some groups, depending upon recent deaths in the family or community. However, some of the families who have been involved in recent bereavement may be most interested in relating experiences if they consider them good or otherwise.

1. A brief review of the book, "The American Way of Death," by Jessica Mitford, might be presented at a club meeting.

2. As a special interest meeting, a director of a local funeral home may be invited to speak and to answer questions. His topics should include costs of various types of funerals and their special features. He may have brochures for members of the group to study.

3. Plan for a tour to a funeral home in the community.

Reference Materials:

1. "Bereavement - A Family Crisis" by Frances Jordan, Family Relations Specialist, H. E. 18. (Agent will need to study the mimeographed teaching outline for this lesson as background for funeral costs.)

2. "Facts You Should Know...Questions You Should Ask About... The Pre-arrangement and Pre-financing of Funerals," the Better Business Bureau in Charlotte, Greensboro or Winston-Salem.

3. "A Manual of Simple Burial," by Ernest Morgan. The Celo Press; Burnsville, N. C., 1966. $1.00

4. "Funeral and Memorial Societies," The Continental Association of Funeral and Memorial Societies; 59 East Van Buren Street; Chicago, Illinois 60605.

   Information on N. C. Memorial Societies:

   Blue Ridge Pre-Arrangement Society; Box 2601; Asheville, N. C.
   Triangle Memorial and Funeral Society; Box 1223; Chapel Hill, N. C.

5. The High Cost of Dying, by Ruth Mulvey Harmer. Available in paperback from the Continental Association or Celo Press for 95 ¢.

6. The American Way of Death, by Jessica Mitford, available from the Continental Association in paperback or from the Celo Press for 75¢.

7. Antitrust Aspects of the Funeral Industry, Views of the Subcommittee on Antitrust and Monopoly to the Committee on the Judiciary, U. S. Senate. U. S. Government Printing Office; Washington, D. C., 1967.

8. "Consumers Look at Burial Practices," Consumer Problem Series No. 3, by Allen Earnshaw Backman, April 1956. Available from the Council on Consumer Information; Colorado State College; Greeley, Colorado. 50¢

Planning for Funeral Costs...

## Evaluation

1. Have you had experience in planning a funeral? _____

2. Do you feel that you would be more competent in doing so now? _____

3. What do you feel is the most important thing you learned in this lesson? _____

4. Would you like to see any changes in funeral customs? _____

   If so, what? _____

   _____

5. Have your feelings about death been changed in any way by this lesson? _____ How? _____

6. Do you think it is desirable to leave suggestions for others who might plan this service for you? _____

Additional comments:

TARGET 2 — PHASE 2
CONSUMER COMPETENCE

# FAMILY ECONOMICS AND MANAGEMENT

Ext. Home. Economics

**This Packet Contains Teaching Materials For:**

* You, the Consumer
* Shop With ZIP
* Learn To Live With Credit
* Planning For Funeral Costs
* Equipment for the Home