

BUSINESS FACTS *for families*



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Business Facts for Families

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You may not have a family "business" in the usual sense of the word, but any family does have a great deal of business to conduct in the course of daily living and maintaining itself as a family. This bulletin brings together some facts that any family—or individual—will find useful in handling personal affairs.

A "PERSONAL AFFAIRS DAY"

First, you need to know just exactly where you are and what you have. Consider setting aside a day for taking stock of your personal affairs. You could call it a "Personal Affairs Day", as one writer¹ has suggested.

Set aside this day to consider the handling of all your personal affairs (the most important affairs in the world to you). Anyone who earns a living—man or woman—spends most of his life "bringing home the bacon," but how many of us spend much time or put much thought into handling our money once we've earned it?

On "Personal Affairs Day" get together all your valuable papers to see where you are financially and to be sure that your affairs are in order as you want them to be. You would check such items as: insurance of all kinds, your retirement program, the status of your will, the condition of your "estate", the location of all valuable papers.

Both husband and wife—and other responsible family members, too—should know where those valuable papers are. Some of your "valuable family papers" are listed below—classified according to where you might best keep them.

¹Donald I. Rogers, "The Most Important Affairs Are Your Own", Wall Street, U.S.A., S. F. Chronicle (March 25, 1957).

A. Keep in your safe-deposit box.

| | |
|--|------------------------------|
| Insurance policies | A list of all your valuable |
| Stocks and bonds | papers—one copy ² |
| Property records | Wills |
| Household inventory | Auto title |
| Contracts (including promissory notes) | Tax receipts |
| Social security card (or stub) | Birth certificates |
| Important receipts and bills of sale | Adoption papers |
| | Marriage records |
| | Military service records |

B. Keep in a safe place at home.

| | |
|---|-------------------------------|
| Cancelled checks | Employment records |
| Guarantees | Education records |
| Receipts | Location of burial plot |
| Records of other debts, with payments scheduled | Copies of income tax returns. |

A copy of your list of valuable papers. (Be sure it includes a record of all insurance policies, with names of beneficiaries, benefits, premium-due dates, company, policy number, and agent.)²

C. Carry in your purse or billfold.

| | |
|--|---|
| Name and address | Blood type |
| Whom to notify in emergency | A statement noting diabetes, epilepsy or allergies to certain drugs |
| Driver's license | |
| Your doctor and hospital | |
| Membership cards — to help identify you. | |

Just getting your papers together is likely to remind you to check up on your affairs. For instance: Are the life insurance beneficiaries named in your policies the right ones? Is your will up-to-date? Have you checked recently with your attorney to be sure that the plans you

²To get a set of record sheets for recording this information, write to: Extension Specialist in Home Management, Room 108 Home Economics Building, Michigan State University, East Lansing, Mich. Ask for "Your Valuable Family Papers".

have made for your estate will save as much as possible in taxes for your family? Have paid-up mortgages been discharged? Do you have enough insurance on your house and furnishings to cover the value now?

The first "Personal Affairs Day" will be the hardest. After that, a periodic check-up should be something you could take in stride. Now we're ready to talk about day-to-day transactions.

WHEN YOU DO BUSINESS AT THE BANK

Banks offer many services to people in their communities. All of us should know what services we can get at the bank and how and when to use them. Banks act as custodians of funds and make the transfer of money easy. They lend money, act as trustee, administrator, or executor. Banks can advise on investments or other money matters. These are but a few of their many services. Here are some things to know when you do business at the bank:

Checking Accounts

Opening a checking account is a simple matter. These are the steps:

1. Signature cards are signed by the depositor.
2. Bank service charges are explained to him.
3. A passbook showing the initial deposit is issued.
4. The depositor is given a check book.

Joint accounts may be opened in the name of two persons. The steps in opening a joint account are the same except that each person signs the signature card. Be sure when opening a joint account, that the account is payable to *either or the survivor* so that in case of death of one, the account belongs to the other without probating.

Each time you deposit funds on a checking account, you receive a deposit slip to fill out. It states what is being deposited—currency, coins, or checks—the amount of each and the total. When depositing checks list each one separately and endorse at the bank before handing in the slip. Present one deposit slip with the passbook or two slips in duplicate to the receiving teller, along with the money being deposited.

How to Write a Check

Write your checks clearly and completely and present them promptly. Make it a practice to fill out your check stub before you write the check itself. The five items to be written in ink on the face of the check are:

The date—It should be the date on which the check is drawn. Never write a future date.

The payee's name—Write this after the printed words "Pay To The Order Of". Spell the name correctly.

The amount in words—Start this as far to the left as possible so that no one may insert a word before it and thereby raise the amount. Fill in any unused space with a line.

The amount in figures—Write close to the dollar sign. This must agree with the amount in words. If it does not, the amount in words fixes the amount of the check.

Your signature—This should be written to resemble as closely as possible the signature on file at the bank.

How to Endorse a Check

Before depositing a check which is drawn to your order, or before transferring it to another person, sign it on the back at the extreme left end. If your name is misspelled or incomplete, write your first endorsement in the same way; then underneath it write your regular bank signature. When you endorse a check without qualification, you assume responsibility that it is genuine and valid; that you have received value for it; and that if necessary you will pay it yourself.

You may hold previous endorsers responsible for payment, just as any subsequent endorser may hold you responsible for payment if the bank refuses to honor the check.

Kinds of Endorsement

A *blank endorsement*—the payee merely writes his name on the back of the check across the left-hand end. If a check so endorsed is lost, the finder may cash it.

A *special endorsement*—This names the person who must next endorse the check. Example: "Pay to the order of John Smith". Follow this with your signature.

A *qualified endorsement*—The words “without recourse” may be inserted above the signature of the endorser. This transfers title to the check without making endorser responsible for payment.

A *restrictive endorsement* — This limits further endorsement. Example: “For deposit only” written above your signature.

Some Important Things to Remember About Writing and Endorsing Checks:

1. Always write a check as clearly as possible in ink.
2. Fill out the stub first—then you won't forget it.
3. Date the check correctly.
4. Number each check.
5. Don't make out a check to “Bearer” or “Cash” unless you are at the bank where you can cash it yourself.
6. Be sure the amount written in words and the amount in figures are the same.
7. Don't sign a blank check.
8. Don't make corrections on a check. Destroy the check and make a new one. (Take the new check from the back of the book so stubs will be in order.)
9. Don't use flourishes in your signature. A simple legible signature is hardest to forge.
10. Use restrictive or special endorsements whenever suitable.
11. Don't sign a blank endorsement on a check until you get to the bank to cash or deposit it.

Your Bank Statement

Some banks mail the monthly statement; others require the depositor to call for it. As soon as you receive a statement of your account and your cancelled checks from the bank, check them over carefully.

To do this:

1. Sort the checks numerically.
2. Draw a diagonal line across the stub and lay the check which it represents face down. Continue this until all stubs for returned checks are marked.

3. Set down the amounts of the remaining unmarked stubs and add.
4. To this total add the balance shown on your last check stub.
5. If the bank has made a service charge, subtract this amount. This figure should be the same as the balance recorded on the statement.

Overdrafts

If the balance in your account is not sufficient to cover a check which you have drawn, the bank may refuse payment, mark it, "Insufficient Funds", and return it unpaid. In some circumstances, however, the bank may contact a depositor and give him an opportunity to cover the check before refusing payment. If there are several endorsers, the check will go to each of them in turn before it gets back to the maker.

Guard against overdrafts if you want to maintain a good credit standing and avoid embarrassment to all concerned.

Certified Checks

A personal check is written to a person or firm and is presented by the writer to the bank. The bank employee will stamp "Certified" across the face of a check and sign his name. The amount is then transferred from the depositor's account to the bank. A certified check is guaranteed to be honored by the bank which issues it—and must not be destroyed. If you have one which will not be used, return it to the bank and deposit it for credit to your account. Certified checks are used widely in business transactions.

Cashier's Checks

Cashier's checks are obtained from the bank, for cash or a personal check. This kind of check is the obligation of the bank itself and your name will not appear on the check at all. Cashier's checks, also, are used widely in business transactions.

Traveler's Checks

Traveler's checks are considered a safe means of carrying money. At the time of purchase you sign each at the top. When you cash a check, sign it at the bottom, with the person taking the check looking

on. The checks can be bought for a small fee in denominations of \$10, \$20, \$50 and \$100.

Safe-Deposit Box at the Bank

Safe-deposit boxes are used not only to protect papers and valuables from fire and theft, but also to keep vital documents in one accessible place where they will not be lost or mislaid. The boxes may be rented at an annual fee either by an individual or by two persons as joint tenants with the right of survivorship. Each customer has an individual key to the safe-deposit box that he rents. The bank also has a separate key to each box. The box cannot be opened unless both the owner's and the bank's keys are used. It is a good idea to make a list of the contents of your safe deposit box and keep one copy at home and the other in the box.

WHEN YOU DO BUSINESS AT THE POST OFFICE

All families do business at the Post Office, much of which consists of buying stamps and cards and mailing packages. The cost of sending a piece of mail and the speed with which it is delivered depends principally upon its classification.

Classes of Mail

First Class Mail includes:

Letters, postal and post cards, all sealed matter—present cost 4 cents per ounce. This fee applies to all local and non-local mail except "drop letters". (Drop letters are letters deposited for local delivery at offices not having letter carrier service and they are not collected or delivered by rural or star-route carriers. Present cost for drop letters is 3 cents per ounce.)

Second Class Mail includes:

Newspapers, magazines and periodicals—containing notice of second class entry. The second class bulk mail rate is applicable to publishers only.

Third Class Mail includes:

Books, catalogues, seeds, bulbs, roots, cuttings, circulars, printed matter, and merchandise. The maximum weight limit is up to, but not including, 16 ounces.

Fourth Class Mail (parcel post) includes:

Merchandise, printed matter, mailable live animals and all other matter not included in the first, second, and third class. The minimum weight is 16 ounces.

Air Mail may include:

Letters, air post, or postal cards and all other mail except that which may be damaged by low temperatures or high altitudes. Postage is charged on air mail (except postal and post cards) according to weight and not according to class of mail.

Special Rates for:

(1) Books (One pound or over). They must be marked "books", should be free from marginal notes, and may not contain advertising matter.

(2) Film catalogues and 16mm films. (The special rate does not apply when they are mailed to commercial theaters.)

Registered Mail:

Only first class mail may be registered. Mail which should be registered includes letters containing money, valuable goods for which the sender desires indemnity in case of loss, and articles for which sender desires a return receipt. Registered mail must be signed for, each time it changes hands. Fees vary according to the indemnity the sender wishes to receive. If a return slip showing receipt is desired, an additional rate is charged.

Insured Mail:

Only third and fourth class mail may be insured. This differs from registered mail in that it is not necessary for the addressee to sign when the package is delivered, if the value is \$10.00 or less. (Parcels over \$10.00 evaluation must be signed for.) If there is a claim for damages, the receipt or wrapping from the damaged package must be submitted to the post office. There is an extra charge for a return slip showing that the package has been received.

C.O.D. Mail:

"You may mail an article for which you have not been paid and have the price and the cost of the postage collected from the addressee

when the article is delivered. This is collect-on-delivery service, which is usually called C.O.D. service. The amount collected is returned to you by a postal money order. The fees for C.O.D. service include insurance against loss, rifling, or damage to the article and failure to receive the amount collected from the addressee. You may also register articles which you mail C.O.D."³

Special Handling:

This service is available for fourth-class mail only. For a special handling fee, in addition to regular fourth-class postage, a package is handled as first class mail until it reaches the post office of destination—then, as regular parcel post. This special-handling fee must be paid on all parcels that require special attention—for example, parcels containing baby chicks.

Money Orders:

Money orders are used to send money safely through the mail. The cost varies according to the amount of money being sent. Application blanks for money orders are no longer necessary unless money is being sent to foreign countries or through a rural mail carrier.

Money orders and receipts are obtained at the money order window. Immediately write in your name and the name of the person to whom the money order is to be paid. If you fail to do this and the money order is lost, the finder will be able to cash it. Detach the receipt and keep it for reference; send the order in a letter. The receiver of the money order may cash it at the post office, bank or other place of business. The person cashing the money order may be asked to show identification.

WHEN YOU DO BUSINESS AT HOME

Business Letters

A business letter that is clear, direct, and to-the-point will be most likely to get prompt attention. You need not be concerned with set phrases which once were considered important, but you do need to be concerned to include the accepted definite parts of a business letter because each is there for a purpose.

³"Domestic Postage Rates and Fees", P.O.D. Publication 3 (Rev.) September 1957.

Here is a sample business letter. Notice the parts (which are numbered in the sample).

*Sample Business Letter*⁴

(1) 105 Chestnut Street
Detroit, Michigan
July 1, 1958

(2) Mr. John Smith, Manager
Jones and Smith Company
719 Pine Street
Cleveland 3, Ohio

(3) Dear Mr. Smith:

(4) Thank you for sending me the information about care of roses which I requested. I should like to order one can of your Instant Killer spray. My check for \$1.00 is enclosed.

(5) Yours truly,

(6) Jane Brown
(Mrs. Thomas Brown)

The parts of a business letter are:

1. **The Heading**—The full address of the person writing the letter, with the date underneath. (Place at upper right hand corner—or top center—of the page.)
2. **The Inside Address**—The name, title and address of the person to whom the letter is being written. (Place below and to the left of the heading.)
3. **The Salutation**—A greeting to the person addressed, such as: "Dear Dr. Jones"; "My dear Mrs. Brown;" "Gentlemen," if to a company instead of an individual; "Dear Sir," if you do not know the name of the person addressed. (Place directly below the inside address.)
4. **The body of the letter**—A statement of your business. Because your letter is an expression of your own personality, you will want it to be courteous and pleasant. This doesn't require flowery language. Your courtesy will show, (a) if you've taken the trouble to organize your thoughts (or requests) concerning

⁴(The sample shows a conventional form. It is correct, also, to line up items (1) through (6) with an even margin at the left hand side of the page.)

the business you wish to transact and (b) if you recognize the limitations a firm or individual may have in fulfilling your request, and express appreciation for past or future services. The body starts below the salutation; should have a neat margin on each side; and for easy reading, each new thought should be in a separate paragraph.

5. **The Closing**—Examples of common forms for business letters: "Yours sincerely," "Yours truly," "Very truly yours."
6. **The Signature**—Your name (written legibly, if you want to get an answer!) If you are married, it's considered correct to sign your given name and your surname—with Mrs. in parentheses before it, if you wish. Or you may prefer to put Mrs. with your husband's name, below your personal signature.

Telegrams

A regular telegram is the quickest way to send a message by wire. Telegrams may be sent at any hour—day or night—and delivery ordinarily is made within an hour. The minimum charge is based on 15 words.

You may go to the Western Union office and write out your message on a form provided, or you may call it in and have the cost charged to your home telephone. In either case, it is wise to write out your message in advance in order to say exactly what you want to—and to save the operator's time.

A day letter is next in speed to a regular telegram. The minimum charge is based on 50 words—which you can send for 40 to 60 cents⁵ more than a 15 word telegram.

A night letter may be placed at any time—day or night, up to two o'clock in the morning, and will be delivered the following day. The charge for 50 words is 15 to 30 cents⁵ less than for a 15-word telegram.

Money orders may be sent by telegraph to any point in the United States, also to foreign countries. The sender must fill in a special money order form at the telegraph office and deposit the money to be sent. The charge is the same as for a 15-word telegram plus a money order fee which starts at 45 cents for \$20.⁵

⁵These costs are based on rates as of Aug. 1, 1955.

A Family Business Center

A place to "do business" in the home makes sense—just like a place to wash dishes, do the laundry, and entertain friends. You wouldn't think of scattering equipment for any one of these activities all over the house—and still, in many homes, bills and receipts are kept in a bureau or kitchen drawer, pencils by the telephone, the check book somewhere else. A place to work, with everything at hand, takes away half the drudgery of the job.

Planning Your Family Business Center

The essentials in a business center are: (1) a comfortable place to write, (2) a place to keep current records and small supplies; and (3) a place to keep important papers.

Your "office" may be a separate room, but for most families a corner of another room is enough. It may be in the living room, kitchen, dining room, family room—or even in a bedroom. If you have a large farm operation or other family-operated business, you may need a separate business office in your home, but that's not what we're talking about here.

Furnishing Your Business Center

1. A place to write.

Whether you buy, remodel, or use what you have, plan for a large enough surface and a height that is comfortable for you. Provide a comfortable chair, and good light.

2. A place to keep supplies and current records.

Useful supplies to have at your business center include such things as stationery and envelopes for personal and business letters, stamps, desk calendar, desk pen set, ink, erasers, glue, Scotch tape, paper clips, scissors, a ruler, address book, a dictionary, and a waste basket.

You will need drawer or shelf space for these things—also for whatever current financial records you keep—such as your family account book (your farm account book, too, if you live on a farm)—together with current bills, receipts, etc.

A separate drawer for current records and receipts is a good idea. Plastic divided trays provide good storage for the small miscellaneous supplies, and if no other arrangement is possible, empty boxes provide a means of sorting and storing some papers you'll want to keep.

(Write on the outside of the box—where you can read it easily—what is inside.)

3. Filing space

For important papers that you keep at home⁶ and for information that you want to have easily available, a good file is the best answer. This may be anything from a homemade box file or a paper accordian file to a steel filing cabinet.

Many desks provide a file drawer. File folders (which you may buy at office supply stores) will make it easy for you to keep different kinds of papers and information organized—if you have some kind of filing system.

You will have to decide what headings fit your needs in a filing system—and you'll probably want some sub-headings. Arrange your folders in alphabetical order for convenience.

4. A Filing system

Some suggested headings⁷ for your family file. (Your headings may be different.)

Accounts and other records—home (and farm) accounts and records; income tax returns; inventory of household furnishings; inventory of farm equipment, stock and supplies; your list of valuable papers.⁸

Addresses—home business, farm business.

Bank records—deposit slips, bank statements, and cancelled checks for the current year; safe-deposit box receipts; records of other business with the bank.

Bills paid, receipts

Bills to be paid

Catalogues—for various home (and farm) supplies.

Correspondence—farm and home business.

Home reference material—child development, clothing, crafts, nutrition, health and safety, house plans, etc.

Organizations—church, community, business, social.

Other home records—health records; equipment guarantees, magazine subscriptions.

⁶See page 4.

⁷Headings adapted from mimeographed material prepared by Harold Sparks and Agnes Gregarek, Cass County Extension Agents.

⁸See page 4.

Personal—birthday dates; Christmas card lists, gift suggestions, special interests.

Valuable papers—see page 4.

For farm families—Additional headings on the farm business, such as: farm equipment information, farm field data, farm plans, livestock records, farm reference material.

Good family business management goes far beyond the "how-to-do-it" skills discussed here. For the modern family—and for modern homemakers—the training necessary to conduct the family's business is a life-time job. It involves learning all the time—about your rights and responsibilities as a consumer and as a citizen, about laws that affect ownership and transfer of property, about new products on the market—and about new "products" in the field of business organization, too. In order to protect and use your resources to best advantage, you need to know about changing "products" of this latter kind—new developments in insurance, credit, investments and savings. There are many sources of information for you. We've listed some among "References". Through your county extension groups and other organizations you may find opportunities for further study.

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Two magazines—to help you keep abreast of what's new in the business world:

Changing Times, The Kiplinger Magazine, 1729 H. Street, N. W., Washington 6, D. C.

U. S. News and World Report, 2300 N. Street, N. W., Washington 7, D. C.