

★ ALL HANDS ★

THE BUREAU OF NAVAL PERSONNEL CAREER PUBLICATION

**MANAGING
YOUR
FINANCES**



SPECIAL ISSUE

- **FOR THE SINGLE NAVYMAN**
- **FOR THE FAMILY NAVYMAN**

This magazine is intended for 10 readers. All should see it as soon as possible. PASS THIS COPY ALONG

AUGUST, 1968





ALL HANDS

THE BUREAU OF NAVAL PERSONNEL CAREER PUBLICATION

AUGUST 1968

Nav-Pers-O

NUMBER 619

ALL HANDS The Bureau of Naval Personnel Career Publication, is published monthly by the Bureau of Naval Personnel for the information and interest of the naval service as a whole. Issuance of this publication approved in accordance with Department of the Navy Publications and Printing Regulations, NAVEXOS P-35. Opinions expressed are not necessarily those of the Navy Department. Reference to regulations, orders and directives is for information only and does not by publication herein constitute authority for action. All original material may be reprinted as desired if proper credit is given ALL HANDS. Original articles and information of general interest may be forwarded addressed to the Editor, ALL HANDS, Pers G15, BuPers, Navy Department, Washington, D.C. 20370 (see page 64). DISTRIBUTION: By Section B-3203 of the Bureau of Naval Personnel Manual, the Bureau directs that appropriate steps be taken to insure distribution on the basis of one copy for each 10 officers and enlisted personnel.

The Bureau invites requests for additional copies as necessary to comply with the basic directives.

The Bureau should be kept informed of changes in the number of copies required.

The Bureau should also be advised if the full number of copies is not received regularly.

Normally copies for Navy activities are distributed only to those on the Standard Navy Distribution List in the expectation that such activities will make further distribution as necessary; where special circumstances warrant sending direct to sub-activities the Bureau should be informed.

Distribution to Marine Corps personnel is effected by the Commandant U.S. Marine Corps. Requests from Marine Activities should be addressed to the Commandant. PERSONAL COPIES: This magazine is for sale by Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. The rate for ALL HANDS is 25 cents per copy; subscription price \$2.50 a year, domestic (including FPO and APO address for overseas mail); \$3.50 foreign. Remittances should be made to the Superintendent of Documents. Subscriptions are accepted for one, two or three years.

VICE ADMIRAL CHARLES K. DUNCAN, USN
The Chief of Naval Personnel

REAR ADMIRAL BERNARD M. STREAN, USN
The Deputy Chief of Naval Personnel

CAPTAIN H. W. HALL, JR., USN
Assistant Chief for Morale Services

TABLE OF CONTENTS

Special Issue: Managing Your Finances

Family Album	2
Finances and the Meaning of Credit	4
Credit-Wise, Navymen Rate High	5
Credit Cards: What's In the Cards for You?	8
What Credit Buying Really Costs You	10
No Gap in Credit-ability	11
Start a Budget and Get Ahead	12
A Budget Plan	15
Smart Shopping: Pointers on Spendmanship	16
Navy Exchange and Commissary: Good for the Budget	18
Smileage for Your Auto-Buying Dollar	20
Buying U.S. Built Cars Overseas	25
Thinking About Buying a Foreign Car?	26
Credit Unions—You Can Join and Save	27
The Equation: Instant Credit Equals Instant Debt	30

Centerspread

How to Find the Cost of Borrowing	33
Fare Thee Well, and Keep a Trim Food Budget	34
Table: Comparison of Spending by Navy Families	36
Need Legal Advice? LAO Can Aid You	37
Roundup on Rackets—Better Look Twice at a Real Good Price	41
Thumbnail Guides on the Cost of Credit	46
Ways to Save: A Subject of Increasing Interest	47
A Handy Guide of Navy Pay and Allowances	48
Buying a Home? Building on a Solid Foundation	50
What You Should Know About Trailers	53
Trailer Allowances, State by State	54
Navy Directives on Credit and Finances	58
A Gold Mine on Information Within Reading Distance	59

Special Report

First Quadrennial Review of Military Compensation	61
---	----

John A. Oudine, **Editor**

Associate Editors

G. Vern Blasdell, **News**

Don Addor, **Layout & Art**

Ann Hanabury, **Research**

Gerald Wolff, **Reserve**



• **AT LEFT:** ON WATCH—Navyman is silhouetted against an afternoon sky as he stands a lonely fore-castle watch aboard USS Columbus (CG 12).

• **CREDIT:** All photographs published in ALL HANDS Magazine are official Department of Defense photos unless otherwise designated.



FAMILY



ALL HANDS



ALBUM





MANAGING YOUR

This issue of ALL HANDS concerns a subject near to every man's heart — his pocketbook. In other words: money and its management.

The management of financial affairs is highly personal. Each Navyman has learned in his own way how best to spend — and save — his money. No collection of articles on the subject of spending is going to provide the answer to each individual's questions, but they may supply pointers you'll consider worth exploring.

Any plan for the management of finances can be improved. Those articles which deal with money management are basically tips on how to stretch your paycheck where it will do you the most good. Much of the material is concerned with that most peculiar phenomenon called credit.

Credit is based largely on trust. The average Navyman, being trustworthy, expects to be able to receive a fair deal in his business and financial associations.

Those who provide credit or who have something to sell have been found, by and large, to be equally trustworthy.

But managing your finances also calls for a certain kind of knowledge and/or experience, plus a certain amount of study or self-education, and one very important ingredient — common sense.

The general thesis might run something like this:

Spending is a daily necessity of living — and it can develop good or indifferent habits. Credit is a commodity which is packaged for various uses by different types of people. It's like other commodities; one must pay for the use of credit.

This issue attempts to describe different methods of spending and various types of credit available. In some instances, the question is raised — are you receiving sufficient value for your money? It's a question that only you can answer. It all goes back to the wise management of your money.

To provide authoritative information on credit and money management, ALL HANDS has consulted with experts in U. S. Departments of Agriculture, Interior, Labor and Defense. Also consulted were authorities in the Navy Federal Credit Union, the Federal Trade Commission, Federal Housing Administration, Veterans Administration, the Government Printing Office, our own Bureau of Naval Personnel, and others. All cooperated most generously.

The Meaning of Credit

THE BLANDISHMENTS are many and they are usually effective. Simply use magic credit, it is suggested, and all one's desires will be fulfilled.

The world will be yours. During those wonderful moments when the salesman turns on his charm, you aren't

reminded of the day when you must start paying for the world.

However, that's the time when you realize that instant credit can be instant debt.

The use of credit is not to be discredited. It is the link which connects mass buying with mass production. Without it, personal and national economies would soon be in trouble.

Nevertheless, it has its dangers if not used with caution.

There are several kinds of credit. The most commonly used forms of financing purchases made in stores are the charge account and installment credit.

A charge account, if it doesn't get out of hand, is a great convenience. It can save wear, tear and service charges on your checking account by enabling you to write one check for a month's purchases rather than several which otherwise might be necessary.

A 30-day charge account can also be helpful in providing records for family budgets.

Stores rarely charge the individual customer for a 30-day account; the merchandise is priced to include charge account costs so everyone pays for this type of service whether or not he uses it.

Types of Credit

BY AND LARGE, charge accounts are a good thing when they are used properly. However, if you (or your esteemed spouse) resort to impulse buying with charge accounts or credit cards, you probably will find yourself in trouble the first of the next month.

FINANCES

Installment sales credit is frequently used to finance purchases of durable and relatively expensive goods such as furniture and appliances. Installment buying is considerably more involved than a 30-day charge account.

A sale involving installments usually entails a down payment and a contract which obligates you to pay a certain amount for a specified length of time. This is where it pays to be wary, for there almost invariably is a charge involved.

A close look at these charges will tell you why some stores are more interested in selling on an installment plan than they are in making cash sales.

For many merchandisers, the sale of credit provides a tremendous return in the form of "carrying charges" which are really a form of interest on a loan. The risk to the store is negligible inasmuch as the seller retains title to the merchandise until the entire bill is paid.

The service charges vary widely from one store to another. Under some circumstances, in fact, no charge is made at all. From this zero point, however, charges escalate rapidly to an almost incredible 500 per cent per annum in true interest that is charged by the merchandiser.

How Costs Are Calculated

A TYPICAL SALE in which installment credit is used might be for a living room sofa. Say that the cash

Credit-Wise Navymen Rate High

IS THE NAVYMAN a good credit risk?

During the research that went into the current issue, ALL HANDS Magazine came across some interesting facts that demonstrate that the Navyman's "bad risk" credit rating is approximately one-half that of the national average, as far as credit unions are concerned. Here are the facts.

Since statistics are not generally available on military personnel as a group, ALL HANDS turned to the Navy Federal Credit Union, 80 per cent of whose members are Navy and Marine Corps personnel (officer and enlisted) and 20 per cent are civilian employees of the Navy. The Navy Federal Credit Union is one of the largest in the world, with a membership of 106,000 persons. Its accounts demonstrated that the record of repayment by more than 80,000 naval personnel is well above the national average for all federal credit unions.

For comparison purposes, ALL HANDS turned to the 11,941 federal credit unions which, as of 1966, served 9,271,967 members. According to the latest available report (December 1966), showing the "loss ratio" of federal credit unions, the national average was .23 per cent, while the figure for naval personnel served by the Navy Federal Credit Union (a worldwide organization) indicated a loss ratio for the same period of only .14 per cent.

To understand the significance of these figures, you should know the meaning of the term, "loss ratio." It is a figure based on loans made by the credit union versus loans charged off as "bad debts." In effect, the loss ratio for naval personnel comes to about one-half of the national average.

More recent statistics are available for the Navy Federal Credit Union which show the loss ratio as dropping even more among its 106,000 Navy personnel and Navy civilian employee membership. That is, the "bad debt" ratio, as of 1967, for the Navy Federal Credit Union was .12 or *one-eighth of one per cent*.

Statistics on the credit records of individuals by categories are hard to come by, but this evaluation of a huge Navy-oriented credit union, as compared with all the federal credit unions in the country serving close to 10,000,000 people, points up the fact that the sailor has achieved a creditable credit rating.



payment covers most of the purchase, but an additional \$100 is needed. The store gladly extends credit on easy terms.

A 10 per cent carrying charge is frequently added to the original debt which, in this case, brings the total amount owed up to \$110.

If you pay \$110 in 12 equal installments on a monthly basis, the average amount of unpaid principal amounts to \$55. The \$10 carrying charge divided by \$55 comes to 18 per cent a year which you probably didn't realize you were paying.

The amounts charged for small purchases on the installment plan are even more surprising because many people have a tendency to shrug off what they believe to be only a dollar or two. Take a \$25 purchase paid for in installments. If you make a \$5 down payment, there is a \$20 balance to which a \$2 carrying charge is added making the total debt amount to \$22.

You contract to pay the debt in four monthly installments so your average unpaid balance would be \$11. You can figure your true rate of interest by dividing the \$2 carrying charge by 11. You will find you are paying 18 per cent.

Not bad, you say—the same thing you paid for the larger purchase of the living room sofa. Think again. Four months is only one third of a year so your true interest rate is a whopping 54 per cent per annum. The cost in these examples may not seem so great to you, but imagine what they amount to if the contract is for larger amounts and a longer period.

These charges, while they may strike you as being a bit on the steep side, could not be considered unusual. You can take them or leave them as you see fit. Later, we'll go into other methods of financing such purchases of durable goods.

Problems May Arise

BUT FIRST, it might be well to consider what happens if you carelessly get yourself into an installment situation—a situation which, we are happy to say, most Navy men avoid.

An example of how deeply a buyer can sink into the morass of credit through carelessness and, in this case, of practices which border on fraud, can be found in testimony before a subcommittee of the U.S. Senate.

The item purchased was a television set and the circumstances, briefly stated, involved a verbal agreement between purchaser and salesman which specified the price of \$599 to be paid in weekly installments of \$5 each. This was the buyer's first mistake. His payments were entirely too small to cover the relatively large purchase he had made.

When the set was delivered, he was asked to sign a receipt which was actually a contract requiring the payment for the television plus \$201 in finance charges. This amount was due in 40 payments (one every two weeks) of \$20 each. This was mistake number two. The purchaser failed to read the contract, thereby accepting terms which did not conform to the verbal agreement he had made with the salesman and which, in this case, he could not afford.

To shorten a long story, the seller threatened to attach the purchaser's salary and repossessed the merchandise. The buyer engaged legal counsel and, because of the devious circumstances under which the contract

was signed, the buyer was extricated from his predicament comparatively easily.

Others, however, are not so fortunate. Contracts are legal instruments; if you sign one you are obligated to comply with its terms unless you can prove misrepresentation or fraud. The burden of proof is on you and the chances are you won't get far if you find, after signing the contract, that you are paying finance charges which, although they may be high, are also legal.

You Have a Choice

A NAVYMAN who wishes to purchase durable merchandise for which he possesses insufficient cash has a financing choice other than that offered by the stores or finance companies.

Actually, it isn't financing in the usual sense of the word; it is simply making a cash loan with which he pays for his purchase. The reasoning behind this course of action, of course, lies in obtaining better terms than those offered by the store's credit department or the finance company.

Some cash loans can cost less than others and it is well to remember that money, like other commodities, is sold



in ways to accomplish every purpose and to accommodate every need. It behooves the borrower to shop around and find the cash loan which is best suited to his needs.

Credit unions are a good source of personal loans (see article on this subject on page 27). Navy men have access to these organizations, which are chartered under federal or state law and can charge a maximum of one per cent a month on the unpaid balance or 12 per cent per annum. Many credit unions charge less.

Credit unions lend money only to members, the vast majority of whom are excellent credit risks. This eliminates fees frequently charged to the borrower for investigation and costs incidental to delinquent accounts.

Navy credit unions are nonprofit organizations which serve personnel with a common bond of employment and association. Because of this bond, credit unions experience a low rate of delinquency. When you add these factors, they produce loans at less cost to the borrower.

A credit union is authorized to make signature loans (no collateral or cosigners) to its members in amounts which cover the cost of most appliances, furniture and other durable goods purchases.

Navy men frequently will find it less expensive to finance their purchases by means of a signature loan from a credit union than by paying the finance charges required by stores and finance companies.

Loan departments of commercial banks are also a source of personal loans. It is to your benefit to find out the interest and other charges made by these institutions as well as other sources when you plan to make a personal loan.

A Matter of Interest

BANKS ARE understandably cautious about those to whom they lend money inasmuch as the money they lend technically belongs to their depositors. In exercising due caution, banks frequently find it necessary to make charges for a credit investigation, and often life insurance on the borrower, especially a new borrower.

Loan departments at banks usually state their interest rates on the full amount to be repaid. On a \$100 loan, you might reasonably expect to pay six per cent (or more) plus charges for investigation and the cost of an insurance premium on your life, both of which are deducted in advance.

For the sake of an example, we will say you want to borrow \$100, to be paid back in 12 monthly installments. When investigation and insurance charges are deducted, you actually receive \$92 but you must pay



interest on the full \$100, since the additional expenses are incurred by you.

We find the average amount of the unpaid balance which, in this case, is \$51. The \$8 charge, divided by \$51, produces a true interest rate of 15.07 per cent per annum.

Such interest rates are not unusual; a bank's personal loan usually costs the borrower from 12 to 18 per cent.

The difference between the six per cent charge stated by the bank (and almost everyone else making small loans) and the 15.07 per cent in actual interest on outstanding principal lies in the method of computation.

The bank charges a flat six per cent on the over-all amount of the loan for the length of time the money is borrowed. As far as the bank is concerned, the entire amount of the loan is absent from its vaults until the last payment has been made.

In practice, however, you owe the bank less money each time you make a payment. If you figure interest on the principal amount actually owed after each payment, the dollar amount of interest will decrease with the principal.

When you figure interest on the amount you actually owe the bank, you will find you are paying a higher rate of interest than the six per cent as computed by the bank on the money actually in your possession.

You might find an even greater spread of true in-

terest rates if you make a small loan at an industrial bank.

As you might suspect from the term *industrial*, such banks specialize in large loans but do not turn down small borrowers. Industrial banks usually state their interest rates on a discount basis on the initial amount of the loan. After the investigation fees and other charges are deducted, you probably would discover that true interest rates on a 12-month loan range from 15 to 30 per cent per annum. It is also well to note that extra fees and charges on a small loan can be very high.

Like savings banks, industrial institutions lend money to good credit risks and insist upon good collateral, thereby holding down their losses.

True Rates of Interest

CONSUMER finance companies are still another source of small loans. These organizations operate under state laws which originally were enacted to create an agency where trustworthy people could borrow without collateral at reasonable rates. They do *not*, however, operate under state sponsorship.

Consumer loan laws in many states require the lender to state his charges in true interest on a monthly basis. Rates usually decrease as size of loan increases.

For example, three per cent might be charged on the first \$100 of the amount borrowed. Two per cent would be charged on the second \$200 and one per cent on the balance over \$300. The true rates of annual interest range from 26 to 30 per cent on an average loan.

Companies operating under small loan laws include costs incidental to lending under one all-inclusive charge. Inasmuch as this type of company usually specializes in small loans, the rate of interest must be proportionately high.

If you are surprised that small loans cost more than large loans, remember that a reduction of interest with each payment requires a considerable amount of accounting.

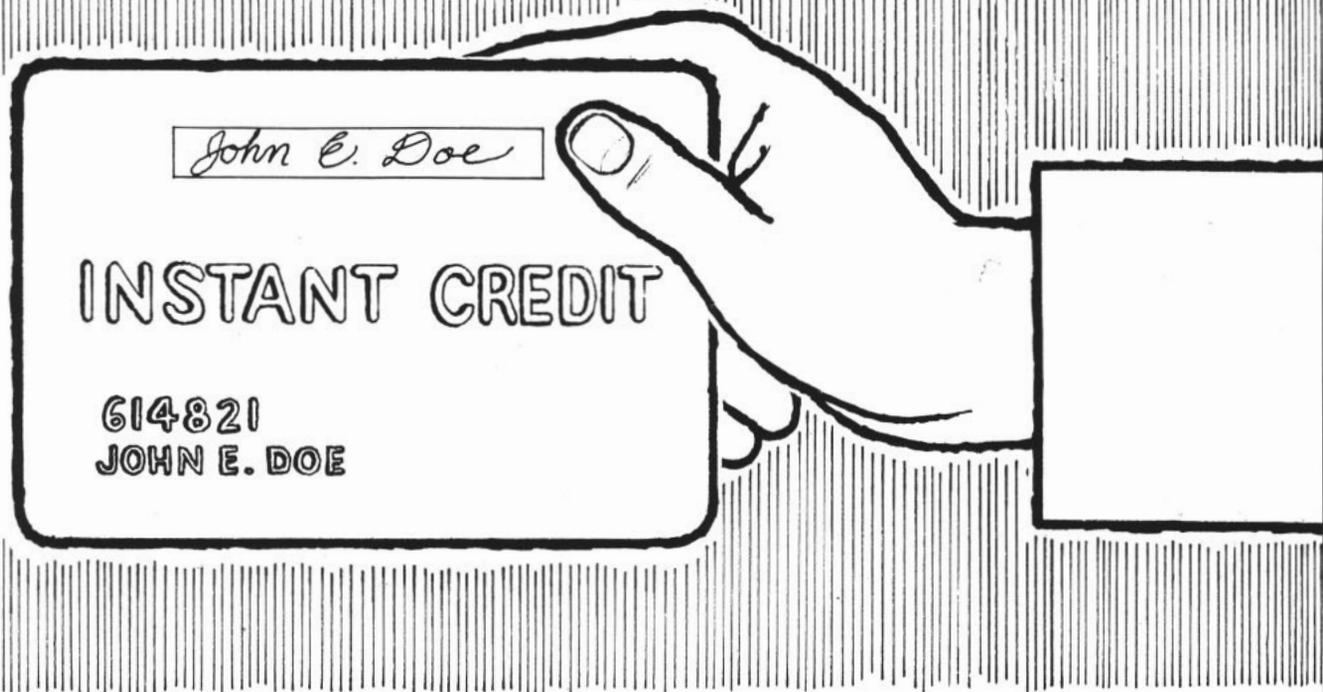
On a home mortgage, for example, the size of the loan warrants the added bookkeeping burden. For small sums, however, the extra work involved would probably make the cost of the loan even greater. Hence the axiom—the smaller the loan, the higher the charge.

If you are dismayed at the variation in the amount of interest or carrying charges you are asked to pay, you should remember that these charges are based upon the risk to the lender, the source of the money being loaned and the needs of the borrower.

If some lenders charge more than others for the same amount of money, loaned for the same length of time, it is not necessarily because they are out to bilk their customers, it probably is because of the circumstances governing the loan.

Most of those engaged in lending and extending credit to military personnel deal fairly and justly with their customers and adhere to the standards of disclosure which are prescribed in SecNav Inst. 1740.2.

Navy men who use credit will find it both convenient and sometimes profitable if they use it wisely and also remember that credit, like other commodities, is offered under a variety of conditions. With the application of a little patience and common sense, every Navy man can find the plan which best suits his circumstances.



What's in the Cards

IT'S ONLY a small piece of plastic which weighs less than one ounce, but a credit card represents considerable buying power and can be worth many times its weight in gold. If used wisely, it provides an excellent credit reference. Used irresponsibly, it can become a passport to serious indebtedness.

A credit card is actually an identification card which establishes your entitlement to buy on credit at specific outlets or for specific services. The company which issues you a credit card recommends you for credit wherever its service is available.

A typical credit card has your name and a series of numbers stamped into it so that the letters and numbers are raised off the surface, and are quickly transferred to a bill of sale when slid through a carbon-ink machine.

Generally, you agree to pay for all purchases made with any credit card issued to you. Each time you use the card, a copy of the sales slip is sent by the dealer or merchant to the company's district or regional billing office. You are then billed about the same time each month for all charges made against your card, or account, number. Most credit card companies use punch card invoices and computers to keep the billing accounts in order.

Since they were introduced by major oil companies some years ago, credit cards have become a widely accepted means for obtaining credit. The advantages, to both customer and company, are many.

For example, having a credit card in your wallet days before payday when you're short of cash is as good as money for whatever you can buy with it. If you're a good credit risk, the company is happy for you to have their card at such times—you can buy their product instead of paying cash to their com-

petitor. And, very common these days, many families who make purchases outside the commissary and exchange find it convenient to use credit cards and other forms of charge accounts, and then pay all the bills on payday or after the monthly allotment check is delivered.

A Wide Range

WITH A CREDIT CARD you can buy almost anything. Local and nationwide consumer outlets ranging from small specialty stores to large department and variety store chains, plus many other commercial enterprises and retail sales outlets, either issue their own credit cards or honor others. Some "prestige" credit cards which for years have catered to the credit wishes of those in relatively high-income brackets may be used for a wide range of services and merchandise.

Major oil companies have in recent years authorized customers to use their credit cards at certain motels, restaurants, and rent-a-car agencies, and for other commercial services and merchandise. Some have introduced life and accident insurance plans, or

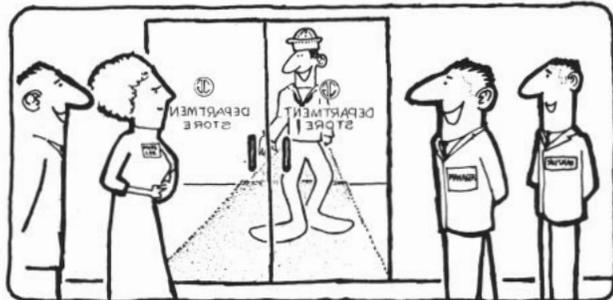


sales of specific items such as table silver or small appliances. (A power saw recently offered by a major oil company at \$29.95 was found to be available at a local Navy Exchange for \$24.95.) For these services and purchases you buy by mail and are billed regularly on your credit card account.

One of the latest trends in credit cards involves the commercial "centrally charged" or bank-sponsored charge card plans which have been established in many retail marketing areas. These "general purpose" credit card programs vary widely in scope. Most, however, are family-oriented, with designated members of a family able to use one card to shop at a variety of stores in the city or area.

Such plans generally offer you the option of paying your account in full in 25 days without a service charge for credit, or on a revolving basis at a cost of one or one and one-half per cent per month on the unpaid balance (which amounts to annual simple interest rates of 12 and 18 per cent, respectively).

Many credit card companies encourage you to pay only a portion of the balance you owe. The reason is obvious: you may pay \$10 monthly on a balance under \$100, for example, but over a continuing period,



card subscribers. In this regard, a credit card might be compared to the savings stamps or coupons you trade for merchandise, or the service station "games" you play with a chance to win a prize.

The merchant must pay for the stamps, coupons, games, or what have you, and, in order to break even, often must raise prices. The customer pays the higher prices whether or not he uses a credit card, plays games, or saves stamps.

What's more, credit cards can sometimes cost money even to those who do not use them, for example, in a restaurant which honors any of various local, national or international "prestige" credit cards. The price of a meal as stated on the menu may have a certain percentage figured into it which eventually is paid to the credit card service. Some restaurant owners assume that you will use a credit card when you pay your tab. When you pay cash for a meal, you are charged the menu prices which contain the credit card percentage. In effect, you pay the credit card company for a service you have not used.

THE MOST OBVIOUS disadvantage of a credit card is its easy availability to use on impulse for purchases you really can't afford. Problems with impulsive buying are surprisingly widespread, and continue to grow with the use and acceptance of credit cards.

Some credit experts and financial counselors estimate that 90 per cent of the buyers who have difficulties with creditors are basically honest people, but are unwise, impulsive users of credit cards and other charge accounts. A person's education, family background, standard of living and the amount of his income have little to do with his responsible use of credit.

In the final evaluation, the really important thing about a credit card is the balance carried against it. Unfortunately, the indiscriminate use of a card may have you in financial trouble to an extent you won't realize until weeks later when the payment is due. You might ask yourself each time, before you use a credit card: Would I make this purchase if I had the

for You?

the interest you pay is highly profitable to the credit company.

How You Pay

THERE ARE, of course, many variations on methods of payment and terms of credit for credit card users, such as extended, no-cost terms on "big ticket" gas station items like a set of tires. The oil company credit card plan you use to buy the tires may allow 90 days for you to pay three installments with no additional service charge.

More often, you are not charged extra for credit card service when you pay your bill in full before a new month's billing date. If you let a bill slide, you can be sure the computers will figure out the past balance due and assess you a service charge on the total new outstanding balance.

There are other ways that credit cards can cost you money—even when you don't use them. With the wide acceptance of credit card plans, many merchants must subscribe to them in order to stay in business. The merchant often must pay the credit card company a percentage of the business he receives from the credit





cash? If the answer is no, you may be risking an over-extension of your credit, and impulsive use of your credit card.

Take Good Care of Your Cards

ANOTHER cautionary note on the subject is the importance of guarding your credit cards against loss or theft. Here's why:

When you accept a credit card, you agree to pay for all purchases made by anyone presenting the card, whether authorized by you or not, unless and until the company has received written notice of its loss or theft.

You may have noticed that sales personnel seldom if ever compare your signature with the name stamped on your credit card, or ask you for additional identification. Therefore, you should assume that anyone other than you could use your card to make purchases—but you, of course, would receive the bills.

There have been reports of con men and pickpockets who specialize in using credit cards which belong to other people, and even reports of well-organized credit card "rings." Therefore, you should guard your credit cards as you would your cash. They can be worth plenty to someone else.

Keep a listing of all your credit card numbers, plus the addresses of issuing companies, in a safe place with your other important papers. Then, if a card is lost or stolen, notify the company immediately so that you will be relieved of responsibility for any charges that may be made to your account.

ALSO, do not hesitate to report any suspicious handling of your cards. While driving across country, for example, keep your eye on the procedure used for stamping your card on the machine receipt recorder each time you stop for gas or make some other credit card purchase. There have been reports of "double stamping" by a few dishonest service station attendants. Here's how it works:

Two blank credit card receipts are stamped with your card; one for your purchase, the other hidden from you and filled in later by someone who forges your signature. It's figured that you're a tourist, and won't know for some time about the fast shuffle your card took. You finally learn about it when a cumulative bill catches up with you, and you compare your receipts with the carbon copies sent by the billing company.

Matching receipts and checking signatures should be a routine procedure for credit card users each time they receive a monthly statement. If you neglect to do this, it's possible to pay for relatively small charges to your account made through "double stamping"—and you wouldn't even know you had been duped.

What's in the future for credit cards?

The widespread acceptance of credit card purchasing has progressed to the point that there is talk of the need for a true "universal" card—one card with, for example, a social security-type number to identify your account.

Whatever they become, credit cards apparently are here to stay. And, no matter how you use them in

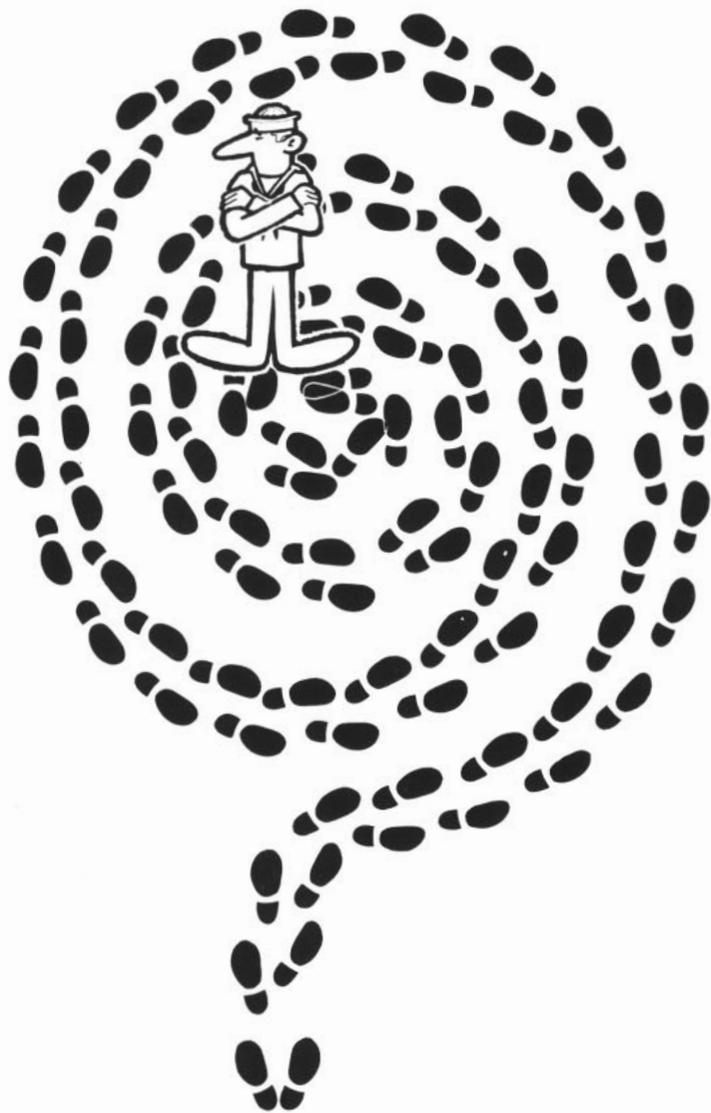
What Credit Buying Really Costs You

Summer means an abundance of vacations, and often is a time for home improvements, new cars and, sometimes, other major expenses. If you don't have the cash on hand (or in a savings account), obviously you won't be able to pay for them by cash.

Under such circumstances, you may use a credit card or loan to pay for your purchases. Here is a list of several types of major purchases and what the financing of them will cost you, courtesy of Navy Relief Society. It tends to make you think.

Type of Purchase		Monthly Payment	Months	Total Finance Cost	Plan Offered By	True Interest
Auto Loan	\$1500.00	\$55.00	30	\$150.00	Bank	7.7%
Automobile Purchase	3126.15	86.89	30	339.99	Finance Agency	11.6%
Modernizing Materials	350.00	11.74	36	72.50	Dept. Store	13.4%
Furniture or Major Appliance	360.00	16.92	24	56.00	Dept. Store	15.4%
Revolving Charge Account	-----	-----	---	-----	Dept. Store	18.0%
Unsecured Personal Loan	100.00	6.72	20	34.40	Finance Agency	39.3%
Holiday Tour	290.66	15.66	20	52.20	Airline	22.9%

MOVING



START A

realistic. Some should be for this month—rent, food, gas for the car, miscellaneous bills. Other goals may be three months away—a winter coat for your wife. Others may be five, 10, 20 years away.

Be sure that you and your wife know each other's goals. If you fail to communicate with each other about money problems and don't work together to solve them, additional problems will arise.

How Much Do You Really Earn?

NOW YOU CAN set aside your goals for the time being, while you figure how much income you have coming in. If you are really in earnest about setting up a budget and making it work, you may work it out for a year. But if you want to set up one just to see if it will work, try it for a month or two.

Do you know your base pay, and how much will you receive through allowances, such as commuted rations, basic allowance for quarters, and so forth. A quick check at your disbursing office might be your quickest answer on how much you really earn a month.

Make a list which shows where your money is coming from before anything is taken out. (Money taken out would be taxes, insurance, social security, savings, etc.) Include the money you receive from the Navy, money from other sources and any extra income you may earn from a second job.

Estimate Your Expenses

Now you begin to estimate your expenses. It is suggested that you keep a record of what you actually spend for one or two months. Be sure to keep an accurate record. Thus you will have a good basis for estimating your future expenses.

Don't feel you must decide on any special system at this moment. The system is only incidental to the final result.

• Once you have decided, however, the first step in making your spending plan will be to enter your *weekly and monthly fixed expenses*, such as rent, telephone, payments on installment debts, and so forth. If you enter these first, you can see how much they

IT IS DIFFICULT to believe that more money isn't the answer to all our personal financial problems. Nevertheless, since even the very rich experience money difficulties, the answer probably lies in better management—in other words, making a budget and sticking to it.

Some people think the main purpose of a budget is to save more money by cutting down on their fun. This is not necessarily so. A budget might be considered as a tool—a financial tool. Its purpose is to help you eliminate *inefficient spending*. It should result in more money available to do with what you will, whether your desires include a larger bank account, a home of your own, or a weekend in a plush resort hotel.

On the other hand, if you think that by merely setting up a budget your financial problems will fade away, you are going to be disappointed. A budget might be a tool, but you have to know how to use it.

The first step is, of course, to set your sights on your goal. In other words, what are you budgeting for?

Perhaps you want to get married, start a family, buy a home or travel some day. Or, if you're like us, you simply want to make ends meet.

It goes without saying that your goals should be

IN FINANCIAL CIRCLES?



BUDGET AND GET AHEAD

will be before you begin to allocate the rest of your income.

◆ Next, enter your *long range fixed expenses* that come up quarterly or once a year, such as income taxes, insurance premiums, vacations. You will find you will be better off if you put aside a small but definite amount each month toward these larger and irregular expenses to spread their cost and have money to meet them when due.

◆ At this point, you may decide you want a *savings plan*, and you can enter this as a fixed obligation, too. It may not be a bad idea to start an *emergency fund*. Eventually, you are bound to have some extra expense that comes up at the most unexpected times. For example, the car battery may have to be replaced on the last day of the month, or unannounced guests may arrive while the grocery budget is at low ebb.

◆ After your fixed expenses come your *flexible expenses*—the ones that fluctuate from week to week or month to month.

The records which you kept for a month or two will be a big help if you have them. But they won't necessarily be a complete guide. In other words, you may have some expenses coming up that didn't occur while you were keeping the record. A record kept in July and August, for instance, is not likely to show such expenses as winter clothing or fuel for heating.

Finding That Delicate Balance

NOW YOU ARE READY for the balancing act—comparing your planned expenses with your income. If your income covers your expenses and you are satisfied with the results—fine.

But more than likely, your first "list" of expenses will add up to more than your income. Then you will have to look at all parts of your plan. Where can you cut down? Are you overspending? You must decide what things are more important to you and which ones can wait.

Granted, you need adequate food, safe and decent housing and clothes that give you a sense of well-being. But you can be as well fed, from a nutritional standpoint, on hamburger as on porterhouse steak. Should

you prefer to eat less expensive (but equally nutritious) food in order to afford better clothes, you can.

As the experts tell us, the solution to money problems is not necessarily more money. Usually, the solution will lie in understanding how to get more for your money, plus the patience, energy and self-discipline to do it. It's still a challenge.

We've said it before, and we'll say it again. The primary purpose behind a budget is, of course, to make sure your money offers you what you want most. The budget is merely a tool which requires some system or planned method of separating your money for current spending, for your future needs and for any debts you may have.

Working Out a Budget

There are, of course, several systems which you can follow. Here are the mechanics of four systems, one of which you may find useful:

The Envelope Method—If you are the type who shies away from figures, you may find this to be the simplest way to live within your plan. Each pay period, you simply divide up your income and put it in different envelopes, purses or small boxes.

For example, you may have four envelopes labeled *Food and housekeeping*, *Rent and utilities*, *Lunches, transportation and pocket money*, and *Reserves and emergencies*. (You might separate them further into eight or ten envelopes.) Undoubtedly at some time or other, you will find it quite a challenge not to borrow from one category to fill another.

On the other hand, should the money in one envelope give out before the end of the pay period, you have five choices from which to decide: (1) no further purchases in that category until the next pay period; (2) borrow from another envelope; (3) dip into your emergency fund; (4) borrow the money; and (5) buy now on credit and pay later.

Should you choose the fourth or fifth method, you will need another envelope, labeled *Payments due*, into which your repayment must go.

While postponing payment may seem to solve the

Pointers

THERE ARE MANY compensations which you can expect from a Navy career. Being rich is not one of them. Therefore, a Navyman should do his best to get the most for his family for the money he spends.

Much of your buying, of course, may be done in the Navy Exchange and commissary stores. It is probably impossible, however, for you to buy every single item your family uses in these money-saving Navy outlets. You will often be among the army of ordinary consumers buying in the open market.

There are many ways you can save some of the hard-earned dollars you are destined to spend. Lumped together, these various methods mean simply—be a good shopper.

Planning is an important part of effective buying. To be a good shopper you need to plan what, when, and where to buy. This is not always easy. But if you can manage it, you will usually get more for your money.

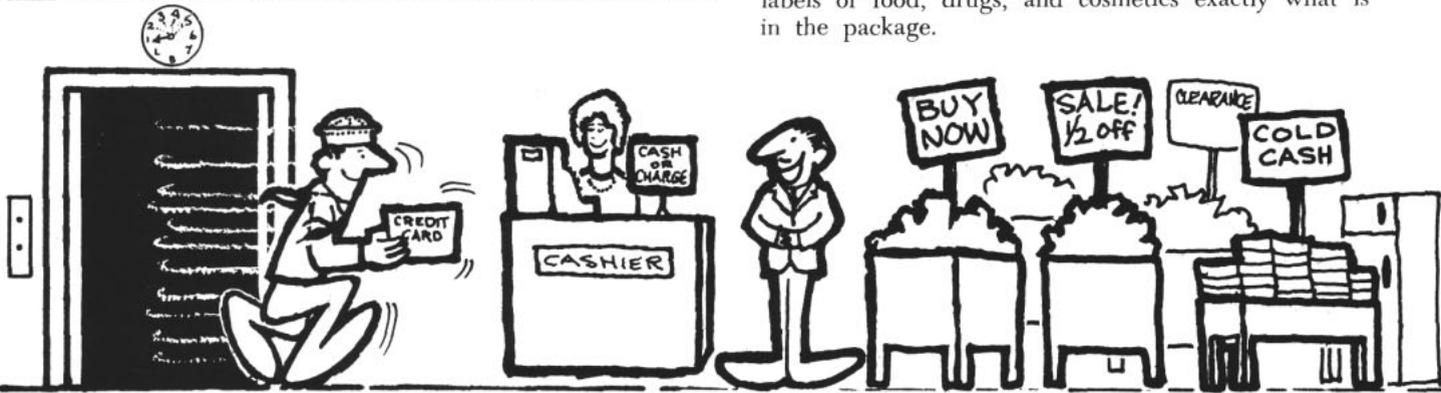
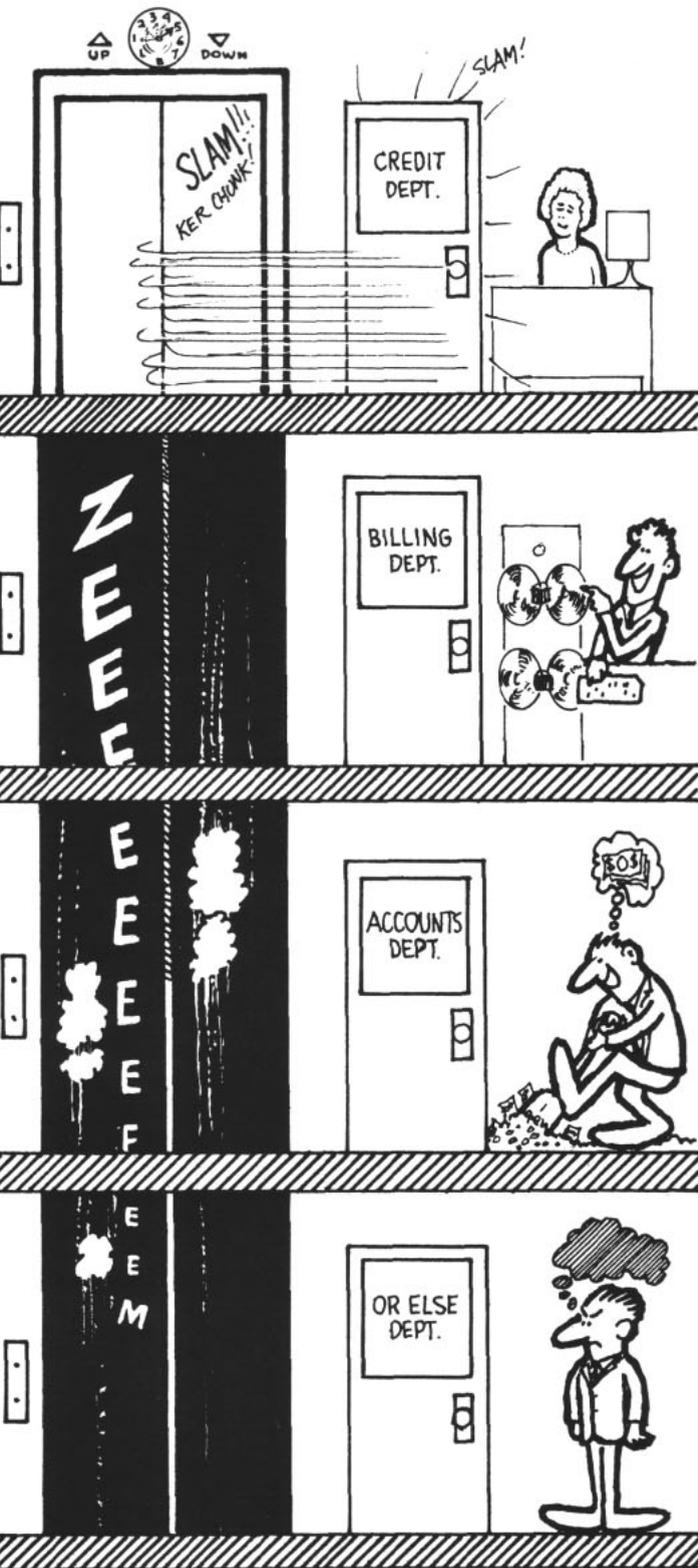
Good Shopping Begins at Home

PLAN AT HOME. Here is where good shopping begins. Make your decisions before you head for the shopping center. Make a shopping list. This takes time, but a good shopper always knows what he's after. Your list doesn't necessarily have to be made the day you go shopping. Jot down items as you think of them. Then just before you go, organize your list by the location of stores and the location of things within the store. Thus you will not have to back-track, or possibly buy on impulse something you don't need.

Obviously, many different brands and types of goods and services are available. Prices and quality can vary widely. Compare them. You may find the same washing machine, shirt, or tie sold by different stores at different prices. Remember that you don't always need the best quality. Irregulars or seconds are good for many uses, and can often be purchased for much less than quality merchandise.

Study the product carefully before you buy it. Look to see if it is well made. Is it made of good or poor material? If it's an article of furniture, is it put together with cheap wood and nails, or good wood and screws or dowels? You can't always tell at a glance. Pick it up. Turn it over. Look underneath.

Read the label. It can help you compare prices in terms of quality. It may tell you facts required by law for your protection. Manufacturers often list on labels of food, drugs, and cosmetics exactly what is in the package.



on SPENDMANSHIP

Packaged foods have contents listed in order of quantity—that is, the greater the proportion, the closer to the head of the list. On some foods, you'll find U.S. grade and inspection stamps that show quality and wholesomeness.

Good informative labels give facts such as what the item is made of; its size and number; the care it needs; and how to use it.

Guarantees, Values and Cost

MANY OF THE ITEMS you will examine will carry a guarantee (in some areas, it's called a warranty). Keep in mind that a guarantee is only as good as the people who give it. Read it carefully. Know the ifs and buts connected with it.

Check to see what the guarantee covers. How long will it be in force? Some merchandise is guaranteed for 30 days, while larger items often carry a one-, two-, or even five-year guarantee. Is the whole item included, or just a part of it? Who is making the guarantee? Will the merchant who sells you the product repair or replace it, or will you have to deal directly with the manufacturer? A smart habit to acquire with respect to guarantees is to keep your receipts. A dated receipt will help you make a claim.

One of the best aids to you, the consumer, in learning what products are available, where to buy them, and how much they cost, is advertising. You can make advertising work for you, but you have to use caution.

Learn to separate facts in advertising from smoothy worded fiction. Look for facts concerning price, size, color, material, and quality. Particularly with respect to price, an ad may mislead you. Words such as "regular value" may mean very little. Is the item regularly sold at that price in this store, or in a certain store in Argentina?

On the other hand, if an ad says "reduced from \$49.95 to \$39.95," this may be a real cut in price. On large purchases, check the price of the sale item at other stores. This is easily done, even without wasting time and money driving around comparing prices. Take a few minutes, and a few dimes, to call one or two competing stores. They'll usually tell you what they are charging for the same item.

Watch out for bait ads. These are just a way to get you into the store, and will rarely save you money. You can suspect an ad was bait when an item is offered at a very low price, but when you arrive at the store you are told it was sold out and are asked to look at something else—usually more expensive.

If the salesman talks down the advertised product and intimates that you would be much better off with something else, the ad was probably bait.

Different Types of Sales

ONE MERCHANDISING TRADITION which can work for your benefit as a buyer trying to save money is the sale. Sales are held for many reasons. They are held by merchants to move stock that has been lying around too long, and make room for new goods. They are also used to get you into the store, and to introduce new products.

Usually you will find the best sales are held by established stores. They want to keep your goodwill and your business. And they want you to refer your friends to their store.

When you buy at sales, there are many things to consider. Are the time, energy, and the money cost of getting to the sale worth the savings? Your time and energy may or may not mean much to you. However, you will not save money if you drive 20 miles and back to save a dollar or two.

You'll find it best to shop at the beginning of the sale for the best selection. If the sale is a good one, the stock will not last long.

Be sure the sale price is an actual reduction in price. Often, an item will be put "on sale" at its usual price. Watch for imperfect or damaged articles. Look sale items over carefully.

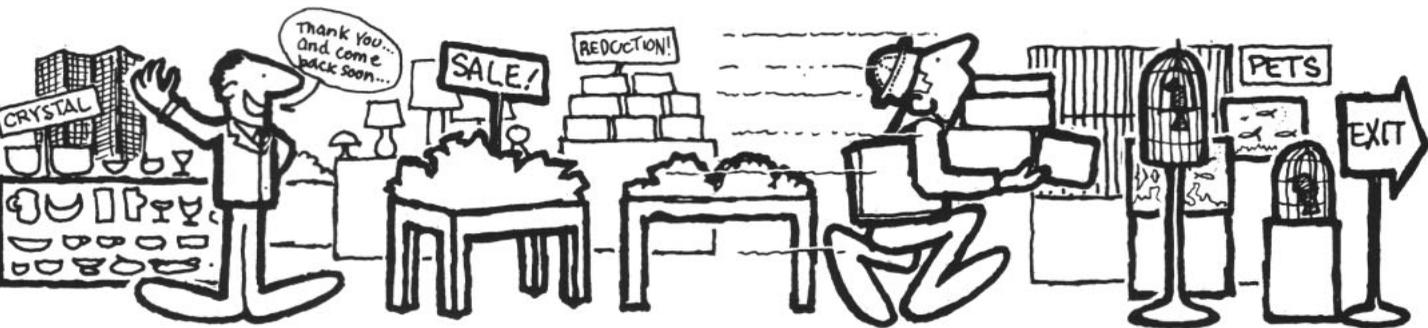
REMEMBER THAT nothing is a bargain unless you need it. The story about the wife telling her husband how much she had saved him by purchasing 10 hats for only \$10 each is old, but all too real.

Sometimes you can save money by buying at the end of a particular "season." Seasonal sales usually come just before the new season's stock arrives. The merchant has to make room on the shelves for it. You can get excellent bargains on appliances, furniture, furs, apparel, linens, rugs, and household accessories at certain times of the year. If you can restrain yourself from buying when everybody else buys, you can save considerably.

Other sales come under the heading Special Sales. Some of these are:

- *Special purchase sales*—Store buyers obtain goods from manufacturers or wholesalers at cut prices. The savings may be passed along to the customers. Such sales are worth watching for. Some special purchases are goods of standard quality, but some are seconds or otherwise imperfect items. Read the descriptions





carefully. You will want to see if quality and prices are in balance.

- *Anniversary sales*—These are storewide promotions. Watch for real bargains. Are below-standard items on sale without a real price cut?

- *Closeouts*—Some sales are intended to clean out stocks of appliances, clothing, and other merchandise which is outdated. You might find bargains.

- *One-day sales*. These are held mostly in big cities, usually at the time of a holiday. Buy only things you recognize as a bargain and really need.

- *Penny sales*—For a penny over the regular price, you get two identical items instead of one. Know the regular price before you buy.

- *Dollar day*.—These can offer good buys if the items were priced well over a dollar before the sale.

Navy Exchange And Commissary:

GOOD FOR THE BUDGET

EVERY TIME you buy a bar of soap, a loaf of bread or a gallon of gas, you save yourself a trip to the bank. You do, that is, if you patronize your Navy Exchange and Commissary facilities. That's one way of looking at the savings you realize whether you happen to be stationed stateside or overseas, on active duty or retired.



Impulse Buying

ONE OF THE MOST important things for you as a shopper to avoid is impulse buying. Decide what you will buy before you get to a store. Spur-of-the-moment decisions can wreck your family spending plan.

This is one of the reasons you should always shop with a list. When you are looking over a "good buy," ask yourself questions such as "When will I use it? Where will I store it?" You might then ask yourself "Why in the world do I want that?"

Beware of your mood when you shop. When you are tired or hungry, you are influenced more easily. Also, try not to shop when you have to hurry. You have no time to compare, examine, and think about it.

In short, be a smart shopper. You'll get more for your money.

Commissary and exchange facilities, conveniently located at most naval activities, can help to stretch your buying power by offering you top-brand name merchandise at lowest practicable cost, thus increasing your savings power.

Commissaries, which are nonprofit organizations, stock food and other commodities at the lowest possible prices with a markup just high enough to cover the cost of breakage and spoilage.

They operate on government appropriated funds which cover the cost of items sold, and other expenses such as employee salaries. From the proceeds of the sales, the government is reimbursed for the cost of the merchandise and certain operating expenses such as utilities and transportation charges within the United States.

The Navy exchanges, on the other hand, operate on a non-appropriated fund basis and stock almost every item of necessity and convenience for you and your dependents. After operating costs have been taken from the resale till, the profits help to support the Navy's welfare and recreation programs.

You Share in the Profits

IN THIS SENSE, every dime you spend in your exchange (or ship's store) is, in a way, a share toward your other interests which may be the station golf course, the bowling alley, the swimming pool, the ceramics shop, or the auto hobby shop, to mention a few of the special services activities supported by Navy Exchange profits.

More than 80 per cent of these profits are made available to commanding officers for use to support recreation programs. A portion of the remaining profits goes to the BuPers Central Recreation Fund which helps support movies for the Fleet and overseas activities, the All-Navy sports program and major developments of new recreation facilities, both ashore and afloat.

Statistically, out of every dollar spent in a ship's store or Navy exchange, between six and seven cents profit is channeled back into the recreation program, after all operating expenses have been deducted. Currently, these sixes and sevens amount to almost 36 million dollars annually.

As a member of the Armed Forces, you and your dependents may also patronize the Army and Air Force commissaries and PXs. And, under certain circumstances, when you are stationed overseas where no U.S. facilities are available, you may use foreign military facilities. This privilege, of course, is governed by strict regulations and you should be certain as to your eligibility before attempting to use such facilities.

You Can Help

LATELY, the drain on United States gold has caused much concern with regard to overseas spending, a concern which directly involves the military. As a result, members and their dependents assigned to overseas duty stations have been asked to trim spending for foreign goods to \$100 per year per person.

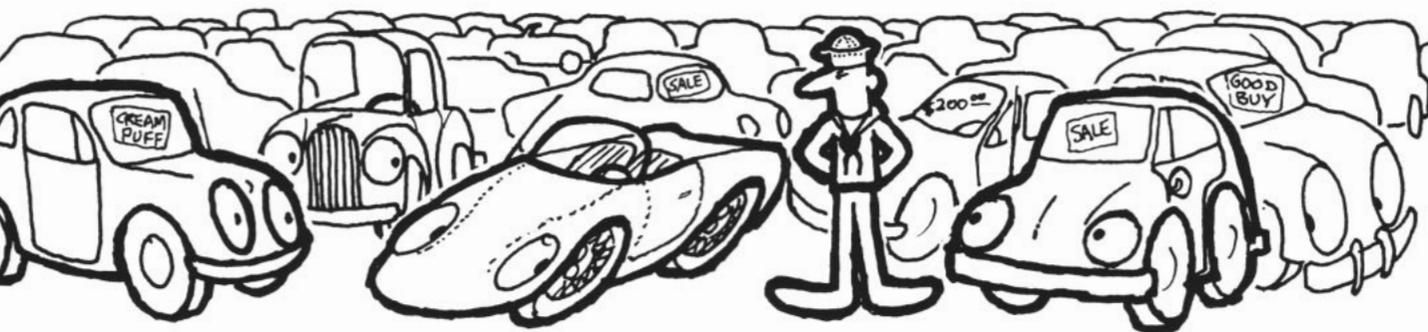
In addition, DOD urges families to buy only those foreign goods of necessity which are not available through exchanges. In return, the exchange facilities are stocking certain foreign products and U.S. goods previously unavailable. And, furthermore, customs regs have been relaxed: merchandise manufactured in the U.S. and purchased in any port or base exchange overseas may be returned to the United States on a duty-free basis.

When mailing a duty-free item, you must add the words "Returned U.S. Merchandise" on the U.S. customs forms. The proper forms are available in all station and ship post offices.

Whether you are at home or abroad, qualified patronage of exchange and commissary facilities is of utmost importance, and it should be kept in mind that you are endangering your savings power if you resell any items to unauthorized persons.

Remember. Whatever you buy must be for your personal use, the use of your dependents, or purchased as a bona fide gift.





Smileage for Your

THIS GEM is in perfect mechanical condition, the used car salesman assured SN Smith. "In fact, one of its outstanding features is its completely rebuilt engine."

Smith, who had \$900 of reenlistment bonus money in his pocket, was about to buy his first car.

It looked good and was the exact make and year he'd always wanted. The price of the car, \$700, was about \$250 more than Smith thought he would have to pay, but he could afford it. Anyway, this particular car was worth a little extra, said the salesman, because it was in top condition.

While test driving the car, Smith noticed an unusual lag between the time he pressed the accelerator and the time the engine responded. The salesman, who insisted he go along on the test ride, assured Smith that "a minor carburetor adjustment will take care of that."

Back at the lot, the salesman promised a 50/50 warranty. "If anything goes wrong, we'll pay half the repair costs." Smith was sold.

The next day, Smith's car wouldn't start. A neighbor pushed him back to the used car lot, where a mechanic diagnosed the trouble as "spark plugs, points and coil wire," and replaced them. Smith's car started once, but after that had to be pushed again.

Disgusted, Smith took the car to a diagnostic center and learned the truth. The "completely rebuilt" engine was in fact a mini-bus engine equipped with a governor. It would not operate properly in his car unless the governor was removed. The car also needed other major repairs.

Again returning to the lot, Smith was told the salesman who sold him the car "doesn't work here anymore."

When he mentioned the 50/50 warranty he had been promised, Smith was told "it's against company policy, and anyway, unless you have it written into your sales contract, there's nothing we can do for

you." Naturally, the records of sale contained nothing about a warranty.

Sad, But True

IT TOOK the balance of Smith's reenlistment bonus—almost \$200—plus another \$100 he borrowed from a finance company, to have the car repaired. In effect, he paid \$1000 for a car that was worth about \$450, based on the top NADA (National Automobile Dealers' Association) "blue book" value of that make and model used car. Of course, Smith's car wasn't worth even that, because of its exceptionally poor condition.

The story of SN Smith's used car purchase is based on the actual experience of a Navyman assigned to the Washington, D.C., area. The Navy Federal Credit Union and other reputable financial institutions use true stories such as this as for-example warnings to members who seek loans to buy used cars. Here's another:

A Navyman in a large east coast city paid \$700 for a five-year-old station wagon that a used car lot salesman assured him was "nice and clean." In addition, there was a "50/50, 30-day warranty in the unlikely event anything should go wrong."

The wagon ran long enough for the Navyman to get it home. Then began a series of frustrating trips back to the used car lot. He was told that his bill of sale showed nothing about a warranty, and that even if it did, the lot did not have service facilities to repair cars.

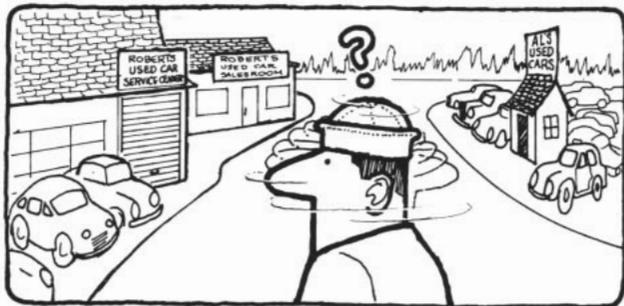
It seemed that everything that could go wrong with a car did so within a matter of weeks. Repair bills mounted. Finally, the Navyman discovered the real clincher—oatmeal in the gear housing which for three weeks had muffled the sounds of a noisy, worn-out transmission.

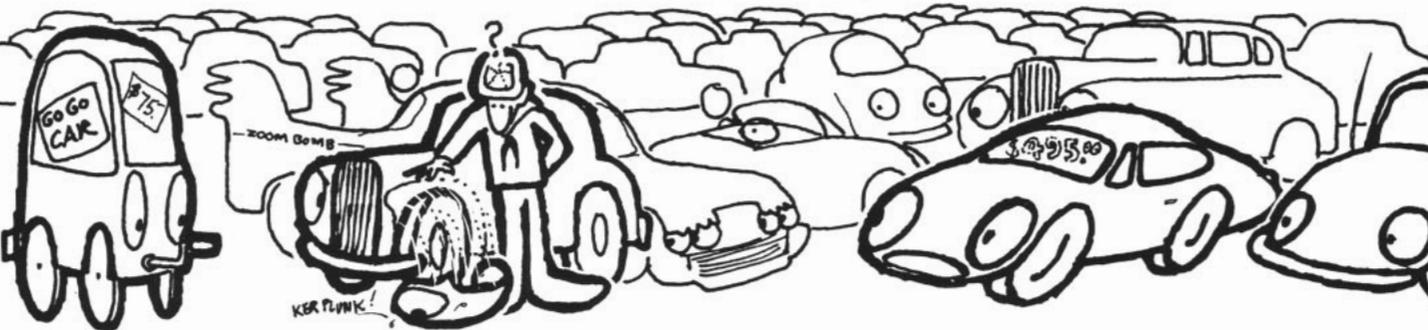
Buying Can Be an Art

THESE EXPERIENCES are not unusual. Financial losses are suffered every day—Sundays included in some places—by unwary buyers who fail to recognize the risks of the used car market. You may be able to tell a similar story.

How do you avoid such a situation? It is possible to avoid many of the pitfalls, but you must first realize that a used car is a good buy only if you are a good buyer. Here are some tips that may help:

- *Buy only from a reputable dealer.* Stay away from those who use irresponsible advertising, and those who "sacrifice" cars for next to nothing. Shy away





Auto-Buying Dollar

from used car lots which specialize in cheap clunkers, reconditioned only enough to make them salable. Here's where you face the risk of buying someone else's troubles. Concentrate instead on the legitimate dealer who has a reputation for fairness—based not on what he advertises, but on the deals he has made with people you know.

- *Find out about the kind of warranty the dealer provides.* Any warranty that is less than 100 per cent may be a means of increasing dealer profits through expensive repairs.

- *Look over the dealer's repair shop before you buy.* Inadequate service facilities could indicate unsatisfactory reconditioning. This should forewarn you that extensive repairs may be needed on any car you buy from that dealer.

- *Be certain there are facilities in your area equipped to service the car and provide replacement parts.* This is particularly important if you tend to buy a foreign-made car.

How Much Is It Worth?

HOW MUCH should you pay for any given used car? First, find out about the current NADA Blue Book wholesale and retail values of the makes and models in which you are interested. This gives you the average, fair-value prices for used cars in average condition.

The Blue Book is not a classified document (even though some used car salesmen treat it as though it contains highly secret information). You can bet the salesman has a current copy in his pocket, or has quick access to one in the lot office.

An honest salesman should not object to showing you the book so that you can see for yourself the fair-value figure for the car you want to buy. Or, your automobile association, credit union, or some other financial institution aware of your desire to get your used car money's worth may have a copy for you to check.

You might pay more than Blue Book for an exceptionally good, or "clean" used car, but, by the same token, you should pay less than Blue Book for any automobile that happens to be in below-average condition.

You also can figure a current average selling price on a given used car in your area by checking the classified newspaper ads. While doing this, you may find that a private owner has the car you want at a lower price than you would pay to a dealer.

Another Type of Approach

ANOTHER SCHOOL of used car thought maintains you can do better on a particular make if you buy from a dealer who does not have that make's new car franchise. For example, if you are in the market for a good, late-model brand "C", you might pay less for one if you buy it from a brand "M" dealer. The man who deals primarily in "C" will get top dollar for a good, used one. The "M" dealer who has a good "C" he took as a trade-in might be inclined to let it go for less.

Once you've settled on a dealer (or private owner), concentrate on the car. Assume that your best buy is a late-model used car that was owned by a responsible individual. But remember that good used cars at fair prices are scarce—despite what the salesman says about "driven only on Sundays by a little old school-teacher." (Some used car salesmen still make statements like this if they spot you as a green buyer who might believe them.)

You probably would be better off with a late-model smaller car than with an older, larger model. Repairs on big cars ordinarily are more expensive, and, the older the car, the sooner the repairs will be needed.

Avoid demonstrators, driver-training cars and repossessions. The first two often have been driven hard and carelessly by inexperienced drivers; the former owner of a repossessed car may well have skimmed on servicing.

Optional equipment should be a consideration—the more extras a car has, the more there is to go wrong. For example, repairs to an automatic transmission may easily range from \$100 to \$400.

Know What to Look For

NEVER PUT ALL your money into the purchase price of a used car. Have a reserve—say \$200—to draw on for repairs within the first year. If you're lucky,



the only additional expenses will be for routine servicing and parts that all cars need periodically.

However, all the little things wrong with a used car may add up to more than you should spend to bring it into the condition you want it, so draw a line with anticipated repairs and then stick to it.

If you find some major defect, insist that the dealer have it fixed before you buy, or bring the price of the car down accordingly so you can fix it yourself.

You know you will spend money correcting minor faults, so don't waste your time looking for them. Concentrate on the major trouble that can cost you plenty.

- Pay little or no attention to the mileage shown on the odometer. It may not be the car's true mileage.

- Forget about removing the brake drums to check the lining. Assume that most used cars need new brake lining, and that the one in which you are interested is no exception. If you later find the lining is ok, consider it a bonus.

- Don't be a tire-kicker. About all you prove by walking up to a used car and kicking the tire is that you're an inexperienced buyer—and perhaps an easy mark for a fast-talking salesman.

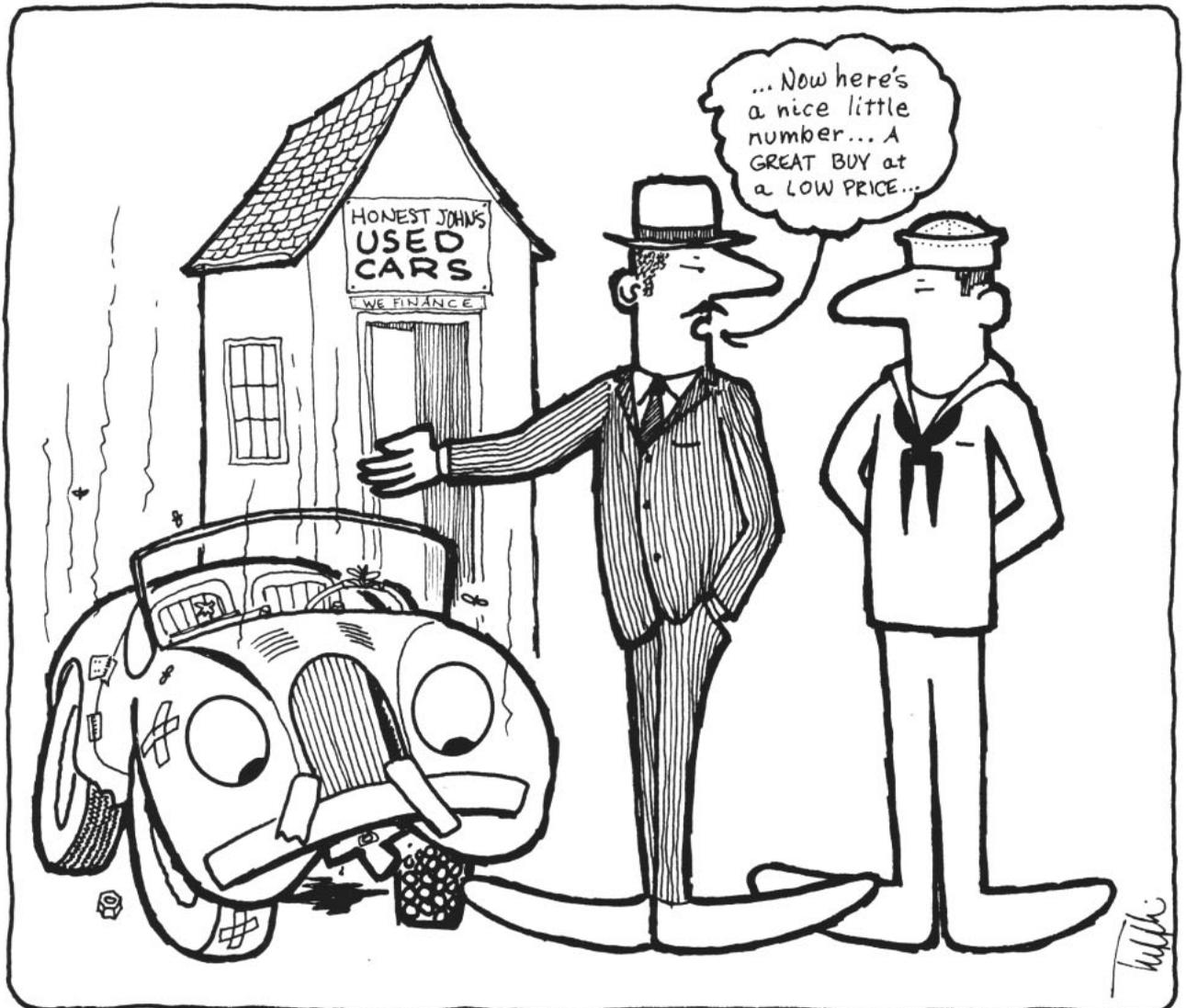
- Look at the tires for clues as to the history of the car. If on a late-model car, all four tires are of the same brand and are evenly worn, chances are they are original equipment and the former owner took care of the car. If it's an older car, this might mean the former owner was generous with maintenance.

- Do not worry about unusual tire wear. Underinflation, overinflation and incorrect wheel alignment are conditions that are easily fixed.

- Don't bounce the car up and down to check the shock absorbers. Again, assume that most used cars need new shocks. Likewise with the exhaust system. If the car does not need muffler and tailpipe when you buy it, plan on new ones within a year anyway.

- Look for tell-tale signs of collision or rollover. A car that was wrecked is not a safe buy. If the doors do not close tightly, or the rear wheels do not line up with the front wheels, the frame may have been bent in an accident. Also, check along the body panels for ripples in the metal.

- A fresh paint job may indicate that dents have been pounded out of the body, or that sections of the car—such as banged up doors and fenders—have been replaced. Push aside some of the weather stripping



on a door jamb to check the paint there. Painted areas under the hood and inside the trunk might also be a clue. If the paint job obviously is not the original, don't let the salesman convince you otherwise.

• Search for rust and corrosion in common trouble spots such as under the fenders and inside the doors.

If the car looks ok outside, check its interior for cleanliness and wear. Pay particular attention to the brake pedal and upholstery. Rubber pedals and seat



covers are sometimes more indicative of the mileage on a car than the figures on its odometer.

After you are satisfied with the car's appearance, start the engine, raise the hood and listen closely. You don't have to be an expert to recognize the sound of a good engine.

Take the car on a road test. Listen for engine, gear and body noise. A good, solid car runs smoothly and takes bumps quietly. Ride it hard. See how it accelerates on a steep hill. Run it through all gears at a variety of speeds.

If it has an automatic transmission, drive the car up a steep hill to make sure the gears shift smoothly and do not slip. (Slipping is present if you hear the engine race just before the gears shift from first to second, and if the shift is rough and jerky.) Most automatic transmissions are adjusted to shift when the car reaches 15 mph, so be particularly observant of the performance at this speed.

The final tests should be made by a qualified mechanic or at a diagnostic center. Many salesmen know little or nothing about the true mechanical condition of the used cars they sell. Ignore such remarks as "creampuff," "a nice, sound car," or "a real gem." That car the salesman says is "perfect" might be a pile of junk. He may be looking at it for the first time—just like you.

Since you are buying from a reputable dealer, there should be no objection to your having the car checked. (Even the most reputable dealers limit the amount they will spend to put a car in selling condition.) The \$10 or \$15 you spend for good advice from a disinterested third party might be the best investment you could make.

Make it clear that you'll buy only if you have the opportunity to be as certain as you can about what you're buying. If the salesman shies away by saying "it's against policy," or, "take my word for it," go someplace else to buy a car.

New Car Buying

IF YOU ARE WILLING to pay the price you can buy a new car and avoid many of the risks discussed above. However, all that has been said about shop-

ping around to compare prices, talking only with reputable, authorized dealers, making sure you receive a full 100 per cent warranty, and adequate repair and service facilities, applies to new car shopping as well.

And remember, as soon as you drive your new car out of the showroom, it immediately becomes a used car and depreciates in value.

Once you decide what you want in a new car, you should concentrate on getting the best deal possible. To do this, you must arm yourself with pertinent information, shop around, and negotiate intelligently.

A variety of factors, such as overhead and car turnover, vary from dealer to dealer. Therefore, some are able to offer lower prices than others. As a starter, you should check with at least three dealers for price quotations. Never rush into a showroom and buy the first car that appeals to you.

You might do well to wait for a buyer's market—a period when new car sales are sagging (such as during a severe blizzard). Dealers may be more anxious than ever to meet quotas, and salesmen, who are paid on a commission basis, will tend to quote lower prices in order to clinch sales.

If you can't find a buyer's market, you might at least wait until the end of the month. Many auto dealers receive a two per cent factory rebate on each car sold in excess of monthly quotas. The pressure to surpass such quotas is greatest at the end of the month. Therefore, the dealer may be willing to sell you a car for a smaller profit in order to make the sale.

Be sure you know the value of any used car you have to trade in. Used car values differ by make, model, condition, year and geographic area, so it's best to check the current NADA Blue Book averages, plus local newspaper ads, to establish a fair value for your particular used car.

Technique Is Required

AT THIS POINT, you are ready to negotiate. How you go about it may make a big difference in what you pay.

The price posted on the window of an auto dis-



played in the dealer's showroom is not necessarily the actual selling price. Rather, it is the manufacturer's suggested list price. If you pay this amount, you probably will make the dealer very happy. It involves considerable profit—for him.

The typical new car dealer buys a standard-size auto from the manufacturer for approximately 75 per cent of the suggested selling price. In other words, 25 per cent of the full list price is retained by the dealer.

With this in mind, consider it possible to gain major price concessions, and perhaps to buy a new car for as much as 20 per cent below the manufacturer's suggested list price. These tips may help:

- Do not appear too interested, even if the car for which you're bargaining is exactly what you want. If an experienced salesman realizes that you already are sold on a particular car, he knows exactly how to handle you.

- Let one member of your family do all the nego-



tiating. If you take your wife car shopping, explain the facts to her before you go out to look. Thousands of new car deals are closed every month—at list prices—because eager wives believed the list prices were final.

- Let the salesman know you are in touch with his competitors. He doesn't have to know the exact price some other dealer quoted you for the same car, but if you let him know you can get the car for less money elsewhere, he may bring his price down.

- Never close the deal too fast, even if it means an extra trip back to the dealer. Most salesmen cannot offer sizable discounts without first obtaining the permission of their superiors. This takes time.

- Give the salesman your phone number and ask him to call you when he is ready to meet your price. Many salesmen will cut prices only when they are certain you will not pay what they are asking.

- Do not "split the difference" if your research has indicated the price you wish to pay is reasonable. For example, if the suggested list price of the car is \$2800, and you are convinced that \$2500 is a fair price, don't let the salesman (or anyone else) persuade you to pay \$2650.

Auto Finance

ONCE YOU AGREE on a purchase price, add the costs for taxes, insurance, tags, plus repairs if the car is a used one, and you have a more realistic total of what you pay when you buy a car. However, if you're like most car buyers, you do not have that much money. This, of course, is quickly remedied.

You borrow the money from a credit union, bank, finance company or other lending institution and then, using the car as collateral, take from 12 to 36 months to repay the loan. Or, even easier, you have the car dealer arrange the financing for you. Easy, but also expensive.

The dealer totals up the price of the car, insurance, finance charges, filing fees, tags and taxes, and you sign a note agreeing to pay that total on time. He then sells your note to a bank or finance company.

Naturally, he doesn't do this for nothing.

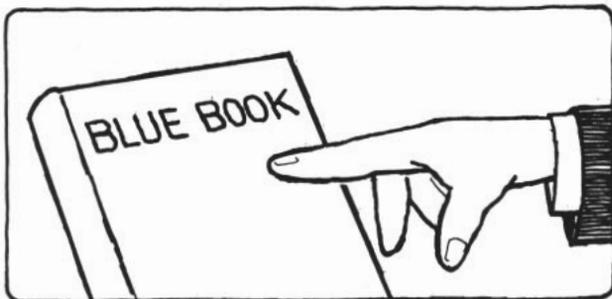
The dealer may receive from the financial institution what's known as the "dealer's reserve," which represents a percentage of the contract, and is paid out of the interest the bank or loan company collects from you. In other words, instead of paying the dealer the face value of the contract, the financial institution holds a portion in reserve and deposits it in an open account in the dealer's name.

If you fail to repay your note, the bank reduces the dealer's reserve by the amount of the obligation. In effect, the amount withheld from each note serves as an insurance premium. If, at the end of the specified period, there is money remaining in the dealer's reserve, it is returned to him as profit.

You Pay for Financing

AN UNFORTUNATE part of the dealer's reserve is that you, the customer, pay for it. New car dealers generally use payment charts based on interest rates roughly two percentage points higher than what the finance company or bank expects to retain as profit. You pay the higher rate and the finance company returns the excess to the dealer.

Retail installment sales acts normally regulate the finance rates which auto dealers charge for new cars. Ordinarily, you can expect to pay a finance charge of \$7 or \$8 per \$100 per year on the amount borrowed. The dealer may express the charge as an add-on or discount rate, which should not be confused with simple interest. The latter is what you pay on a home mortgage, for example, and is figured monthly



on your unpaid balance or whenever you make a payment. In other words, you pay "simple interest" only on the amount you actually owe.

Discount and add-on interest, on the other hand, are based on the original principal, or the total amount borrowed. This means you are charged as though you had the use of the full balance for the entire term of the loan, even though you repay a portion of the principal in monthly installments. Therefore, you pay interest on the entire principal, but have use of a decreasing amount. In effect, the rate of interest doubles.

The dealer may say his rate is seven per cent, or \$7 per \$100 per year, but what you actually are charged over a 36-month period is an effective or true rate of 13.6 per cent per year. Another common charge, \$8 per \$100 per year, amounts to 15.6 per cent true annual interest over 36 months. (The computing of annual interest at the add-on rate, in this case, is by the "constant-ratio" method.)

State laws which control retail sales often authorize

dealers to charge even more than the basic \$7 or \$8 per \$100 per year. For example, credit life insurance can often cost as much as one per cent per year of the original unpaid balance. If you are charged \$8 per \$100 per year, plus one per cent a year for credit life insurance, you pay an effective interest rate of 17.5 per cent per year, assuming 36 consecutive monthly installments.

Shop Around

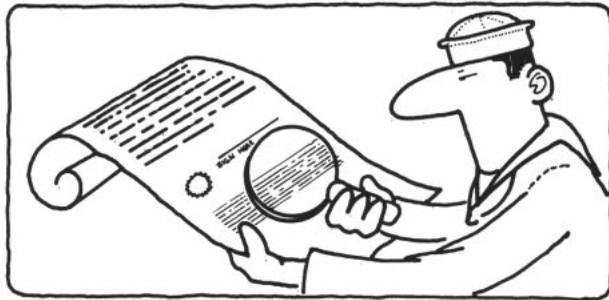
THE MESSAGE here is clear. What it says is chances are you can save money if you arrange your own financing and insurance. If you are in a position to do so, you should shop around for the best finance rates and credit insurance available. Even if the dealer promises bank financing, you should check the loan terms of at least three lending institutions. One-stop financing arranged by the dealer is convenient, but it usually costs from six to eight per cent a year more than is necessary.

Generally:

- If you personally arrange for your auto loan through a credit union or bank, you pay less than if the dealer arranges it for you.
- Loans secured through stocks, bonds, savings deposits, commercial life insurance or your credit union may cost you even less.
- Finance rates usually are higher for used cars than for new cars.

In any event, make sure your monthly payments cover all the charges involved, and if the contract you are presented reads differently from the terms you were quoted, refuse to sign it. The importance of this cannot be over-emphasized. There are varied and common sources of misunderstanding involved in auto loan contracts. They often result in considerable financial loss for the car buyer. For example:

You buy a car and agree to the terms stated in the contract—\$100 a month for 20 months, or \$2000



total. After 10 months you've paid off \$1000. Then, your family faces a financial crisis and you can no longer continue your car payments. You figure the value of the car is greater than the amount you still owe—\$1000—so you stop payments. The car is repossessed, and you figure that's the end of the matter.

However, the fine print in your contract, which you had overlooked, says that if payment isn't kept up, the company will repossess the car and put it up for resale. If the price received is not equal to the balance due, you must pay the difference.

This may sound fair enough, but what happens is that the finance company arranges to have the car

Navymen Can Buy U.S.-Built Cars Overseas

Navymen based or deployed overseas who use exchange facilities in foreign countries are now eligible for full credit union service and may participate in the Navy Ship's Store Office/Navy Federal Credit Union joint program for U. S. auto sales and financing in foreign countries.

Heretofore, the only enlisted men who enjoyed the benefits of this program were those stationed in, or in ships homeported in, foreign countries.

This July, however, the program was enlarged to include all naval personnel who use Navy Exchange facilities in foreign countries if they are not receiving full service from another credit union.

This allows Navymen overseas to purchase a U. S. manufactured car and have it delivered either overseas or in the United States. In effect, the exchange sells the car, the credit union finances it and the Navyman who makes the purchase saves on the cost of the car and enjoys the benefits of low-interest credit union financing.

At present, the direct factor purchase plan is being used in cooperation with several major U. S. manufacturers. Formerly, only two manufacturers participated in this sales plan.

For information on which cars are available for overseas purchase through the Ship's Store Office/Navy Federal Credit Union joint program, consult your local exchange.

sold to a "wholesaler" for \$500, well below its actual value. If you do not come up with the \$500 difference, you can be sued.

Or, say you buy a car and agree to terms of 20 payments at \$50 each. After nearly two years, you send in what you think is your last payment. However, the sales firm sends you a bill for an additional \$300—interest charges that had not been included in your monthly payments, but were included in the fine print of the contract you had signed.

Also, watch out for the contract that carries reasonable monthly payments, but a whopping—and not always clearly stated—final "balloon" payment. You may find you can't make the final payment, and then must refinance the "balloon" amount.

Buying Overseas

IF YOU PLAN on buying a car overseas, remember that U.S.-built autos are sold through Army, Navy and Air Force exchange outlets, with delivery available either overseas or stateside.

If you buy a new U.S.-built car through a Navy Exchange overseas you are most likely eligible to obtain financing with the Navy Federal Credit Union, Main Navy Building, Washington, D.C. 20360. Navy Exchange personnel have the details on how you can obtain such financing.

If you do not buy through the exchange, it may be wise to consult with your Legal Assistance Officer before you close the deal. Your LAO may be able to check out the name of the foreign sales company. If the car is U.S.-manufactured, you should make sure the salesman or dealer has a fixed U.S. address and



is an approved agent of the manufacturer.

You also should be aware of current U.S. auto safety requirements and import tax laws.

Some provisions of the National Traffic and Motor Vehicle Safety Act insist that all cars manufactured on or after 1 Jan 1968 meet strict safety standards. The law applies to all new cars, whether built in the

U.S. or manufactured overseas and imported into the U.S. The law establishes standards in design and construction of brake systems, windshield wipers and defrosters, steering controls and other components essential to safety.

The car you buy overseas must bear the manufacturer's permanently-affixed label or tag which certifies compliance with the safety laws. If it doesn't, the Bureau of Customs will see to it the car is not driven in this country.

A seven per cent Federal excise tax on your foreign-made auto—whether new or used—may be levied by the U.S. government after the car arrives in this country. If you are liable for payment of the tax, you must file a Quarterly Federal Excise Tax Return (Form 72) on or before the last day of the month following the calendar quarter during which you imported the car into the U.S.

Thinking About Buying a Foreign Car?

LAST MONTH ALL HANDS published a report concerning new safety standards that affect foreign-made cars purchased overseas and shipped to the United States. Also, after the car arrives in the U.S., the government may levy a seven per cent tax on the car.

Since the article on these pages relates to the subject of cars—new and used—the substance of this report is being repeated in this issue for your information.

To review: Certain provisions of the National Traffic and Motor Vehicle Safety Act insist that all cars manufactured on or after 1 Jan 1968 meet strict new safety standards before they are driven in the United States. The law applies to all new cars, whether built in the U.S. or manufactured overseas and imported into the U.S. The law establishes standards in design and construction of brake systems, windshield wipers and defrosters, steering controls and other components essential to safety.

This means that the new car you buy overseas must meet the safety standards before it will be permitted entry into the United States. Your foreign-built car must bear the manufacturer's permanently-affixed label or tag which certifies compliance with the safety laws. If it doesn't, the Bureau of Customs will see to it the car is not driven in this country.

If the car was manufactured before 1 Jan 1968, you or your agent must make a declaration to this effect before delivery in the U.S. is completed. If the car was manufactured on or after 1 January not in conformity with the safety standards, but later was altered to conform, certification of this must be made by the manufacturer or contractor.

Also, if the car was manufactured on or after 1 January not in conformity with the safety standards, and had not been altered to conform, you must promise to have it modified within 90 days. You may be required to post a bond to make sure you have any needed work accomplished.

The seven per cent Federal excise tax on your foreign auto—whether new or used—may be levied

by the U.S. Government after the car arrives in this country, according to a recent Internal Revenue Service ruling. If you are liable for payment of the tax, you must file a Quarterly Federal Excise Tax Return (Form 720) on or before the last day of the month following the calendar quarter during which you imported the car into the U.S.

Under this ruling, which applies *only* in the case of cars imported on or after 15 Jan 1968, the tax would be levied in each of the following situations:

- Before departing the U.S. to visit a foreign country, you order a foreign-made auto to be delivered to you at your overseas destination (the so-called "tourist delivery plan"). Your order and payment are forwarded to the manufacturer before you depart the U.S., and transportation of the car to the U.S. is pre-arranged. Returning to the U.S., you use the auto for personal travel.

- You are stationed overseas, but have received transfer orders for stateside duty. After notification of your reassignment, you purchase a foreign-made car and have it shipped to the U.S. for your personal use, along with your other personal and household goods.

- You go to a neighboring country and buy a foreign-made car from a dealer there. You drive the new (or used) car into the United States after delivery from the foreign dealer.

There is one other set of circumstances under which you might buy a foreign car for shipment to the U.S. and *not* be required to pay the Federal excise tax. In effect, this would be when you are assigned overseas on a permanent change of station, purchase a foreign-made car for your personal use upon arrival at your overseas station, and, at the end of your tour, have the car shipped to the U.S. along with your other personal and household goods.

In this instance, you bought the car at the beginning of your tour of duty overseas. Your importation of the car into the U.S. would be "incidental" to your personal use of the car at your overseas station. You would therefore be exempt from the tax.



CREDIT UNIONS

—You Can Join & Save

CREDIT, LIKE LOVE, can be a many splendored thing. At its best, credit is convenient and can provide amenities you couldn't otherwise afford. At its worst, it can be harassing, expensive and even ruinous.

To help confine credit to its more pleasant aspects, the Department of Defense has authorized a source which not only offers loans at reasonable rates but also provides Navymen and Navy civilian employees with a method of saving at very favorable interest rates.

That description fits the Navy credit unions which have offices throughout the United States where there are large concentrations of Navymen and Navy employees.

The common bond which unites all Navy credit unions and their members is employment with the U.S. Navy or assignment to a particular naval activity and a desire for protection against unethical lending practices which the credit union's cooperation with the naval establishment affords.

The Navy's credit unions are built on a firm foundation. Most were chartered under the authority of the Federal Credit Union Act and are supervised and regulated by the Bureau of Federal Credit Unions.

This is not the arrangement under which non-federal credit unions are chartered. Approximately half of these credit unions are chartered under state laws.

Federal credit unions, which are composed exclusively of federal employees (civilian or military) and their families, are authorized space in federal buildings and commanding officers of shore installations can and do provide office space for them.

Nonprofit Institutions

UNLIKE MOST financial institutions, Navy credit unions are not owned by stockholders; so they are not expected to make the kind of profits that keep investors happy. The members are the owners.

This arrangement benefits the borrower and the saver. Larger interest rates (called dividends) can be paid upon savings and lower charges for loans can be made.

The Federal Credit Union Act authorizes federal credit unions to lend money for purchasing cars, making home improvements, meeting tuition bills, consolidating debts, and other provident purposes.

In some cases, credit unions may make larger loans for these purposes than other institutions could probably permit. A credit union, for example, may routinely lend up to 75 per cent on the purchase price of a new car or up to 75 per cent of the current NADA book value on a used car.

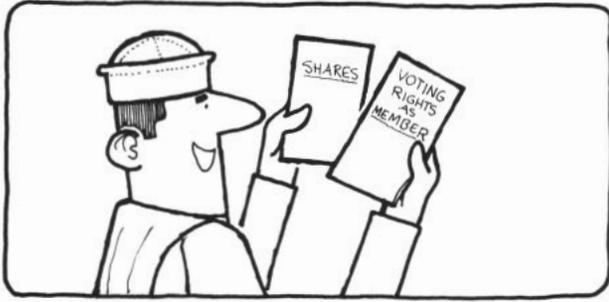
Personal loans (made solely on the signature of the borrower) are limited by law to \$2500. Your credit union savings are acceptable as collateral on loans greater than this amount. Loans can also be made by using a lien-free title to a late model car, boat or trailer as collateral, or upon the signature of a co-maker of the loan.

Interest Rates Vary

INTEREST RATES for loans vary from one credit union to another but no federal credit union may charge more than one per cent per month on the unpaid balance—regardless of the purpose of the loan. This includes all costs involved in making the loan.

The interest charged by most credit unions amounts to from 7/10 of one per cent per month to the maximum (one per cent). About a fifth of the credit unions which charge the maximum rate on loans pay each borrower an annual or semiannual interest rebate





which varies from five per cent to 20 per cent of the yearly interest charge.

This is a feature not found in most commercial lending organizations. All unsecured borrowings from a Navy credit union must be repaid in five years (certain secured loans may be repaid over as many as 10 years) and, contrary to the practices of many lending institutions, you can pay your debt faster than the terms specify. There is no charge for premature amortization and, since interest is charged only on the unpaid balance, you save twice.

The life of each borrower from the credit union is automatically insured in the amount of his loan with no direct cost to the borrower.

This loan protection insurance provides for payment of your loan in case you die or are disabled totally and permanently. Although the amount of the insurance usually is limited by local insurance laws, most loans can be insured from \$5000 to \$10,000.

Borrowers from commercial institutions usually pay from \$.50 to \$1.00 per \$100 borrowed. The free insurance feature alone saves credit union borrowers of \$1000 at least \$5.00 on a 12-month note; \$15 on a 30-month note; or \$20 on a 48-month note.

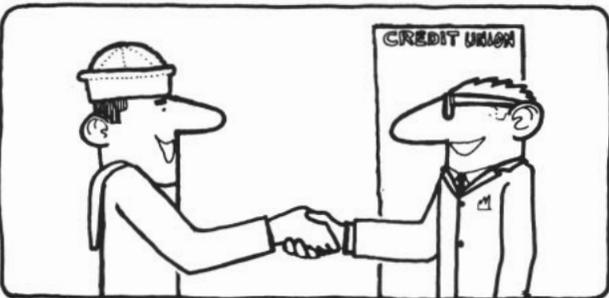
Credit unions call savings deposits purchasing shares but it still adds up to saving money and the euphemism (if you'll pardon the pun) pays dividends.

Shares are purchased in increments of \$5. Each \$5 share you buy is a unit of savings which earns dividends and makes you a partial owner of the credit union.

You Are Part-Owner

YOUR OWNERSHIP of the credit union by virtue of the share or shares in your possession entitles you to a vote in the annual election of the board of directors and the credit committee provided you attend the shareholders' meeting. All members have equal voting rights regardless of the number of shares owned.

As mentioned before, the ownership of one or more credit union shares also earns dividends for you.



Dividends are a division and distribution of earnings to each share owner. They are calculated on the number of shares owned and the length of time your shares have been in your account.

The board of directors is empowered to declare an annual or semiannual dividend to be paid to the credit union members out of net earnings—that is, the money remaining after regular or special reserves have been set aside. Most credit unions pay between 4.5 and five per cent each year.

If you have made a loan for which your shares are held as security, the pledge shares still earn dividends.

Tax and Insurance Aspects

IT MIGHT BE WELL to interject at this point that, for tax purposes, income from all credit union shares should be reported as interest (not dividends) inasmuch as credit union shares are units of savings rather than capital stock.

Your credit union shares also entitle you to an extra dividend in the form of life savings insurance.

This is an automatic insurance on your life, determined in amount by your share balance, age, health and contractual dollar limits.

If you are insurable, every dollar of your share balance normally earns another dollar of insurance on your life, up to an established maximum—usually \$2000. The amount, however, is determined by the contract between the individual credit unions and their insurance carrier.

Assuming your credit union provides dollar for dollar coverage, the person you have named as beneficiary will receive an amount equal to your share balance in the event of your death. You designate your beneficiary on a special form furnished by your credit union—usually when you make application for membership.

The cost of this type of insurance is paid by your credit union out of operating income. If you were to buy commercial coverage on \$2000 at the age of 20, your annual premium would be approximately \$7.64. As you grow older, commercial rates for group term insurance rise. For example, at the age of 60, you might expect to pay an annual premium of \$69.40 for \$2000 worth of group term insurance.

This type of insurance offered by your credit union increases the effective annual dividend rate declared by the board of directors. Assuming the board declared an annual dividend of 4.6 per cent, the actual dividend rate for \$2000 in shares owned by a 20-year old would be 4.98 per cent per annum. The additional



.38 per cent represents the \$7.64 worth of life insurance earned at no direct cost.

Joint Accounts

ALL FEDERAL credit unions are authorized to establish joint share accounts. This means that you designate your wife, or anyone else, as joint owner of your account.

This is particularly convenient when you are away from home on sea duty. Your wife may withdraw shares on her signature and purchase additional shares as well as receive information concerning transactions and balances on the account.

Joint ownership does not bestow voting or borrowing privileges and joint owners don't earn life savings insurance on their own lives. These benefits are only for those who have what might be called primary membership.

Nevertheless, in the event of the death of the basic owner (you) the joint owner (your wife, for example) can withdraw whatever shares may be in your account without legal complications. (This should not be confused with the payment of the life savings insurance proceeds which are paid to the beneficiary of the account.)

Your wife, if she wishes full credit union benefits, can become a member in her own right and have either her individual account or a joint account with her husband. By becoming a member, the wife can continue to enjoy all of the credit union privileges even after the death of her husband.

Accounts for Your Family

IN ADDITION TO naming joint owners to your account, you may open separate accounts for members of your family according to the bylaws of your own credit union. These rules vary in minor details from one credit union to another. As owners of their own accounts, your dependents would be provided life savings insurance coverage equal to their share balances up to the credit union's maximum.

Here again, you may make yourself or you and your wife joint owners of the account.

You may establish an allotment to your credit union for share purchases or loan payments, or both. The Navy Finance Center has assigned a code number to each credit union serving Navy personnel.

At the present time, there are about 95 Navy-sponsored credit unions in the United States. You can consult your base telephone directory for the one located at your facility.

If you don't have the good fortune to be located within driving distance of a Navy credit union, an in-



terested group might want to start the ball rolling and establish one.

The first step is to confer with the legal assistance officer and then, if the project has his blessings, contact the Defense Credit Union Council, 1730 Rhode Island Ave., N.W., Suite 8110, Washington, D.C. 20036, or the Bureau of Federal Credit Unions, Department of Health Education and Welfare, Washington, D.C. 20201.

Membership Eligibility

YOU ARE ELIGIBLE for membership in the Navy Federal Credit Union located in Washington, D. C., if you are an officer on active duty anywhere in the world, or if you are an enlisted man or civilian employee assigned to a Washington, D.C., activity without its own credit union.

Enlisted and civilian personnel stationed in a foreign country or assigned to a ship homeported in a foreign country are also eligible for membership in the Navy Federal Credit Union.

Officers, enlisted Navymen and civilian employees are eligible for membership in any of the other credit unions if they are attached to, or employed by, the activity sponsoring the credit union.

Credit unions have been established for your benefit. They offer low interest on loans, a good return for your savings, and life insurance at no direct cost.

For further information on credit unions at Navy establishments, see your legal assistance officer.





Remember the Equation:

INSTANT CREDIT = INSTANT DEBT

SINCE YOU MOVE around a lot, you generally must establish a new credit standing in each new community. You also must learn in each place which stores and financial institutions are fair and honest.

Another major factor affecting your buying on credit or borrowing, particularly if you are in the lower pay grades, is the limited amount of money you have left each month after paying for housing, food, clothing, and other essentials.

For many, there is very little left over to be set aside as savings or as a cushion against emergencies, or for installment payments.

If you like convenient rules of thumb, a good one is to have at least half a month's pay set aside as a cushion against financial surprises. It's the thing you can't foresee which often causes a money problem—the car breaks down, Junior breaks his glasses, or the plumbing springs a leak. If you have such a cushion, you probably will never have to miss a car payment or similar bill.

Often, the confusion that can arise concerning credit is unnecessary. Next time you want to buy something on credit, ask yourself a few simple questions, like:

- Can I get credit without extra cost? Some stores allow payment in 30, 60, or 90 days without extra charge. Ask the dealer or salesman if he operates under this arrangement.
- Am I already making too many payments? (Be objective. And truthful.)
- Is having the item I want to buy on credit worth the extra cost? (Remember, credit is expensive.)
- Is it worth the extra cost to have that item right now?
- Can I meet the payments each month?

Evaluate the Situation

ABOVE ALL, remember that credit can hurt you as much as help you. Before you take on debts, first add up your fixed expenses. Don't let yourself in for more installment payments than you can afford. It is better to wait and save or to use a charge account on which there is no carrying charge.

The penalties for a Navyman who can't pay his debts or who deliberately defaults on a contracted debt may be more severe than they are for the general public. Failure to pay debts is a military offense, and could lead to disciplinary action—even to court-martial.

Moreover, when a man in the service becomes a

poor credit risk it can damage his entire career; he may not get the security clearance he needs, or that choice assignment he wants.

In the end, a man who overextends his credit winds up with fewer of the material things which he and his family want. Worst of all, the man too deeply in debt has no peace of mind; his efficiency on the job is destroyed, and even his marriage can be soured by financial woes. A survey recently showed that 89 per cent of domestic difficulties resulted from financial problems.

CREDIT CONTRACTS can be tricky—at best, they are hard for the average person to understand. Don't be embarrassed to read the fine print before signing anything. If the salesman tries to rush you, you can bet there's something there he doesn't want you to catch.

Keep in mind that these contracts are drawn up by experts—lawyers with many years of experience in protecting their clients.

There are several things you should know about credit—its cost, for instance. This is the amount you pay over the cash price of an article. You pay this extra money for the privilege of buying on time.

The cost varies according to the amount of credit extended, the length of time it takes to repay the debt, and the source of the credit. You can figure the dollar cost of credit by multiplying the monthly payment by the number of payments, and subtracting the amount financed. The difference will be the cost of credit.

The Cost of Credit

THE COST OF CREDIT is often quoted as a dollar cost. It generally includes interest, loan fees, service and carrying charges, and the cost of checking your credit rating. To estimate the approximate annual rate on the cost of credit in your installment plan, double the quoted dollar cost credit charge and change the figure to a percentage. For example, on a credit charge of \$4 per \$100, the approximate annual rate is eight per cent.

The two most common ways of arriving at finance charges are the add-on and the discount. In the first, the seller, or lender in the case of a loan, adds the charge to the loan. On a loan at the rate of \$4 per \$100, you would receive \$100 and repay \$104. When

the lender uses the discount method, he subtracts the \$4 in advance; you get \$96 in cash, and repay \$100.

A finance charge paid on the unpaid balance of a loan or an amount financed is just what it says it is. You are charged only on the amount you still owe. To find the annual rate, simply multiply the quoted monthly rate by 12.

You can get credit at many different types of places and in different ways. You may want to use one or more of them.

Charge Accounts—Offered by many stores and such other enterprises as oil companies as a convenience to their customers. You merely sign a sales slip each time you buy and pay your bill every month, with no credit charge. When making large purchases, some stores will give you 90 days to pay without carrying charges.

Revolving Charge Accounts—Let you make purchases up to a stated total amount with the understanding that you will be billed periodically, usually monthly. You then have the option of paying the full amount of the bill before the due date or any part thereof, subject to a specified minimum payment. If you pay in installments, a carrying charge is imposed based on the unpaid balance at the time of billing. The carrying charge usually ranges from one to one and one-half per cent per month.

Installment Contracts—Frequently used for larger purchases, such as refrigerators and television sets, or furniture and carpeting. Usually you must make a down payment and sign a contract for the balance of the purchase price. The add-on method of charging interest is often used and the corresponding annual rates generally run from 12 per cent up. Although you can use the things you buy while you are paying for them on an installment contract, you don't own them until the debt is settled.

Cash Loans—Banks, credit unions, savings and loan associations, small loan companies and pawnshops all lend cash—at a price, of course.

As we have seen, credit is relatively easy to obtain. In this way, it can be your servant. Sometimes, however, it can get you into trouble. When this happens, you have let credit become your master.

If you are head over heels in debt, you should seek the advice of your legal assistance officer. He can tell you what your rights are and suggest a workable plan for saving your credit and, possibly, your career.

Many Navymen believe that if they get too deeply

in debt they can be bailed out by the Soldier's and Sailor's Civil Relief Act. This is a popularly held conception, but it just isn't so. The act is designed to help those who acquired debts before they came in the service and who can no longer meet their obligations because their income was reduced.

Solutions to Debt Problems—Good and Bad

ONE OF THE WAYS to extricate yourself from the debt problem, other than finding a way to increase your income, is to write to each of your creditors and tell them you are having difficulty in making payments and suggest that the contract time be extended and payments be made smaller. If they agree you probably will have to pay more interest and charges but your debt will become manageable and your creditors have evidence of your good faith and intention to pay your just debts.

You may have seen newspaper ads saying "Debt Adviser—Pay Off Your Debts Without a Loan." These debt advisers generally only aggravate the debtor's problem by obligating him to pay one more debt—the fee charged for the service rendered. If you need to reduce your monthly obligations on a pro rata basis you should contact your legal assistance officer. In this way, you may be able to arrange a voluntary agreement with creditors to take a pro rata portion of the monthly payments due until you are financially back on your feet.

If this cannot be done, the legal assistance officer can give advice concerning the wage earner bankruptcy plan. Under this plan, a person may take up to three years to pay off his indebtedness. The plan is binding on all creditors if a majority of the creditors, by dollar amount, vote in favor of a repayment plan proposed by the debtor which is acceptable to the court. Under this plan, all debts are paid in full.

In addition to the wage earner plan, the legal assistance officer can provide information about filing a regular bankruptcy petition. For some debtors, this may be the only logical solution.

Navymen have the same legal right as any other persons to file a petition in bankruptcy. However, it might be well to bear in mind that the circumstances leading to the bankruptcy of a serviceman are considered by the Navy as they may reflect adversely on the qualifications of the petitioner for positions of responsibility and security clearance.

Another way to get relief is to negotiate a consolidation loan. If you do this you may be able to pay off your other debts and have a single lower monthly payment. Remember this actually will cost you more in the long run, since you will be paying more interest and even interest on interest. Any kind of refinancing plan should be reviewed by your legal assistance officer before you agree to it.

Some people solve their debt problems with a second mortgage on their homes. Since the lender of a second mortgage has less of a claim on the security (the property) than the first mortgage holder, his interest rate is much higher.

Whichever of these steps you follow in trying to straighten out a financial problem, the worst thing you can do is succumb to the temptation of acquiring new debts before you are square with old ones.



HOW TO FIND

THE COST OF

The values in this table have been computed

DO YOU WANT TO KNOW HOW MUCH INTEREST YOU ARE ACTUALLY PAYING?

IF YOU DO, APPLY THIS EXAMPLE TO YOUR CREDIT SITUATION:

Say the total amount of your loan to be financed is **\$250.00**

Your finance charge (the amount you pay minus the amount you receive) is **38.00**

The number of your monthly payments is 24.

Number of level monthly payments : 5% : 5 1/2% : 6% : 6 1/2% : 7% : 7 1/2% : 8% : 9% : 10% : 11% : 12% : 13%

Number of level monthly payments	5%	5 1/2%	6%	6 1/2%	7%	7 1/2%	8%	9%	10%	11%	12%	13%
1	\$ 0.40	\$ 0.44	\$ 0.48	\$ 0.52	\$ 0.56	\$ 0.60	\$ 0.65	\$ 0.71	\$ 0.79	\$ 0.88	\$ 0.96	\$ 1.04
2	.59	.66	.72	.78	.84	.91	.97	1.06	1.19	1.31	1.44	1.57
3	.79	.88	.96	1.04	1.13	1.21	1.29	1.42	1.59	1.76	1.92	2.09
4	.99	1.10	1.20	1.31	1.41	1.51	1.62	1.78	1.99	2.20	2.41	2.62
5	1.19	1.32	1.44	1.57	1.69	1.82	1.95	2.13	2.39	2.64	2.89	3.15
6	1.39	1.54	1.68	1.83	1.98	2.13	2.27	2.49	2.79	3.08	3.38	3.68
7	1.59	1.76	1.93	2.09	2.26	2.43	2.60	2.85	3.19	3.53	3.87	4.21
8	1.79	1.98	2.17	2.36	2.55	2.74	2.93	3.21	3.60	3.98	4.36	4.74
9	1.99	2.20	2.41	2.62	2.83	3.05	3.26	3.57	4.00	4.43	4.85	5.28
10	2.19	2.42	2.65	2.89	3.12	3.35	3.59	3.94	4.41	4.88	5.35	5.82
11	2.39	2.64	2.90	3.15	3.41	3.66	3.92	4.30	4.81	5.33	5.84	6.36
12	2.59	2.87	3.14	3.42	3.69	3.97	4.25	4.66	5.22	5.78	6.34	6.90
13	2.79	3.09	3.39	3.68	3.98	4.28	4.58	5.03	5.63	6.23	6.84	7.44
14	2.99	3.31	3.63	3.95	4.27	4.59	4.91	5.39	6.04	6.69	7.34	7.99
15	3.20	3.54	3.88	4.22	4.56	4.90	5.24	5.76	6.45	7.14	7.84	8.53
16	3.40	3.76	4.12	4.48	4.85	5.21	5.58	6.13	6.86	7.60	8.34	9.08
17	3.60	3.98	4.37	4.75	5.14	5.52	5.91	6.49	7.27	8.06	8.84	9.63
18	3.80	4.21	4.61	5.02	5.43	5.84	6.25	6.86	7.69	8.52	9.35	10.19
19	4.01	4.43	4.86	5.29	5.72	6.15	6.58	7.23	8.10	8.98	9.86	10.74
20	4.21	4.66	5.11	5.56	6.01	6.46	6.92	7.60	8.52	9.44	10.37	11.30
21	4.41	4.88	5.35	5.83	6.30	6.78	7.26	7.97	8.94	9.90	10.88	11.85
22	4.62	5.11	5.60	6.10	6.60	7.09	7.59	8.35	9.36	10.37	11.39	12.41
23	4.82	5.33	5.85	6.37	6.89	7.41	7.93	8.72	9.77	10.84	11.90	12.97
24	5.02	5.56	6.10	6.64	7.18	7.73	8.27	9.09	10.19	11.30	12.42	13.54
25	5.23	5.79	6.35	6.91	7.48	8.04	8.61	9.47	10.62	11.77	12.93	14.10
26	5.43	6.01	6.60	7.18	7.77	8.36	8.95	9.84	11.04	12.24	13.45	14.67
27	5.64	6.24	6.85	7.46	8.07	8.68	9.29	10.22	11.46	12.71	13.97	15.24
28	5.84	6.47	7.10	7.73	8.36	9.00	9.64	10.60	11.89	13.18	14.49	15.81
29	6.05	6.70	7.35	8.00	8.66	9.32	9.98	10.97	12.31	13.66	15.01	16.38
30	6.25	6.92	7.60	8.28	8.96	9.64	10.32	11.35	12.74	14.13	15.54	16.95
31	6.46	7.15	7.85	8.55	9.25	9.96	10.67	11.73	13.17	14.61	16.06	17.53
32	6.66	7.38	8.10	8.82	9.55	10.28	11.01	12.11	13.59	15.09	16.59	18.11
33	6.87	7.61	8.35	9.10	9.85	10.60	11.36	12.49	14.02	15.57	17.12	18.69
34	7.08	7.84	8.61	9.37	10.15	10.92	11.70	12.88	14.45	16.05	17.65	19.27
35	7.28	8.07	8.86	9.65	10.45	11.25	12.05	13.26	14.89	16.53	18.18	19.85
36	7.49	8.30	9.11	9.93	10.75	11.57	12.40	13.64	15.32	17.01	18.71	20.43
37	7.70	8.53	9.37	10.20	11.05	11.89	12.74	14.03	15.75	17.49	19.25	21.02
38	7.91	8.76	9.62	10.48	11.35	12.22	13.09	14.41	16.19	17.98	19.78	21.61
39	8.11	8.99	9.87	10.76	11.65	12.54	13.44	14.80	16.62	18.46	20.32	22.20
40	8.32	9.22	10.13	11.04	11.95	12.87	13.79	15.19	17.06	18.95	20.86	22.79
41	8.53	9.45	10.38	11.32	12.25	13.20	14.14	15.57	17.50	19.44	21.40	23.38
42	8.74	9.69	10.64	11.60	12.56	13.52	14.50	15.96	17.94	19.93	21.94	23.98
43	8.95	9.92	10.89	11.87	12.86	13.85	14.85	16.35	18.38	20.42	22.49	24.57
44	9.16	10.15	11.15	12.15	13.16	14.18	15.20	16.74	18.82	20.91	23.03	25.17
45	9.37	10.38	11.41	12.44	13.47	14.51	15.55	17.13	19.26	21.41	23.58	25.77
46	9.58	10.62	11.66	12.72	13.77	14.84	15.91	17.53	19.70	21.90	24.13	26.37
47	9.79	10.85	11.92	13.00	14.08	15.17	16.26	17.92	20.15	22.40	24.68	26.98
48	10.00	11.09	12.18	13.28	14.39	15.50	16.62	18.31	20.59	22.90	25.23	27.58
49	10.21	11.32	12.44	13.56	14.69	15.83	16.98	18.71	21.04	23.39	25.78	28.19
50	10.42	11.55	12.70	13.84	15.00	16.16	17.33	19.10	21.48	23.89	26.33	28.80
51	10.63	11.79	12.95	14.13	15.31	16.50	17.69	19.50	21.93	24.40	26.89	29.41
52	10.84	12.02	13.21	14.41	15.62	16.83	18.05	19.89	22.38	24.90	27.45	30.02
53	11.05	12.26	13.47	14.69	15.92	17.16	18.41	20.29	22.83	25.40	28.00	30.64
54	11.26	12.49	13.73	14.98	16.23	17.50	18.77	20.69	23.28	25.91	28.56	31.25

367!

13% 6% 20% 11% 15% 5% 14% 7%

BORROWING

...determined by the actuarial or annuity method which conforms to U. S. rule.

STEP 1 - Divide the finance charge by the total amount to be financed and, in each case, multiply by \$100. This enables you to find the figures in the rate table below since it gives the finance charge on each \$100 to be financed. In other words, in this example, \$38 divided by \$250 times \$100 equals \$15.20 (that is, the finance charge for each \$100 is \$15.20).

$$\frac{38,000}{250} \times 100 = 152$$

$$152 \times \$100 = \$15.20$$

STEP 2 - Follow down the left-hand column of the table to the line showing the number of months you will pay back your loan, in this case 24 months. Follow across this line until you find the two numbers between which the finance charge of \$15.20 falls. In this example, \$15.20 falls between \$14.66 and \$15.80. Reading up between the two columns of figures you will see that the annual percentage rate is 14 per cent.

THE ANNUAL PERCENTAGE rate is the rate appearing at the head of the two columns between which the finance charge falls. If the finance charge per hundred falls exactly on one of the amounts listed, use the lower percentage rate. (That is the percentage to the left of the column in which the amount appears.)

(Finance charge for each \$100 of balance to be financed)

13%	14%	15%	16%	18%	20%	22%	24%	26%	28%	30%	33%	36%
\$ 1.12	\$ 1.21	\$ 1.29	\$ 1.42	\$ 1.58	\$ 1.75	\$ 1.92	\$ 2.08	\$ 2.25	\$ 2.42	\$ 2.62	\$ 2.88	\$ 3.12
1.69	1.82	1.94	2.13	2.38	2.63	2.88	3.14	3.39	3.64	3.95	4.33	4.71
2.26	2.43	2.59	2.85	3.18	3.52	3.86	4.20	4.53	4.87	5.30	5.80	6.31
2.83	3.04	3.25	3.57	3.99	4.41	4.84	5.26	5.69	6.11	6.65	7.29	7.93
3.40	3.65	3.91	4.29	4.80	5.31	5.82	6.34	6.85	7.37	8.01	8.79	9.57
3.97	4.27	4.57	5.02	5.61	6.21	6.81	7.42	8.02	8.63	9.39	10.30	11.22
4.55	4.89	5.23	5.75	6.43	7.12	7.81	8.51	9.20	9.90	10.77	11.83	12.88
5.13	5.51	5.90	6.48	7.26	8.03	8.82	9.60	10.39	11.18	12.17	13.36	14.57
5.71	6.14	6.57	7.22	8.08	8.95	9.83	10.70	11.58	12.47	13.58	14.92	16.27
6.29	6.77	7.24	7.96	8.91	9.88	10.84	11.81	12.79	13.77	15.00	16.48	17.98
6.88	7.40	7.92	8.70	9.75	10.80	11.86	12.93	14.00	15.08	16.43	18.06	19.71
7.46	8.03	8.59	9.45	10.59	11.74	12.89	14.05	15.22	16.40	17.87	19.66	21.46
8.05	8.66	9.27	10.20	11.43	12.67	13.93	15.18	16.45	17.72	19.33	21.26	23.22
8.64	9.30	9.96	10.95	12.28	13.62	14.97	16.32	17.69	19.06	20.79	22.88	25.00
9.23	9.94	10.64	11.71	13.13	14.57	16.01	17.47	18.93	20.41	22.27	24.52	26.79
9.83	10.58	11.33	12.46	13.99	15.52	17.06	18.62	20.19	21.76	23.75	26.16	28.60
10.43	11.22	12.02	13.23	14.85	16.48	18.12	19.78	21.45	23.13	25.25	27.82	30.42
11.03	11.87	12.72	13.99	15.71	17.44	19.19	20.95	22.72	24.51	26.76	29.50	32.26
11.63	12.52	13.41	14.76	16.58	18.41	20.26	22.12	24.00	25.89	28.28	31.18	34.12
12.23	13.17	14.11	15.54	17.45	19.38	21.33	23.30	25.28	27.29	29.81	32.88	35.99
12.84	13.82	14.82	16.31	18.33	20.36	22.41	24.49	26.58	28.69	31.36	34.60	37.88
13.44	14.48	15.52	17.09	19.21	21.34	23.50	25.68	27.88	30.10	32.91	36.32	39.78
14.05	15.14	16.23	17.88	20.09	22.33	24.60	26.88	29.19	31.53	34.48	38.06	41.70
14.66	15.80	16.94	18.66	20.98	23.33	25.70	28.09	30.51	32.96	36.05	39.81	43.63
15.28	16.46	17.65	19.45	21.87	24.32	26.80	29.31	31.84	34.40	37.64	41.58	45.58
15.89	17.13	18.37	20.24	22.77	25.33	27.91	30.53	33.18	35.85	39.23	43.36	47.54
16.51	17.80	19.09	21.04	23.67	26.34	29.03	31.76	34.52	37.31	40.84	45.15	49.52
17.13	18.47	19.81	21.84	24.58	27.35	30.15	33.00	35.87	38.78	42.46	46.95	51.51
17.75	19.14	20.53	22.64	25.49	28.37	31.28	34.24	37.23	40.26	44.09	48.77	53.52
18.38	19.81	21.26	23.45	26.40	29.39	32.42	35.49	38.60	41.75	45.73	50.60	55.54
19.00	20.49	21.99	24.26	27.32	30.42	33.56	36.75	39.97	43.24	47.38	52.44	57.58
19.63	21.17	22.72	25.07	28.24	31.45	34.71	38.01	41.36	44.75	49.05	54.29	59.63
20.26	21.85	23.46	25.88	29.16	32.49	35.86	39.28	42.75	46.26	50.72	56.16	61.70
20.90	22.54	24.19	26.70	30.09	33.53	37.02	40.56	44.15	47.79	52.40	58.04	63.78
21.53	23.23	24.94	27.52	31.02	34.58	38.18	41.84	45.56	49.32	54.09	59.93	65.87
22.17	23.92	25.68	28.35	31.96	35.63	39.35	43.14	46.97	50.86	55.80	61.83	67.98
22.81	24.61	26.42	29.18	32.90	36.69	40.53	44.43	48.39	52.41	57.51	63.75	70.11
23.45	25.30	27.17	30.01	33.85	37.75	41.71	45.74	49.82	53.97	59.24	65.68	72.25
24.09	26.00	27.92	30.85	34.80	38.82	42.90	47.05	51.26	55.54	60.97	67.62	74.40
24.73	26.70	28.68	31.68	35.75	39.89	44.09	48.37	52.71	57.12	62.72	69.57	76.56
25.38	27.40	29.44	32.52	36.71	40.96	45.29	49.69	54.16	58.70	64.47	71.53	78.74
26.03	28.10	30.19	33.37	37.67	42.05	46.50	51.03	55.63	60.30	66.24	73.51	80.94
26.68	28.81	30.96	34.22	38.63	43.13	47.71	52.36	57.09	61.90	68.01	75.50	83.14
27.33	29.52	31.72	35.07	39.60	44.22	48.93	53.71	58.57	63.51	69.80	77.50	85.36
27.99	30.23	32.49	35.92	40.58	45.32	50.15	55.06	60.06	65.13	71.60	79.51	87.60
28.65	30.94	33.26	36.78	41.55	46.42	51.38	56.42	61.55	66.76	73.40	81.53	89.85
29.31	31.66	34.03	37.64	42.54	47.53	52.61	57.78	63.05	68.40	75.22	83.57	92.11
29.97	32.37	34.81	38.50	43.52	48.64	53.85	59.15	64.56	70.05	77.04	85.61	94.38
30.63	33.09	35.59	39.37	44.51	49.75	55.09	60.53	66.07	71.70	78.88	87.67	96.67
31.29	33.82	36.37	40.24	45.50	50.87	56.34	61.92	67.59	73.37	80.72	89.74	98.96
31.96	34.54	37.15	41.11	46.50	51.99	57.60	63.31	69.12	75.04	82.58	91.82	101.28
32.63	35.27	37.94	41.99	47.50	53.12	58.86	64.70	70.66	76.72	84.44	93.91	103.60
33.30	36.00	38.72	42.87	48.50	54.26	60.12	66.11	72.20	78.41	86.31	96.01	105.94
33.98	36.73	39.52	43.75	49.51	55.39	61.40	67.52	73.75	80.10	88.19	98.13	108.29





THE MONEY YOU SPEND on food undoubtedly accounts for much of the cash you receive on payday—that is, if you are a family man.

Although food represents a sizable expenditure from your income, it is money well spent for the nutrition you buy is frequently a deciding factor between good, bad or indifferent health for you, your wife and your children.

Inasmuch as food is so important, married Navymen would do well to know some of the basics concerning wise food purchases. Those who do will recognize some of their wife's food purchasing problems and, perhaps can generate some ideas of their own on how to obtain more nutritional value for less money.

Food for Thought

Here are a few pointers on cutting the cost of food:

- Buy most of your food at the commissary. If there is more than one in your area and they are approximately the same distance, you may find one cheaper than the other.
- Check the weekly specials in your local supermarkets. Sometimes you may find some items which are cheaper than in the commissary.
- Compare costs of food in fresh, frozen or canned form. See which gives you the most for your money. You may have to test several kinds before you will find the brand and the form which give you the greatest quantity and quality for the money.
- Take advantage of seasonal abundances. Radio, television and newspapers will call attention to foods in plentiful supply. Generally, the foods will be at the peak of quality and may well be offered at lower prices.
- Limit your perishable food purchases to amounts that can be used while they are at their best quality.
- Prevent food waste by proper storage and by employing storage and cooking methods that conserve nutrients. Learn how to use leftovers.
- Consider your family's preferences. Needless to say, thrifty food buys only pay off when your family eats and enjoys the food.

In addition to the cost of food, other important points to be considered are the quality and types of food.

Here are some basic pointers on nutrition and how

KEEP A TRIM

you can put it to work for your family. Make sure your daily meals include the key nutrients in these food groups:

Milk, cheese, milk products and ice cream—Milk is the leading source of calcium in our diets and unless you use it regularly, you may find you are getting insufficient calcium for your needs. (Calcium, of course, is needed to build bones and teeth, and generally maintain muscle tone.) In addition, milk also provides high-quality protein, riboflavin, and vitamin A.

Meat, poultry, fish, eggs, dry beans, peas and nuts—These foods supply protein needed to build and repair all body tissues—muscle, blood, skin and hair, etc. Protein also provides your body with energy and a source for the formation of antibodies in the blood to fight infection. Foods in these groups also contain iron and the B vitamins.

Vegetables and fruits—These are mainstay sources of many vitamins and minerals, especially vitamins C and A. Vitamin C is needed for healthy gums and body tissues. Vitamin A is needed for growth, normal vision, and a healthy condition of skin and other body surfaces.

Flour, cereal, baked goods—Foods from this group furnish protein and, if they are either whole grain, enriched or restored, they also supply iron and several of the B



vitamins, notably thiamine, riboflavin and niacin. Iron is needed to make red cells and help the cells use oxygen. The B vitamins contribute to steady nerves, normal appetite, good digestion, and healthy skin.

More Value for Your Money

WITH THESE BASICS in mind, we might proceed to list a few suggestions on how you may receive more food value for your dollars.

- When you buy meat, consider the amount of lean meat in the cut as well as the cost per pound. Some cuts contain large amounts of bone, gristle and fat waste. For example, ground beef and beef short ribs may cost the same per pound but you will get more meat for your money with ground beef. Bacon, which is largely fat, is perhaps one of the most expensive foods you can



FOOD BUDGET

buy in terms of protein value. It contains very little.

You would do well to look for a government inspection stamp when buying meat. This shows that meat is inspected and passed for wholesomeness and that it is processed under strict sanitary conditions.

Best guides for selecting meats are the grade stamps which appear on most retail beef, veal and lamb.

Good beef can be distinguished from inferior grades by its color. It should be bright red and have a fine grain and marbled effect produced by veins of fat. Good veal, on the other hand, has a light grayish appearance, a fine grain and a thin layer of fat outside with no marbling. Lamb is firm with a fine grain and good color. Pork should be reddish pink, have a fine grain and a marbled effect.

Remember that lower priced meats are usually as nutritious as more expensive cuts. Canned meats are economical and easy to use and fish provides variety and an abundance of protein.

- Poultry is usually reasonably inexpensive and also provides a change on the meat course. Broad bodied birds are better than those with narrow bodies because they offer more flesh in proportion to bone.

- Eggs are usually less expensive than many foods in the meat group and are a fine source of nutrients.



The same is true of dry beans and peanut butter.

- When you buy bread, choose the loaf for weight and food value, not for its size. Look for bread that is whole-grain or enriched. Many stores offer day-old bread at reduced prices. Most people can distinguish little or no difference and, for those who eat a lot of bread, the savings are considerable.

- Buy packaged cereals or any other packaged food by weight—not by the size of the package. To compare prices, first look for the weight listed on the label and note the price. Then figure the cost.

- Nonfat dry milk and evaporated milk, when reconstituted, cost considerably less per quart than whole fluid milk and the dry milk supplies comparable amounts of calcium and protein. While you may not like it as a beverage, it serves quite well for cooking and baking.



What's more, it doesn't need to be reconstituted before using. You will find a glass of whole milk may cost as much as three times that of nonfat dry milk.

- When buying canned products, choose the type of pack or grade that is appropriate to your cooking method. For example, a can of solid white tuna costs more than the same size can of grated light meat tuna. You may prefer the solid pack for a salad and the grated pack for casseroles and sandwich fillings.

- The amount of time and the pleasure a Navy wife gets from cooking will, of course, have a large bearing on whether you buy convenience foods (already prepared dinners and brown-'n'-serve items, for example). Compare prices and see whether it pays you to prepare a meal from basic ingredients.

There are a number of pamphlets which are available to you upon request and payment of a nominal sum through the U.S. Government Printing Office. Here is a partial list which you can use as a starter:

Family Food Budgeting for Good Meals and Good Nutrition—This pamphlet lists five family food plans, including an economy plan, two low-cost plans, one moderate-cost plan and one liberal plan. In addition, this pamphlet tells briefly what each food does for you—GPO Catalog No. A 1.77:94—price 10c.

Family Fare, Food Management and Recipes—A little more detailed than the previous one, this pamphlet gives you more information on buying and storing food and what each vitamin and mineral does for you. In addition, over 100 recipes are listed. GPO Catalog No. A 1.77:1—price 30c.

Beef and Veal for Family Meals—Since meat often is your main dish, you may find this pamphlet helpful. It shows you exactly what to look for when you shop and gives several thrift points. In addition, there are many recipes. GPO Catalog No. A 1.77:118—price 15c.

Food for the Young Couple—In this pamphlet, you will see how one young couple managed their food budget, including a week's menu. You may find some valuable points here. GPO Catalog No. A 1.77:85—price 10c.

If you would like any of these publications, write the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402, enclosing a check or money order for the correct amount made out to Superintendent of Documents.



A Comparison of Spending by Navy Families

There is no set rule which arbitrarily says so much of your income should go to buy food, or so much should go to help pay for your car. If there were such a budget, it probably would not work.

The following tables, adapted from statistics compiled by the Bureau of Labor Statistics, represent the average income (after taxes) and expenditures of men in the armed forces who, during 1960 and 1961, lived in civilian housing. And because they are averages, they will, more than likely, be unrealistic for your income.

Note that, in most cases, the money which goes in each category generally increases in each higher income bracket. Yet on a percentage basis, as seen in the second table, this is not necessarily the case. Therefore, as you move up the advancement ladder and you can earn more money, the amount you set aside for each category will probably increase in amount but may not change very much percentage-wise.

Averages, unless taken in their proper perspective, can fool you. For example, of all the military men who took part in this survey, 59 per cent reported an increase in their savings while

41 per cent reported a decrease. But when you see the average savings broken down by family income, you will see the overall average in savings in a new light.

Annual Income (after taxes)	\$3000-3999	\$4000-4999	\$5000-5999	\$6000-7499	\$7500-9999	\$10,000-14,999
Reported Increase in Savings	35%	63%	59%	56%	86%	39%
Reported Decrease in Savings	65%	37%	41%	44%	14%	61%

The point we are trying to make is this: If you want to establish a family budget, don't try to make your income fit these figures precisely. If you do try, your budget may start out fine, but it may end up a failure.

You may, however, find these tables useful as a rough guide for planning purposes, should you be setting up a budget.

There are, of course, many factors which may influence you on how you divide your income—the area in which you live and your part-time interests (such as a hobby) to name but two.

With all this in mind, you might take a look at the tables.

ANNUAL EXPENDITURES IN DOLLARS

(Military Personnel Living in Civilian Housing)

Category of Expense	Over-all Average	\$3000 to 3999	\$4000 to 4999	\$5000 to 5999	\$6000 to 7499	\$7500 to 9999	\$10,000 to 14,999
Average income after taxes	6336	3469	4477	5395	7013	8771	11,222
Total food expenditures	1203	738	912	1087	1288	1706	1,594
Food prepared at home	947	581	699	919	987	1302	1,304
Food away from home	256	157	213	168	301	404	290
Tobacco and Alcoholic beverages	173	193	96	144	159	200	373
Shelter (rented or owned dwelling)	925	614	750	779	973	1146	1,572
Fuel, light, refrigeration and water	227	150	191	157	222	346	331
Household operations	340	215	257	271	382	494	458
House furnishings and equipment	448	260	472	410	469	450	836
Clothing, clothing services	653	322	469	433	767	973	1,247
Personal Care	162	123	126	124	169	205	284
Dental and miscellaneous care	181	90	87	72	197	385	280
Recreation	276	139	225	167	267	441	525
Reading and Education	117	24	72	48	134	145	470
Transportation (Automobile and Other travel)	1246	1029	962	1209	1507	1189	2,227
Other expenditures	86	27	21	63	102	125	296
Personal insurance	363	115	231	212	309	672	819
Gifts and contributions	219	47	87	99	337	325	665

AVERAGE MONTHLY PERCENTAGE OF EXPENDITURES

(Military Personnel Living in Civilian Housing)

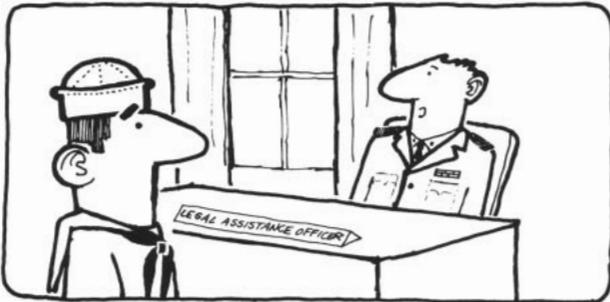
Category of Expense	Over-all Average	\$3000 to 3999	\$4000 to 4999	\$5000 to 5999	\$6000 to 7499	\$7500 to 9999	\$10,000 to 14,999
Expenditures for current consumption, by Percentage							
Total food expenditures	19.9%	18.8%	19.7%	21.9%	19.4%	21.9%	15.2%
Food prepared at home	15.7	14.8	15.1	18.5	14.9	16.7	12.4
Food away from home	4.2	4.0	4.6	3.4	4.5	5.2	2.8
Tobacco and alcoholic beverages	2.9	4.9	2.1	2.9	2.4	2.6	3.6
Shelter (rented or owned dwelling)	15.3	15.6	16.2	15.7	14.7	14.7	15.0
Fuel, light, refrigeration and water	3.8	3.8	4.1	3.2	3.3	4.4	3.2
Household operations	5.6	5.5	5.5	5.5	5.8	6.3	4.4
House furnishings and equipment	7.4	6.6	10.2	8.3	7.1	5.8	8.0
Clothing, clothing services	10.8	8.2	10.1	8.7	11.6	12.5	11.9
Personal care	2.7	3.1	2.7	2.5	2.5	2.6	2.7
Dental and miscellaneous medical care	3.0	2.3	1.9	1.5	3.0	4.9	2.7
Recreation	4.6	3.5	4.8	3.4	4.0	5.6	5.0
Reading and education	1.9	.6	1.5	1.0	2.0	1.9	4.5
Transportation (Automobile and Other travel)	20.6	26.2	20.7	24.3	22.7	15.2	21.2
Other expenditures	1.4	.7	.5	1.3	1.5	1.6	2.8

NEED LEGAL ADVICE?

LAO Can Aid YOU

EVEN IF YOU ARE an excellent manager of your personal affairs, it is possible for you to encounter legal difficulty somewhere along the home management line. As a Navyman, you can call on an expert and receive free advice in such times of crisis.

The Navy has established billets for Legal Assistance Officers, who are naval officer-lawyers. Each is also a member of the bar of a federal court or the highest court of a state. They are established at naval district



headquarters, naval stations, Marine Corps bases, Marine divisions and aircraft wings and other naval activities where qualified lawyers are available. Legal assistance officers are also usually available on most ships and stations having crews of more than 1000.

Smaller ships or stations with no licensed attorney on board are required to maintain a current list of commands having a legal assistance officer.

Here's a point to remember: If you need legal advice, you may call in person for an interview with your legal assistance officer without going through any chain of command. If you do not know where to find him, your personnel officer or chaplain can tell you.

All matters of legal assistance are treated confidentially. It is a strict rule that such confidential matters will not be disclosed by personnel of the legal assistance office to anyone, except with specific permission—and that disclosures may not lawfully be ordered by any superior naval authority.

The types of cases which legal assistance officers can handle for you include the drawing of wills, powers of attorney, deeds, affidavits, contracts, and many other documents. Matters relating to automobile sales and licenses, and cases where a landlord may be attempting to evict your family during your absence and similar troubles are legitimate reasons for dropping in to see your LAO.

Legal assistance officers also deal with cases of transfer of property, questions of marriage and divorce, adoption of children, administration of estates, insurance, citizenship, insanity, taxation, personal injury, and various cases in which the Soldiers' and Sailors' Civil Relief Act may be invoked for the protection of service personnel or their families.

A Navyman and his dependents may also go to see an

LAO of another military service. For example, a sailor on leave in the midwest, who has a legal problem, may drop in to see the LAO at an Air Force or Army base near his home town.

Navy LAOs are not permitted to represent you as counsel, or appear in person, or by pleadings, in or before civil courts, boards or commissions. This is not to be construed as interfering with the present practice of naval officers who appear in police or criminal courts as legal representatives of the commandant or commanding officer where naval personnel may be involved.

Legal assistance officers, of course, are not permitted to accept any fee. Fees, however, may be charged by members of the civilian bar in cases referred to them by LAOs.

LAOs do not handle matters which should, in their judgment, be handled by private counsel.

In no case will a legal assistance officer act as a collection agency or lend his aid to defeat fair collection or legal enforcement of any just debt or obligation.

Here are a few points to remember if you want to get the most out of this service:

- If in doubt, ask for advice *before* you take action. Advice is more useful than sympathy.
- Talk to your man in person. A telephone conversation is usually unsatisfactory. Your question may be one that cannot be answered immediately.
- Take all the letters, documents and papers with you. Your legal assistance officer prefers to see the papers himself instead of depending upon your recollection.



• If in doubt, see your legal assistance officer. Don't worry about bothering him because your problem is relatively small. Legal problems are sometimes like fires—it's easier to deal with them when they're small.

• Tell both sides of the story, and all of the story. It might be embarrassing to admit you were foolish, but here you are at least protected by the privacy of his office. If you hold out on him, he simply can't act in your best interests.

Legal assistance is, of course, free. If, after talking it over with your legal assistance officer, you decide that a civilian attorney is needed, the attorney will have to be paid, although he will sometimes adjust his fee to fit your financial condition. If you are com-



pletely without funds, Legal Aid or free civilian legal service may usually be found. Legal Aid is normally available only where there is a real need and you are absolutely unable to pay.

When You Pay Rent

IF YOU RENT without signing a lease you usually become a tenant from month to month, and you cannot move nor can the landlord put you out (except for nonpayment of rent or creating a nuisance) without giving the notice required by state law. Details vary from state to state and should be checked in your locality.

This does not mean that the landlord can physically stop you from moving, but it does mean that you can become liable to him for damages suffered as a result of your moving without proper notice and in some states he can hold your furniture until the rent is paid.

A lease is simply a rental contract and binds you and the landlord just as any other contract.

The fact that you are in the armed forces and receive orders requiring you to move does not release you from a lease unless there is a military clause in the agreement. Such a clause generally provides that, upon the receipt of orders, the lease may be ended by the tenant, giving a certain amount of notice to the landlord.

In the absence of such a clause, if you move before the end of the time stated in the lease, you may be sued for damages. Again, states may differ in the amount which may be claimed but they all recognize the right of the landlord to sue you. If the landlord is successful, you may find yourself in the discouraging position of paying rent in two places.

There are a number of points to consider before signing your name to a lease. First of all, the amount of the rent. Rents are usually high in areas near military installations. Don't forget that unless utilities are furnished, you will have that cost in addition to your rent. If, after moving into an apartment or house, you find that you can't afford to pay the rent, that's just too bad. It still isn't good enough reason for breaking your lease.

Look at all the angles before you commit yourself. Inquire about the neighbors, parking spaces for your car, location of schools, churches, bus lines and shopping centers. Inspect the actual property carefully. As a rule, the landlord rents "as is."

You can't always get just what you want, but shop around until you find something that looks as if it might be suitable. Again, the fact that you don't like the place after you move in is no reason for breaking the lease.

Read your lease carefully and don't sign anything you're not prepared to live up to. Make sure there is a "military clause." If the landlord promises you something or agrees to waive a requirement, have it written in the lease. If it isn't, his promise means nothing. If you have any doubts, get advice *before* you sign.

THE FACT THAT you are in the naval service and have no permanent street address in a particular city or state does not affect your rights as a citizen. At the same time, it does not relieve you of the obligations of a good citizen.

The Soldiers' and Sailors' Civil Relief Act of 1940, as amended, may, for example, give you protection from multiple taxation but it does not relieve you of your liability for taxes to the state of your legal residence.

Generally speaking, here's the situation:

Income Tax—Your liability for income tax on your military pay is to your legal residence (home state) only. However, income other than your military pay can be taxed by the state in which it is earned and also by your home state.

Personal Property Tax—You are liable for personal property tax only in your home state. Generally speaking, the husband, as head of the household, is considered to be the owner of the household furnishings. An automobile is personal property but in different jurisdictions may be subject to different types of taxes.

Real Property Tax—Real property tax is, of course, payable only where the property is located. (Real estate is real property.) The fact that you buy a residence in the locality where you are stationed by reason of military orders does not, in itself, determine your legal residence for other tax purposes.

Automobile Registration—You may register your automobile either in your home state or the state in



which you are residing. You are not entitled to register in a third state.

Consider these points also:

- If your auto is registered in your home state, then all the necessary fees, licenses and taxes must be paid to that state. Your operator's permit from your home state must be kept up to date. You may be required to obtain a special plate or sticker in the locality where you are living. This is normally free or available for a small handling charge.

- You may register your auto, if you wish, in the state where you are residing because of military orders. If you do, you must normally comply with the local (city or county) registration laws, get an operator's permit from that state, and comply with the usual inspection, insurance and other laws. Although

the act of registration does not automatically make you liable for local taxes, some states impose an excise tax for the privilege of registration. This must be paid if you wish to register your car in the state.

Voting and Taxes—The right to vote is usually restricted to “residents” of a state—the term “resident” in this case being synonymous with “citizen.” However, if you are a citizen of a state, you are also responsible for paying its taxes.

A few states will permit military personnel to vote without incurring tax liability if they have the required actual residence; this, however, should be carefully investigated beforehand. It is generally better to vote by absentee ballot in your state of domicile.

The Soldiers’ and Sailors’ Civil Relief Act does not apply to your dependents. If your wife has an income or owns personal property in her own right (such as an automobile or jewelry), she is liable for local taxes. She must in most instances get a local automobile operator’s permit and register the car locally if she holds title to it.

Usually, if the car is owned jointly, it must be registered locally. The domicile of your wife generally follows yours, but for tax purposes she is generally considered a separate entity. Therefore, she may be liable for income, personal property and other taxes when you are not. Her share of jointly owned property may be taxed locally.

Residence and domicile of service people are complicated and frequently confusing problems. Very generally speaking, “residence” means the place where you are actually living. “Domicile” or “legal residence” means the “home state” or state of which you are a citizen. It is legally impossible not to have a domicile or to have two.

Tax laws are usually based on actual residence or presence in the state, which is the primary reason for one of the important sections (514) of the Soldiers’ and Sailors’ Civil Relief Act. Without the Act, you could conceivably be taxed by two or more states in one year because you were living there on the day taxes were assessed.

The fact that you may consider yourself exempt from local taxation does not mean that the local authorities cannot question you concerning your liability. If this happens, cooperation will usually do you more good than harm.

If you feel that you are being unlawfully taxed, contact the Taxation Branch, Legal Assistance and Taxation Division, Office of the Judge Advocate General, or your local LAO. If it is necessary to pay a tax before the question is resolved, pay it “under protest.” If you refuse to pay, or refuse to file a return, you may be liable for criminal penalties.



Various states and localities will handle these problems in different ways. When you are transferred to a new duty station, you would be wise to inquire about local conditions as soon as possible.

Business Transactions

THE LAW IN a specific jurisdiction on a particular set of facts can usually be determined. The really important thing for you to do is be able to recognize and avoid problems which may involve you.

It is always dangerous to attempt to generalize and oversimplify a complicated and technical field. The following suggestions, however, are presented as guidelines which are too often ignored.

- Insist on all business dealings being carried on in a business-like manner.

There is a tendency, by almost everyone, to accept the word of a perfect stranger at its face value, or to accept a vague, general statement without really knowing what is meant. To accept the word of your friends as binding is a normal and proper procedure. To do the same thing when you are buying a car or a refrigerator or leasing an apartment, however, is simply not good business.

Business transactions should be perfectly clear. All rights and liabilities should be clearly understood by both parties. If you don't understand the mechanics or effect of a transaction, you should never hesitate, for fear of embarrassment, to ask questions. If the person with whom you are dealing can't, or won't, answer your questions, or tries to put you off with double talk or jargon, proceed with extreme caution.

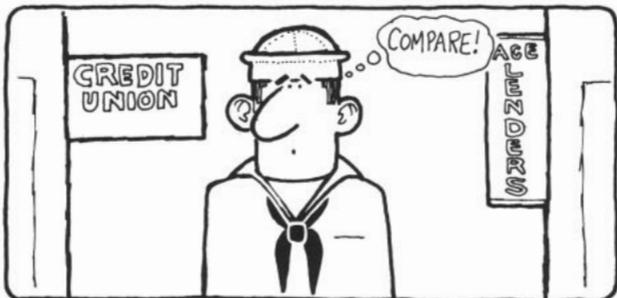
Closely connected to this admonishment is the old problem of signing the blank form. No matter how honest you believe the other party to be, signing in blank is a dangerous practice.

- Always read completely and carefully anything you sign, before you sign it.

Some contracts need not be in writing. As a matter of practice, however, most of them are. Many people will sign a lease, conditional sales contract, purchase contract or other document without the slightest idea of what is included in the fine print. The fact that you did not read an agreement before you signed it is usually no defense.

- If you are entering into a written contract, insist that all the terms and agreements be written down.

Suppose you have read and understood an agreement but want clarification or an additional clause? Don't take the word of the other party that your additional clause need not be written into the agreement. As a general principle, oral agreements do not modify the terms of a written document, and this may even be set forth in the agreement itself. You run the addi-



tional risk of having to recall, at some future date, just exactly what the oral agreement was. If it's written, there is no question.

- When you are planning to take some action, think ahead and try to visualize the possible complications or results of your proposed action.

Elementary? Of course. But people will continue to sign a year's lease when they know they will be transferred in six months. Or they will contract to buy \$300 worth of books they won't read and when they know they can't afford them.

Planning for Contingencies (Emergencies)

THE PERSON WITH the fixed income may think he can budget down to the penny. He frequently forgets to take into account such contingencies as accidents, sickness, family difficulties, additional children, or expense incident to transfer or leave.

When these problems do occur—and they frequently do—he is confronted with obligations and debts far greater than his income. Usually the only answer is borrowing and thereby incurring further obligations or having the property repossessed after a substantial portion of the purchase price has been paid.

The result is complete financial collapse which in itself creates further problems. The average family should try to set aside at least five per cent of the net income, after taxes, each month.

Look—But Be Wary of Bargains

Be careful about grabbing a big bargain unless you are thoroughly familiar with the merchandise.

Few, if any, business firms are about to give anything away. Federal regulatory agencies manage to keep down actual frauds fairly well. The apparent bargains, however, may frequently be made possible by the sale of off brands, by selling goods that are damaged or workmanship that is inferior, by providing no service, or by giving either no guarantee or a guarantee which is so weasel-worded it has no meaning.

Local Laws and Regulations

Learn the local laws and regulations.

This applies particularly with respect to such matters as automobile registration and licensing, operator's permits, taxation, allowing your dog to run loose, and the like.

This sounds pretty elementary, and it is, yet many people inadvertently run afoul of the law simply because they didn't know about such things. Your local government officials, Division of Motor Vehicles or Legal Assistance Officer can fill you in on this type of information.

- As a general rule, the serviceman in his personal life and dealings stands in the same position as a civilian.

There has been, and still is, a general feeling that the serviceman has some sort of blanket protection in the Soldiers' and Sailors' Civil Relief Act of 1940, and is thereby placed in a position of advantage so far as his contractual and other legal relationships are concerned.

It's true that the Act does provide certain protection for persons entering the service in regard to obli-

gations incurred before entry. It defines the tax liabilities for persons in the service. It protects him against a default judgment when he, because of his service, is unable to protect himself.

It does not provide that an otherwise valid lease may be broken if a serviceman receives transfer orders.

As a practical matter, the career serviceman is affected very little in his day-to-day life by the Act, except for the taxation aspect.

The suggestions outlined here are not new, nor will they prevent legal entanglements, even if followed to the letter.

Some people may not agree with all of them. It's interesting to note, however, that failure to follow some of these basic principles is the direct or indirect cause of about 90 per cent of the average serviceman's legal complications.

ROUNDUP ON RACKETS

Better Look

The vast majority of businessmen you come into contact with are honest and reliable representatives of the community—and are just as interested in protecting you as you are in protecting yourself.

However, no matter what the circumstances, it's important to remember the old precept "Caveat Emptor"—meaning Let the Buyer Beware. With this in mind, ALL HANDS dug into its files for some information on the subject and came up with the following pointers.

EACH YEAR, millions of dollars are taken from unsuspecting citizens by white-collar bandits, get-rich-quick schemers, con men, dishonest business practices and fast-talking salesmen.

All too often, people allow themselves to be separated from their pay because of ignorance, carelessness or gullibility. Don't be a victim. If you're "city-wise," you can follow some basic rules and keep a grip on your cash. In most cases, you can avoid much of the risk of becoming a fall guy, or easy mark, by using common sense.

Below are some suggestions which may help you safeguard your money and other valuables while on leave or liberty and when making a purchase. Some of the examples given are old ones you may have heard before. Others may tip you off to a few of the



more recent approaches used by those who would take your money without giving you a fair return. You probably know of other situations which might appropriately be added to the list.

The point to keep in mind is that there are as many ways to get duped as there are different things to buy.

Let the Buyer (That's You) Beware

MANY NAVYMEN have learned the hard way that it pays to be careful. For example:

You have a small appliance in need of repair. You drop it off at a shop near your present address, and leave instructions for the repaired item to be mailed to you at your new address across town. After some weeks you write the shop, but do not receive an answer. You finally call the shop and are told the item had already been mailed to you, insured. You call at the post office and find

Some merchants use "pullers-in" who rush out to greet you, then get you inside the store where you might be talked into a phoney deal. The puller-in technique is not illegal in itself, but establishments which rely on pressure sales tactics might also be dishonest and could be placed off-limits or out-of-bounds to members of the armed forces. Most legitimate merchants do not use puller-in tactics to get customers.

The Freeze—One popular ploy in recent years has been practiced by some unscrupulous sales promoters who encourage you to buy sides of beef and other meats from their firms, and with the money you save you are able to pay the installments on an expensive freezer, which, incidentally, is usually provided by the same firm. Or, what amounts to the same thing, meaning you are going to pay more than you thought, you subscribe to a food plan that you are told "eliminates the need for shopping." You are supplied with a freezer and are promised that it will be regularly

Twice at a Real Good Price

that the package has finally arrived, and that there is a COD charge of \$25.43 for repairs on the appliance. You had purchased the item new for \$25.00. You also discover that the package had not been insured, as the shop salesman had stated.

Could happen to anyone? Maybe it could, but the chances you will find yourself in even a relatively minor fix such as this are virtually eliminated when you get an estimate of the cost of repairs *before*

stocked with quality food—all you can eat.

The result may well be that you pay as much for the meat in large quantities as you would be purchasing it in smaller packages, and that there is no saving which could be applied to paying off the freezer. Or, if you subscribe to a home food service, you might end up with a second-hand or reconditioned appliance (you pay for a new one, of course), and for some reason, the food you thought you'd get on a continuing basis isn't as good and isn't as much as told by the fast-talking salesman. Unfortunately, if you sign a contract the chances are you're hooked.

Door-to-Door Deception—Canvassing may be a legitimate approach to business, as legitimate, that is, as the door-to-door salesman wants to make it. Many respectable businesses operate this way, but the rackets are numerous. One woman did well collecting for a charity which did not exist. A young man sold magazine subscriptions by telling people he was the representative of a famous boy's school trying to pay his own way. Those who subscribed never received any magazines. Navajo blankets made in Brooklyn and "Harris tweeds" made of shaggy rayon are other examples of fraudulent items peddled from door to door.

In one type of canvassing racket that has angered Navy families, a salesman wants to give you a baby's high chair, a fancy hassock, a set of encyclopedias

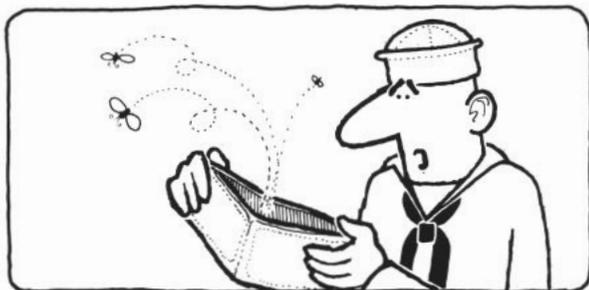


you authorize any work. And, more important, *deal with a reputable outfit.*

What is the criterion to use in determining which business is reputable? The size of the store is not a valid criterion. Some of the best buys are in the smallest stores; some of the biggest profits are sometimes made in the big "quality" stores. The location of a store is not always a valid consideration, either. The only real criterion is the store's reputation, based not on what it advertises, but what you know to be true through previous business dealings by you or your friends. Then use some common sense about what to watch out for.

What to Watch Out For

The Puller-In—In some places you can set yourself up as a sucker simply by pausing to look in a store window.



or some other item. He doesn't want you to buy it, just to try it out. All you have to do, he says, is sign a receipt for the article, and if you don't want to keep it he'll be back in a week to pick it up. Several weeks pass. You don't want the item, so you write, asking the sales office to send someone over to take it away. Not only does no one appear, you get a bill, along with a statement that the "receipt" you signed was, in fact, a bill of sale.

Mail Order Racketeering—The mail order business is a large and respectable one. However, you can be trapped in a number of lucrative rackets. For example, buying a Swiss watch for \$19.95 (the watch is worth only \$5.00) is one way you can be deceived in this type of fraud. The lure, of course, is the word "Swiss." Some people think that every Swiss watch is a time-honored product. While the country is justly famous for the quality of its fine timepieces, Swiss manufacturers also turn out low-priced versions.

Keep in mind that some unethical firms using the mail order method work from lists of potential dupes or chumps. They pay large sums for such rosters, and one way they get them is to offer you or your wife a free gift if you give them the names of your friends. In effect, you endorse whatever is being peddled, and set your friends up for some very special business.

Know What You Sign

THE FILES of legal assistance officers are full of complaints from servicemen who signed contracts with-

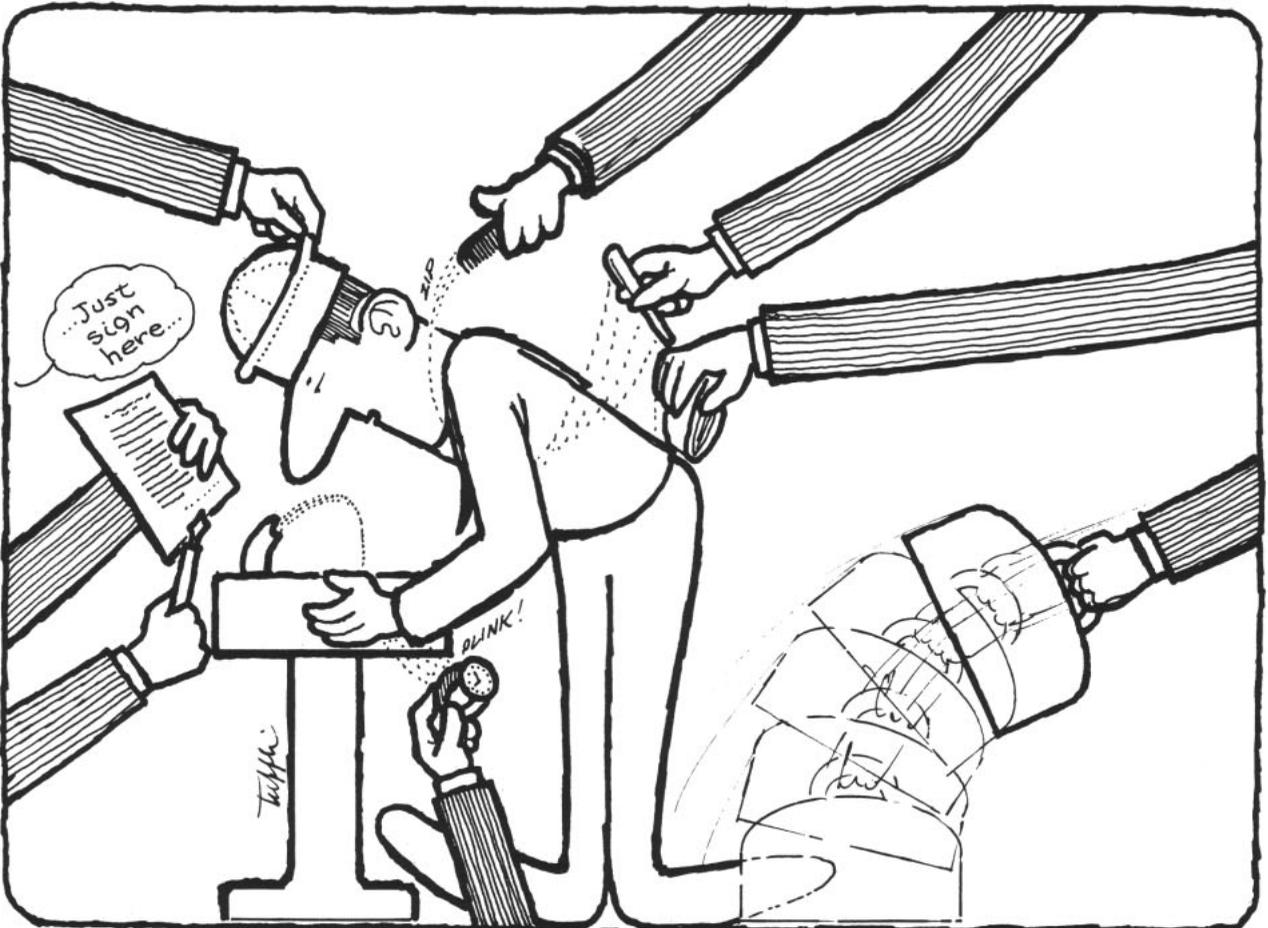
out realizing the extent of the commitments. Once you sign your name to an unfair contract, there is usually nothing the Navy can do to get you off the hook.

For example, say your CO calls you in because a business firm had written to him that you were delinquent in payments on an item you bought on a time contract. You explain that you had indeed stopped payments, because you felt you had been taken in (and had). You agreed to pay \$82.00 for an item you later learned you could have bought for \$44.98. However, the agreement was in writing. You signed a contract, and now a high-pressure firm is applying additional pressure by complaining about your indebtedness to your CO.

Your CO feels that since you allowed yourself to get into such a predicament, you are not the type of man he likes to recommend for advancement. Your forthcoming promotion is shot down, and you are given three months to get your financial affairs in order. Any future complaint might cost you your Navy career.

This is a typically unhappy ending to the story of impulsive buying. You should shop around in reputable stores and compare prices before yielding to that impulse to buy. And then, sign only those agreements you know you can honor. Here's another example:

The Room of Furniture—A furniture store offers a 10-piece living room suite for \$100. Everything you need—



sofa, lamps, chairs, tables, rug and mirror. You inspect the furniture, noting that the sofa is a sectional which comes in three fitted parts. You decide it's a good deal, make a down payment, sign a contract, and arrange to have the set delivered. You learn when you're billed that the price isn't \$100 after all. It is \$200 — the \$100 price didn't include the middle section of the sofa. That piece costs another \$100. Taking another and closer look at the contract you signed, you see that you had agreed to buy the complete set.



Too bad. Unless you can prove misrepresentation amounting to fraud, you must pay the \$200.

Remember that when you sign a contract which will wring you dry financially, there is little your LAO can do. You, the purchaser, can ask the other party to the contract, the seller, for relief from extortionate rates of interest or other exorbitant demands, but every legal right is with the other party. You signed the contract. The assumption is that if you signed it, you must have known what it was all about. There is more on the importance of understanding your contractual agreements in *Buying a Car*, page 20.

The Con Man

THERE ARE countless ways that someone who's in the business of taking your money might catch you napping on your wallet watch. There is one common goal in all swindles—you lose money or something else of value.

One of the oldest rackets in the world is the confidence game. Those who work it range from teenagers upward and are hard to spot. You may try to avoid them, but they will go a long way out of their way not to avoid you.

A con man (or woman) can think of new schemes faster than old ones are exposed. He does not deal only with suckers who are willing to get rich quick by purchasing phoney uranium mines or underwater real estate.

About the only protection you have is caution—be skeptical of any situation that could involve the parting of you and your money. Remember that the con man belongs to an ingenious but hardhearted breed and can think of so many ways to gyp you or steal your money that your best bet is to stay clear of him. And, this is hard to do. For example:

- You're a Navy officer, in uniform, standing in front of a busy railroad station in a large city. A man wearing civilian clothes walks up to you and flashes a wallet-sized folder containing an ID card and a badge.

"Excuse me, sir. I'm a city detective. We're looking for a civilian who's been impersonating a naval officer."

At this point, a second civilian, whom the badge-flasher addresses as "sergeant," joins you. After exchanging pleasantries, the policemen tell you they will have to verify your identification at Naval District headquarters. They agree that a telephone call to the duty officer would probably be sufficient, but they need your wallet with your ID card in it. You wait with the sergeant while the first policeman goes to a nearby phone booth.

In a few minutes, the detective leaves the booth, walks back to where you are standing, hands you your wallet and apologizes for taking your time. "Headquarters says you're OK." The two then disappear into the crowd.

Later, you open your wallet to pay a cab driver, and are stunned to see that you no longer have the \$80 you had that morning. Finally you wise up and report your loss to the real police. You're told, of course, that you are a victim of the confidence game.

- You visit a large city on leave with 14 of your buddies. You check into a commercially-operated military dormitory, and are greeted by a man in uniform who warns you: "There's been a lot of petty thievery going on here. Take this envelope and put your money and valuables in it. Seal it up and give it to me. I'll give it back to you in the morning." You guessed it. When morning comes, the safekeeper and your money have disappeared.

- You're ashore on liberty and are approached by a concerned-looking man who says he is in urgent need of five, 10 or 15 dollars. (Exactly how much depends upon how much he thinks your wallet will bear.) In return, he says, he will give you a valuable ring, a ring that is very dear to him. Only under this most urgent circumstance would he think of parting with it. Since you are in uniform, and he likes men in uniform, he is giving you the first chance to buy it.

Glancing at the size of your ring finger, he reaches into his pocket and pulls out a flasher—a diamond ring with a gold setting. (The pocket he reaches into



depends on the size of your finger. Eight pockets, eight sizes.)

You hand over your money and you have a new ring. Of course, in a few days the ring turns your finger green and the diamond, which never sparkled much in the first place, is clearly a chip of glass. You finally catch on. You paid 10 bucks for a two-dollar ring.

- Another favorite of the small-time con man is



THE CREW of a U. S. ship represents many families who are productive citizens of their communities.

the "inventor" swindle. It takes a longer pitch, but brings in a bigger haul. Here's generally how it works:

The con man approaches you with an item he picked up in a pawn shop. Let's say it's a collapsible safety razor with a mirror attached. He asks your advice on the possibility his invention might be purchased by the armed services.

You show an interest, and before you know it the subject of patents enters the conversation. Naturally, your inventor friend is a little short of cash, so if you stake him to a patent, he will split the proceeds when the product is sold to a manufacturer. If you're the chump he thinks you are, you hand over your dough.

- Another approach to your wallet might be the "need money for transportation" swindle. This one usually is pulled in bus stations and train depots, and might involve a good-looking girl who just arrived in town and is practically broke—she says. The girl desperately needs transportation money for some noble reason, such as to visit a sick brother who is at the Navy hospital, or to see her dying mother who lives in a nearby town. If you're smart, you point the way to the Traveler's Aid Society, which will help her if she really needs help.

Rubies for Rubes

AMONG THE souvenirs and other purchases Navy-men make, some are bargains and others lemons. Prominent in the latter category are "precious" stones.

You don't have to go overseas to buy a worthless stone. You can find them anyplace, or they can find you if you aren't on the lookout for the con man who specializes in them.

Fine, you say, but what do you do when you make liberty in some exotic port and see all the lovely, glittering stones for sale? You know one would make a big hit with the little girl back home. If you're afraid to buy, you might miss a legitimate bargain. On the other hand, you might get stung if you go ahead and make a purchase.

Unless you're an expert, there's probably no way you can know for sure that the diamond, ruby, pearl or other precious-stone you buy is a phoney. But there

are some precautionary steps you can take.

Don't be misled into thinking the person who is selling the stones doesn't know their real value. He may look as though he never read a book in his life, but it's also possible he cut his baby teeth on a ruby crystal or a piece of jade.

If you buy a precious stone at your new duty station, do what you would do in your home town. Buy from a reliable dealer. You can get reliable names by asking at the administrative offices of armed forces service activities, or perhaps at an American consulate or embassy. (Also, remember the gold drain involved in overseas spending. See page 19.)

When you do buy, rather than purchasing a number of inexpensive and inferior items of indifferent quality, you might make out much better by buying a single stone of good quality.

Get a receipt for your purchase. You may find it useful when making customs declarations. Further, know the regulations concerning the import of dutiable goods and know the limits of any free import quota allowable to you as a serviceman. If you go over free import quotas, the duty on the article could be an expense you hadn't counted on.

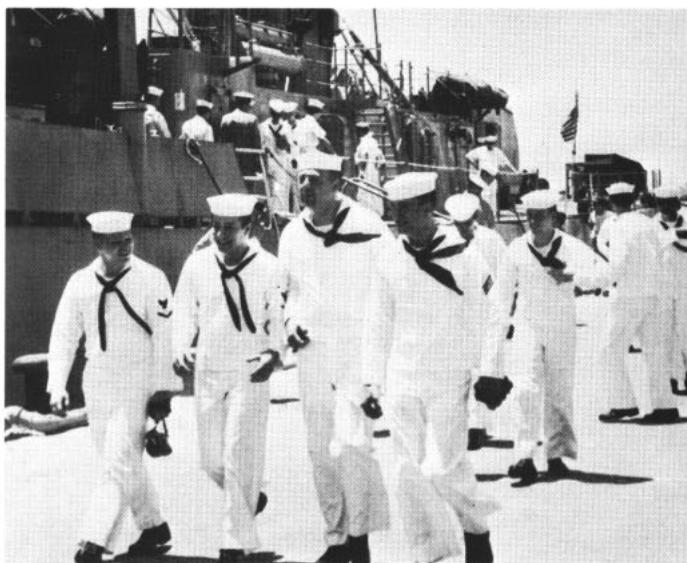
Finally, use common sense. Don't expect to get real rubies, sapphires, emeralds or diamonds for a song. If a stranger approaches you with a "genuine" diamond, ruby, or what have you, and offers it to you at bargain prices, put two and two together and figure the deal is a phoney. There are exceptions, of course, as a few Navymen who have found true bargains might testify. However, many more "finds" have been bright colored glass.

Do, Don't

HERE ARE some additional suggestions which may help you keep your money in your own pockets and out of the grasp of others:

- Avoid carrying large amounts of cash. When on leave, use traveler's checks which may be purchased at banks and other public establishments. These are

EXPERIENCED NAVYMEN have learned to enjoy liberty without returning to their ship in debt or even broke.



accepted everywhere as readily as cash, and will bring a refund if lost or (Heaven forbid!) stolen.

- Don't be too timid to demand a reasonable accounting of money you pay out for meals, cabfare or other expenses. In a restaurant or bar where you suspect the honesty of the people who serve you, you may courteously announce the denomination of the bill before you hand it over. It may put a kink in a shortchanger's plan to give your bill a fast shuffle.

- Put your change in your pocket or wallet. Don't leave it on the counter. Exposed money has a way of working its way into someone else's pocket.

- When stacking your bills in your wallet, place the larger denominations behind the small bills so that you won't reach for a single and come up with a twenty.

- Be wary of chance acquaintances, male and female. Your meetings may be by design—to get your money.

- Don't take naps in public transportation terminals. Some of the characters who operate in such locations can steal a man's socks without removing his shoes.

- Be on the alert for people who push too much in a crowd. A good-looking girl might do some pushing, and while you are gladly accepting her apology, her light-fingered confederate might be dipping into your wallet pocket.

- Be wary of "tin can shakers." Fake charity workers (not to be confused with legitimate solicitors) plead for funds for nonexistent organizations and put the money into their own pockets. Such operators have been found in bars and restaurants during late hours when the patrons feel bighearted.

- Don't hesitate to notify the shore patrol, armed forces police or city police if you suspect you are being taken. Let the law do any "heavy" work for you. By cooperating with the police, you may help others, as well as yourself.

- Avoid going into known "clip joints."
- Don't buy luxury items in gaudy stores in disreputable shopping areas.

- Make it a point to know if the store you patronize is off-limits or out-of-bounds to members of the armed services. The Better Business Bureau, local banks and friends may be able to give you information on the reliability of a merchant. The armed forces police, shore patrol, or your legal assistance officer also may be of help. Off-limits signs may not be on display. Also, the owner of such a place may not tell you that you should not buy there.

- Don't buy where prices are not marked on goods.

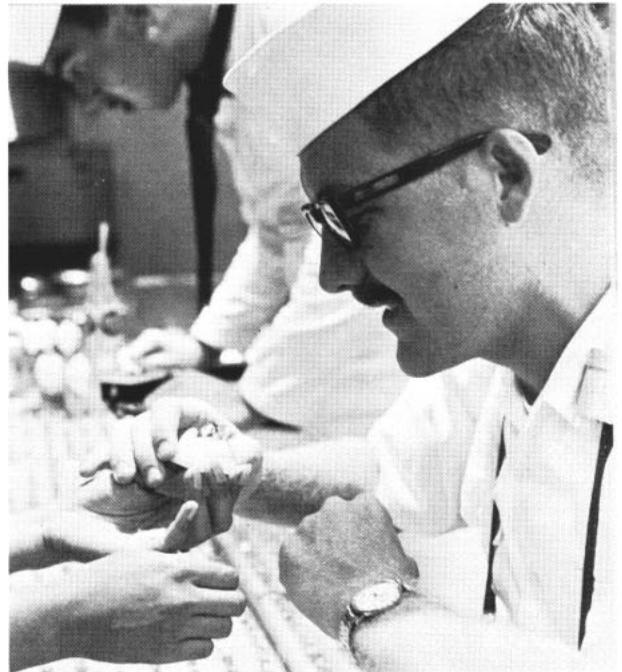
- Be wary of buying in stores that have close-out sales all the time.

- It's safest to buy known brands unless you know the commodity well.

- Test everything that can be tested before buying. Get guarantees in writing. Find out, before buying, if you have the right to a refund if the merchandise proves faulty.

- Look for a price tag on each article shown to you. In some cases, the price printed on the package is higher than the selling price. (This may be particularly true in so-called "discount houses.")

- Familiarize yourself with well-known brand names before buying. Make it a point to distinguish between



SMART SHOPPERS make sure that they receive what they are paying for by buying from reputable concerns.

recent and older models. Furniture styles change, appliances improve from year to year, and watches age. Some old products have parts no longer made.

- Make sure any contract you sign lists the total price, less interest, of the item you buy, whether it is a ring, a car or something else. Everything that should be included in the purchase should be specifically listed in the contract or in an itemized account attached to the contract. Make sure the rate of interest, as well as the total interest charges, is listed separately. The exact number of payments and the exact amount of each should be clearly stated.

- Make sure the contract you sign lists all the obligations as well as promises undertaken by both parties. "He said it was guaranteed for a year," or "He swore it was the genuine imported article," or "He promised to buy it back if it didn't work" all mean exactly nothing, unless in writing, in the signed contract.

- Don't sign anything for unknown door-to-door salesmen, even a receipt or an order for later delivery, unless you have third party adult witnesses to the representations of the seller, and you have carefully read what you sign. Don't give deposits or make commitments, unless the salesman represents a firm you know and shows credentials which satisfy you he is employed by that firm.

- If you are a victim of deceptive advertising, register a complaint with the newspaper, magazine, radio or TV station that carried the ad.

- If a merchant refuses to redress a wrong, report the situation to your legal assistance officer.

- Of course, it's always important to observe the rules of courtesy.

- Finally, don't fall too quickly for the appeal of a bargain. Remember, no merchant is able to give his goods away. And nobody gets something for nothing.

FULL DISCLOSURE FORM (Recommended by DOD)

Everyone who lends money or sells to military personnel is expected to subscribe to a standard of fairness prescribed by the Department of Defense.

Banks and credit unions operating on military installations have a particular responsibility to deal fairly with those assigned to that installation and must conform to the DOD standards of fairness when executing a loan or credit agreement or contract.

The following form can be copied by Navymen or

their local commands to aid in the determination of the true cost of a loan. Those who lend or extend credit to military personnel are expected by DOD to use this form (or a variation of it) as a means of informing servicemen of the true cost of credit.

Regardless of where you go to get a loan, it is to your interest to know what interest you are actually paying.

A copy of this form or its equivalent should be provided to the serviceman in advance of executing the contract, and must be submitted with requests for debt processing assistance.

A. IDENTIFICATION		Date:
1. Purpose of loan or purchase	2. Security for loan	
3. Borrower's name and address	4. Creditor's name and address	
5. Name and address of creditor (if known) to whom the obligation is or will be payable, if other than above.	6. Has creditor any financial ties with, or right of recourse against seller in event of default? Yes <input type="checkbox"/> No <input type="checkbox"/>	

B. CONTRACT TERMS	
1. Quoted cash price of goods or services, or total amount of cash advanced.	\$ _____
2. Ancillary charges from which seller or lender receives no benefit, and which would be paid if this were a cash purchase: taxes; auto license fees; filing or recording fees paid or payable to a public official, etc.	
a. _____	_____
b. _____	_____
c. _____	_____
Total ancillary charges	\$ _____
3. Total cash delivered price, or total amount of credit extended (1 + 2)	\$ _____
4. Less down payment or trade-in allowance.	(\$ _____)
5. Unpaid cash balance to be financed (3 - 4)	\$ _____
6. Finance charges which benefit the seller or creditor, or entities in which either has an interest. These are charges which would not be made if this were a cash purchase:	
a. Official fees for filing or recording credit instrument	_____
b. Charges for investigating credit worthiness of borrower	_____
c. Insurance premiums (life, disability, accident, health, other)	_____
d. All other charges for extending credit	_____
Total finance charges	\$ _____
7. Total amount to be repaid, in accordance with terms of agreement (5 + 6)	\$ _____
8. To be repaid in _____ monthly installments, of \$ _____ each, with the first payment to be made on _____ (date).	
9. The finance charges expressed in approximate annual percentage rate (see reverse side and Attachment B.) All lenders and all sellers who regularly engage in credit sales must complete this item.	_____ %

* Explain on reverse side if amount is to be repaid in other than level monthly payments.

C. CALCULATION OF APPROXIMATE ANNUAL PERCENTAGE RATE *	
1. Total finance charges (B. 6)	\$ _____
2. Total amount to be financed (B. 5)	\$ _____
3. Finance charges per \$100 financed (Divide 1 above by 2 above and multiply the result by \$100).	\$ _____
4. Number of monthly payments (B. 8)	_____
5. Determine annual percentage rate by using either:	
a. <u>DoD Annual Rate Table</u> This table will give an approximate annual percentage rate based on the actuarial method. These approximate rates will differ from precise calculations by no more than 1/4% at the left end of the table and not more than 1-1/2% at the right end of the table. Read down the left column of the table to the number of monthly payments (4 above). Read across to find between which pair of columns the finance charge per hundred (3 above) falls. Read up and find the approximate annual percentage rate at the head of the pair of columns, .. _____ %	- or -
b. <u>A More Precise Actuarial Calculation</u> based on standard annuity tables.	_____ %
* For purposes of this calculation, it is necessary to determine the number of equal monthly payments which would be required during the period of the contract, regardless of the actual repayment terms specified.	
REPAYMENT TERMS IF OTHER THAN LEVEL MONTHLY PAYMENTS	

Thumbnail Guides Show the Percentage and Dollar Cost of Credit

Here's a quick annual rate guide you can use if your finance or carrying charges are based on the beginning amount owed and are included in 12 equal monthly installments:

Quoted finance charges	Annual rate
\$4 per \$100 or 4 per cent per year	7.3 per cent
\$6 per \$100 or 6 per cent per year	10.9 per cent
\$8 per \$100 or 8 per cent per year	14.5 per cent
\$10 per \$100 or 10 per cent per year	18.0 per cent

If finance or carrying charges are based only on the unpaid balance, or the amount still owed:

1/2 of 1 per cent per month on unpaid balance	6 per cent
3/4 of 1 per cent per month on unpaid balance	9 per cent
5/6 of 1 per cent per month on unpaid balance	10 per cent
1 per cent per month on unpaid balance	12 per cent
1 1/4 per cent per month on unpaid balance	15 per cent
1 1/2 per cent per month on unpaid balance	18 per cent
2 per cent per month on unpaid balance	24 per cent
2 1/2 per cent per month on unpaid balance	30 per cent
3 per cent per month on unpaid balance	36 per cent

Here's how you can figure the dollar cost of credit:

The first step is to add all costs charged to you then subtract the actual cash price of the item you are purchasing or the actual cash you receive from

the lender. The difference will be the dollar cost which you are paying for the privilege of using your credit.

If you prefer looking at figures (no pun intended) rather than words, take a look at the problem from this angle:

You buy an item which costs \$308.00 and make a down payment of \$73.12. You agree to pay the remaining amount in 18 monthly installments of \$15.16 each.

You can compute the actual dollar cost of credit in this example by totaling the 18 monthly payments at \$15.16 each. This amounts to

\$272.88

You then add the amount of your down payment which was

73.12

When you add these two figures you have the total amount you actually pay for the item purchased which is

\$346.00

The price tag on the item you purchased, however, was only

308.00

By subtracting the amount on the price tag from your total installments plus your down payment you arrive at the amount the credit has cost you which, in this example, is

\$ 38.00

WAYS TO SAVE: A SUBJECT OF INCREASING INTEREST

THINK POSITIVE, say many philosophers, and you can achieve almost anything—a good education, a well paying job, a comfortable and interesting life.

To attain these goals, you should begin by exercising your power of positive thought toward savings, in terms of how long it will take to cover the cost of whatever you are saving for.

As a Navyman, you have several methods of saving available to you. A few of the more popular ones are stocks and bonds, mutual funds, savings accounts in banks, credit unions, savings and loan associations, and even life insurance with investment features.

Those which have the government's endorsement include U.S. Savings Bonds, Uniformed Services Savings Deposit Program, Allotment Expansion, Taking Less Than Full Pay, and Credit Unions.

The Savings Bond program, for instance, offers a payroll savings plan that allows you to have a certain amount deducted from your paycheck each payday. This amounts to a little over \$3 per pay day or

If, for some reason, the bonds must be used in some other way for the child's welfare, there are procedures for cashing them.

You may already know about the "Freedom Shares" saving notes that were introduced to investors last year. These shares, also available through the payroll

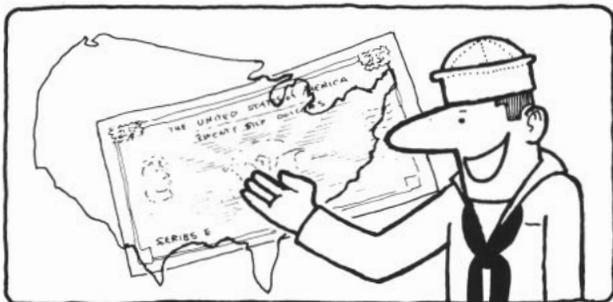


savings plan, can only be purchased together with Series-E Bonds. In other words, a package deal.

You can buy the \$25 bond-\$25 note combination by taking out an allotment of \$13 per month, or about \$6.50 each pay day for six pay periods.

Freedom Shares, while they must be bought with the Series-E Bonds, mature in 4½ years and pay a whopping 5.0 per cent annual rate of interest. A Series-E Bond purchased now will yield an average annual interest of 4.25 per cent when held to its normal maturity, seven years.

If you've an eye on funds to help supplement your retirement check, bonds are a sure-fire aim. By converting your Series-E Bonds to income-producing Series-H Bonds, you can receive a specific amount of additional income every six months. The Series-H Bonds, which yield an annual average interest rate of 4.25 per cent, are available in denominations of \$500, \$1000, \$5000 and \$10,000.



\$6.25 per month which gives you an \$18.75 investment toward a \$25 bond every three months.

There are a number of reasons the Savings Bond program is a sound method of salting away a little green. One is that interest rates have increased periodically. Options have also been introduced which allow you to hang on to your bonds for an additional period beyond maturity to receive more interest. For example, if you buy an \$18.75 bond now and hold it an extra 10 years—or a total of 17 years—it will be worth \$37.50, twice its original cost.

And here's an idea that could save you tax money on the interest earned on your bonds. Should you be buying them for your child's education, purchase them in his name rather than your own. Then, at tax-time, declare all interest gained on bonds held on a tax return filed in your child's name. More than likely there will be no tax due since the child would have little or no income over \$600 a year.

In this way, no tax must be deducted from the maturity value of the bonds since it has either already been paid or declared. When your offspring is ready for college, he'll have just that much more to learn on. Another good example of positive-thought saving.



These figures may seem somewhat far-reaching, especially on seaman or ensign pay, but the years have a way of slipping past quicker than you will later care to remember, and every little bit put away throughout those years might well add up to a four- or five-digit figure, giving you a green-tinted stack of guaranteed securities.

A nice, positive thought. For more, turn the page.

Savings Deposit Program

PERHAPS the most exclusive method of saving available to you when you are assigned overseas is the Uniformed Services Savings Deposit Program.

Replacing the Soldiers', Sailors' and Airmen's Deposits Program in 1966, USSDP has as its main attraction a generous 10 per cent interest that is compounded quarterly on funds deposited.

Here's how the program works:

Before you depart for your overseas duty, outside the 50 states, the Virgin Islands, the Canal Zone, Puerto Rico, Guam, or American Samoa, on either a permanent or temporary basis for 90 days or more, you may apply for the USSDP savings plan through your disbursing officer. He will have you register a "J" allotment (NavCompt Form 545) in advance which will eliminate time-consuming paperwork at your destination. The form will be attached to your pay record

A Handy Guide of Navy

RANK OR PAY GRADE

TABLE OF ACTIVE DUTY SERVICE PAY EFFECTIVE 1 JUL 1968
MONTHLY BASIC PAY (Based on Cumulative Years of Service, Active and Inactive)

	2 Yrs. or Less	Over 2 Yrs.	Over 3 Yrs.	Over 4 Yrs.	Over 6 Yrs.	Over 8 Yrs.	Over 10 Yrs.	Over 12 Yrs.	Over 14 Yrs.	Over 16 Yrs.	Over 18 Yrs.	Over 20 Yrs.	Over 22 Yrs.	Over 26 Yrs.	Over 30 Yrs.
O-10*Admiral								\$1860.60	\$1860.60	\$1993.80	\$1993.80	\$2126.70	\$2126.70	\$2259.60	\$2259.60
O-9 Vice Admiral								1594.80	1594.80	1728.00	1728.00	1860.60	1860.60	1993.80	1993.80
O-8 Rear Admiral (Upper Half)							\$1462.20	1531.20	1531.20	1594.80	1664.40	1728.00	1797.60	1797.60	1797.60
O-7 Rear Admiral (Lower Half)							1265.70	1265.70	1329.30	1462.20	1563.00	1563.00	1563.00	1563.00	1563.00
O-6 Captain						\$930.30	930.30	930.30	962.10	1113.90	1170.90	1196.40	1265.70	1373.10	1373.10
O-5 Commander	\$635.40	\$746.70	\$797.70	\$797.70	\$797.70	797.70	822.60	866.40	924.30	993.60	1050.60	1082.10	1120.20	1120.20	1120.20
O-4 Lieutenant Commander	536.10	652.20	696.30	696.30	708.60	740.40	790.80	835.20	873.30	911.40	936.90	936.90	936.90	936.90	936.90
O-3**Lieutenant	498.30	556.80	594.60	658.60	689.70	714.90	753.30	790.80	810.00	810.00	810.00	810.00	810.00	810.00	810.00
O-2**Lieutenant (Junior Grade)	399.30	474.30	569.70	588.60	600.90	600.90	600.90	600.90	600.90	600.90	600.90	600.90	600.90	600.90	600.90
O-1**Ensign	343.20	379.80	474.30	474.30	474.30	474.30	474.30	474.30	474.30	474.30	474.30	474.30	474.30	474.30	474.30
O-3 Credited with over 4 years' active service as enlisted members				588.60	600.90	620.10	652.20	677.40	696.30	696.30	696.30	696.30	696.30	696.30	696.30
O-1				474.30	506.40	525.30	544.20	563.10	588.60	588.60	588.60	588.60	588.60	588.60	588.60
W-4 Chief Warrant Officer	\$507.30	\$544.20	\$544.20	\$556.80	\$582.00	\$607.50	\$632.70	\$677.40	\$708.60	\$734.10	\$753.30	\$778.20	\$804.00	\$866.40	\$866.40
W-3 Chief Warrant Officer	461.10	500.40	500.40	506.40	512.70	550.20	582.00	600.90	620.10	638.70	658.50	683.70	708.60	734.10	734.10
W-2 Chief Warrant Officer	403.80	436.80	436.80	449.40	474.30	500.40	519.30	537.90	556.80	576.00	594.60	613.50	638.70	638.70	638.70
W-1 Warrant Officer	336.60	386.10	386.10	417.90	436.80	455.70	474.30	493.80	512.70	531.60	550.20	569.70	569.70	569.70	569.70
E-9† Master Chief Petty Officer						\$576.30	\$576.30	\$598.50	\$603.30	\$616.50	\$630.00	\$642.60	\$676.50	\$742.20	\$742.20
E-8 Senior Chief Petty Officer						497.10	510.30	523.80	537.00	549.90	563.40	596.70	663.00	663.00	663.00
E-7 Chief Petty Officer	\$303.90	\$364.20	\$377.70	\$391.20	\$404.40	417.30	430.50	444.30	464.10	477.30	490.50	497.10	530.40	596.70	596.70
E-6 Petty Officer First Class	261.90	318.00	331.20	344.70	358.20	371.10	384.60	404.40	417.30	430.50	437.40	437.40	437.40	437.40	437.40
E-5 Petty Officer Second Class	226.20	278.70	291.90	304.80	324.90	338.10	351.30	364.20	371.10	371.10	371.10	371.10	371.10	371.10	371.10
E-4 Petty Officer Third Class	190.20	238.50	251.70	271.50	285.00	285.00	285.00	285.00	285.00	285.00	285.00	285.00	285.00	285.00	285.00
E-3 Seaman, Etc.	137.70	192.00	205.50	218.70	218.70	218.70	218.70	218.70	218.70	218.70	218.70	218.70	218.70	218.70	218.70
E-2 Seaman Apprentice, Etc.	113.40	159.00	159.00	159.00	159.00	159.00	159.00	159.00	159.00	159.00	159.00	159.00	159.00	159.00	159.00
E-1 Recruit	109.50	145.50	145.50	145.50	145.50	145.50	145.50	145.50	145.50	145.50	145.50	145.50	145.50	145.50	145.50
E-1 Recruit (Less than 4 months)	102.30														

*While serving as chairman of the Joint Chiefs of Staff or Chief of Naval Operations, basic pay for this grade is \$2493 regardless of cumulative years of service.

**Does not apply to commissioned officers who have been credited with over four years' active service as enlisted members.

†While serving as Master Chief Petty Officer of the Navy, basic pay for this grade is \$902.40 regardless of cumulative years of service.

RANK OR PAY GRADE

INCENTIVE PAY FOR HAZARDOUS DUTY (Aviation Pay for Crew Members and Submarine Duty Pay)
(Note that increases end with more than 18 years of service)

	Under 2 Yrs.	Over 2 Yrs.	Over 3 Yrs.	Over 4 Yrs.	Over 6 Yrs.	Over 8 Yrs.	Over 10 Yrs.	Over 12 Yrs.	Over 14 Yrs.	Over 16 Yrs.	Over 18 Yrs.	Over 20 Yrs.	Over 22 Yrs.	Over 26 Yrs.
O-10 Admiral	\$165.00	\$165.00	\$165.00	\$165.00	\$165.00	\$165.00	\$165.00	\$165.00	\$165.00	\$165.00	\$165.00	\$165.00	\$165.00	\$165.00
O-9 Vice Admiral	165.00	165.00	165.00	165.00	165.00	165.00	165.00	165.00	165.00	165.00	165.00	165.00	165.00	165.00
O-8 Rear Admiral (Upper Half)	155.00	155.00	165.00	165.00	165.00	165.00	165.00	165.00	165.00	165.00	165.00	165.00	165.00	165.00
O-7 Rear Admiral (Lower Half)	150.00	150.00	160.00	160.00	160.00	160.00	160.00	160.00	160.00	160.00	160.00	160.00	160.00	160.00
O-6 Captain	200.00	200.00	215.00	215.00	215.00	215.00	215.00	215.00	215.00	220.00	245.00	245.00	245.00	245.00
O-5 Commander	190.00	190.00	205.00	205.00	205.00	205.00	205.00	210.00	225.00	230.00	245.00	245.00	245.00	245.00
O-4 Lieutenant Commander	170.00	170.00	185.00	185.00	185.00	195.00	210.00	215.00	220.00	230.00	240.00	240.00	240.00	240.00
O-3 Lieutenant	145.00	145.00	155.00	165.00	180.00	185.00	190.00	200.00	205.00	205.00	205.00	205.00	205.00	205.00
O-2 Lieutenant junior grade	115.00	125.00	150.00	150.00	160.00	165.00	170.00	180.00	185.00	185.00	185.00	185.00	185.00	185.00
O-1 Ensign	100.00	105.00	135.00	135.00	140.00	145.00	155.00	160.00	170.00	170.00	170.00	170.00	170.00	170.00
W-4 Chief Warrant Officer	\$115.00	\$115.00	\$115.00	\$115.00	\$120.00	\$125.00	\$135.00	\$145.00	\$155.00	\$160.00	\$165.00	\$165.00	\$165.00	\$165.00
W-3 Chief Warrant Officer	110.00	115.00	115.00	115.00	120.00	120.00	125.00	135.00	140.00	140.00	140.00	140.00	140.00	140.00
W-2 Chief Warrant Officer	105.00	110.00	110.00	110.00	115.00	120.00	125.00	130.00	135.00	135.00	135.00	135.00	135.00	135.00
W-1 Warrant Officer	100.00	105.00	105.00	105.00	110.00	120.00	125.00	130.00	130.00	130.00	130.00	130.00	130.00	130.00
E-9 Master Chief Petty Officer	\$105.00	\$105.00	\$105.00	\$105.00	\$105.00	\$105.00	\$105.00	\$105.00	\$105.00	\$105.00	\$105.00	\$105.00	\$105.00	\$105.00
E-8 Senior Chief Petty Officer	105.00	105.00	105.00	105.00	105.00	105.00	105.00	105.00	105.00	105.00	105.00	105.00	105.00	105.00
E-7 Chief Petty Officer	80.00	84.00	85.00	85.00	90.00	95.00	100.00	105.00	105.00	105.00	105.00	105.00	105.00	105.00
E-6 Petty Officer, 1st Class	70.00	75.00	75.00	80.00	85.00	90.00	95.00	95.00	100.00	100.00	100.00	100.00	100.00	100.00
E-5 Petty Officer, 2nd Class	60.00	70.00	70.00	80.00	80.00	85.00	90.00	95.00	95.00	95.00	95.00	95.00	95.00	95.00
E-4 Petty Officer, 3rd Class	55.00	65.00	65.00	70.00	75.00	80.00	80.00	80.00	80.00	80.00	80.00	80.00	80.00	80.00
E-3 SN, etc	55.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00
E-2 SA, etc.	50.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00
E-1 Recruit	50.00	55.00												
Aviation Cadets	50.00													

and the allotment will be automatically registered by your overseas disbursing officer upon your arrival.

Deposits made on or before the 10th of any given month will earn interest computed from the first of the month. Those made after the 10th will not draw interest until the first of the following month. A \$10,000 limit is placed on the amount of deposits for which interest may be paid. In your effort to reach this sum, you may deposit any amount into the pro-

gram from your unallotted pay and allowances in increments of \$5 or more.

As previously mentioned, any extra cash, such as special pay or allowances, that you receive while overseas, may be allotted through your disbursing office for the purchase of savings bonds or as deposits in a savings program.

It is not necessary that you make deposits by "J" allotment. You may, if you wish, make cash deposits

Pay and Allowances

RANK OR PAY GRADE	OTHER SPECIAL AND HAZARDOUS DUTY PAY (Per month)		SUBSISTENCE ALLOWANCE (with or without dependents)	BASIC QUARTERS ALLOWANCE		
	Sea Pay and Certain O'seas Service Pay	Other Hazardous Duty Pay		Grade	No dependents	With dependents
O-10 O-9 O-8 O-7 O-6 O-5 O-4 O-3 O-2 O-1	Not Eligible	\$110.00	\$47.88	O-10 O-9 O-8 O-7 O-6 O-5 O-4 O-3 O-2 O-1	\$160.20 160.20 160.20 160.20 140.10 130.20 120.00 105.00 95.10 85.20	\$201.00 201.00 201.00 201.00 170.10 157.50 145.05 130.05 120.00 110.10
W-4 W-3 W-2 W-1	Not Eligible	\$110.00	\$47.88	W-4 W-3 W-2 W-1	\$120.00 105.00 95.10 85.20	\$145.05 130.05 120.00 110.10
E-9 E-8 E-7 E-6 E-5 E-4 E-3 E-2 E-1	\$22.50 22.50 22.50 20.00 16.00 13.00 9.00 8.00 8.00	\$55.00	Daily rate of \$2.57 when rations in kind are not available. When permission is granted to mess off base, you draw Comrats at the rate of \$1.32 a day. Leave, hospital and field rations are likewise paid at the rate of \$1.32 a day.	E-9 E-8 E-7 E-6 E-5 *E-4 **E-4 E-3 E-2 E-1	\$85.20 85.20 75.00 70.20 70.20 70.20 55.20 55.20 55.20 55.20	\$120.00 120.00 114.90 110.10 105.00 105.00 See explanation in table below

QUARTERS ALLOWANCES AND ALLOTMENT REQUIREMENTS FOR MEN IN GRADE E-4 (less than 4 years' service) AND BELOW

The columns below apply only to enlisted personnel in pay grade E-4 (less than 4 years' service) and below, who have dependents. Amounts of BAQ vary according to pay grade and number of legal dependents. A minimum contribution from basic pay (\$40.00 monthly) is required for BAQ entitlement. A sum equal to the quarters allowance (column A) is combined with the contribution from basic pay (column B). The total of A and B is equivalent to the minimum monthly allotment to dependents.

PAY GRADE	A			B	A+B = ↓			
	BASIC ALLOWANCE FOR QUARTERS				CONTRIBUTION FROM BASIC PAY	MINIMUM MONTHLY ALLOTMENT TO DEPENDENT(S)		
	1 depend.	2 depend.	3 depend.			1 depend.	2 depend.	3 depend.
E-4	\$90.60	\$90.60	\$105.00	\$40.00	\$130.60	\$130.60	\$145.00	
E-3	60.00	90.60	105.00	40.00	100.00	130.60	145.00	
E-2	60.00	90.60	105.00	40.00	100.00	130.60	145.00	
E-1	60.00	90.60	105.00	40.00	100.00	130.60	145.00	

IN FIGURING your gross Navy income, be sure to include all the types of pay and allowances to which you are entitled. Reenlistment bonus, clothing allowance, family separation allowance, lump-sum leave payment, travel allowance, and dislocation and station allowances

Here are other types of pay: P-1, P-2, P-3 PAY—Enlisted personnel in certain ratings and skills in which large amounts of Navy training money have been invested, and in which manpower shortages exist, may be awarded proficiency pay as a career incentive. Those in designated critical skills who are otherwise eligible and recommended may draw varying monthly awards of P-1, \$50; P-2, \$75; or P-3, \$100. Superior Performance Pay, SP-\$30, may be awarded under certain conditions to recruit company commanders, recruit canvassers and evasion and escape technicians. All pro pay categories are subject to annual revision.

DIVING PAY—Designated officers and enlisted men employed as divers may receive special diving pay. Amounts are \$110 per month for officers and from \$55 to \$100 monthly for enlisted men, depending on diver classification.

HOSTILE FIRE PAY—Officers and enlisted men exposed to death or injury while serving in specified areas may be awarded hostile fire pay at the rate of \$65 per month.

PHYSICIANS' AND DENTISTS' PAY—Medical officers are entitled to special pay while serving on active duty. Payments range from \$100 to \$350 monthly, based on the number of years served on active duty.

BUYING A HOME?

Building



using monies from any of the following pays and allowances:

- Basic pay.
- Special sea duty or other special location pay.
- Proficiency pay.
- Incentive pay.
- Hostile fire pay.
- Family separation allowance.
- Reenlistment bonus.

The savings you deposit in the USSDP may be withdrawn only under bona fide emergency conditions certified by your commanding officer anytime before your return to the U.S. However, when you are issued a permanent change of station set of orders or are separated from active duty for return to the States, your savings account will be closed, your interest compounded, and you'll be handed the results of your positive thoughts toward saving. This payoff may be made any time within 90 days after your return from overseas or it can be made at a debarkation port.

The Taking Less Than Full Pay method of saving is frequently used by men aboard ship, and by some men overseas, who find it necessary to withdraw from their pay allowance only that amount needed to meet monthly expenses. They let the remainder of their pay "ride" on the books. Your money doesn't earn any interest during the ride, but it does serve as a reserve, readily available.

Credit Union Savings

NEXT TO THE USSDP, one of the more sound investments available to the Navyman, both at home and abroad, is shares in credit unions.

Such memberships have become one of the most popular methods of saving for individuals who have a common interest or occupation, such as the Navy.

At nearly every naval station you will find a Navy credit union in which you can invest. Your savings purchase shares in the credit union, and immediately go to work for you, earning as high as 5½ per cent in dividends annually.

In addition to giving you an opportunity to gain financially, the credit union offers long- or short-term loans for the purchase of that new car you've longed for, or that new suite of living room furniture the little wife has been eyeing, or maybe just for your summer vacation. Here again, an allotment may be made out to make either a payment on a loan or for buying shares on a regular basis.

As you can see, judging from just these few methods of saving, the opportunity to invest in your future is almost unlimited.

To succeed, think positive.

NAVYMEN ARE PERIPATETIC by nature, we've been told. (We wondered about that word too, until we discovered that a synonym for it is "well-traveled.") But, despite the lack of permanent residence, the purchase of a house frequently makes good fiscal sense.

Instead of paying rent, which is irretrievable, the Navyman may use his credit to obtain a mortgage loan. Each month, a part of his payment is credited to equity in his house.

The remainder of the payment is divided between funds reserved for payment of insurance, taxes and interest. The last two items, we might add, are deductible on income tax returns.

If you buy a home, the loan which you make is called a mortgage or a deed of trust and, rather than being a liability, frequently is an asset.

Here is the way credit works when you become a homeowner.

A mortgage, of course, is simply a sum of money which has been loaned to you to help purchase your house. The mortgage is passed from owner to owner until it is fully paid, either at the end of its life or through refinancing.

If the mortgage on the house you want to buy



nearly equals the selling price, less money must be raised for a down payment.

Let's assume you have found a house which carries a price tag of \$20,000. If you're lucky, the house will have a large first mortgage (or deed of trust) which is payable at a low rate of interest over a period of 25, 30 or even 35 years.

If the first mortgage is \$18,000, there is only a \$2000 difference between the mortgage and the selling price. This represents the down payment necessary to buy the house. (For closing costs, see below).

First and Second Mortgages

NOW LET'S ASSUME you have only \$1000 in your bank account. If the seller agrees to accept a down payment of \$1000, there is still \$1000 remaining unpaid. This can be adjusted if the seller will accept a second mortgage (or deed of trust).

The terms of payment on the first mortgage will be the same as those set forth by the lender when the former owner obtained the mortgage. The second mortgage payment terms will depend strictly upon whatever agreement you and the seller reach.

This type of purchase is called an assumption. It is

on a Solid Foundation

so called because the purchaser assumes the loan which a former owner of the house obtained.

An assumption is by far the easiest way to purchase a home, for there is no waiting for an appraisal, no loan to be approved. In general, no muss, no fuss.

Let's suppose you find a house priced at \$15,000 which you want to buy. There is one difficulty. The mortgage on the house is only \$5000.

Unless you have a substantial amount of cash for a down payment, the monthly payments on the second mortgage obtained combined with those of the first mortgage would be burdensome or impossible.

There is a way out of such a situation. The house can be refinanced. This is the same procedure which would be followed if a new home were purchased on which a mortgage had never been placed.

Methods of Obtaining a Loan

THERE ARE THREE methods of obtaining a new loan. The simplest for those who can afford it is to call several lenders, inquire as to their interest rates and maximum number of years over which a mortgage loan can be paid.

The next step is to apply for the loan from the com-



pany whose terms best suit you. Usually the mortgage money is available inside of two weeks. This is called a conventional loan.

Such a loan frequently requires a rather large down payment. Sometimes it is as much as one-third of the sale price of the house.

For most Navymen, the FHA in-service loan is the best answer to the mortgage problem when placing a new loan. It requires much less cash investment and, in most cases, can be spread over 25, 30, or even 35 years in exceptional cases, which makes your monthly payment lower.

FHA, as you probably know, stands for Federal Housing Administration. The FHA does not make loans. It insures mortgage loans made by banks, savings and loan associations, mortgage companies and other lending institutions approved by the FHA.

The FHA and the lender will want to know a few things about you. One is the state of your credit. If it is bad, your chances of obtaining FHA and lender approval are about nil.

Another item of interest is your income. FHA has no rule concerning the ratio of your income to the price of the house you buy. However, the average FHA buy-

er's anticipated monthly housing expense (mortgage payment, utilities, repairs and maintenance) are between 20 and 21 per cent of his income before income taxes.

The FHA has minimum building standards which your house must meet. Most builders of new houses anticipate a large number of their sales will be financed by FHA loans; therefore, most homes are built to conform to the FHA minimum requirements.

FHA Loans

NOW FOR THE mechanics of obtaining an FHA in-service loan. You first must obtain from your CO a certificate of eligibility (DOD Form 802).

This form certifies that you are currently serving on active duty, have had at least two years of such duty and require housing.

When the form is completed, present the original and three copies of the approved certificate to the lender or his agent at the time you make application for an FHA mortgage loan. If you need one, a list of local lending organizations can be obtained from the FHA insuring office nearest you.

The down payment required for an FHA in-service loan is relatively low, based on a graduated scale geared to the amount of the value or the acquisition cost. A buyer must pay down only three per cent of the first \$15,000 of the property value as appraised by the FHA. If you need a mortgage loan greater than \$15,000, you must pay 10 per cent down on the next \$5000 loaned to you and 15 per cent on the remainder over \$20,000 with a maximum loan of \$30,000. Taking a \$25,000 value as an example, the down payment would be \$1700.

The interest rate on FHA loans was raised in May of this year and, on an in-service loan, is six and three-fourths per cent. There is an additional one-half per cent paid for a mortgage insurance premium but this is paid for servicemen by the Department of Defense.

G. I. Bill Financing

OTHER PROVISIONS for government-insured loans have been made in the G.I. Bills which have been passed to benefit veterans of conflicts from World War II through Vietnam.

Any World War II veterans who still are interested in using their entitlement to buy a house should get in touch with their local Veterans Benefits Office concerning their eligibility.



Eligibility expiration dates can be determined by adding 10 years to the date of discharge and adding one year for each three months of active duty during conflict period. This holds true for veterans of the Korean conflict.

Navy veterans who served after 31 Jan 1955 must have had 181 days of active duty to their credit to qualify for the new G.I. Bill. Those who are now serving in the Navy must have two years of active duty service before becoming eligible for a G.I. home loan and, thanks to the Cold War G. I. Bill, discharge from the service is no longer necessary to establish eligibility.

Steps in obtaining a G. I. loan are similar to those necessary to obtain an FHA loan. There is a Veterans Administration pamphlet (VA 26-4) which provides question and answer type information concerning G.I. loans.

Until recently, a house could not be sold for more than the value at which it was appraised by the Veterans Administration appraiser. Now, however, this



regulation has been altered, thereby making it possible for a house to be sold at any price the seller asks. The down payment, however, must fill the gap between the amount of the available G.I. mortgage and the total sale price.

The interest rate on G.I. home loans was also changed this year. It is now pegged at six and three-quarters per cent.

Sales Contract

WHILE FINANCING the purchase of a house is undoubtedly important, the basic step in a real estate transfer is the sales contract.

This is a written agreement between the purchaser and the seller. Contract forms can usually be purchased at any stationery store or obtained from your legal assistance officer. There are blank spaces for the names of the purchaser, the seller, the real estate agent (if any), the price of the house, the terms of the sale and the dates of settlement and possession.

Once the contract is signed, it commits you to buy and the seller to sell the property named under the conditions outlined. If either party fails to perform under the terms set forth in the contract, the result almost inevitably is trouble.

Because the contract is such an important part of the real estate transaction, it should leave nothing to the imagination.

If movable items such as a refrigerator, stove, storm windows, or venetian blinds are to be included in the sale, they should be mentioned in the contract, otherwise the seller will have the right to remove them before settlement.

If the seller is to make any alterations or repairs to

the property being bought, the work should be spelled out in the contract.

Unless you are an old hand at real estate transactions, it is a good idea to obtain legal advice before signing a contract. Frequently, this is obtainable from a legal officer. If it is not available at your station, the yellow pages of the phone book should prove helpful. One tip—attorneys specialize much as doctors do. Be certain you employ an attorney who is familiar with real estate law.

THE FINAL STEP in a real estate transaction is settlement. This is the day when you go to the office of the settlement attorney to sign the necessary papers.

You should make this trip with money in your pocket for there will be expenses incident to the purchase of your house which must be paid at this time.

In addition to the attorney's fee, title search and survey costs, you will be expected to pay your share of the insurance and taxes which may have been paid in advance by a former owner.

If you are buying a new house, an escrow account will be established for these purposes. If a new loan has been placed on the house of your choice, you may have to pay a loan fee to your lender. Such a fee is commonly referred to in real estate and mortgage circles as *points*.

To be brief, you should be prepared to part with from \$600 to \$800 at this time in addition to lender's fees. (And these figures may be low.) Settlement attorneys usually obtain these figures by telephone before receiving written confirmation and can give you advance information on the cost if you request it.

Frequently builders and real estate agents can give a pretty close estimate of closing costs. Occasionally homeowners who are selling their own homes can also estimate closing costs with a high degree of accuracy.

Real Estate Agent

WHEN A NAVYMAN wants to buy a house, he usually debates whether or not he should employ the services of a real estate agent.

An agent has an advantage that a stranger in town does not have—he knows where the houses are and can take you there in his car. This saves endless time and effort. Frequently this is important.

An agent is, or should be, helpful when a new loan is involved since it is his job to find a lender who will make a loan under the terms stated in the sales contract.

The cost of an agent's services are theoretically the seller's expense but the commission is sometimes passed on to the purchaser as an inflated price asked for the house.

A good suggestion on a price to pay for a home is to see and understand the FHA or VA appraisal *before* the purchase contract is signed.

Houses, however, are like other merchandise. The man who shops around soon knows a fair price when he sees one. A buyer who pays a fair price for a house which pleases him can enjoy it while he lives there. If he sells at the end of his tour, he frequently can realize a small profit or at least break even.

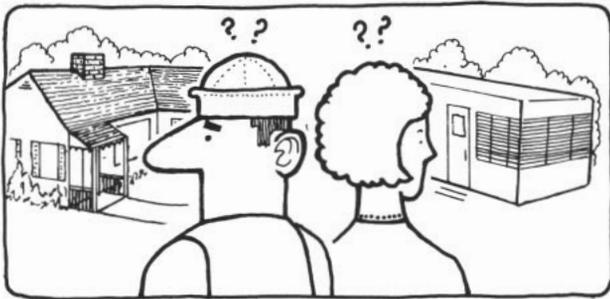
For more detailed information and a listing of booklets and brochures on the purchase, sale and leasing of homes, see the listings on page 59.

What You Should Know About Trailers

ONE OF THE inevitabilities of Navy life is moving to a new duty station or home port every few years. Acceptance of this has led many a Navyman to ask himself "Why not take my home with me when I go?"

This leads some Navy families to the conclusion that trailer living could be just the right way to go. They reason that the relatively high monthly payments for five or six years more than offset the high rents they would otherwise have to pay, since, upon completion of the payments, they have a place of their own in which to live.

But you would do well to consider this move carefully, just as you would any large investment. As you shop around for your mobile home, you might keep the following pointers in mind.



You have, undoubtedly, heard most of the pros and cons concerning trailer life. The pro-trailerites maintain that, after paying \$100 a month (or more) for five years or so, they have a real asset which can be used as a home. Also it can be converted into cash, used as a down payment on a houseful of furniture, or as a step toward a new and larger trailer. If you rent your home, they argue, you have nothing but rent receipts to show for your money.

Those on the other side, however, point out that trailer living only becomes cheaper after your trailer is fully paid for. Then, of course, your only expenses are the lot rental and utilities.

The first experience of a trailer owner is the most expensive. As in the case of any major purchase, you should know what you are doing—it's your money. If, after carefully investigating the market, you buy a trailer and are successful in keeping up your payments, fine. If not, you are headed for some expensive trouble.

LET'S SUPPOSE, for example, that you have just arrived at your duty station. After experiencing a sizable hotel bill, you find that you may buy a mobile home

for your family, perhaps even without cash, by signing a non-interest-bearing note for the down payment. Or you may deliver your household furniture to the trailer sales company as part of the down payment.

Anyway, let's say that you can continue your monthly payments and complete them by the time you are transferred. All well and good. You sell your trailer to a shipmate at a reduced price, make a small profit yourself, and you're on your way.

But suppose you run into a problem or must ship your family back home and go overseas before completing payments. If you cannot keep up your payments, the trailer will be repossessed.

In such a case, your separation from mobile home living may turn out to be quite bitter. In some cases, because of its easy down payment policy, the sales company from which you bought the trailer may not have enough assets to retain a repossessed mobile home until it can be resold at a favorable price. This means the sales company would want to resell it immediately without consideration of the amount of money you have invested. (As you may know, banks and finance companies do not sell trailers, and trailer sales companies do not, as a rule, finance trailers.)

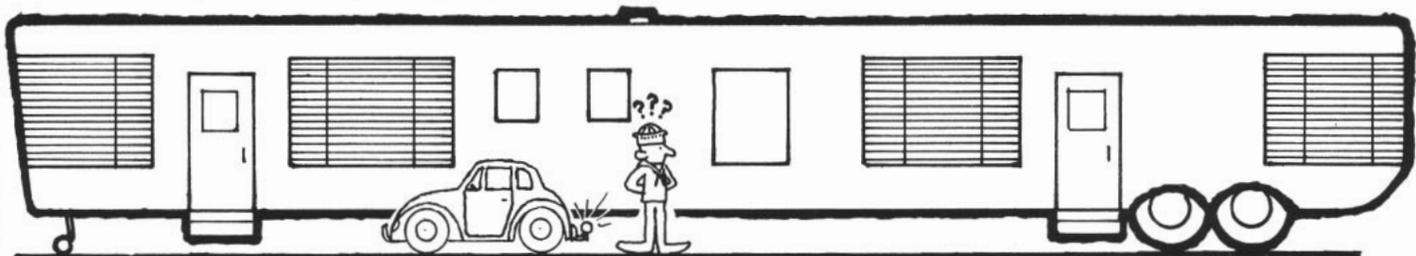
In this case, unless the sales company could immediately resell the trailer, rent it or find some means that would make the bank or finance company happy, you would be quite lucky if you end up losing only the trailer. It's quite possible that you might still be compelled to continue the payments on the trailer, and on the note you gave as a down payment.

IF YOU'RE in the market for a trailer, suffice it to say that, as in buying a house, such a purchase should be considered very carefully. You should know exactly what you are obligating yourself for.

Here are some suggestions which you may find helpful:

- Don't buy or sell a trailer without receiving advice from other, experienced trailer owners. On stations that have a large trailer population, the housing, personnel or legal officer, and the transportation officer—or all four—should be able to help.

- If you must give up your trailer, don't abandon it without making every effort to resell or rent it. You would do well to discuss the matter with the legal assistance officer. You may even find a solution by talking it over with the trailer sales company. Given a little time, they may help you recover some of your investment.





◆ Unless you are sure you can continue your payments, don't buy a trailer simply to reduce your immediate expenses. The loss which you ultimately may suffer may amount to several times more than the hotel costs which you may have paid while you waited for housing.

◆ Do not expect the trailer company to make any more than emergency repairs. (The manufacturer's guarantee usually is made good by shipping the defective part, and sometimes the whole trailer, back to the plant.)

◆ You would do well to read your contract. Don't buy a trailer by simply signing an agreement to pay a certain sum each month. Sometimes items, such as jacks, oil and gas tanks, and sewer connections, are added as extras, though the purchaser may think they have been included in the sales price.

◆ Don't carry your financing with a bank or finance company that, in addition to regular insurance charges, requires road insurance even when the trailer is not in motion. This sometimes doubles your insurance charges, and always increases your monthly payments.

◆ Don't agree to a seven-year contract if you can swing one for four or five years. Every year the contract is in force, you pay interest on the original amount of money borrowed.

◆ Don't offer your household furniture as part of the down payment unless you *know* that you can continue payments. You may need your furniture again. And if you don't have it, you may learn just how hard orange crates can be.

The following is a trailer deal in which the buyer made a number of mistakes. It is described below.

(1) Purchase price of trailer	\$5695.00
(2) Charge for sewer connection	17.60
(3) Charge for six jacks	30.00
(4) Credit report	5.50
(5) Insurance	395.50
(6) State sales tax	115.42
<hr/>	
(7) Actual cost of trailer	6259.02
(8) Down payment (furniture valued at \$866, plus note for \$793.02)	1659.02
Balance due finance company before interest	4600.00
(9) Five years' interest at six per cent added immediately	1380.00
(10) Total amount due finance company	5980.00
(11) Monthly payments for five years	99.67

Step by step, here are some ways in which the total price might have been reduced. (Check the numbers above with the corresponding numbered paragraphs in the next column.)

1. This, of course, is the sale tag price of the trailer.

2. It is possible that this could have been included in the sale tag price. However, that depends upon local practice.

3. This is normally included as part of the sale tag price.

4. This is too small to be a real charge.

5. Regular insurance could have been obtained for about \$190, but in this case the finance company probably requires road insurance even though the trailer is not in motion.

6. This, as you know, varies from state to state.

7. This amount might have been reduced considerably had the buyer insisted that comments (2) through (6) be verified.

8. Should the purchaser find it necessary to give up the trailer, this down payment is lost forever.

9. This amounts to six per cent, or \$276.00 for each year the contract runs. In other words, if in the last year your payments total \$1200, you end up paying about 26 per cent interest. Therefore, if you can afford a five-year contract, don't accept one for six years.

10. On a six-year contract, this would have been \$6256, or 86.89 per month for 72 months.

11. Add to this amount \$30 per month for trailer lot rental and utilities, and \$50 per month on the non-interest bearing note, and you will see it cost this purchaser \$166.89 per month to live in this trailer. Once the note for the down payment is paid off, however, it will cost him a little less than \$120 for the remainder of the five years.

Trailer Allowances State by State

FOR NAVYMEN who live in Mobile Homes, ALL HANDS has collected information concerning the size of trailers allowed on the highways of the continental United States. Information on Canada and Mexico is also included.

The measurements given below cover two types of trailer homes— those relatively small ones which may be towed by an automobile and those which are larger and must be towed by a commercial truck tractor. The latter require a permit for transportation on public highways. Most states make this distinction.

There is a slight difference in nomenclature between trailers which are towed by an automobile and those which are towed by a so-called tow tractor.

For reasons which are beyond our understanding,



reference to *legal combination length* pertains to a *trailer home* AND *its towing automobile*. *Combination length with permit* describes the over-all measurement allowed for a *trailer home* AND *its commercial tow tractor*, which requires a PERMIT in all cases.

You will, therefore, find references to a *legal combination length* (trailer home and its towing automobile) and to a *combination length with permit* (over-all measurement of a trailer home and its commercial tow tractor).

There is also a limit on how wide a tractor-towed trailer may be. This is called the *width with permit*. Other measurements—*trailer length* and *trailer width* are self-explanatory.

If you want information concerning trailer permits, you can write to the address given for each state.

All information given here on mobile home measurements is current as of mid-1968.

Alabama: Trailer length—not regulated; trailer width—12 feet; legal combination length—75 feet. For information, write to Permit Section, State Highway Department, Montgomery, Ala. 36104.

Alaska: For information, write to Department of Highways, District Highway Engineer, Anchorage, Alaska.

Arizona: Trailer length—40 feet; trailer width—eight feet; legal combination length—65 feet; combination length with permit—100 feet; width with permit—12 feet. For information, write to Motor Vehicle Division, 1739 West Jackson, Phoenix, Ariz. 85007.

Arkansas: Trailer length—not regulated; trailer width—eight feet; legal combination length—60 feet; combination length with permit—not regulated; width with permit—12 feet. For information, write to Arkansas Highway Department, Permit Section, Little Rock, Ark. 72001.

California: Trailer length—40 feet; trailer width—eight feet; legal combination length—60 feet; combination length with permit—not regulated; width with permit—12 feet. For information, write to State of California, P.O. Box 1499, Department of Public Works, Division of Highways, Sacramento, Calif. 95807.

Colorado: Trailer length—35 feet; trailer width—eight feet; legal combination length—65 feet; combination length with permit—65 feet; width with permit—12 feet. For information, write to Colorado Department of Highways, 4201 E. Arkansas, Denver, Colo. 80222.

Connecticut: Trailer length—not regulated; trailer width—102 inches; legal combination length—50 feet; combination length with permit—75 feet; width with permit—12 feet. There are however, special regulations depending on the route you take. For information, write to State of Connecticut, State Highway Department, Drawer A. Wethersfield, Conn. 06109.

Delaware: Trailer length—not regulated; trailer width—eight feet; legal combination length—55 feet; combination length with permit—not regulated; width with permit—12 feet. For information, write to State Permit Supervisor, State Highway Department, Dover, Del. 19901.

Florida: Trailer length—40 feet; trailer width—eight feet; legal combination length—55 feet; combination length with permit—not regulated; width with permit—12 feet. For information, write to Permit Division, State

Road Department, Burns Building, Tallahassee, Fla.

Georgia: Trailer length—not regulated; trailer width—eight feet; legal combination length—55 feet; combination length with permit—75 feet; width with permit—12 feet. For information, write to Truck Weighing Division, State Highway Department, 265 State Highway Building, Atlanta, Ga.

Idaho: Trailer length—not regulated; trailer width—eight feet; legal combination length—60 feet; combination length with permit—75 feet, although larger units may be moved under special circumstances; width with permit—12 feet, although wider units may be moved under special circumstances. For information, write to Permit Division, State Highway Department, 3211 State Street, Boise, Idaho 83703.

Illinois: Trailer length—42 feet; trailer width—eight feet; legal combination length—60 feet; combination length with permit—70 feet; width with permit—12 feet. For information write to Engineer of Traffic, Bureau of Traffic, Illinois Division of Highways, Administration



Building, 2300 S. 31st Street, Springfield, Ill. 62706. For information on permits used on the Northern Illinois sion, 22nd Street and Midwest Road, Hinsdale, Ill. 60521.

Indiana: Trailer length—not regulated; trailer width—eight feet; legal combination length—60 feet; combination length with permit—75 feet; width with permit—12 feet. For information, write to State Highway Commission, Engineer of Permits, State Office Building, Indianapolis, Ind. 46209.

Iowa: Trailer length—48 feet; trailer width—eight feet; legal combination length—60 feet; combination length with permit—80 feet; width with permit—12 feet, five inches. For information, write to Traffic Weight Operations Department, Iowa State Highway Commission, Ames, Iowa 50010.

Kansas: Trailer length—not regulated; trailer width—eight feet; legal combination length—55 feet, although trailers up to 65 feet in length are permitted on designated highways; combination length with permit—85 feet; width with permit—12 feet, 6 inches. For information, write to Special Permit Division, State Highway Commission, State Office Building, Topeka, Kan. 66612. Turnpike information may be obtained from the Kansas Turnpike Authority, Box 18007, Southeast Station, Wichita, Kans. 67218.

Kentucky: Trailer length—not regulated; Trailer width—eight feet; legal combination length—55 feet; combination length with permit—75 feet; width with permit—12 feet. For information, write to Permit Section, Division of Maintenance, Department of Highways, Frankfort, Ky. 40601.

Louisiana: Trailer length—not regulated; trailer width



—eight feet; legal combination length—65 feet; combination length with permit—80 feet; width with permit—12 feet. For information, write to Division of State Police, Permit Section, P.O. Box 1791, Baton Rouge, La. 70821.

Maine: Trailer length—not regulated; trailer width—102 inches; legal combination length—55 feet; combination length with permit—not regulated; width with permit—not regulated. For information, write to Maine State Highway Commission, Maintenance Division, State House Annex, Augusta, Maine 04330. For Maine Turnpike information, write to Maine Turnpike Authority, 17 Bishop Street, P.O. Box 839, Portland, Maine. 04104.

Maryland: Trailer length—not regulated; trailer width—eight feet; legal combination length—55 feet; combination length with permit—not regulated; width with permit—12 feet. For information, write to State Roads Commission, Permit Department, 300 W. Preston St., Baltimore, Md. 21201.

Massachusetts: Trailer length—33 feet, trailer width—eight feet; legal combination length—not regulated; combination length with permit—not regulated; width with permit—10 feet for house trailers or 12 feet for lowboys. For information, write to Maintenance Engineer, Massachusetts Department of Public Works, 100 Nashua Street, Boston, Mass. For turnpike information, write to Massachusetts Turnpike Authority, Suite 3000, Prudential Center, Boston, Mass. 02199.

Michigan: Trailer length—45 feet; trailer width—100 inches; legal combination length—60 feet; combination length with permit—75 feet; width with permit—12 feet, 6 inches. For information, write to Michigan Department of State Highways, Weighmaster Section, 1116 S. Washington Avenue, Lansing, Mich. 48926.

Minnesota: Trailer length—not regulated; trailer width—eight feet; legal combination length—55 feet; combination length with permit—85 feet; width with permit—12 feet, 4 inches. For information, write to Minnesota Highway Department, State Highway Building, Capitol Approach, St. Paul, Minn. 55101.

Mississippi: Trailer length—not regulated; trailer width—eight feet; legal combination length—55 feet; combination length with permit—78 feet; width with permit—12 feet. For information, write to Engineer of Maintenance, Mississippi State Highway Department, Jackson, Miss.

Missouri: Trailer length—not regulated; trailer width—eight feet; legal combination length—50 feet; combination length with permit—75 feet; width with permit—12 feet, 4 inches. For information, write to Missouri State Highway Department, Jefferson City, Mo. 65102.

Montana: Trailer length—not regulated, trailer width—eight feet; legal combination length—60 feet; combination length with permit—not regulated; width with permit—12 feet. For information, write to Maintenance

Department, Montana Highway Commission, Helena, Mont. 59601.

Nebraska: Trailer length—40 feet; trailer width—eight feet; legal combination length—65 feet; combination length with permit—80 feet; width with permit—12 feet. For information, write to Department of Roads, Permit Office—Room 1214, State House, Lincoln, Nebr. 68509.

Nevada: Trailer length—not regulated; trailer width—eight feet; legal combination length—70 feet; combination length with permit—70 feet; width with permit—12 feet. For information, write to Nevada Highway Department, Carson City, Nev. 89701.

New Hampshire: Trailer length—not regulated; trailer width—eight feet; legal combination length—55 feet; combination length with permit—not regulated; width with permit—12 feet. For information, write to Vehicle Permit Supervisor, New Hampshire Department of Public Works and Highways, State Office Building, Concord, N.H. 03301.

New Jersey: Trailer length—35 feet; trailer width—eight feet; legal combination length—45 or 50 feet; combination length with permit—not regulated; width with permit—12 feet. For information, write to Division of Motor Vehicles, Bureau of Motor Carriers, 25 South Montgomery Street, Trenton, N.J. 08625.

New Mexico: Trailer length—not regulated; trailer width—102 inches; legal combination length—65 feet; combination length with permit—80 feet; width with permit—12 feet, 6 inches. For information, write to State Highway Department, Controls and Permits Office, P.O. Box 1149, Santa Fe, N. Mex. 87501.

New York: Trailer length—35 feet; trailer width—eight feet; legal combination length—55 feet; combination length with permit—not regulated; length with permit—12 feet. For information, write to Permit Section, Department of Transportation, 353 Broadway, Albany, N.Y. 12201. For information on the New York State Thruway, write to New York State Thruway Authority, P.O. Box 189, Albany, N.Y. 12201.

North Carolina: Trailer length—35 feet; trailer width—eight feet; legal combination length—55 feet; combination length with permit—70 feet; width with permit—12 feet. For information, write to State Highway Commission, Permit Department, Raleigh, N.C.

North Dakota: Trailer length—60 feet; trailer width—eight feet; legal combination length—not regulated; combination length with permit—not regulated; width with permit—12 feet. For information, write to Truck Regulation Division, North Dakota State Highway Department, Capitol Grounds, Bismarck, N.D. 58501.

Ohio: Trailer length—40 feet; trailer width—eight feet; legal combination length—65 feet; combination length with permit—75 feet; width with permit—12 feet. For information, write to Bureau of Operational Services, Permit Section, 1620 West Broad Street, Columbus, Ohio 43223.

Oklahoma: Trailer length—no regulation; trailer width—eight feet; legal combination length—55 feet; combination length with permit—80 feet; width with permit—12 feet. For information, write to Department of Public Safety, Permit Division, Oklahoma City, Okla.

Oregon: Trailer length—35 feet; trailer width—eight feet; legal combination length—50 feet; combination length with permit—80 feet with special regulations depending on route; width with permit—12 feet with

special regulations depending on route. For information, write to Transportation Permit Division, Public Utility Commissioner, 102 East Salem Highway Building; 2960 East State Street, Salem, Ore. 97301.

Pennsylvania: Trailer length—40 feet; trailer width—eight feet; legal combination length—55 feet; combination length with permit—not regulated; width with permit—12 feet. For information, write to District Office in Charge of the State Highways, Pittsburgh State Office Building, Gateway Center, Pittsburgh, Pa. For turnpike information, write to Pennsylvania Turnpike Commission, Safety Department, P.O. Box 2531, Harrisburg, Pa. 17120.

Rhode Island: Trailer length—40 feet; trailer width—102 inches; legal combination length—55 feet; combination length with permit—not regulated; width with permit—12 feet. For information, write to Division of Roads and Bridges, Department of Public Works, State Office building, Providence, R.I. 02903.

South Carolina: Trailer length—not regulated; trailer width—eight feet; legal combination length—60 feet; combination length with permit—75 feet; width with permit—12 feet. For information, write to Permit Section, State Highway Department, P.O. Box 191, Columbia, S.C. 29202.

South Dakota: Trailer length—35 feet; trailer width—eight feet; legal combination length—60 feet; combination length with permit—not regulated; width with permit—12 feet, 4 inches. For information, write to Department of Highways, Pierre, S.D. 57501.

Tennessee: Trailer length—not regulated; trailer width—eight feet; legal combination length—59 feet for private owners; combination length with permit—not regulated; width with permit—12 feet. For information, write to Department of Highways, Headquarters Office Engineer, Highway Building, Nashville, Tenn.

Texas: Trailer length—not regulated; trailer width—eight feet; legal combination length—55 feet; combination length with permit—95 feet; width with permit—14 feet. For information, write to District Office, P.O. Box 797, Austin, Tex. For information on Dallas-Fort Worth Turnpike, write to Texas Turnpike Authority, P.O. Box 126, Arlington, Tex. 76010.

Utah: Trailer length—45 feet; trailer width—eight feet; legal combination length—60 feet; combination length with permit—75 feet; width with permit—12 feet. For information, write to Utah Highway Patrol; Ports of Entry Division, 313 State Office Building, Salt Lake City, Utah. 84114.

Vermont: Trailer length—not regulated; trailer width—eight feet; legal combination length—55 feet; combination length with permit—not regulated; width with permit—12 feet. For information, write to Vehicle Permit Supervisor, Department of Highways, Montpelier, Vt. 05602.

Virginia: Trailer length—not regulated; trailer width—eight feet; legal combination length—55 feet; combination length with permit—75 feet; width with permit 12 feet. For information, write to Assistant Permit Engineer, Virginia Department of Highways, Permit Section, Richmond, Va. For information on the Richmond-Petersburg Turnpike, write to Richmond-Petersburg Turnpike Authority, Post Office, Box 1-4, Richmond, Va. 23202.

Washington: Trailer length—40 feet; trailer width—



eight feet; legal combination length—60 feet; combination length with permit—80 feet, for private owners; width with permit—12 feet. For information, write to Director of Highways, State of Washington, P.O. Box 130, Olympia, Wash. 98501.

West Virginia: Trailer length—35 feet; trailer width—eight feet; legal combination length—50 feet; combination length with permit—not regulated; width with permit—12 feet. For information, write to State Road Commission of West Virginia, Safety, Claims and Weight Enforcement Division, 1800 Washington Street, East, Charleston, W. Va. 25311.

Wisconsin: Trailer length—45 feet; trailer width—eight feet; legal combination length—60 feet; combination length with permit—83 feet; width with permit—12 feet. For information, write to Chief Traffic Engineer, State of Wisconsin Department of Transportation, Division of Highways, 1 West Wilson Street, Madison, Wis. 53702.

Wyoming: Trailer length—not regulated; trailer width—eight feet; legal combination length—65 feet; combination length with permit—not regulated; width with permit—12 feet. For information, Wyoming Revenue Department at the first county seat you come to upon entry into state.

Canada: Trailer information may be obtained from traffic offices in each of the Canadian provinces as follows:

Alberta: The Highway Traffic Board, Department of Highways, Government of the Province of Alberta, Highways Building, 106th St. and 97th Ave., Alberta.

British Columbia: Department of Commercial Transport, Parliament Buildings, Room 128, Douglas Building, Victoria, B. C.

Manitoba: Highways Department, 1075 Portage Avenue, Winnipeg 10, Manitoba.

New Brunswick: Highway Law Enforcement Supervisor, Motor Vehicle Department, Centennial Building, Room 346, Fredricton, New Brunswick.

Newfoundland: Department of Highways, Confederation Building, St. Johns, Newfoundland.

Nova Scotia: Registrar of Motor Vehicles, Motor Vehicle Branch, Department of Highways, Halifax, Nova Scotia.

Prince Edward Island: Registrar of Motor Vehicles, P. O. Box 2000, Charlottetown, Prince Edward Island.

Quebec: Department of Transportation and Communications, Parliament Buildings, Quebec City, P. Q.

Saskatchewan: Department of Highways and Transportation, Permit Office, Administration Building, Regina, Saskatchewan.

Yukon Territory: Department of Public Works, Whitehorse, Yukon Territory.

Alaska Highway: Department of Public Works, Whitehorse, Yukon Territory.

For information on trailers in Mexico, write to any Mexican consulate. Forms may be obtained at the Mexican border.

Moving Your Mobile Home to Your Next Station: Check the Regs

WHEN YOU RECEIVE transfer orders, you can move your house trailer to your next duty station or home port and the Navy will pay for the move if it is within or between the continental United States and Alaska. Generally, there are two ways in which you can do this and, under certain conditions, there is a third way.

It goes without saying that you first must have authority to ship household goods. Once this is established, you then may have a choice between towing the trailer yourself or letting the Navy ship it for you. (Generally speaking, you cannot ship a trailer and household goods on the same set of orders.) The third way involves making a contract with a towing company yourself. This, however, involves special circumstances.

If you tow your own trailer, you are entitled to an allowance of 11 cents per mile between transfer points. This is in addition to the mileage entitlement which you have incident to the use of your own automobile for the transportation of yourself and your dependents.

When the government pays for commercial transportation of your house trailer, compensation will be made in the least expensive of three ways:

1. Payment of 74 cents per mile.
2. Payment based on the average cost of trailer transportation between the two points you are required to travel.
3. Payment based on the maximum cost of transporting household goods for a man in your grade traveling the distance you are required to travel.

However, at the present time, payment of 74 cents per mile is the lowest of the three bases provided in all cases.

As mentioned before, there is another path to follow under special circumstances. If you receive permission to do so from your transportation officer (or from the transportation officer at the nearest activity), you may

make a contract with a commercial transporter to haul your trailer to your new duty station or home port. If time does not permit you to receive permission from the transportation officer prior to the shipment of your trailer, you may be reimbursed for such shipment provided approval is subsequently obtained from the transportation officer; otherwise, you will not be reimbursed for this shipment.

The term "commercial transporter" means a transporter who is operating pursuant to the Interstate Commerce Act in interstate commerce or under appropriate state statutes in intrastate commerce. Reimbursement is not authorized if the member makes a contract with any other commercial transporter.

Regardless of the method used in towing your house trailer, there are certain expenses which the government will not pay. These include storage charges (unless they are beyond your control), the cost of special handling which you request and the cost of insurance above the carrier's maximum liability. Needless to say, the government will not pay any costs above the ceilings imposed by the *Joint Travel Regulations*.

No matter how your trailer is moved, you should contact the transportation or legal officer nearest you before making final arrangements. This is doubly important if, in the absence of a transportation officer at your station, you believe it necessary to make your own contract with a commercial mover.

In any event, a consultation with a transportation or legal officer will frequently acquaint you with regulations which, if observed, will save you headaches and maybe a little money.

Complete information on trailer allowances is given in Chapter 10, Part A, of the *Joint Travel Regulations*.

Navy Directives: The Official Word

HERE'S A LISTING of some official directives and other reports which refer to personal affairs and financial management. Note that basic references to pay and allowances are contained in the *DOD Pay Manual*, *Joint Travel Regulations* and *Navy Travel Instructions* (ALL HANDS, July 1968).

- Personal Commercial Affairs (SecNav Inst. 1740.2 series)
- Annual Legal Checkup (DD Form 1543)
- Your Personal Affairs (NavPers 15900C)
- Legal Assistance Program (SecNav Inst. 5801.1 series)
- Credit, Master or Servant? (NavPers 15221)
- Savings Deposit Program (SecNav Inst. 7220.55 series)
- Savings Bonds (SecNav Inst. 5120.3 series)
- Banking Facilities (SecNav Inst. 5381.1 series)
- Credit Unions (SecNav Inst. 5381.2 series)
- Credit Unions Overseas (SecNav Inst. 5381.3 series)
- Leave Travel Orientation (BuPers Inst. 4650.16 series)
- Commercial Solicitation Controls (SecNav Inst. 1740.1 series)
- Life Insurance Counselor's Guide (NavPers 15212)
- Federal Benefits for Veterans and Dependents (VA Fact Sheet IS-1)
- Motor Vehicle Liability Insurance (SecNav Inst. 5560.1 series)
- Consequences of Less-than-Honorable Discharge (BuPers Notice 1626 series)
- Indebtedness (BuPers Manual, article C-11104A)
- Once a Veteran (NavPers 15855 series)
- Federal Benefits Based Upon Type of Discharge (NavPers 1740/3)
- Federal Income Tax Information (JAG Pamphlet NavExos P-1983)

Avoid Trailer Selling Pitfalls

MANY NAVYMEN planning to sell their mobile homes are foiled in their efforts because their trailers don't conform to state codes.

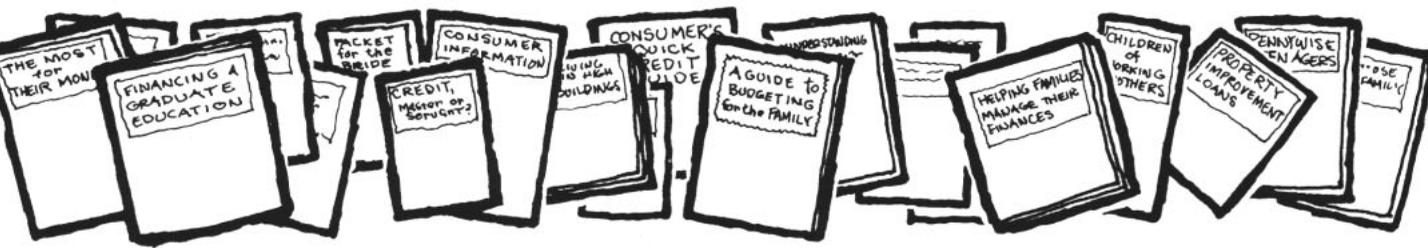
Needless to say, this causes considerable hardship, especially for Navymen going overseas. Since California is a much used gateway to the Pacific area, its regulations are of particular interest.

California regulations include travel trailers, camp cars and other vehicles used for human habitation which were manufactured after 1 Sep 1958 and which contain plumbing, heat producing or electrical equipment.

The state is interested primarily in seeing that trailers sold within its jurisdiction meet common-sense standards of safe and sanitary housing.

If information is not available from any local sources, contact the State of California Department of Industrial Relations, Division of Housing at 455 Golden Gate Ave., San Francisco, Calif. 94101 for a publication entitled *Rules and Regulations for Plumbing, Heating and Electrical Equipment in Mobile Homes*.

The Mobile Home Section of the Division of Building and Housing Standards, 322 W. First Street, Room 2124, Los Angeles, Calif. 90012 is another source of information on the subject.



A GOLD MINE OF INFORMATION Within Reading Distance

AS THE COST OF LIVING goes up periodically, it's important to every individual that he get the most for his money.

This is of particular importance to the Navyman who, more often than not, must manage his finances on a limited budget.

As a guide to help the Navyman as a consumer, ALL HANDS is printing here a list of government publications that contain helpful household hints and recommendations on financial management which may be useful to the military family.

To receive any one, or all, of these informative booklets, available at a nominal fee, write to Superintendent of Documents, Government Printing Office, Washington, D. C. 20402.

Be sure to list each booklet by title and catalog number, and to enclose the proper remittances, either check or money order, for each order payable to Superintendent of Documents. No postage stamps, please.

Family Finances and Credit

Are You Planning on Living the Rest of Your Life? 72 p. 30c Catalog No. FS 15.2: L76. A sort of "do-it-yourself planner" to be used at home by those approaching retirement.

Be a Good Shopper. 8 p. 5c Catalog No. A 43.2:Sh 7. Tells you how to plan your shopping trip, how to compare prices and qualities of sales, and describes protective agencies that help you get what you pay for.

Consumer's Quick Credit Guide. 2 p. 5c each, \$2.50 per 100 copies. Catalog No. A 1.11/3: C 86. To help you learn more about credit, this booklet discusses typical credit charges, buying on installment, and borrowing money; how to figure dollar cost of credit.

Credit, Master or Servant? 52 p. 25c Catalog No. D 2.14: PA-10. A DOD pamphlet dealing with sellers and lenders, credit, finance charges and rates, contracts, debts; how to protect yourself.

Excise Tax Reduction. Some Questions and Answers for Consumers. 9 p. 10c Catalog No. T 1.2: Ex 2.

A Guide to Budgeting for the Family. 14 p. 10c Catalog No. A 1.77: 108.

A Guide to Budgeting for the Young Couple. (rev.) 10c Catalog No. A 1.77: 98/2.

Guide to Record Retention Requirements (revised as of 1 Jan 1967). 80 p. 40c Catalog No. GS 4.107/a: R245/967. Tells what records must be kept under federal laws and regulations, who must keep them, and how long they must be kept.

Helping Families Manage Their Finances. 62 p. 40c Catalog No. A 1.87: 21.

Hi I'm Mr. Moneywise. I'd Like to Tell You Why I'm a Credit Union Member. 12 p. 10c Catalog No. FS 3.302: M74/2. Points out the advantage of being a credit union member; saving and borrowing money.

Managing Your Money, a Family Plan. 12 p. 10c Catalog No. A 43.16/2: M 74.

Money Worries? A Credit Union Can Help. 10 p. 10c Catalog No. FS 3.302: M 74. Tells what a Federal Credit Union is; how it is run; what it can do for you, for others; how you may lead the way in getting FCU services.

Now, Build Your Own Retirement Program With U.S. Savings Bonds. A Do-It-Yourself Plan That Really Works. 6 p. 5c Catalog No. T 66.2: R 31/5/965. Gives some of the special features of Savings Bonds and a few of the reasons they are ideally suited for a tailor-made retirement savings program.

Packet for the Bride. Packet of 10 books. \$1.50 Catalog No. A 1.2: B 76. Designed to assist the bride in her new experience of shopping for two, can also prove helpful to consumers and the experienced homemaker; aids in preparing wholesome, attractive meals and in getting full value for every food dollar spent.

Part-Time Employment for Older People. 19 p. 15c Catalog No. FS 14.11: K41/2

Understanding Life Insurance for the Family. 12 p. 10c Catalog No. A 43.2: In 7/2

When You Use Credit for the Family. 12 p. 10c Catalog No. A 43.2: C 86. Discusses reasons for and against credit, how to understand your credit contract; explanation of words used in credit deals; credit costs; kinds of credit.

Report on Family Living in High Apartment Buildings. 28 p. 30c Catalog No. HH 3.2: F 21/2.

Improving Home and Family Living . . . Among Low-Income Families. 24 p. 15c Catalog No. FS 1.2: H 75/2.

Know Your Money. 36 p. 25c Catalog No. T 34.2: M 74/966.

Know Your Rights, What a Working Wife Should Know About Her Legal Rights. 14 p. 15c Catalog No. L 13.11:39.

Now That You Are Retiring. (In preparation.) Catalog No. FS 3.35: 853/4.

Social Security Information for Young Families. 15 p. 10c Catalog No. FS 3.52: 35b.

Some Legal Aspects of United States Savings Bonds, Income Taxes, Estate Taxes, Gift Taxes, Change in Ownership, Rights of Survivors, Judicial Proceedings, 12 p. 15c Catalog No. T 66.6/2: L 52.

You Don't Have to Retire Completely to Get Social Security Benefits. 2 p. 5c Catalog No. FS 3.35: 23c/3.

Your Social Security. 32 p. 10c Catalog No. FS 3.35: 35/27.

Your Social Security Check. 6 p. 5c Catalog No. FS 3.35: 860/5.

Your Social Security Earnings Record. 24 p. 10c Catalog No. FS 3.35: 93/11.

Children of Working Mothers. 38 p. 20c Catalog No. FS 14.111:382.

Pennywise Teenagers. 6 p. 15c Catalog No. FS 5.210: 10044.





Clothing and Fabrics

Clothing Repairs 30 p. 25c Catalog No. A 1.77: 107. Pointers on how to hold down clothing replacements and costs to prevent waste. Contains information on equipment and aids for basic repairs on clothing.

Making Household Fabrics Flame Resistant. 8 p. 5c Catalog No. A 1.35: 454/3. Tells how household fabrics may be made flame resistant by treating them in the home with various flame-resistant solutions; how to prepare and apply the solutions.

Removing Stains From Fabrics, Home Methods. 30 p. 15c Catalog No. A 1.77: 62/3.

Simplified Clothing Construction. 32 p. 25c Catalog No. A 1.77: 59/3.

Food

Food for Families With School Children. 24 p. 15c Catalog No. A 1.77: 13/7.

Food for the Family With Young Children. 16 p. 10c Catalog No. A 1.77: 5/7.

Family Food Budgeting for Good Food and Good Nutrition. 16 p. 10c Catalog No. A 1.77: 94.

Food for the Young Couple. 16 p. 10c Catalog No. A 1.77: 85/2. Describes their weekly food plan, gives a week's menus, tells how the couple cuts food costs, and provides other helpful information.

Home Freezers, Their Selection and Use. 22 p. 15c Catalog No. A 1.77: 48/3.

Money-Saving Main Dishes. 46 p. 20c Catalog No. A 1.77: 43/3. Contains recipes and suggestions for about 150 main dishes—easy to make, hearty, and economical.

Vegetables in Family Meals, a Guide for Consumers. 32 p. 15c Catalog No. A 1.77: 105.

Poultry in Family Meals, a Guide for Consumers. 30 p. 15c Catalog No. A 1.77: 110/2.

Home Financing

FHA Home Mortgage Insurance. 16 p. 10c Catalog No. HH 2.2: M 84/6/966. Shows maximum mortgage amounts, minimum down payments, and monthly mortgage payments for owner-occupied, one-family homes.

FHA Insured Loans for Major Home Improvements. 8 p. 10c Catalog No. HH 2.2: Im 7/2/965 (FHA No. 206).

FHA "Quick Guide" to Buying a Home. 10 p. 10c Catalog No. HH 2.6/6: H 75/4/966 (FHA No. 428-A).

Homes in Florida, Attractive Home Buying Opportunities, \$7000-\$15,000. 12 p. 20c Catalog No. HH 2.2: F 66. Discusses types of homes available from FHA, made possible through sales of FHA homes acquired under its mortgage insurance program. Tells location, financing, taxation benefits, eligibility, and how to see the homes.

Loan Closing Costs on Single-Family Homes in Six Metropolitan Areas. 59 p. 25c Catalog No. HH 1.2: L 78.

Financing Home Purchases and Home Improvements. 16 p. 10c Catalog No. HH 1.27: 31.

Tenants' Rights: Legal Tools for Better Housing, Report on a National Conference on Legal Rights of Tenants. 44 p. 25c Catalog No. J 1.2: T 25.

Property Improvement Loans. 12 p. 10c Catalog No. HH 1.27: 13/2. Briefly discusses insured loans, who can borrow, purposes

and types of Title I loans, how it is possible to have more than one loan, how to apply; selection of contractor or dealer.

Advice on the Purchase and Sale of a Home and Lease of Dwellings by Military Personnel, USAF JAG Law Review, No. 4, Volume VIII, July-August 1966 (Special Issue), 30c The publication has sections covering assistance available, types of listing, financing, purchase of homes under construction and newly completed homes, tax considerations, an explanation of forms, closing settlement procedures, and information on leasing.

Financing an Education

Borrowing for College, a Guide for Students and Parents. 11 p. 20c Catalog No. FS 5.255: 55039. Discusses loans available through federal, state, and college programs and commercial lending institutions.

Financial Assistance for College Students, Undergraduate and First-Professional. 91 p. 50c Catalog No. FS 5.255: 55027-64. Directory of institutional financial aid programs arranged alphabetically by states; provides information on financial help . . . loans, scholarships, service grants-in-aid, campus employment.

Financing a College Science Education. 20 p. 15c Catalog No. NS 1.2: C 68/2. Discusses the family's part in paying for college; choosing a college; locating financial assistance; federal support for students of science; useful references.

Financing a Graduate Education. 17 p. 15c Catalog No. FS 5.255: 55036. Gives helpful information about costs, personal and family resources, types of financial assistance, and sources of financial assistance.

1967-68 Modern Foreign Language Fellowship Program, National Defense Education Act Title VI. 21 p. 15c Catalog No. FS 5.255: 55034-68. Discusses how awards are made, general criteria, eligibility requirements, duration of fellowships, application procedures, categories of awards, and study abroad.

Social Security Cash Benefits for Students 18-22. 6 p. 5c Catalog No. FS 3.35: 887.

Student Assistance Handbook, Guide to Financial Assistance for Education Beyond High School. 241 p. 60c Catalog No. 89-1: S. doc. 26. Provides financial aid information and other guidelines for students throughout the nation who are seeking to continue their education beyond high school.

Miscellaneous

The Most For Their Money. 57 p. 40c Catalog No. Pr 36.8: C76/M 74. A report of the Panel on Consumer Education for persons with limited incomes.

Consumers All, Yearbook of Agriculture, 1965. 496 p. cloth. \$2.75 Catalog No. A 1.10: 965. A practical book of facts for everyone who has a part in the management and care of a house, home, and family.

Your Retirement System, Questions and Answers Concerning the Federal Civil Service Retirement Law. 46 p. 20c Catalog No. CS 1.48: 18/9.

Consumer Information. 38 p. 10c each. \$7.50 per 100 copies. Price List 86-3rd Edition. Lists over 500 publications, including those listed above, which may help the Navy family spend its money more wisely. General topics cover information on appliances, child care, clothing and fabrics, family finances and credit, food, gardening, health and safety, house and home, and recreation.



First Quadrennial Review Of Military Compensation

THE SUBJECT OF PAY is always an interesting one, and the possibility of pay in the future is a matter of even more intense interest. As ALL HANDS readers are aware, a recent study of military compensation has been published.

Earlier this year, Volume I of the first *Quadrennial Review of Military Compensation* was issued in response to the 1965 Military Pay Act. Following Presidential authorization, this report was transmitted to the Congress by the Secretary of Defense, the Honorable Clark Clifford.

The first volume of the report, covering only the subject of "Active Duty Compensation," runs to 151 pages alone. In anticipation of an increasing number of inquiries on the report, a brief summary is reported below.

The 1965 Military Pay Act required the President to direct, not later than 1 Jan. 1967, a complete review of the principles and concepts of the military compensation system, reporting to the Congress findings of the study and recommendations for statutory changes in the system. The law further specifies that comparable reviews will be conducted not less than once each four years thereafter.

In March 1966 the Assistant Secretary of Defense for Manpower activated a special study group of Department of Defense, the Services, and other Federal department representatives and headed by Rear Admiral Lester E. Hubbell to conduct the initial review.

The first portion of the review, which covers active duty compensation, has been transmitted to the Congress for information and on an interim basis. No legislative proposals will be made at present. The Defense Department, however, anticipates submitting specific legislative proposals after the Quadrennial Review has been completed, to include recommendations concerning retired pay and survivor benefits, and as directed by the President.

The report recommended that the military compensation system be revised to establish a direct salary system for career personnel. Non-career personnel would continue to receive compensation similar to the present system.

Career and Noncareer Pay Methods

There would be two pay methods, one for careerists and one for short-timers who do not plan to stay in uniform beyond an initial tour.

The latter group would include all persons in pay grades E-1, E-2, E-3, E-4 and E-5 with between two and four years of service whose total active service commitment is less than six years.

All other enlisted members and all officers would

make up the career group. To qualify as a "careerist" you must meet one of the following qualifications: (1.) E-6 and above, including all officers; (2.) E-4 and E-5 with more than four years of service for pay; (3.) E-4 and E-5 with over two but under four years of service for pay and a six-year active duty commitment.

Noncareer Pay Method

For noncareer members, most of whom are young and single and expect to complete only one period of active service:

- Existing principles and concepts of compensation would be continued.
- Basic pay would be redesignated "personal money pay" since that cash is in addition to food, clothing housing and medical care furnished by the government.
- Personal money pay would be maintained at a level above average residual income (pay after necessities) of persons earning the Federal minimum wage and of employed single high school graduates of the same age level.
- Personal money pay would be adjusted annually as required to keep it abreast of pay increases granted

After the Review, What's Next?

This is the path that must precede enactment of legislation which would effect any revision in military pay and compensation.

First of all the task force assigned to the Quadrennial Review must complete its study. It has not yet finished its work on the "military estate" program, part of the study required by law.

The remaining steps require the following:

- Department of Defense, Bureau of the Budget, and Presidential endorsement of the completed report and the legislative proposals stemming from it.
- Formal presentation of draft legislation to the Congress.
- Consideration of it by the Armed Services Committees of the Senate and the House of Representatives, including study of proposals, possible modification, and approval of bills to be voted on by each house.
- Independent passage of the bills by the Senate and the House of Representatives.
- Presidential signature enacting final legislation into law.
- Implementation of the law by Department of Defense and the Services.

to enlisted members of the career force.

- Dependents' assistance allowances would be continued for those with dependents and adjusted as required by changes in rental costs. Persons in grade E-5 would be added to those eligible for dependents' assistance allowances.

- Certain "career committed" enlisted members would be switched to the career pay method (described below) before reaching grade E-6. These would be those who (1.) are promoted to E-4 or E-5 in two to four years and have total commitments of at least six years or (2.) are in grade E-4 or E-5 and have at least four years' service for pay purposes.

- The regular reenlistment bonus would be discontinued and funds redirected into career-level salaries for the "career committed" group.

It is important to note that the variable reenlistment bonus would not be affected by this provision.

'Unduly Complex and Confusing'

The first Quadrennial Review of Military Compensation reported that one of the major deficiencies in the present method of pay and compensation was "undue complexity and confusion."

A person in uniform on active duty can receive his total compensation as almost any combination of more than 20 elements and, as a consequence, few military members can accurately estimate their total compensation. This has been described as "fragmentation" of military pay.

A survey conducted for the Navy asked officer and enlisted personnel who had completed an initial tour and who were potential careerists to estimate their military earnings. They consistently underestimated military earnings throughout a career by 10 to 24 per cent.

Also detrimental to member confidence in his pay, when banks and finance companies were asked how they valued military compensation for lending purposes, the answer was much the same. Total compensation of an O-1 was underrated by 30 per cent. The same institutions rated an E-7 chief petty officer 12 per cent too low and an O-6, 4 per cent too low.

As one way of overcoming this general lack of confidence among military members in what their compensation is and how it is determined, the task force recommended that the military counterpart of civilian salary be identified and displayed as a military salary. This salary would replace the following compensation items: basic pay, quarters and subsistence allowances, tax advantage from the nontaxable allowances, and the imputed retirement contribution.

A second reason why military pay is undervalued may be found in the numerous ways in which it is received. Unlike the civilian, most of whose compensation is in taxable cash, the military member receives less than 60 per cent of his compensation as taxable cash. The chart on these pages shows by percentage how a member receives compensation as cash, in-kind, or cash allowances, savings and deferred payments.

The VRB would continue, based on the new salary instead of the present basic pay.

Career Pay Method

Substantial and continuing shortages of both enlisted and officer personnel in the four-to-14 years of service group have existed for the past several years and continue to exist. Compensation is believed to be a major cause of this persistent shortage of mid-career personnel.

Three major deficiencies in the present compensation system were identified by the special group conducting the first Quadrennial Review of Military Compensation. These are:

- 1.) Undue complexity and confusion. Few Armed Forces members, including career members, have an accurate idea of their incomes from military service.

- 2.) No equitable distribution. More than 40 per cent of the pay received is based on factors other than work performed. (See box at right.)

- 3.) No accepted quantitative standard for measuring the comparability of military pay. (See Table at right.)

To eliminate these deficiencies, the following new principles are recommended for career compensation:

- A single table of military salaries based on pay grade and years of service would be adopted. The present elements of regular military compensation—basic pay, quarters allowances, subsistence allowances and the Federal income tax advantages on these allowances—would be discontinued.

- Amounts of military salaries would be set by linking the military grade structure to the civil service payline and, through this, to the private sector. (See below). A six and one-half per cent retirement contribution would be included.

- Members furnished quarters and subsistence by the government would pay fair monthly charges from their military salaries.

- Military salary would be taxable income.

- A monthly retirement contribution, in the same percentage as the Federal Civil Service retirement contribution, would be made from the military salary. The military member's contribution would be fully refundable to the member if he left the active service before retirement.

- A longevity structure for in-grade increases would

'Linkage'

At the possible risk of over-simplification, "linkage" might be said to refer to the concept that, by making military-to-civilian comparisons to some jobs and military-to-military to others, military pay can be made comparable to civilian on the basis of the general level of work performed. (The technical discussion of linkage occupies several pages in the task force report.)

The task force recommends, for example, linking pay grades O-8 to GS-18, O-1 to GS-7, and E-3 to GS-3, as the standard for measuring the comparability of military salary rates to Federal Classification Act salary rates and, through them, to private enterprise salary rates.

be retained. Promotion to the next higher grade would be rewarded more than longevity in grade.

• No member would receive less take-home pay under the military salary system than he did before the system went into effect. (This would be insured under a one-time save-pay provision.)

• All special pay except responsibility pay would remain unchanged. The concept of responsibility pay, which never has been used, would be abolished.

• Incentive pay for hazardous duty, including flight pay, would not be changed but would be studied further for adequacy and proper relationship to the military salary structure.

Military Estate Program

Extensive further study of the Military Estate Program (retirement, disability and survivor benefits) is recommended. Following such study, the remaining volumes of the Quadrennial Review will be transmitted to the Congress.

Meantime, two proposals have been made for the period between the switch to the military salary system and completion of the military estate study.

The first would continue separation pay as it now

How Military Personnel Receive Compensation

(Cash, in-kind or cash allowances, savings and deferred payments)

Method of Payment	Per Cent of Total
Taxable cash	58.8%
Nontaxable cash allowances	11.5
Allowances in kind, nontaxable	8.7
Savings (medical, tax advantage, etc.)	9.5
Deferred compensation (Retirement accruals, not now vested)	11.5
TOTAL	100%

is, and would make career enlisted personnel eligible for this pay. In addition, there would be minor changes to conform with the salary system.

Retirement pay and survivor benefit provisions would remain unchanged except that a table of military benefit base amounts (MBBA)—comparable to the old basic pay—would be used in computing payments. In the future, the MBBA table would be adjusted by the same average per cent as Federal salaries were increased.

'Sixty Per Cent of Military Compensation Is Related to Services Performed'

Only 60 cents out of the military salary dollar is related to services performed, according to the report of the Hubbell task force. The remainder is determined by dependency status, whether the member is provided his allowances in kind or draws them in cash, and whether he stays to collect retirement.

For example, an E-5 bachelor living on base receives the equivalent of \$4630 a year, while the E-5 bachelor living off base receives the equivalent of \$5842.

The inequity shifts positions in relation to married men at the E-5 level. The man living in government quarters receives the equivalent of about \$400 more. For example, the married man living off base receives a salary of \$5842; the married man living in quarters, \$6247.

Further, for many years adjustments have been sporadic, so that, today, allowances bear little relationship to actual costs. Again, for example, only three adjustments have been made in quarters allowances since 1946. But 10 adjustments have been made in basic pay over the same period. Subsistence allowance for officers, now \$47.88 a month, was last adjusted in 1952—more than a decade and a half ago.

The family living off base spends substantially more on housing than its basic allowance for quarters. Only one-third of the career force families can be housed on base. These families forfeit only their BAQs and are generally subsidized in regard to housing accommodations when compared to career families who live off base.

The imputed retirement contribution is considered to be a part of total salary for all members for the purpose of setting basic pay. Traditionally, this is a significant portion of military compensa-

tion in the minds of all interested parties: the member, compensation planning staffs, the Congress, and the public.

In actual distribution of funds earmarked for military retirements, only a minority of the force ever realizes any benefit from amounts considered to be a part of their total compensation through years of military service. Among career enlisted men only 46 per cent actually collect retired pay. Among officer personnel, the percentage is even smaller. Only 18 per cent retire.

This condition greatly discourages mid-length careers, the Hubbell task force believes. It does not become a positive incentive for retention until about the eighth year of active service. Equally undesirable, it then tends to lock people in the system until they can retire—most at the 20-year point.

To achieve equity based on both services performed and years of service put in, the task force recommends that—

- The same salary be paid to all career personnel of the same grade and years of service without regard to dependency status or quarters occupancy status.

- The retirement contribution be vested to the member—that is deducted regularly from his military salary—and be refundable to him if he leaves military service short of retirement.

Since a member who transfers to a Reserve component retains his potential eligibility for military retirement, his retirement contribution would not be refundable at the time he was separated from active duty. It would, however, be refundable at any later date at which his potential retirement eligibility ended.

TAFFRAIL TALK

If the tips on managing your finances which appear in this issue are any help in keeping your wallet in condition, words of thanks should be extended to several members of the staff whose names do not appear on the masthead.

The staff writers included Chief Journalists Dan Kasperick and Marc Whetstone, Journalist First Class Jim Teague, and Navy civilian writer Robert Neil. Mr. Edward Jenkins played an important role in research and fact-checking. Lending an administrative hand was Personnelman Seaman Carole Meadows, who recently joined the staff as the first Wave in 15 years (the staff grin spreads from here to here).

The excellent illustrations were the work of civilian artist Michael Tuffli and Draftsman Seaman Bob Swain. Doing his usual fine work on layouts was Journalist Second Class Larry Henry.



The old note-in-the-bottle idea has become famous as a subject for cartoons, but a young sailor on the carrier USS INTREPID (CVS 11) found out that it's not really such an improbable joke.

Last Christmas Day, Electrician's Mate Robert D. Yoachum stuck a half-dozen sheets of paper in a good-sized bottle and threw it over the side. At the time, the carrier was making a return trip to Norfolk, after an eight-month stint in Tonkin Gulf. Since the Suez Canal remained closed, she was making the long trip around the southern tip of Africa.

Two days before the ship rounded the Horn, Yoachum cast into the sea his glass parcel containing a thesis on society, a brief history of the United States, news articles of current events, and his mailing addresses on the ship and at his home in Harrah, Okla. Soon afterward he forgot the whole thing.

One hundred and forty days later, in the best traditions of "Believe It Or Not," the *Intrepid* sailor received a letter from a man who found his bottle.

But here's the real kicker. The bottle was found by a Frenchman fishing off the coast of Venezuela.

Apparently, it had bobbed around the stormy tip of Africa and angled north to cross the Atlantic Ocean just as though it was following Yoachum on its own. By the time it attracted the attention of the fisherman, the bottle had drifted more than 5000 miles.

The letter received from the finder was written in French and told how the fisherman had to have the documents in the bottle translated. He asked where the bottle had started from and the sender's intent?

Yoachum said he planned to answer the letter, but this time by way of the postal system.

The All Hands Staff

The United States Navy

Guardian of our Country

The United States Navy is responsible for maintaining control of the sea and is a ready force on watch at home and overseas, capable of strong action to preserve the peace or of instant offensive action to win in war.

It is upon the maintenance of this control that our country's glorious future depends. The United States Navy exists to make it so.

We Serve with Honor

Tradition, valor and victory are the Navy's heritage from the past. To these may be added dedication, discipline and vigilance as the watchwords of the present and future. At home or on distant stations, we serve with pride, confident in the respect of our country, our shipmates, and our families. Our responsibilities sober us; our adversities strengthen us.

Service to God and Country is our special privilege. We serve with honor.

The Future of the Navy

The Navy will always employ new weapons, new techniques and greater power to protect and defend the United States on the sea, under the sea, and in the air.

Now and in the future, control of the sea gives the United States her greatest advantage for the maintenance of peace and for victory in war. Mobility, surprise, dispersal and offensive power are the keystones of the new Navy. The roots of the Navy lie in a strong belief in the future, in continued dedication to our tasks, and in reflection on our heritage from the past.

Never have our opportunities and our responsibilities been greater.

ALL HANDS The Bureau of Naval Personnel Career Publication, solicits interesting story material and photographs from individuals, ships, stations, squadrons and other sources. All material received is carefully considered for publication.

There's a good story in every job that's being performed, whether it's on a nuclear carrier, a tugboat, in the submarine service or in the Seabees. The man on the scene is best qualified to tell what's going on in his outfit. Stories about routine day-to-day jobs are probably most interesting to the rest of the Fleet. This is the only way everyone can get a look at all the different parts of the Navy.

Research helps make a good story better. By talking with people who are closely related to the subject material a writer is able to collect many additional details which add interest and understanding to a story.

Articles about new types of unclassified equipment, research projects, all types of Navy assignments and duties, academic and historical subjects, personnel on liberty or during leisure hours, and humorous and interesting feature subjects are all of interest.

Photographs are very important, and should accompany the articles if possible. However, a good story should never be held back for lack of photographs. ALL HANDS prefers clear, well-identified, 8-by-10 glossy prints, but is not restricted to use of this type. All persons in the photographs should be dressed smartly and correctly when in uniform, and be identified by full name and rate or rank when possible. Location and general descriptive information and the name of the photographer should also be given. Photographers should strive for originality, and take action pictures rather than group shots.

ALL HANDS does not use poems (except New Year's day logs), songs, stories on change of command, or editorial type articles. The writer's name and rate or rank should be included on an article. Material timed for a certain date or event should be received preferably eight weeks before the first day of the month preceding the month of intended publication.

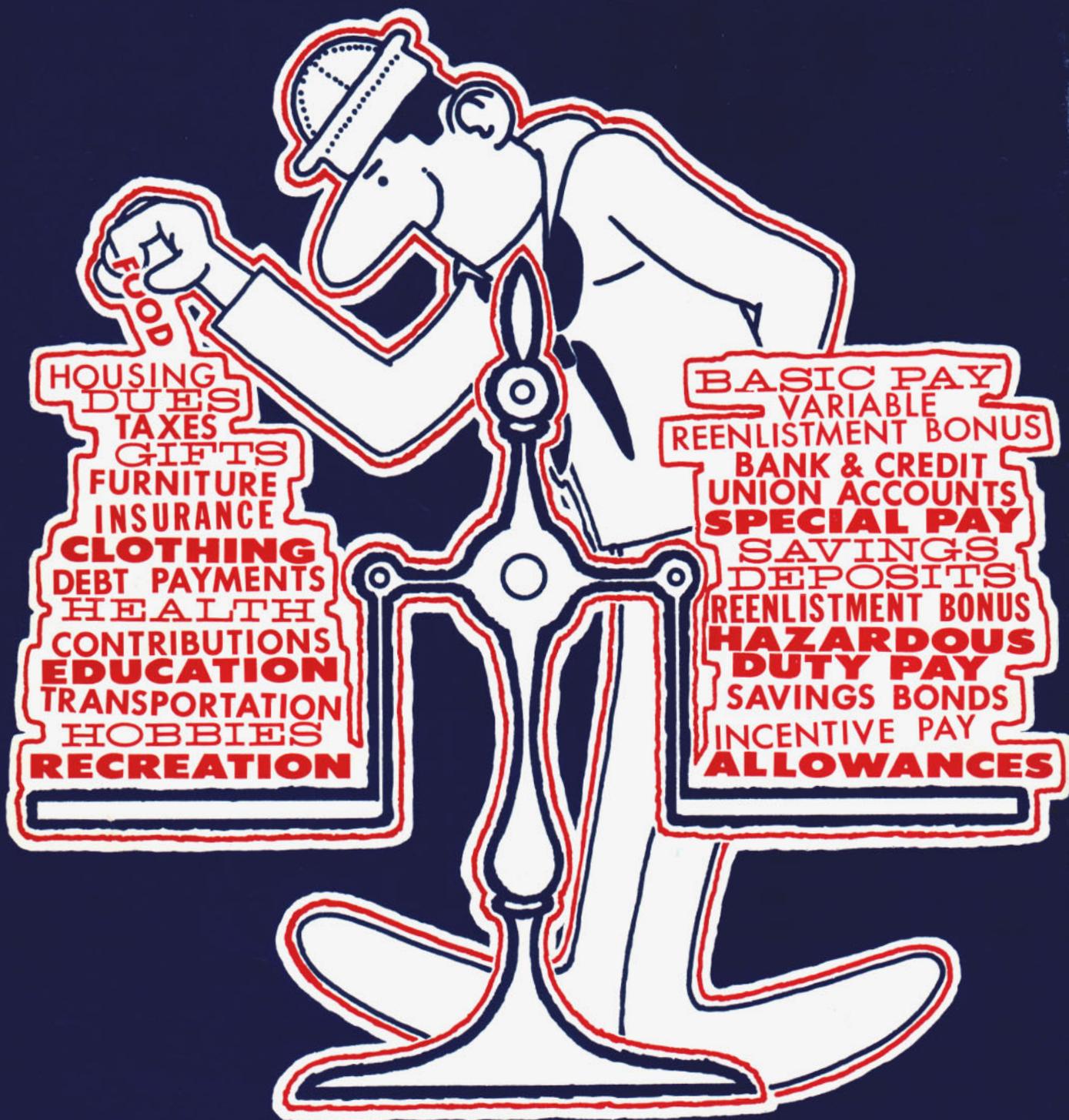
Address material to Editor, ALL HANDS, Pers G15, Navy Department, Washington, D.C. 20370.

● **AT RIGHT: KEEPING FIT**—Physical fitness is every Navyman's responsibility, and it is quite obvious that Gary W. Duncan is a responsible Navyman as he puts tension on a line at the Pearl Harbor boathouse. His rate? He's a YN 2nd Class.—Photo by LT Skiff.

ALL HANDS



THERE'S A FINE FUTURE



IN A GOOD BALANCE