

Be Careful With Credit

It's easy to get carried away and spend more than you really should, especially with the use of credit as common as it is today, says Mrs. Shirley Mott, Extension home economics editor, University of Maryland.

In fact, she continues, today the use of credit is so common that it's a rare family that doesn't owe somebody something. Being able to buy what you want when you want it, is undoubtedly a boom to most families. But over-extending the family finances can cause a tidal wave of unpaid bills at the end of the year.

Who uses credit the most?

According to a 1965 survey at the University of Michigan, it is the family in the \$7500-\$10,000 income bracket. But by no means is credit limited to people within this bracket. People of all income brackets and age groups use credit.

Each family must calculate its own credit capacity, says Mrs. Mott. Families with the same income differ in make up, future job potential, skills, health, spending habits, and the ability to say "NO" to salesmen and advertisements. There are no hard-fast rules on how much credit

one can afford — it's a very personal decision.

Mrs. Mott listed reasons for and against credit. They are:

For — 1. It's convenient. 2. Can use things while paying for them. 3. You get better service. 4. It's handy in emergencies. 5. To establish credit rating.

Against — 1. It's expensive. 2. You may tend to overspend. 3. You may not shop around as much. 4. It's hard to understand.

Ask yourself these questions as you decide whether or not you can afford to use credit:

1. Is having something now worth the extra cost?
2. Do you really need it now?
3. What will you gain from it?
4. Can you meet the payments?
5. Is it worth the risk?
6. Will it help you make more money?

7. What will you give up while paying for it?

8. Are you dealing with a fair and honest dealer?

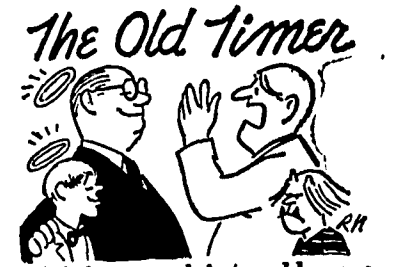
After answering these questions, figure out how much is coming in per week, month or year — list only what you're sure of. Then add up all of your expenses — list everything, don't skimp. And then subtract the amount of money you plan to spend from the amount you expect to make.

The amount left is what you have left for savings, emergencies and additional installment payments.

All that is left to do then, continues Mrs. Mott, is to decide whether to save the money and buy later or to use the credit and buy the item now. Your decision

will depend on how badly you want the item.

Remember, warns Mrs. Mott, if you buy things "on time" or borrow money you usually sign a paper called a contract. Contracts are legal documents and you are responsible for what you sign.



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