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Personnel Affairs

# **FINANCIAL CROSSROADS**

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# ***SUMMARY of CHANGE***

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FINANCIAL CROSSROADS

**RESERVED**

## **FOREWORD**

Policy and procedures governing the activities of the Commercial Affairs Element are provided in Army Regulation 608-1, Army Community Service Program. This pamphlet provides the methods and techniques that should be considered in establishing an effective debt prevention and liquidation program.

Personnel Affairs

**FINANCIAL CROSSROADS**

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**WHEN YOU FIRST NOTICE MORE MONEY BEING  
SPENT TO PAY BILLS THAN THERE IS COMING  
IN AS INCOME--IMMEDIATE ACTION MUST BE  
TAKEN!**

# SEEK

## PROFESSIONAL ADVICE

COMMERCIAL  
AFFAIRS



## **Chapter 1 INTRODUCTION**

### **1-1. General**

*a.* Today's society enables us to purchase almost any kind of product on the market if we are willing to pay the price. There are two ways to do this. By—

- (1) Paying cash; or
- (2) Using credit.

*b.* We all know the meaning of paying cash—but do we understand the real meaning of credit? Credit entails more than handing your local store a credit card for a purchase. Credit has caused hardships for millions of Americans because they have not developed a systematic purchasing plan.

*c.* Although the Army member receives his pay the same as any other public servant, he is treated differently by creditors. This is because he often receives limited pay, is subject to reassignment, and often does not have a long-term residence. The problem is especially acute among junior enlisted members. Thus, Army members may become easy prey to unscrupulous businessmen who operate near Army installations and offer numerous slick and deceptive easy payment plans when purchasing expensive commodities or borrowing money.

### **1-2. Explanation of Terms**

See appendix A

### **1-3. Debt Prevention Program**

The financial assistance program should be focused on creating a sound economic atmosphere among members of the Army community. Common causes of financial problems are—

- a.* Poor pay management.
- b.* Nonsupport of dependents by a sponsor who is overseas.
- c.* Poor judgment in the use of credit.
- d.* Absence of a personal or family budget.
- e.* Credit was originally extended to a service member based on a double income (working wife or part-time job; however, the second income is no longer being received).
- f.* Marital and social difficulties.
- g.* False assumption that debt consolidation loans solve all financial problems.

### **1-4. Debt Liquidation Program**

A debt liquidation program should emphasize client involvement. The program should be designed to facilitate the individual's working with his own creditors. The service member should be closely supervised during the period of financial assistance, but not to the extent that he will be allowed to shed the burden of responsibility for helping to solve his financial problem. Primary consideration in this program must be given to assisting the member to help himself to return to a position of economic viability in the Army community.

### **1-5. Financial Assistance Orientation for Incoming Personnel**

*a.* The financial assistance expertise of the commercial affairs element should be used in briefing all incoming service members in grades E-6 and below in order to establish a sound debt prevention program. Every available oral and written communication media at the installation should be used to inform members of the Army community:

(1) Financial management classes (suggested lesson plans covering key financial problem areas are provided in section I, appendix B.

- (2) Radio and television spot announcements.
- (3) Newspaper articles.
- (4) Training films.
- (5) Publications of all types pertaining to financial affairs.

*b.* The following activities and functions should be discussed in the orientation:

- (1) Agencies and staff elements located on the installation that are available for providing financial assistance.
- (2) Contractual and legal terminology.
  - a.* Types of contracts, including both oral and written.
  - b.* Common legal terms.
  - c.* Legal assistance technical matters.
  - d.* Tips for handling finances and contracts.
- (3) Dishonored checks.
  - a.* Definition and seriousness of dishonored checks.
  - b.* Command policy in terms of administrative actions with respect to bad check violators.
  - c.* Requirements established for installation check cashing facilities.

- (d) Check cashing procedures.
- (e) Financial counseling assistance by Installation Army Community Service Centers.
- (f) Establishment of after-duty dishonored check classes for offenders.
- (4) Installation credit union support.
  - (a) Low-interest loans.
  - (b) Savings interest rates.
  - (c) Financial counseling.
  - (d) Consumer information.
- c. Reference materials.
  - (1) A list of reference materials on financial affairs is provided in section II, appendix B.
  - (2) A compilation of Army references covering consumer matters is provided in section III, appendix B.

## **Chapter 2**

### **FINANCIAL ASSISTANCE ELEMENT**

#### **2-1. General**

a. The installation Army Community Service Center, subject to funds availability, should provide financial affairs assistance as part of its commercial affairs element. However, notwithstanding funds availability, installation ACS Centers will provide budget counseling and financial assistance as minimum financial services:

- (1) Prevent excessive indebtedness among service members and their families.
- (2) Provide debt liquidation services for those already in debt.

b. The size of the financial assistance element should be based on the installation's population, resources, and the complexity of the services provided. (The suggested organizational structure is shown in fig. 2-1.) The number of personnel selected should be governed by—

(1) The needs of the local Army community in terms of financial services required in solving problems in the community.

(2) A need exists to use professional administrative and financial management personnel to provide effective and efficient financial services to members of the Army community.

c. Personnel assigned to staff positions within the financial assistance element should have mature judgment, interest, and knowledge and skill in the management of finances.

#### **2-2. Responsibilities**

Budget counselors should be responsible for executing the overall financial assistance program for the commercial affairs office. The budget counselor will—

- a. Supervise the technical aspects of providing financial planning and budget counseling services.
- b. Provide an in-depth financial management program in debt prevention and debt liquidation for members of the Army community.

#### **2-3. Commercial Affairs Volunteer Augmentation**

Civilian and volunteer personnel should be used to the maximum in staffing the various budget counseling positions.

#### **2-4. Clients**

Financial assistance staff personnel can expect to receive individuals from the Army community who have been referred by unit commanders, the Staff Judge Advocate, the Inspector General, and various social agencies within the Army Community Service Center.

#### **2-5. Counseling sessions**

The budget counselor-client relationship should concentrate on the client meeting monthly expenses from his available income and on paying outstanding debts on a reduced payment plan until he returns to an acceptable debt level. Forms used as a part of standing operating procedures during budget counseling sessions are provided in appendix C.

a. *Initial interview.* During the initial interview, the client completes an application for budget counseling service. The counselor explains that the program does not grant or loan money and that the service is provided without charge. If the client is interested in the program or is seeking further assistance, a return appointment is scheduled, and the client is asked to provide a complete list of creditors and a family or individual budget. If the member is married, it is also recommended that the client return with his or her spouse.

b. *Followup interview.* During the second interview, the client should be given detailed assistance in formulating or revising the individual or family budget (food, clothing, shelter, transportation, utilities, telephone, laundry, etc.) as

necessary, and the total debt should be reviewed. Possible solutions should be suggested to solve immediate, temporary, or minor financial problems. When it is determined that the client needs and wants a formal debt liquidation program, the difference between the monthly expenses and take-home pay becomes a base amount to be distributed equitably among creditors. The base amount should be prorated and a payment plan proposed to creditors with full disclosure of the client's financial condition. The client should then sign an authorization agreement which allows budget counselors to work with creditors. This exempts the budget counselors from claims or liabilities. The client should be required to turn in all credit cards for return to the parent company and agree not to seek credit as long as he is enrolled in the formal program. An authorization card, signed by the client, should be sent to the local credit bureau near the installation. This stops any attempt to secure new credit. Inquiring parties are directed to call the installation ACS Center if they have any questions concerning a client. The client should be required to bring in a certain sum of money prior to the 5th of each month, and this money should be allocated to the various creditors on the 25th of each month in accordance with the payment proposal. If the client does not bring in the agreed sum to pay the creditors, according to the payment plan, he should be required to appear personally in the budget counselor's office to explain his action. The client should also be required to write each creditor and explain exactly why payment was not made as promised. If a client does not fulfill program commitments, he may be disenrolled and the unit commander, the credit bureau, and each creditor notified accordingly.

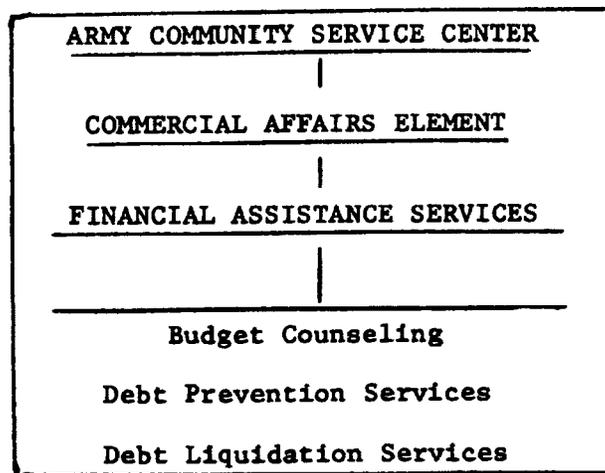


Figure 2-1. Suggested Organizational Structure

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## Chapter 3 BUDGETING

### 3-1. General

In preparing a budget, you should have a clear and precise picture of your financial obligations as well as your financial resources. The best way to achieve this is to keep accurate records of your earnings, savings, and investments.

### 3-2. Budget Considerations

The best way to make certain that your dollars are doing a good job is to have a budget. The budget should—

- a. Provide for setting aside enough money to meet the regular fixed items and to build up savings for emergencies.
- b. Guide decisions about day-to-day spending, after fixed obligations are met.
- c. Show how money can be accumulated for special goals.
- d. Provide for an income during later years.

### 3-3. Budgeting and Family Life

Most problems of money can be dealt with if all parties will recognize that financial difficulties are often not questions of dollars and cents, but of attitudes and emotions. Some commonsense approaches are to—

- a. Try to establish a flexible spending pattern that encompasses all things that are necessary for good financial management.
- b. Set long-term goals as well as short-term goals. It is well to plan for purchases such as a car or a freezer, but there should also be sensible planning for the children’s clothing and education and for next year’s Christmas gifts.
- c. Give the money-handling responsibility to the person who is best suited to handle it, either by training or temperament. Then there should be full cooperation from all parties in the family.

**3-4. Budget Sequence**

- a. Step One, figure income. Your money may come from military income, retired income payments, social security, or investments. List what you receive annually from every source.
- b. Step Two, determine how much you spend in a year’s time on regular, fixed items.
  - (1) This is money you know you’ll need for items such as rent, telephone and utility bills, contributions, major items of clothing, insurance premiums, loan repayments, and taxes.
  - (2) Some of the fixed items will be due annually, others are paid more frequently. However, by listing each item on an annual basis and then adding all items together, you can decide how many dollars you must set aside regularly. You may choose to figure your “set-aside” on a weekly, biweekly, or monthly basis. Whichever time period you select, divide the annual total by 52, 26, or 12, as appropriate. This will show you the amount to set aside regularly to be sure that funds are available when these payments are due. This “set-aside” principle is a key factor in making your money plan work.
- c. Step Three, establish an emergency fund.
  - (1) In this way, you won’t need to dip into dollars set aside for regular expenses when the car you use for work suddenly breaks down. This need not be a large amount, but simply a fund to fall back on when some unexpected expense or opportunity arises.
  - (2) Start your emergency fund by setting aside a fixed amount regularly-no matter how small-until you’ve reached the total you’ve decided you need.
- d. Step Four, distribute the remaining dollars among day-to-day items. These items include food, transportation, entertainment, clothing, and household expenses.
- e. Step Five, determine what is left.
  - (1) Add together your day-to-day and fixed items, then subtract the total from the income you identified in the first step. The remaining dollars might be used toward additional savings, investments, or a special goal.
  - (2) Don’t be discouraged if your budget doesn’t work exactly right the first time. You will probably need to make adjustment in the beginning. You should review your budget from time-to-time to be sure that it is based on your current income and expenses.
  - (3) Remember, too, that a budget is meant to be a guide, not a rigid way of life. You need not feel you must always spend the same amount in each area, except of course where an expense cannot be reduced, such as rent.
  - (4) After you’ve completed your budget, you may feel that the amount you can put toward regular savings and investments is hardly what you would like it to be. Unless your income is fairly large, a good proportion will have to go towards housing, food, clothing, and the other basics of life.
- f. Formats provided in appendix D will be helpful in budget planning and preparation.

**3-5. Budget Planning**

- a. The following statistics of the US Department of Labor show how the average soldier living off-post spends his pay.

**Table 3-1  
Budget Planning**

Item	Percent
Food	23.2
Housing	28.9
Recreation	6.0
Taxes	11.7
Transportation	9.6
Gifts & Contributions	2.8
Clothing/Personal Care	10.8
Insurance	1.8
Social Security	3.3

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**Table 3-1**  
**Budget Planning—Continued**

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Item	Percent
Job Expenses	0.9

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b. How does your budget compare with these figures? If your budget percentages do not generally coincide, you may be a careless spender.

## **Chapter 4**

### **CREDIT**

#### **4-1. General**

Thoughtful and prudent use of credit requires the individual to consider his or her overall financial status. Do not allow yourself and your family to fall into credit despair by saying: “we’ll charge it,” “finance it,” “buy on time,” or “use a payment plan.” The cost of credit is usually disguised, and the borrower will often unwittingly pay a high rate of interest. Remember, in consumer credit, lenders frequently use unorthodox techniques to make the cost of borrowing appear inexpensive.

#### **4-2. Explanation of “Credit”**

a. What is it? Credit is a portion of the capacity and characteristics of an individual. It is something a person possesses. No one can give him credit or “grant” it to him. One hears of “credit granters” and “credit granting.” These descriptive terms are not accurate. Credit is like trust—it is that which assures others that, insofar as possible, you will perform whatever you promise. It is this habit of making good on promises which develops into the valuable possession called credit. If you possess this credit, then merchants and bankers, although they may not know you personally, will trust you to perform as you promise, based on your reputation or your past performance record.

b. The amount of credit you possess or ordinarily can use in daily living depends on several measurements:

(1) Character—The most important measure, underlying every other factor—your moral strength and trustworthiness.

(2) Capacity—you must develop the capacity to meet financial commitments; diligence at work, efficiency as a producer, the prospect of continuing employment or income.

(3) Capital—your possessions, what you have saved; perhaps a home, furniture, other valuables, investments, because these offer proof that you have the capacity to make good your promises; also, evidence of carefulness, frugality, a habit of saving, and a sense of the value of family or personal security. When borrowing from friends, the same measurements of credit apply.

#### **4-3. Amount of Credit You Can Afford**

a. Even with cash in hand, people still rely on credit to purchase some of the goods and services, they need to make their lives more pleasant and enjoyable. They may wish to keep a “rainy-day fund” for emergencies—or they may just like the satisfaction of having money in reserve.

b. Whatever the reason, many individuals still ask the question—how much credit can I afford?

(1) *General rule 1.* Most families are reasonably safe when they spend 25 percent or less of their annual income on credit accounts.

(2) *General rule 2.* Another measure of credit capacity is based on one-third of a family’s annual “discretionary income.” Add the amount you spend for food, clothing, and shelter each year, then subtract this amount from annual take-home pay. This is your discretionary income. If your take-home pay is \$8,000, and the cost of food, clothing and shelter is \$5,900, then \$2,100 is “discretionary.” Of that amount, one-third, or approximately \$700, is a safe debt limit.

(3) Because no two families are alike, neither rule applies specifically to everyone. Rather each individual must always use mature judgment in applying these rules and hence in deciding how much credit he or she can afford.

#### **4-4. It Is Your Money**

a. It is your money—the money you earn—and you can spend it unwisely or you can use it to buy the things that will make your life happier, more comfortable, and more enjoyable. What you receive for your money depends largely on how well you observe a few simple guidelines. Sound money management is really as easy as A-B-C.

b. *Plan A—Plan your spending.* No intelligent service member would begin a motor trip unless he had, or knew where he could get, enough gasoline to take him there and back. By the same token, no service member really wants to assume more obligations than he can pay for. Some of us never measure the economic gas tank -- we do not sit down and figure how much we actually have and what it will take to buy the things that are important to us.

c. *Plan B—Sign your name with care.* You may not believe you have much to protect, but you can give away your

past, present, and future with a stroke of the pen on a charge slip or contract. Your signature is your passport to security, or to trouble, depending on what you sign or what you refuse to sign.

*d. Plan C-Manage your current credit wisely.* When a young man buys a car or when a young family attempts to furnish and maintain a home, there usually comes a time when the items will cost more than most military personnel can afford to pay in cash. To meet this need, several kinds of credit are available. Credit, however, is like fire! It can be most useful when used wisely yet it can be destructive when used carelessly or excessively. Most members of the Armed Forces who experience financial difficulty are those who have not learned to manage their credit wisely.

#### **4-5. Use Credit Wisely**

Since credit costs money, be sure to shop around for the lowest annual percentage rates.

#### **4-6. Credit Contracts**

*a.* Credit contracts can be misleading-sometimes words in a contract do not mean what they seem to say. Before signing an installment contract, be sure that you read and fully understand it. Make certain that the contract tells you—

- (1) Exactly what is being bought.
- (2) Purchase price and amount borrowed.
- (3) Finance charges in dollars and annual percentage rate.
- (4) Downpayment made and total due.
- (5) Amount and number of payments, and date due.
- (6) Trade-in allowances, if any.
- (7) What penalties are there if payments cannot be met or what advantages are there if payments are made ahead of schedule.

*b.* You must know to whom all payments are to be made and understand the seller's commitments for maintenance, service, or replacement.

#### **4-7. Selecting a Lending Organization**

The following factors should be considered in selecting a source of borrowed income:

- a.* The dollar amount of the loan and the annual percentage rate.
- b.* The amount of the loan the lender will grant.
- c.* The time allowed for repayment.
- d.* The pledge of collateral required.
- e.* The collection practices of the lender.
- f.* The reliability of the lender.
- g.* The size and timing of payments.
- h.* What if you miss a payment?
- i.* If you pay ahead of time is there a penalty, or will you receive a refund?
- j.* How does lender figure the balance due if you refinance?
- k.* To whom do you make your payments?

#### **4-8. Types of Credit and Repayment Methods**

*a.* There are two basic types of credit:

(1) Sales credit, which is extended in connection with the purchase of goods or services. The borrower takes immediate possession of a product or of services and agrees to pay later. It is offered by department stores, automobile dealers, furniture and appliance dealers, contractors, repairmen, and other sellers of goods and services.

(2) Cash credit, which is extended in the form of money. The borrower is given cash, rather than a specific product, in exchange for a promise to repay later. It is provided mainly by financial institutions.

*b.* There are several methods of repayment:

(1) *Installment basis.* The loan is repaid in a series of payments ranging from a few weeks or months to several years. Usually the payments are of an equal amount. This method is used primarily for major purchases and cash loans.

(2) *Noninstallment basis.* The entire amount is repaid in a single payment at a specified time. This method is used for some types of charge accounts, utility bills, repair bills, professional services such as medical bills, and single payment cash loans.

(3) *Installment purchases or time payment plans.* These usually involve a written agreement for each item purchased. A downpayment is sometimes required. Balance is paid in equal amounts for a specified time. The creditor normally holds title to the merchandise until it is completely paid for. Finance charges range from 12 to 36 percent when stated as annual percentage rates. Before signing a contract, find out who will own it and the seller's policies regarding defective goods, servicing, repairs, and refunds. If for any reason service or repairs are not performed satisfactorily and the contract has been sold, do not stop making payments. The finance company has nothing to do with this problem. Withholding payment will only hurt your credit rating.

c. There are also two kinds of cash credit:

(1) Personal installment loans, Cash is loaned to a borrower with the agreement that it will be repaid in weekly or monthly installments. Some personal installment loans require only the borrower's signature; others require something of value be pledged as security or collateral. Finance charges vary according to the lender, the size of the loan, the time period, and the security pledged.

(2) Single payment loans. Cash is loaned to a borrower with the understanding that the entire amount will be repaid in one single payment after a specified period of time--usually 30, 60, or 90 days. Security is usually required. Finance charges vary in the same way as a personal installment loan.

d. There are two kinds of sales credit:

(1) *Thirty-day or regular charge accounts.* This type of sales credit is used for convenience in routine or everyday expenses. An account usually must be paid 10 to 20 days after billing date. Billing dates are normally once every 30 days. There is no interest or finance charge if the account is paid in full within the set time period.

(2) *Revolving or optional charge accounts.* This type of sales credit allows for repeated purchases up to a set limit. A customer may either pay in full when billed, usually within 30 days, or may pay only a portion of the balance. A customer can continue to make purchases as long as the amount owed does not exceed the set limit, and payments are made according to terms. A finance charge is levied on any unpaid balance over 30 days old. The charge varies, as does the method in which it is figured, from creditor to creditor. Finance charges range from 12 to 24 percent when stated as annual percentage rates.

#### **4-9. Credits Cards**

a. Most credit cards used to purchase goods are issued under a retail installment credit agreement and are subject to the laws governing that type of agreement. Credit cards issued by banks often contain additional provisions dealing with cash advances. The finance charge for cash advances under a bank credit card cannot exceed 1 percent per month on the unpaid principal.

b. A credit card is a valuable document and should be kept in a safe place. However, under the law you have some protection against unauthorized use. If a card-issuing agency desires to hold a cardholder liable for unauthorized use, the liability is limited to \$50 and this is only if-

- (1) The card has been accepted by the cardholder;
- (2) Adequate notice of potential liability was furnished to cardholder;
- (3) The card-issuing agency has provided an addressed notification statement which the cardholder may return in the event of loss or the theft of a credit card; and
- (4) The unauthorized use occurs before the cardholder has notified the card-issuing agency of the loss, theft, or other occurrence.

#### **4-10. Application for Credit**

You will be required to complete an application form. You will have to provide such information as—

- a. Your full name and your wife's or husband's name.
- b. Size of your family.
- c. Your address and how long you have lived there.
- d. Whether you rent or own your home.
- e. Where you work and how long you have been on the job.
- f. Stores in which you have charged or have bought on installment.
- g. Bank or banks where you have savings or checking accounts.
- h. Names of close personal friends and relatives.
- i. How much money you already owe; to whom it is owed; and the amount of the payments.

#### **4-11. Establishing Good Credit**

a. A good credit standing works for you. Credit is your own possession. Cultivated, it will become a very valuable asset in many ways. It is a modern tool of great importance both to you and American industry, business, and banking.

b. Let's examine what you can accomplish, for yourself, if you establish sound credit and if you use it intelligently:

(1) Your stature with the business community will advance steadily. You will be able, when the time comes, to enter into important personal or business transactions for real profit since the businessmen and bankers will know about you and know your word is sound, your judgment balanced, and your record good.

(2) Your immediate use of important products and services when you want or need them is guaranteed. There is no question as to whether industry, business, and banking will work with you.

(3) Your good credit standing makes you master of your own budget. Every American's problem is how he or she can most advantageously divide his or her buying power between the long, lasting (durable) products and services that

fill out the needs of a good, sound, high level of living. Well-established credit and well-mastered budgeting solve this problem.

#### **4-12. Your Credit Rating**

- a.* Credit is based on the lender's faith in the borrower's ability to repay.
- b.* It can be important to you and your family.
- c.* A creditor wants to know—
  - (1) Whether or not you have a steady income.
  - (2) How much you earn.

## **Chapter 5 THE FEDERAL CREDIT UNION**

### **5-1. General**

When, where and how to take advantage of credit buying can be a problem for military personnel on occasions. For this reason, they should be aware of the services of the credit unions available at most major military installations. Not only are these credit unions usually conveniently located, but in most cases their interest rates are lower than carrying charges or cash loan add-ons.

### **5-2. History of the Credit Union**

Credit unions are not new. The credit union movement in the United States dates from about 1909 when Massachusetts passed the first State credit union law. Since then most of the States as well as the District of Columbia have passed similar laws. (Cooperative credit societies have been known in Europe and Asia for more than 1000 years.)

### **5-3. Membership**

- a.* Membership in a credit union is limited to persons having a common bond of occupation or association, and to groups within a well-defined neighborhood, community, or rural district. For example, factory employees, store employees, members of a church, fraternal society, labor union, farm organization, or other well-knit associations, or the residents of the natural trade area of a rural community or rural district, can form or be members of a credit union.
- b.* To become a member, one must first have this common bond with the group constituting the credit union. One must then apply for membership and may be required to pay an entrance fee. No other fees are charged. Credit unions may be described a "financial clubs" formed by groups of individuals having similar interests, facing similar financial problems, or having a common geographical area of residence or place of employment.

### **5-4. The Army's Role in Credit Unions**

- a.* Recognizing the rights of all military and civilian personnel to organize and affiliate with credit unions because of a common geographic and/or employment relationship, the Army both permits and encourages the operation of at least one credit union at each major Army installation. Further, in order to make the benefits of credit union membership available to as many individuals as possible, Army regulations permit installation commanders to grant rent-free housing to a credit union office if the organization agrees to grant membership without regard to grade, sex, race, religion, creed or component.
- b.* The Army considers credit unions operated on military installations as important welfare and morale resources, particularly to combat the exorbitant interest charged by some lenders in the civilian community.
- c.* Credit unions on military installations may be organized and chartered under State law or under the Federal Credit Union Act. State-chartered credit unions are subject to supervision and periodic examinations by the Bureau of Federal Credit Unions.

### **5-5. Credit Union Lending Practices**

- a.* One of the most important services available to the soldier is the credit counseling provided by each credit union for its members. Qualified financial advisors are readily available to furnish completely impartial service on purchases, debt consolidation, and budgetary problems.
- b.* The loan services provided by local credit unions are probably among the best available anywhere, since the low-risk factor found in the credit union system enables them to offer lower interest rates than are available at most finance facilities off-post.
- c.* All aspects of an applicant's ability to repay a loan are considered by the credit union. In this way, the borrower is assured that repayment can be made within the framework of his current family budget.
- d.* A great many "finance companies" in the civilian community have little or no concern for the financial status of the borrower, other than the fact that his salary is sufficient to cover the payments of his loan. Their chief concern is the interest money they will receive from granting the loan or the security they may reclaim or repossess (e.g.,

automobile, furniture, jewelry, etc.). A credit union, on the other hand, will not only consider the borrower's income when granting a loan, but will insure that repayment will not impose an undue financial hardship on the borrower. Credit union loans are insured, usually without cost to the borrower. Thus, should the service member die, the loan is paid off automatically without cost to survivors.

*e.* Whatever the need or the circumstances involved, the service member who is seriously considering making a credit purchase or securing a monetary loan would do well to look into the services of the local credit union at his installation. He will probably find that "credit at home" is cheaper, more convenient, and much easier to obtain than that offered by mortgage and loan companies in the civilian community.

## **5-6. You Are An Owner**

Remember-as-a member-you are also an owner.

*a.* You are important-in fact, you are the boss! Regardless of how much you save or borrow, all members have equal vote in the operation of the credit union. There are no second-rate members.

*b.* Borrowing is simpler-you never need to enter the credit union with your hat in your hand-not when you own it! Loan procedure is friendly, but strictly confidential, and a loan costs less at the credit union.

*c.* Saving is easier-the credit union is handy, it's safe, and no amount is too small to save. As an owner, you receive above-average dividends on your savings. There's no compulsory savings plan, even though you are urged to save regularly.

*d.* Advice is valuable-you can obtain experienced and completely impartial advice on your purchases or on any other money problems. Your credit union has no outside investors or business connections. Its responsibility is only to you-the owner.

## **Appendix A**

### **EXPLANATION OF TERMS**

#### **Accelerate**

Speed up; to set forward the date of possession or due date of payment.

#### **Account**

A contractual arrangement, written or unwritten, to purchase and take delivery of merchandise with payment to be made later, as arranged; also a record of a transaction.

#### **Balance Sheet**

A two-column bookkeeping procedure which lists assets or possessions, with dollar values, in the left column and lists debts and obligations, including net worth in the right column. The two totals must balance.

#### **Billing**

The act of sending out bills or statements to customers.

#### **Budget Plan**

A system of buying or making expenditures in specified payments over a period of time; an installment plan.

#### **Cash Reserve**

An amount of cash or very liquid securities quickly convertible to cash, kept in reserve for special purposes or to protect against sudden emergency needs.

#### **Charge-off**

A debt that is written off as uncollectible; a loss because of nonpayment by the debtor.

#### **Checking Accounts**

Amounts of money kept with a financial institution subject to immediate withdrawal on personal demand or by use of checks or "orders to pay."

#### **Collateral**

Property or possessions of any kind that are set aside or deposited as security for performance of a contract or for payment of an obligation.

#### **Consolidate**

To bring together several obligations under one agreement, contract or note.

#### **Consumer Credit**

The collective credit of consumers when used to finance the goods and services they consume.

#### **Consumer Loans**

Loans made to individuals or families with the proceeds to be used for consumers, as contrasted with business or investment purposes.

#### **Legal Obligation**

A debt or promise to perform that can be enforced by legal means, if necessary.

#### **Liquid Assets**

Wealth that is easily convertible to cash

#### **Moral Obligation**

Debt or responsibility, the payment or fulfillment of which is not based on legal rights or action.

#### **Mortgage**

The written evidence of pledging valuable property to assure payment; providing automatic change of title to the creditor in case of default.

#### **Mortgaging Future Income**

Pledging income not yet earned.

**Nonpayment**

Failure to pay as agreed.

*Note.* A written, signed instrument noting a debt and listing essentials of the agreement to repay, showing where, when, and in what installment payments are required.

**Obligation**

An amount of money or contracted performance one is morally or legally bound to pay or perform.

**Proceeds**

The total amount paid; in borrowing, the actual money handed to the borrower; in receiving payment, the actual total, including principal, interest and service charges, all included when payment is made; in sales, the net amount turned over to the seller after all costs, commissions, taxes, etc., have been paid.

**Promissory Note**

A written instrument giving evidence of the fact a debt or obligation has been undertaken, setting forth the nature of the promise to pay.

**Release**

Instrument signed by the creditor when he has been paid in full, authorizing all who are involved to release or make void the mortgage or trust deed; to release the pledge of security.

**Remitting**

Paying, as in remitting a payment, also canceling, as in remitting a debt.

**Signed Instrument**

Any legal agreement or note which is written and signed.

**Single Payment Loans**

Loans which are payable in full on one (usually specified) date.

**Stated Charge**

The published, advertised, mentioned, or promised rate to be charged.

**Take Home Pay**

The amount of wages or salary left to the worker after taxes.

**Title**

Ownership

**Trade In**

The part of a sale represented by trading an old product for a new product, as contrasted to the part of the sale completed by payment of money; the amount allowed for the article traded in against the total purchase price of the article being sold.

**Unpaid Balance**

The original difference between the purchase price of the purchase and the down payment plus trade-in allowance or other credit, if any.

**Waive**

Give up, as in releasing one from some performance that could be legally or morally enforced.



**PREVENT FINANCIAL DIFFICULTIES  
...ATTEND FINANCIAL ASSISTANCE  
CLASSES!**

Figure A-3.

## Appendix B FINANCIAL ASSISTANCE ORIENTATION FOR INCOMING PERSONNEL

### Section I LESSON PLANS

#### B-1. Suggested Lesson Plan For Establishing and Maintaining a Checking Account

a. *GENERAL.*

- (1) INSTRUCTIONAL UNIT: Consumer Education.
- (2) TYPE: The Checking Account.
- (3) TIME ALLOTTED: 30 minutes.
- (4) TOOLS, EQUIPMENT AND MATERIALS: Overhead Projector.
- (5) INSTRUCTIONAL AIDS: Sample Blank Check and Check Register.

b. *INTRODUCTION.* (Lecture 5 minutes.)

(1) *Objectives.*

- (a) Reasons for having a checking account.
- (b) The correct way to write and record checks.
- (c) Reconciling a bank statement.

(2) *Reasons.*

- (a) To acquaint the soldier with checking accounts and the writing of checks.
- (b) To insure that the soldier is adequately prepared to maintain his own checking account accurately.

c. *EXPLANATION.* (Conference 20 minutes.)

(1) *Reasons for having a checking account.*

- (a) No excessive cash on hand.
- (b) A cancelled check is a receipt for payment.
- (c) An easier method of paying bills.

(2) *The correct way to use a checking account.*

(a) Writing check:

1. Always use ink.
2. Enter the correct date.
3. Write the name of payee clearly.
4. Dollar amounts, figures and words must agree exactly.
5. Your signature must be as signed on the bank's signature card.

(b) Record payments in the check register:

1. Check number and date.
2. Payee and the amounts of the check.
3. Subtract the amount from your previous balance.
4. Don't forget!

(3) *How the bank statement is reconciled.*

- (a) Arrange cancelled checks in numerical order.
- (b) Check off each check returned in the check register and correct any recording errors.
- (c) Record any additional charges by the bank.

1. Service charge.

2. Check printing charge.

(d) Beginning with your balance shown on the bank statement:

1. Add deposits recorded in the checkbook, but not yet recorded on the bank statement.
2. Subtract any checks recorded in the checkbook, but not yet recorded on the bank statement.
3. This amount should be the same as the balance on your checkbook.

d. *REVIEW.* (Conference 5 minutes.)

(1) *Student Questions.*

(2) *Recap of Main Points.*

- (a) Checking accounts are easier and more practical than cash.

- (b) To prevent errors, checks must be written and recorded accurately.
- (c) Reconciling each bank statement when it arrives will prevent any discrepancies and the possibility of overdrawing.
- (3) *Closing Statement.* The checking account, if used properly, can be a valuable asset to any consumer today.

## **B-2. Suggested Lesson Plan For Budget Planning**

### *a. GENERAL.*

- (1) Instructional Unit: Budget Planning.
- (2) Type: Film "Dollars and Sense" (available from Army and Air Force Motion Picture Service).
- (3) Time Allotted: 60 minutes.
- (4) Tools, equipment and materials; movie projector and overhead projector.
- (5) Instructional Aids: Film and slides.

### *b. INTRODUCTION.* (Lecture, 5 minutes.)

- (1) Objective: To acquaint Army service members with the fundamentals of sound personal financial practices.
- (2) Reasons:
  - (a) Personal money management is a skill that can be learned, developed with practice, and enjoyed like other skills.
  - (b) Earned income comes as the result of considerable personal effort, so see that it is managed and used wisely.

### *c. EXPLANATION.* (Lecture/Conference 45 minutes.)

- (1) A film on budget planning entitled "Dollars and Sense."
- (2) A Lecture/Conference covering the following:
  - (a) A budget is a simple tool for the businesslike management of a household's finances.
  - (b) The reason for having a budget is often misunderstood.
  - (c) A budget is a general plan for organized spending and saving. It is drawn up ahead of time, not a record of expenditures set down afterward.
- (3) Necessity for budgeting.
  - (a) Extensive wants and limited income.
  - (b) Plan ahead for growing family.
  - (c) Know where your money is going and where you want it to go.
  - (d) Avoid excessive debts.
- (4) Setting up a budget.
  - (a) Include the whole family.
  - (b) Good financial training for the children.
  - (c) Make it a family effort.
- (5) Determine gross income.
- (6) Assemble data on current expenditures.
  - (a) Check stubs.
  - (b) Receipts.
  - (c) Intelligent estimates.
- (7) Group expenditure data into major categories (e.g., food, clothing, housing).
- (8) Evaluate current expenditure data.
  - (a) See that expenditures do not exceed income.
  - (b) Analyze each expenditure category to determine if it is out of line or far from normal for families in the same income bracket.
  - (c) Evaluate in terms of provisions for future major expenditures.
- (9) Establish tentative budget schedule. When categories of expenditures have been evaluated and adjusted where necessary, they now form a budget schedule.
- (10) Keeping of the budget.
  - (a) Should be done in way easiest for individual.
  - (b) Record book for recording expenses (8½" x 11"); loose leaf notebook.
  - (c) Generally it is advisable to keep books on monthly basis.
  - (d) Usually it is better to record cash expenses daily and expenses paid by check monthly.
- (11) Budget reviews.
  - (a) Nothing more predictable than probability of change.
  - (b) Expenditure items should be reviewed frequently to be certain they are reasonable, applicable, and necessary.
  - (c) Information about average expenditures for different budget categories may be obtained from the Bureau of Labor Statistics.

d. *GENERAL BUDGET GUIDELINES.*

(1) *Food.*

- (a) Should not exceed 35 to 40 percent of spendable income.
- (b) Buy in large and more economical quantities.
- (c) Make better use of leftovers.
- (d) Shop from a list prepared in advance; avoid impulse buying.
- (e) Be a sophisticated shopper; compare weights and don't be misled by the packages.

(2) *Clothing.*

- (a) Plan your wardrobe around the clothes you already have.
- (b) Get variety through accessories.
- (c) Stick to one or two main color schemes.
- (d) Time your purchases to take advantages of seasonal sales. Remember, though, a bargain is a bargain only when you need it.

(3) *Transportation.*

- (a) Operating and maintenance costs of a car amount to approximately 20 cents per mile including depreciation.
- (b) Compare costs of financing before you purchase an automobile.
- (c) Commercial banks offer favorable rates on automobile loans.
- (d) Proper maintenance and good driving habits will help to hold car operating costs to a minimum.

(4) *The "little things."*

- (a) Watch the "little things" (e.g., books, records, magazines, cigarettes, candy, going out, sitters, movies) they add up.
- (b) Keep them under reasonable control because they can deplete your income with alarming regularity.

(5) *Advance pay.* Do not draw advance pay unless you can continue to meet your credit obligations and living expenses from remaining

e. *REVIEW.* (Conference 10 minutes.)

- (1) Student questions.
- (2) Recap of main points.
- (3) Closing statement.

**B-3. Suggested lesson plan for money and marriage**

a. *INTRODUCTION.* (Lecture 5 minutes.)

(1) *Objectives:*

- (a) To facilitate better marital relations.
- (b) To provide the information necessary for better family financial management.

(2) *Reasons:*

- (a) To help the soldier do a better job in providing for his family.
- (b) To create a consumer awareness to stem financial crisis in marriage.

b. *EXPLANATION.* (Conference 25 minutes.)

(1) *Overspending for "Instant Gratification."*

- (a) Buy now, forget about tomorrow
- (b) The "want" problem without considering a budget
- (c) How will the indebtedness be paid back *Question:* Will what you want today cause a hardship on your family tomorrow?

(2) *Oversaving.*

- (a) What is a wise investment.
- (b) Overinsurance versus what the family can afford.
- (c) The "big money" investments and what to watch for.

(3) *Budgeting.*

- (a) Short-term help.
- (b) Long-term help.
- (c) The use of credit in relation to a budget. *Questions:* If you have a family emergency tomorrow, do you have the money to meet the expenses?

c. *Review.* (Conference 5 minutes.)

- (1) *Student Question.*
- (2) *Recap of Main Points.*
  - (a) The overspending of money and how to solve the problem.
  - (b) The oversaving of money and the pitfalls of investment.

(c) Budgeting your money and credit responsibilities.

(3) *Closing Statement.* In marriage the correct use of money to support your family is paramount in this market environment. A knowledge of consumerism will enable you to provide properly for all the things needed to handle a family consumer problem correctly.

#### **B-4. Suggested lesson plan for the art of spending money**

##### *a. INTRODUCTION:*

(1) Last year, in the United States, over 200,000 families were forced to declare bankruptcy. They lost most or all of their possessions. How or why did this happen?

(2) This occurred because they did not have the ability to protect their future through "THE ART OF SPENDING MONEY."

##### *b. DISCUSSION:*

(1) Consumer financial behavior through the last 13 years.

(a) Increase in income.

(b) High spending.

(2) Growth in consumer credit.

(a) Consumer needs for more things.

(b) High cost of those items.

(c) Wide use of credit.

(d) Easy credit.

(e) Population increase.

(f) More people, create more marriage, thus creating greater need for credit.

(3) Personal bankruptcies.

(a) Increase in personal bankruptcies compared to increases in use of credit.

(b) Increase in the cost of goods and services.

(c) Unemployment.

(d) Prolonged illness.

(e) Over-extended credit.

(f) Does bankruptcy pay off your debts?

(g) What happens to mortgaged securities as opposed to those which are free and clear?

(4) "THE ART OF SPENDING MONEY" must include a family or personal budget. Budgets are not merely affairs of arithmetic.

(a) A budget is in fact a financial description of the lives it supports.

(b) Arithmetic is the method by which you handle your money.

(c) Money is only an exchange for those items you need to support your family's needs.

(5) The wise use of credit is a quality of the "ART OF SPENDING MONEY."

(a) Webster's Dictionary defines credit as "The quality of being credible or trustworthy".

(b) Types of loans (Discuss each).

1. Insurance Companies.

2. Credit Unions.

3. Savings and Loan Associations.

4. Commercial Banks.

5. Industrial Banks.

6. Finance Companies.

7. Pawn Shops.

(c) Many different interest rates.

1. Add-on or compound interest.

2. Simple interest.

(d) Have you purchased an item by the method of asking "How much is the payment?"

1. Shop the cost of the item.

2. Shop the interest rate.

3. Result-lower total cost.

(e) The interest and the cost of the item determine your payment through a workable budget you could save the cash and avoid the interest cost, and thus saving money.

(f) Contracts-before you sign a contract:

1. Always read the contract before you sign.

2. Never sign unless all blanks are completed.

3. If you do not understand-ask questions.
4. If you still do not understand-leave (seek legal assistance).
5. All verbal agreements must be written on the contract.
6. Explain why a verbal contract is so hard to prove in a court of law.
7. Are you a lawyer?
8. Seek help from your installation Legal Assistance Officer.
9. Ask the lawyer to give you your legal position on any contract prior to the signing.
10. A rule to use: "Always sleep on it."
11. Is the back of the contract important?
12. What do additional terms mean?
  - (h) Frauds, Swindles and Come-ons:
    1. "THE SWINDLER ALWAYS LOOKS HONEST."
    2. I have a free gift.
    3. Bait and switch.
    4. Something for nothing.
  - (i) Door-to-door sales.
    1. Types of sale: Insurance, magazines, water softener, encyclopedias, vacuum cleaners, sewing machines, and package sales.
    2. Buyers, right to cancel.
    3. How and when to say NO.
    4. What happens when you say NO.
  - (j) Unsolicited items received through the mail.
  - (k) Credit Troubles-"Can't make your payment."
    1. You can ignore the problem.
    2. Borrow from a friend.
    3. Leave the area.
    4. Borrow your way out of debt.
    5. Declare bankruptcy and lose all you tried to gain.
    6. Visit your local Staff Judge Advocate.
    7. Visit your installation ACS, Commercial Affairs element.
  - (l) How Budget Counseling Service helps people.
  - (m) Short term help.
    1. Letting your creditor know about a one-time problem.
    2. The car payment is delinquent, a budget for your family, and any other special problem.
    3. Information on a new purchase. How to get a better price or the lowest rate of interest and other consumer questions.
  - (n) Long-term help with a debt payment program.
    1. Reduce payments to the creditor to allow total payment of debt and living expenses.
    2. Full disclosure to allow acceptance.
    3. While in the program the client does not use his credit.
    4. PGA, assists the client in preparing his budget and in paying his bills through a special checking account.
- c. **SUMMARY:**
  - (1) The amount of consumer credit, erratic spending, and bankruptcy cases are on a rapid upswing in our economy.
  - (2) Prevent problems and plans for the future through a budget.
  - (3) There is nothing wrong with the wise use of credit. Be careful-be knowledgeable and shop for your best interest rate and price.
  - (4) Be very careful with contracts requiring 2 or 3 years of payments.
  - (5) Never ignore a debt. Keep in touch with your creditors, they will give you much more cooperation if you do.

## **Section II**

### **FINANCIAL ASSISTANCE SOURCES.**

#### **B-5. List of Nonprofit Financial and Consume Organizations**

Consumer Federation of America  
 1012 14th Street, NW  
 Washington, DC 20005

National Consumer Finance Association  
Consumer Affairs Center  
Donna G. Beavers, Coordinator  
1000 16th Street NW  
Washington, DC

Tennessee Statewide Consumer Education  
Planning Group  
The University of Tennessee  
323 McLemore Street  
Nashville, Tennessee 37203  
Tel: (Commercial) 615-254-5681

Associate Director, Consumer Education  
Council of Better Business Bureaus, Inc.  
845 Third Avenue  
New York, New York 10022  
Tel: (Commercial) 212-832-3131

#### **B-6. List of financial assistance sources within the Federal Government**

Office of Consumer Affairs  
Special Assistant to the President for Consumer Affairs  
Executive Office of the President  
Washington, DC 20500  
Information: Tel: (Commercial) 202-962-2972

Director, Agricultural Marketing Service  
Department of Agriculture  
Independence Avenue between 12th and 14th Streets, SW  
Washington, DC 20250  
Information: Tel: (Commercial) 202-447-6766  
Education: Tel: (Commercial) 202-447-5223

Consumer Product Information Center  
General Services Administration  
Room 2660  
7th and D Streets, SW  
Washington, DC 20407  
Tel: (Commercial) 202-962-2972

National Business Council for Consumer Affairs  
Department of Commerce  
14th Street between E and Constitution Avenue  
Washington, DC 20230

Assistant Director of Industry Guidance  
Bureau of Consumer Education  
Federal Trade Commission  
Washington, DC 20580

Office of Consumer Services  
Department of Health, Education and Welfare  
Suite 108  
600 Hemisfair Way  
San Antonio, Texas 78205  
Tel: (Commercial) 512-225-5111, Ext. 4834

#### **B-7. List of National Credit Union Administration Regional Offices**

##### *a. Region I (Boston).*

Regional Director  
National Credit Union Administration

125 Lincoln Street, 5th Floor  
Boston, Massachusetts 02111  
Tel: 617-223-6807 (Commercial)

*States served*

Connecticut  
Maine  
Massachusetts  
New Hampshire  
New Jersey  
New York  
Puerto Rico  
Rhode Island  
Vermont  
Virgin Islands

*b. Region II (Harrisburg).*

Regional Director  
National Credit Union Administration  
Federal Building  
228 Walnut Street, Box 926  
Harrisburg, Pennsylvania 17108  
Tel: 717-782-4595 (Commercial)

*States served*

Delaware  
District of Columbia  
Maryland  
Pennsylvania  
Virginia  
West Virginia

*c. Region III (Atlanta).*

Regional Director  
National Credit Union Administration  
800 Peachtree Street, NE, Room 500  
Atlanta, Georgia 30308  
Tel: 404-526-3127 (Commercial)

*States served*

Alabama  
Canal Zone  
Florida  
Georgia  
Kentucky  
Mississippi  
North Carolina  
South Carolina  
Tennessee

*d. Region IV (Toledo)*

Regional Director  
National Credit Union Administration  
New Federal Building  
234 North Summit Street, Room 103  
Toledo, Ohio 43604  
Tel: 419-259-7511 (Commercial)

*States served*

Illinois  
Indiana  
Michigan  
Minnesota  
Ohio  
Wisconsin

*e. Region V (Austin).*

Regional Director  
National Credit Union Administration

205 West Ninth Street, 7th Floor  
Austin, Texas 78701  
Tel: 512-397-5131 (Commercial)  
*States served*  
Arkansas  
Colorado  
Iowa  
Kansas  
Louisiana  
Missouri  
Montana  
Nebraska  
New Mexico  
North Dakota  
Oklahoma  
South Dakota  
Texas  
Wyoming  
Utah

*f. Region VI (San Francisco).*

Regional Director  
National Credit Union Administration  
760 Market Street, Room 809  
San Francisco, California 94102  
Tel: 415-556-6277  
*States served*  
Alaska  
Arizona  
California  
Guam  
Hawaii  
Idaho  
Nevada  
Oregon  
Washington

### **Section III**

### **CONSUMER AFFAIRS REFERENCES**

#### **B-8. List of Army references**

*a. Army Regulations.*

- (1) AR 1-7, Consumer Product Information Program.
- (2) AR 210-7, Personal Commercial Affairs.
- (3) AR 210-8, Solicitation and Sale of Insurance on Army Installations.
- (4) AR 210-24, Credit Unions.
- (5) AR 600-15, Indebtedness of Military Personnel.
- (6) AR 608-1, Army Community Service Program.
- (7) AR 930-4, Army Emergency Relief, Authorization, Organization, Operations, and Procedures.
- (8) AR 930-5, American National Red Cross Service Program and Army Utilization.

*b. Army Pamphlets.*

- (1) DA Pamphlet 360-5, The Information Officer's Guide.
- (2) DA Pamphlet 360-520, Credit: Master or Servant.
- (3) DA Pamphlet 360-808, Commanders Call Support Material.
- (4) DA Pamphlet 608-4, For Your Guidance: A Guide for the Survivors of Deceased Army Members.
- (5) DA Pamphlet 930-1, AER Educational Loan Program.

#### **B-9. Lists of Government Publications**

The following is a list of the most recent low-cost government publications which are helpful in the development of consumer education services. All requests should be directed to:

Superintendent of Documents  
Government Printing Office  
Washington, DC 20402

**Table B-1**  
**List of the most recent low-cost government publications**

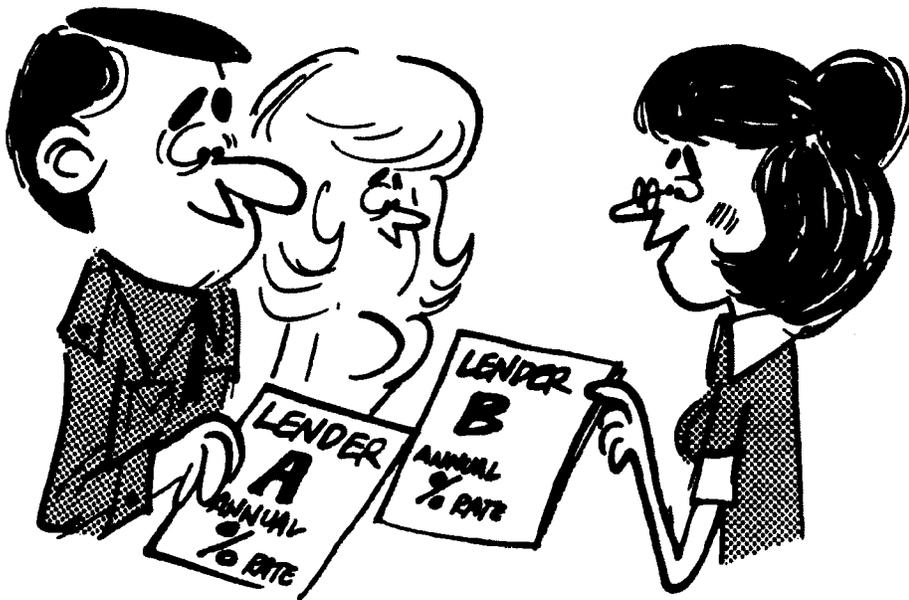
Catalog No	Title of Publication	Amount*
90-2: Pub Law 321	Consumer Credit Protection Act	\$.25
Pr. 36.8: C 76/B 47	Consumer Education Bibliography	.65
A 1.11/3: C 86	Consumer's Quick Credit Guide	.05
A 1.11/3C 86/Spanish	Consumer's Quick Credit Guide	
Pr 36.8: C 76/C 76/3	Consumer Education, What It is and what It is Not	.05
		.10
A 1.9: 2135/2	What Young Farm Families Should Know About Credit	
D 2.14: PA-10	Credit, Master or Servant	.25

Notes:

\* Prices subject to change.

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**GET THE BEST RATE THAT  
YOU CAN!!**



**...CONSULT YOUR LOCAL CREDIT UNION**

**...BORROW ONLY WHAT YOU NEED**

Figure B-3.

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**THINK...**  
**BEFORE YOU BORROW!**



Figure B-8.

**Appendix C  
 SAMPLES OF FORMATES USED DURING BUDGET COUNSELING**

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**C-1. Sample Financial Assistance Service Work Sheet.**

**BUDGET INFORMATION**      Sheet # \_\_\_\_\_

\_\_\_\_\_ **INTAKE CARD/SVC REQUEST**      RE: \_\_\_\_\_

\_\_\_\_\_ **CREDITORS LIST**                      **GRADE** \_\_\_\_\_

\_\_\_\_\_ **BUDGET INFORMATION SHEET**                      **DUTY PHONE** \_\_\_\_\_

\_\_\_\_\_ **AUTH AGREEMENT AND SUPPLEMENT**                      **HOME PHONE** \_\_\_\_\_

\_\_\_\_\_ **CREDIT BUREAU AUTHORIZATION (DATE MAILED)**

\_\_\_\_\_ **LETTERS TO CREDITORS WITH PROPOSED PAYMENTS (DATE MAILED \_\_\_\_\_)**

\_\_\_\_\_ **CREDIT CARDS RETURNED (DATE MAILED \_\_\_\_\_)**

\_\_\_\_\_ **SIGNATURE CARDS**      \_\_\_\_\_ **HUSBAND**      \_\_\_\_\_ **WIFE**

**C-2. Sample Financial Assistance Service Authorization Agreement Authorization Agreement.**

**WITH:** The Budgeting Counseling Service, Army Community Service Center,  
 Fort \_\_\_\_\_  
**RE:** \_\_\_\_\_

The above-mentioned clients hereby agree to involve themselves in a credit and budget counseling program and have accepted as clients of the budget counseling service of the ACS Center, Fort \_\_\_\_\_.

The agency will assist the client in financial management as long as this is mutually agreeable and necessary, providing the client signs the following:

I understand the budget counseling service does not lend any money and that their budgeting service is offered without charge.

I hereby authorize the budget counselor to contact any of my creditors . . . .

I agree that the budget counseling service is authorized to budget my outstanding accounts and obligations, adjust charge, and settle any of my debts, obligations, liabilities . . . .

I have relinquished all my credit cards to the budget counseling service. . . .

I hereby authorize the service to contact the local credit bureau and inform them of my involvement in the counseling program. . . .

Figure C-1.

---

I hereby agree to notify the budget counseling service IMMEDIATELY of any change in the financial status of my family.

My individual program with the budget counseling service, Commercial Affairs element, ACS requires that I deposit \$\_\_\_\_\_ to a special personal checking account, established through the budget counseling service, each month prior to the 5th of that month, starting \_\_\_\_\_. I will turn in the deposit slip to the budget counseling service for necessary verification and assist in every possible way to perform the mechanics for my account. The amount of payment will be determined by mutual agreement of the budget counseling service and the individual creditor. The accounts record, including the check book, will remain in custody of the budget counseling service. Payments to creditors will be mailed on the 12th day of the month.

We (I) agree to hold the budget counseling employees of the Commercial Affairs element, ACS harmless from any claim, suit, action, or demand of our (my) creditors, ourselves (myself) or any other person arising out of our (my) involvement in the budget counseling program.

Signatures: Budget Counselor \_\_\_\_\_ Date \_\_\_\_\_  
 (Husband) \_\_\_\_\_ (Wife) \_\_\_\_\_

**C-3. Creditors LIST. (Sample)**

**CREDITORS LIST**

/ . . . Office Use Only . . . /

COLLATERAL NAME AND ADDRESS OF TOTAL MO.  
 CREDITORS OWED PMT MONTH MONTH MONTH

Home: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Acct NO: \_\_\_\_\_  
 Car: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Acct NO: \_\_\_\_\_  
 Other: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Acct NO: \_\_\_\_\_

**C-4. Budget Information Sheet.**

**BUDGET INFORMATION**

Name \_\_\_\_\_ Rank \_\_\_\_\_ Spouse \_\_\_\_\_  
 Unit \_\_\_\_\_ Duty Phone \_\_\_\_\_

**INCOME**

Base Pay  
 BAQ  
 Sub  
 Cloth  
 Pro-pay  
 Other (specify)

**ALLOTMENTS AND DEDUCTIONS**

Income Tax  
 FICA  
 SGLI  
 Collections  
 Other (specify)

Figure C-2.

**ADDITIONAL FAMILY INCOME: (Specify)**

If previously bankrupt, when? \_\_\_\_\_ Total monthly income \$ \_\_\_\_\_

**MONTHLY LIVING EXPENSES FOR THE FAMILY:**

Rent . . .	\$ _____
Food . . .	"
Clothing . . .	"
Utilities . . .	"
Transportation . . .	"
Installment Payments . . .	"
Other (specify) . . .	"

Savings (Minimums) -----

**TOTAL MONTHLY EXPENSES** \_\_\_\_\_

**BALANCE FOR DEBT REPAYMENT** \_\_\_\_\_

**MAXIMUM DEBT ADVISABLE** \_\_\_\_\_

Other (Specify) \$ \_\_\_\_\_

**C-5. Credit Bureau Authorization. (Sample)**

**CREDIT BUREAU AUTHORIZATION**

To: The Credit Bureau of \_\_\_\_\_

The undersigned, having established and adjustment Payment Program with the ACS Centers, Financial Assistance element, hereby authorizes and directs you:

1. To furnish credit information from your files as requested by the Financial Assistance Section.
2. To advise any companies inquiring concerning our (my) credit of the fact that an adjustment payment program is in effect with the Financial Assistance Service and that we (I) have agreed to seek no further credit until the program has been completed except in the case of an emergency and then only with the prior approval of the service.
3. We (I) hereby release you from any and all claims and demands of any kind, nature or description growing out of the performance by you of the acts herein before authorized.

\_\_\_\_\_  
(date)

\_\_\_\_\_  
(husband)

\_\_\_\_\_  
(wife)

**C-6. Sample Weekly Information Sheet.**

**WEEKLY INFORMATION**

For the period \_\_\_\_\_ 19\_\_\_\_ to \_\_\_\_\_ 19\_\_\_\_

**Interviews:**

**Total Interviews**

**Number of New Cases**

**Number of Cases Enrolled.**

Figure C-3.

---

Number of Cases not Enrolled.  
Number of Cases Terminated.  
Number of Letters Sent Out.  
Total Indebtedness.

**EXTRA ACTIVITIES**

Client                      Grade                      Status                      Problem                      Action                      Debt



**A BUDGET IS A ROADMAP OF ONE'S  
IMMEDIATE FINANCIAL FUTURE**

Figure C-4.

---

Appendix D  
SUGGESTED FINANCIAL MANAGEMENT PLAN

---

D-1. FINANCIAL RESOURCES.

Date: \_\_\_\_\_

Amount

Checking Account \$ \_\_\_\_\_

Savings Account \_\_\_\_\_

U.S. Government Bonds \_\_\_\_\_

Life Insurance Cash Values \_\_\_\_\_

Investments \_\_\_\_\_

Real Estate \_\_\_\_\_

Annuities \_\_\_\_\_

Pensions \_\_\_\_\_

Automobile \_\_\_\_\_

Personal Property \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

TOTAL \$

\_\_\_\_\_

Figure D-1.

---

---

D-2. MY FINANCIAL LIABILITIES  
Amount

Installment Loans \$ \_\_\_\_\_

Other Loans \_\_\_\_\_

Charge Accounts \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

TOTAL \$

\_\_\_\_\_

WHERE DO I STAND?

My total financial assets \$ \_\_\_\_\_  
less

My total financial liabilities \$ \_\_\_\_\_

My net worth \$ \_\_\_\_\_

Figure D-2.

---

---

D-3. FINANCIAL MANAGEMENT PLAN FOR 19 \_\_.

MY INCOME

	\$
Other income (interest, dividends, etc.)	+
Total annual income with which I have to work	\$
Weekly or monthly income (annual total divided by 52 or 12)	\$

PAYMENTS I HAVE TO MEET  
(figure first on an annual basis)

Rent or mortgage	\$
Other housing expenses (taxes, major repairs, insurance, etc.)	
Electricity, heat, gas, water, telephone	
Church and other contributions	
Life insurance	
Other insurance (auto, liability, etc.)	

Figure D-3.

---

---

Major clothing

---

Additional income taxes  
(not already withheld)

---

Property and local taxes

---

Loan or installment payments

---

---

+

---

Annual total of payments I have to meet \$  
I'll set aside weekly or monthly  
(total amount divided by 52 or 12)

---

MY EMERGENCY FUND

---

My emergency fund goal is \$

---

DAY TO DAY EXPENSES  
(weekly or monthly estimates)

Food \$

---

Other than major items of clothing

---

Household incidentals (maintenance and  
minor repairs, laundry, cleaning, etc.)

---

Transportation and work expenses

---

Professional expenses  
(dues, publications, meetings, etc.)

---

Newspapers, magazines, other  
club dues, recreation, etc.

---

Figure D-4.

---

---

Regular medical expenses

---

Personal allowance

---

+

---

Total day-to-day expenses

\$

---

**SUMMARY**

TOTAL WEEKLY OR MONTHLY INCOME

\$

---

minus

TOTAL WEEKLY OR MONTHLY OUTGO

(Total set aside for payments I have to meet and for  
emergency fund plus total day-to-day expenses)

---

**BALANCE**

For regular savings, investments, or special \$  
goal

---

---

Figure D-5.

---

---

D-4. MY CALENDAR OF PAYMENTS

When recording regular, fixed expenses, it can be useful to note what time of the year such payments fall due. If payments are clustered in a short time period, it may be possible to rearrange them to fall due at more convenient times. For example, if a life insurance premium falls in the same month as the tax bill, ask the company to reschedule premium due dates.

AMOUNTS DUE

---

Jan.

---

Feb.

---

Mar.

---

Apr.

---

May

---

June

---

July

---

Aug.

---

Sept.

---

Oct.

---

Nov.

---

Dec.

---

Figure D-6.

---

**D-5. ACCUMULATED RESOURCES**

**MEETING MY FUTURE NEEDS**

As of (date) \_\_\_\_\_

I've accumulated resources in these channels (fill in the dollar amounts for each that you have, if possible):

if needed, these resources will provide my dependents

These resources will provide for me

Monthly Income Beginning at Age \_\_\_\_\_ Reserve for Emergencies or Opportunities Monthly Cash

Social Security \$ \_\_\_\_\_ \$ \_\_\_\_\_ Monthly \$ \_\_\_\_\_ Cash \$ \_\_\_\_\_

Life Insurance \_\_\_\_\_

Army Retirement Plan \_\_\_\_\_

Civil service Retirement plan \_\_\_\_\_

Annuities, individually owned \_\_\_\_\_

Savings accounts \_\_\_\_\_

Checking accounts \_\_\_\_\_

Stocks, bonds, mutual funds (market value) \_\_\_\_\_

U.S. Government Bonds \_\_\_\_\_

Real estate (market value or rent from home or other real estate) \_\_\_\_\_

Figure D-7.

Interest in a business					
Mortgages					
Accounts & notes receivable					
TOTAL					\$

Figure D-8.

**D-6. INVENTORY OF IMPORTANT RECORDS AND PAPERS.**

Date: \_\_\_\_\_

	Location	Location
<b>Adoption papers</b>		<b>Inventories-Business</b>
<b>Automobile title</b>		<b>Inventories-Household</b>
<b>Bank books</b>		<b>Legal documents</b>
<b>Bills of sale</b>		<b>Letters</b>
<b>Birth certificates</b>		<b>Licenses</b>
<b>Cancelled checks</b>		<b>Marriage certificates</b>
<b>Christening records</b>		<b>Medical records</b>
<b>Contracts</b>		<b>Military service records</b>
<b>Citizenship papers</b>		<b>Mortgages</b>
<b>Confidential papers</b>		<b>Notes</b>
<b>Copyrights</b>		<b>Passports</b>

Figure D-9.

Location	Location
Court decrees	Patent papers
Credit cards	Pension certificates
Deeds	Securities
Diaries	Social Security cards
Diplomas and degrees	My Social Security No. is
Family records	Stock certificates
Guardianship papers	Tax receipts and records (other than income tax)
Historical records	Trust papers
Income tax records	U.S. Savings Bonds
Insurance policies	Wills

Figure D-10.

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