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How Shall the Family Invest Its Savings

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TODAY saving and investment go hand in hand. No one tries to build up a private hoard of gold coins and bank notes, hidden under the heart: like Silas Marner. Both for the sake of safety and for the sake of productivity the thought is inevitable of one of the many ways by which we can get our savings into the hands of those who wish to use them productively. Thus individual savings become part of the national capital, and factories are built, railways are extended, farms are improved, as a result of the family's desire to provide for the future.

Every family whose income is based wholly or to a large degree upon one person's earnings has ever before it this serious problem: How much of it, we set aside from our current income to provide for those possible future occasions when income may cease due to illness, unemployment, old age or the death of the breadwinner? If the income is small, the conflict between immediate demands and the possible future needs is very great, and every family with foresight and a sense of responsibility ponder and weighs most carefully before declaring any of it as saved. In general, it is probably true that the majority of families in the United States living upon earnings are not able to provide adequately for future emergencies without sacrificing some present interest usually deemed essential. According to the comprehensive study of the distribution of income in the United States made by the National Bureau of Economic Research in 1918, about 80 percent of the incomes of the income receivers had yearly incomes of less than $1800. A man of thirty, thrifty life insurance, may insure his dependents in case of his death, an income of $900 per year by the payment of an annual premium of about $350. But is it doubtful whether under ordinary circumstances the income left after making this deduction would provide the food, clothing, housing, education, recreation and care of health deemed essential according to present day standards.

However, alto it may be unfortunately true, that there are many families unable without undue sacrifice to provide adequately for future contingencies, yet this does not mean that these families ought not and will not make any provision for the future. There is a wide range between no provision and adequate provision. The amount saved each year should be as far along the road to adequacy as seems possible after a careful weighing of interests. Every family has, therefore, the problem of investment, for this problem arises whether the savings are large or small. It must find an answer to the question, "where shall our savings be placed in order that they may be kept safely until time of need and earn as much in the way of income as possible?"

There is, of course, no magic formula for safe investment, and still more beyond human ken is any rule for finding one extremely profitable one. In fact, the first principle, probably, that the investor should know is that merely for the use of money, with a minimum of risk and without demand upon the owner for a part in the management and supervision of a business, only a moderate amount, will be paid. It should be clearly understood that the one thing the use of capital in one's own business is another, and investment pure and simple is still another.

There are various possibilities open today to the family desiring to invest its savings. There are the facilities offered by insurance companies, there is the savings bank, the building and loan association, and the wide variety of corporate securities available for purchase. Any one of these can be employed to serve the purpose of the small saver very satisfactorily. Far more important than the choice between them, between insurance and the purchase of bonds, for example, is the choice of the particular insurance company or the particular investment in which the small amount is placed in order that they may be safe investment, and still more than the choice between insurance and other, and investment pure and simple is still another.

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The device of life or disability insurance is undoubtedly one of the best means that we have for meeting the financial losses contingent upon the death or disablement of the breadwinner. Just like fire or tornado insurance, it spreads the losses over the whole group subject to the risk and makes the annual cost of protection to each individual relatively small. Woe, however, if few families dependent upon personal earnings should fail to secure some protection of this character.

Very often there is combined with the insurance contract some form of regular saving by which a fund is accumulated or an annuity is paid. The purchaser of an endowment or similar policy receives his savings in the form designated at a specified time.

The advantage that the many types of insurance offer especially to the small saver and investor are well known. There is usually a policy to meet the peculiar needs and circumstances of almost every family. The method of periodicical payment fosters thrift. Even when there is no financial penalty if the premium is not paid the definiteness of the sum and the time at which it is to be paid seems to have a compelling effect. Furthermore, the method of investing the premiums for a life policy has a high degree of safety. There are, fortunately, in this country today a number of standard companies with established reputation and extensive resources, operating under such satisfactory legal regulation that their reliability is almost beyond question. If the company is also a mutual organization in which the policy holders participate in earnings the saver secures a fair income upon his accumulation as well as the security of his investment.

If insurance offers then so many advantages, should all the family's savings take this form? That is a question which raises other considerations. There would seem to be a limit to the sum a family should definitely obligate itself to save. Above this limit the savings might fluctuate from year to year as the demands upon income fluctuate. Furthermore, a portion at least of the family's savings should be made to serve the purpose of the small saver very satisfactorily. Far more important than the choice between them, between insurance and the purchase of bonds, for example, is the choice of the particular insurance company or the particular investment in which the small amount is placed.

The savings bank, of course, provides an opportunity for the steady accumulation of small amounts in a form and under conditions where they are readily accessible. If the bank is under sound management and its operations are carefully safeguarded by the state the depositor may feel that his savings are in a place of great safety. He can, however, expect but a low rate of interest upon his principal.

The building and loan or savings and loan associations which have had a remarkable growth in some states offer means of investment that combines many of the advantages of insurance and the savings bank. These institutions encourage saving by arranging for the regular weekly or monthly payment of a definite amount. They will receive, however, larger amounts from time to time if desired and usually like the savings bank, will permit the withdrawal of part or all of the funds paid in. Since the payments are installments upon stock the depositors participate in all earnings above expenses and the income upon their savings is accordingly higher than in an ordinary savings account. The safety of the investment in the building and loan associations (Continued on page 17)
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(Continued from page 1)

sion depends, of course, upon the legal safeguards established by the state and the character of its management. An intelligent investigation will enable the investor to choose his particular institution with a reasonable amount of security.

To the family that has accumulated savings amounting to $100 or multiples of that sum the purchase of the bonds or the stock of a corporation offers itself as a possible investment. As more and more business is carried on under the corporate form of organization the more numerous and varied are the corporate securities offered for sale upon the market. As elaborate a machinery for marketing securities has grown up as that for marketing foodstuffs and dry goods. There is the organized market known as the Stock Exchange, there are the wholesalers in the form of the big banks and bond houses and the retailers in the form of the country banks and the smaller scale bond departments. There is also frequently found direct sale by the corporation to the investor, and the salesman peddling securities from house to house.

There are strong social reasons for desiring that the ownership of corporate securities be as widely scattered as possible. Nor is there any fundamental reason why the small investor should not employ his savings in this way. But the history of the investments of these securities by small savers is one marred by tragedies. It would almost seem that the more hardly won the savings the more lightly are they parted with in a so-called investment. What has been the difficulty?

There are probably two fundamental reasons for the record of unwise investments in corporate securities by small savers. In the first place many of the investors undoubtedly did not trouble to inform themselves sufficiently concerning the nature of the claim upon property and income that they were securing. They probably did not even understand the nature of a share of stock, whether common or preferred, that it represents part ownership in a business, that no one guarantees or promises an income to stockholders, that all creditors claims necessarily come before theirs, that unless there is a dissolution of the company they can secure the money invested only by a sale of the stock just as they would if they had bought a farm or a store. If they have purchased bonds they may not have inquired into the nature of the security behind them, whether they are first mortgage or second mortgage, or no mortgage at all. They may not know the character of the assets against which their lien lies, or the proportion that the total volume of indebtedness bears to the total assets. In other words, every one who buys stocks or bonds would be safer it would seem if he knew the general character of the claim he had acquired. He should also know why, generally speaking, bonds are safer than stock, public utility bonds than the bonds of an industrial concern, and preferred stock safer than common.

It is even more important than the above that the investor should realize that this is an age of specialization, and that if one does not himself possess expert information he should consult some one who does. It is manifestly impossible today for the would-be investor to inform himself of the security of every issue of bonds or stock put on the market. He may not be a lawyer and qualified to decide whether or not the legal technicalities have been met. He may not be an accountant and qualified to interpret the books of the company even if they were open to him. He probably knows nothing of the business in question and would not be competent to appraise the value of the assets even if, as would rarely be the case, he were in the place where they were located. Under these circumstan-
ees there would seem to be but one course open to the investor. That is, to obtain this information from some one who is in a position to secure and inter-

PERENNIALS FOR PER-PETUAL BLOOM

(Continued from page 6)
1. Heuchera sanguinea, coral; Aquilegia caerulea, blue; Iris germanica Khar- purle, purple.
2. Phlox Miss Lingard, white; and Campanula persicifolia caerulea, blue.
3. Phlox Miss Lingard, white; Aquilegia chrysantha, yellow; and Heuchera sanguinea, coral.
4. Shasta Daisy, white; Anemone tinctoria kelwayi, yellow; and Delphinium belladonna, blue.
5. Scarlet-orange Oriental poppies, lemon Ilies.
6. Peonies, early double soft pink with lavendar Iris pallida dalmatica and sulphur Flavesccens.
8. Larkspur with early white phlox Miss Lingard, and hybrid meadow rue.
9. Tiger lilies with dark blue monkshood.
10. Tiger lilies with lavendar phlox Eugene Danzauvilliers.
11. Bronze heliolum and purple aster.
12. White boletonia and yellow helenium.
13. Sea lavendar with dull pink sedum spectabile.
14. Light blue monkshood (Aconitum fischeri wilsoni) faced with golden chrysanthenums.

THE JOYS OF EXTENSION WORK

By Bertha Wellington

Extension work is so fascinating. Of course you are out in all kinds of weather, but with a closed car that makes no difference. There are such big advantages in doing public work, teaching people eager to learn. You have such a variety of people, meeting different groups of women every day, each group has different problems. I think more girls would enjoy extension work if they knew more about it.

As you may know, it was not until the passage of the Smith-Lever Act in 1914 that public funds were available for home demonstration work. There were agents before that time supported chiefly by local organizations. The extension agent is accountable to the State Agricultural Col- lege by monthly reports (these are not as bad as 50-50 individual reports at school). At the end of a year comes the annual report, a copy going to Washin- ton, which reminded me of some of the term reports I wrote at S. C.

At present my work in Ottawa county is mainly nutrition classes. Occasionally there is a talk to be given to a Grange meeting, Farmers' Club, etc. The nutrition work is divided into projects of four lessons each. Classes are organized on a township plan throughout the county for mothers and anyone else interested. The classes meet once a month, usually in farm homes, from 10 a. m. to 4 p. m. You may wonder what we do all day at such a meeting. The lessons are planned by our nutrition specialist at the College and are conducted by lectures, discussion and some demonstrations. The nutrition project I am giving this year is divided as follows:

Lesson I. Food and Health Habits. By means of a score card, each woman checks her own food and health habits. Characteristics of a normal healthy person are discussed.
Lesson II. Infant Feeding. Always so interesting because it is usually an im- mediate need to mothers.
Lesson III. Preschool and School Feed- ing. Mothers learn how to determine a healthy child and how to notice some common defects.
Lesson IV. Corrective Diet. It may seem that a great deal is in- volved in each lesson. Most mothers have had experience in feeding, and we try to pick out important points of what may seem like weeks of work to college students. It is so interesting to teach women attending these classes for they are so eager to learn. At a recent meet- ing one woman said, "I think we should come earlier so we can learn more".

The county home demonstration agent contributes through educational methods to the progress of the rural people of the county in which she is working along lines affecting the home. Practically no limitations have been placed as to the manner of developing the work, thus leav- ing to agents every opportunity of express- ing their ingenuity and resourcefulness as well as their ability to cooperate with individuals and organizations.

The home demonstration agent must have discriminating judgment as to what problems to undertake in the initial stages of the work. She must be able to discern what potential leadership is avail- able and what resources may be used in solving home problems. Finally she must