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PETTICOAT FINANCE

By MARGARET B. SCHAU, registered representative of
William C. Roney & Company, Kalamazoo, Michigan

The modern woman has a new and exciting interest in money—not just earning it, but putting it to use effectively. The New York Stock Exchange recently released figures showing that there are more women share holders now than men—51.6% for the ladies—48.4% men.

The biggest reason for this is that “Jane Dough” no longer takes her financial responsibilities lightly—once she was the sheltered “little woman” from whom all sordid money matters were carefully withheld by well meaning men-folk, but now she knows that protecting dollars is not enough, they must grow as well. She knows money must be set aside to buy goods and services when needed. She deserves, demands, and gets a place on the family board of directors.

Who knows more about rising prices than the family shopper? Who knows more about the shrinking dollar than the family budget stretcher? Who also knows more about the privilege of living in America than the mother raising a family today? Yes, the modern American woman knows all these things are here to stay: the rising prices that seem to accompany higher standards of living, the built-in inflationary characteristics of our economy, the enjoyment of the benefits of our great country with its system of free enterprise which gives her the highest standard of living in the world—SO she makes her plans accordingly.

Today's husband and wife are a team—cognizant of their financial as well as moral responsibilities toward their families. They should sit down often and take stock of their financial situation, review insurance policies for adequacy, check over wills (HERS as well as HIS) to see that they cover current situations as well as anticipate future contingencies, check on the emergency funds (cash in savings and government bonds), finally analyzing the securities in their portfolio. (These may be bonds, preferred and common stocks.)

Intelligent estate planning is not easily accomplished—sharp focus must be brought to bear on tomorrow's needs as well as today's. It has been proven many times that ownership of common stock in sound companies is rewarding both from the standpoint of income and capital appreciation. How do you go about acquiring some? That isn't as easy as it sounds—the investor is

in the center of an investment triangle. The points of the triangle are safety, growth, and income.

Every time you start to move toward one point, such as safety, the farther you seem to move away from the other two points—income and growth. Obviously this is not a place for applying “Do-It-Yourself” technique. This can be very costly for a beginner. (1) Get some professional help in the early stages. (2) Do some serious reading and studying—you will gradually increase your own understanding until you make more and more of your decisions yourself. Your broker wants you to do this, he prefers to present the facts to you as capably as he can, but the decision is up to you.

There are fortunately many avenues of information on the stock market today—most of them not too difficult to utilize. First of all READ—read the financial pages in your paper (ask for the Wall Street Journal for your birthday—you'll love it. Here is news and a wealth of information minus the customary gingerbread) read magazines — *Forbes* — *Nation's Business*, *Time*, *Fortune*, *Newsweek*, *Changing Times*. There are many more good ones. Visit your library's section on investments. (Probably most of these will be on the reserve list—they are pretty popular these days.) Write to the New York—the American, Midwest, or any principal stock exchange near you—they are generous with excellent material. The rest is up to you! Just find the time to start reading. Your interest will become so great you will find yourself no longer sneaking past the financial section (fearing you wouldn't understand it anyway) but find yourself turning to that section first, just as your husband turns to the sports section and the small fry to the funnies.

Besides this self-imposed reading program there is all kinds of help at your broker's office—just for the asking. He will talk over your problem with you, make recommendations, and give you information about companies in which you have an interest. Take advantage of this *free* personal service. There is no charge until you finally buy or sell securities.

Don't be timid about visiting a broker just because you happen to have a very small amount of money to invest. The New York Stock Exchange (NYSE) disclosed

recently that almost two-thirds of America's adult share owners have household incomes of less than \$7500 a year. Don't ever think your investment money is too small to bother with. Just notice the advertisements the NYSE uses in papers and magazines to let the person of modest means know that investment opportunities are available to him. You can be assured of a welcome in your broker's office regardless of the size of your investment.

How have these families in modest income brackets acquired their shares? Since Mr. Keith Funston, president of the NYSE, initiated the Monthly Investment Plan in 1954,—thousands have used its easy method of accumulating shares of the company of their choice. Any stock listed by NYSE may be bought by means of the monthly investment plan (MIP). You can invest as little as \$40 or as much as \$999 (or any amount in between) on a monthly or quarterly basis. Your dividends can be automatically reinvested, giving you the advantage of compounding your interest. MIP is *so* easy! Your MIP benefits from market "dips" as the same amount of money invested periodically will buy more shares or fractions thereof when the market is "low" than when it is "high."

If you do not have a broker, look in your classified section, and choose one that represents a member firm of the NYSE. Remember the Exchange facilities are as close to you as your telephone. NYSE appears in this article many times because of the important role it plays in the investment picture with its stringent self-imposed rules. Today the members operate as nearly as possible according to the terms of the Buttonwood Tree Agreement of 1792: "The Exchange's object shall be to maintain high standards of commercial honor and integrity among members and to promote and inculcate just and equitable principals of Trade and Business." The Exchange has a stricter code of conduct than any other business. It serves the same purpose today as at the time it came into being—to serve as a market place for buyers and sellers of securities. All through the years as our infant country was growing and developing, the Exchange served as a life-line feeding much needed blood in the form of new capital—capital to provide money to build canals and railroads, to drill for oil, to mine gold, coal, silver and iron-ore and to finance the countless factories and businesses all of which owe their very existence to the availability of vital capital.

Contrary to the belief of many, the Exchange does not set prices. It provides a place for a giant auction sale of securities, where trade is supervised and buyer and seller are brought together in a free and open market. One law governs prices—the law of supply and demand. When you make that visit to the Library's investment shelf, pick up a book about the history of the NYSE. It is fascinating and will help you picture the birth of our free enterprise system, understand its growing pains and all the factors that make it the vital link it is today between investor and industry.

Another effective way to invest is through purchasing shares of an Investment Trust or Mutual Fund. The Fund is owned by thousands of investors, large and small, who pool their money to obtain investment advantages not available to them individually. A staff of professional analysts use the accumulated funds to buy a varied list of stocks (these are selected in accordance with the stated objectives of the fund—such as growth, income, safety, etc.). Following the selection of the portfolio, it is carefully supervised by these experts and managed to their best ability.

If you are interested in building an estate—whether it is for your children's education, some cherished dream like going around the world on a freighter, or perhaps just plain retirement in a state of care-free independence, you can do it. You can do it, that is, if you will start early enough in your productive years to put aside whatever sum you can spare monthly into a mutual fund geared to your requirements, and reinvest all dividends—the results will be most gratifying. Keep in mind that the price of mutual fund shares is the actual market value of the shares of the entire portfolio divided by the number of shares outstanding, plus the commission charge. You can see that if you decide to liquidate your shares in a declining market it is quite possible to get less than you paid. It is best always to use surplus funds for investing so that an emergency doesn't force you into selling your shares at a time when it might be disadvantageous to do so. Mutual fund shares, like individual securities, offer a liquidity feature that cannot be overlooked. They can be redeemed any business day by the Trust itself. Mutual fund offers an additional advantage—that of diversification. (Remember the old adage "Do not put all your eggs in one basket.") It would be just about impossible for an individual

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for reporting the sale on his income tax return is the value used on the federal estate tax return. The result may be that it costs 25% in income taxes to save 18% in federal estate taxes. Another item on the federal estate tax return to which I wish to refer is the marital deduction. Generally the significance of this is that when a man or woman dies the value of the estate which passes to the surviving spouse may be deducted. This deduction is known as the marital deduction. However, such deduction may not exceed 50% of the taxable estate. When the estate tax return is filed, the executor usually writes a letter requesting the treasury to examine it and discharge the executor from any personal liability in connection with it. If such a letter is written, the treasury department cannot hold the executor liable for any additional tax unless it so assesses it within a year after the letter is filed. However, the treasury department has three years within which to assess an additional tax on the heirs.

9. After it is determined what the federal estate tax will be, the executor is in a position to know whether certain of the estate assets must be sold to pay the tax. The executor makes this decision and determines which assets to sell, if any. If he is sure there will be enough left to make a distribution of all the specific legacies per the will as well as part of the rest and residue, he then prepares his first administration account and files it with the register of wills. This account consists of charging the executor with all assets on hand at date of death plus all assets received from the date of death to the date of the filing of the administration account plus gains on all property sold since date of death; and crediting the executor with all items paid since date of death including funeral expenses, decedent's debts, administration expenses, federal estate taxes, executors commission and the tax thereon, and distributions to the legatees as well as the inheritance tax withheld from such distribution. Even in preparing this first account the executor makes sure he retains enough in the estate to pay additional federal estate taxes if they are assessed upon examination of the return. Otherwise, the executor can be held liable for such tax. The executor's commissions are based on the gross estate and are usually, as prescribed by the Maryland law, for an estate involving no unusual problems:

10% of the first \$20,000 and
2% of the balance.

Inheritance taxes in Maryland are a tax,

not on the estate, but on the person receiving the inheritance and are based on the inventory value of the property depending on the heir's relation to the decedent as follows:

Lineal tax (parents, children,
grandchildren, wife) 1%

Collateral tax (any other person) 7½%
This tax is deducted by the executor from each legatee's share before he gets his distribution. Incidentally, the distribution one receives from an estate is, of course, not subject to income taxes.

10. Once the estate tax return has been examined and the treasury department sends the executor a letter releasing him from liability, the executor files his final administration account and distributes the entire balance of the estate.

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to build and supervise as varied a list of securities as that owned by most investment trusts. These funds offer an ideal investment medium for the person without the time, temperament, talent or training to do their own investing. There are many kinds of funds. Some stress income, some growth, some special fields such as electronics, natural gas, chemicals, and some stress geographical locations of special interest such as Canada, Texas, etc. Here again a close look at your particular requirements is a *must*. Mutual funds are an excellent medium for pension funds, schools, hospital groups, private trustees, and gift giving. Many states now permit children to own securities (managed by a custodian until 21) without the necessity of a trust instrument. This facilitates gift giving to minors.

An interesting way to learn more about the stock market, if you are willing to invest a little money and some of your time monthly, is by joining one of the popular investment clubs. There are thousands in the United States and Canada. If there isn't one in your area, start one—perhaps among your bridge club members, your bowling team, your friends at work. Any interested group can form the nucleus of an investment club. You will have fun—you usually meet once a month—you will invest a little money each time, \$10 or \$15, and you will learn to analyze corporations (usually clubs confine their purchases to stock of growth companies). Then a little later, when you may have much larger sums to invest, you will have a better idea about how it should be done.

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IDEA EXCHANGE

By LUCILLE PERELMAN, Charleston, West Virginia

A Time Saver for Peg Board Payroll

Systems

If you use the write-it-once peg board system for payroll, you will find it helpful to have a typist pre-type the names and dates on the payroll checks and the names on the payroll journal sheets in the same order. The person preparing the payroll then needs only to insert the confidential information on the check stub manually. Completion of the entire operation is accomplished more rapidly with less writing.

Pearl Wyngarden, Holland

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DO (1) Do a little self-analyzing and invest according to your temperament—don't buy an individual security if you are going to watch the paper every day and be upset if it drops a few points. (2) Choose a broker suited to your own personality. Both of you will enjoy the relationship more that way. (3) Determine your specific objective in your investment and stick with it. Your investment program should be as tailor-made for you as the clothes you wear. (4) Put *all* your cards on the table when you visit your broker. Treat this professional visit like an appointment with your doctor—tell him your "symptoms". Then and only then can he help you. Remember, he will respect your confidence.

There are risks as well as compensations in investing but through careful "investigating before you invest," many risks can be greatly minimized. It is wonderful that in this great land of ours, every American has an opportunity to own a part of America through ownership of common stocks in her industries. It is a privilege, as well as an obligation, to invest in America. Industry constantly needs capital—it is up to all of us to provide it. Out of venture capital came the research which made possible so many of the miracle products we all enjoy today (girls—remember the days before nylon, orlon, acrilan).

It is no accident that the United States with one-sixteenth of the world's population provides more than one-third of the world's goods. This is due to production know-how with its constantly improving manufacturing technique. Today we are experiencing the introduction of automation in industry.

Reports — Reproduction

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Georgia O. Moore, Atlanta

The standard of living we enjoy—the highest in the world—is ours because our engineers and technicians are constantly trying to find ways to produce more goods, faster and better made, than ever before. It is squarely up to all of us to give industry the money it needs to grow and expand, in order to meet the almost insatiable demands of our population.

The NYSE has a publication called "Understanding The NYSE." This closing thought for every American is taken from it.

"CAPITALISM IS A LIVING PHILOSOPHY WHICH HAS GROWN UP WITHIN OUR DEMOCRATIC FORM OF GOVERNMENT. IT HAS SURVIVED MINOR WARS AND WORLD WARS, PANIC, DEPRESSIONS. DEMOCRACY IS THE HOPE OF A FREE WORLD TODAY—AND DEMOCRACY'S GREATEST ALLY IS CAPITALISM."

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capital with which the goods and services are made possible. Labor must assume its share of responsibility for the preservation of our free enterprise system. To meet the demands of labor, management has had to spend enormous sums for machinery to increase the productivity to keep business on a profit-making level. In return for the concessions made by management labor must assume its share of the responsibility for increasing productivity. To provide sufficient work for the millions of available workers requires a tremendous investment on the part of management and the risk involved is great and is becoming more so all the time. The development of good clear-thinking efficient minds, by management and labor, is essential to arriving at a right understanding of matters between them.

1. Sensing, Thurman, *The Unions Drive on the South*, Southern States Industrial Council Bulletin, Nashville, Tennessee, August 1, 1956.