

BY GARRETT OPPENHEIM

BORROWING can make SENSE

The Big Question Is — "How Far Can You Go?"

My Uncle Otto was never known to charge a purchase. Exhaustive research has turned up no evidence that he ever borrowed so much as a nickel in all his 73 years. As for installment plans and personal loans, he had this to say: "They are the devil's own devices for tempting the unwary to indulge in luxuries they have not earned and cannot afford. The consequences are mental torture, financial disaster and domestic hell."

Shades of Uncle Otto rose before me recently as I was making the fourth of 36 payments on our car—a gleaming 1958 sedan that has given our family a new life of magical mobility. For a moment I could almost feel the old boy's granite hand on my shoulder as his voice echoed across the years:

"Pay your way in cash, son. There's nothing like the peace of mind that comes from knowing you don't owe a red cent to any living soul."

Practicing what he preached, Uncle Otto had clerked his way to a position of high trust and moderate responsibility. A man of diligence, of impeccable character, no doubt. "And a bit of a stuffed shirt," I thought angrily, but without conviction.

Next day, as the kids were piling into the car for a country jaunt, I couldn't shake a vague sense of wickedness. Had I not signed my soul over to Old Nick?

"Why, no," said the bankers when I asked them about it. After listening to quite a number of them, I am reassured. I no longer feel that using part of next year's income to enrich this year's living is necessarily the road to perdition. In fact, it can make a lot of sense.

I know, though, that many Americans

besides me carry within themselves a Puritan Uncle Otto who rises to scold in the night. To them I would like to pass on some of the facts and figures I got from the bankers.

"Live Now, Pay Later"

Good credit, they said, is like extra cash. Used wisely it can raise your living standards faster, tide you over emergencies, see you off today on that cruise it might have taken you two years to save up for. And, oddly enough, you may find it encourages thrift. Making payments on a dishwasher, washing machine, or color TV set that's already delivering value in your home can be a lot easier than saving grimly for a 1961 model.

"Live now, pay later" is no longer a maxim for the frivolous but a sound approach to getting things when you want them.

The big question is, how far can you go?

Your banker knows exactly how to find the answer. If you call on him for a loan, he'll pin-point your credit standing and decide just how much debt you can carry—usually within 24 hours. He does this by means of five key questions—questions you would do well to ask yourself before taking on any new obligations.

These questions, by reducing defaults and making attractive terms possible, have helped the banks outstrip all competitors in the field of personal loans and installment financing. They will serve you as a reliable guide in your over-all money planning and help you to avoid financial headaches. They'll tell you, for instance, how much you can buy on time without pushing the peril point.



Some Questions To Consider

The questions and answers were obtained from the American Bankers Association. The first four build the picture. The fifth throws it together and hands out a conclusion. Here they are.

1. Is the loan for a worthwhile purpose? Getting your boy's teeth straightened, buying a car, financing a new baby or a vacation are all "worthwhile" purposes. If the money is to be used for some home improvement, your bank might want to make sure—as you should—that you're getting your money's worth.

2. How big and how stable is your income? Factors to assess are the source of your earnings, how long you've been in your present job or profession, whether your income is steady or variable and whether you plan to pay back the loan out of your regular salary. The income on which you borrow should be reasonably secure.

3. How do you rate on paying bills? Consider not only whether you've ever failed to pay your bills but how promptly you take care of them. Banks usually check on this with credit bureaus and similar sources. You can judge your own rating from past performance.

4. How much do you already owe? You should not take out a new loan without considering your total indebtedness.

5. How much total debt can you carry safely and comfortably? Using one or more of the following yardsticks, your banker's pencil really goes into action here:

