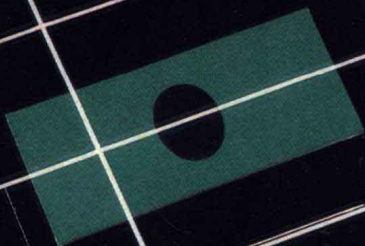
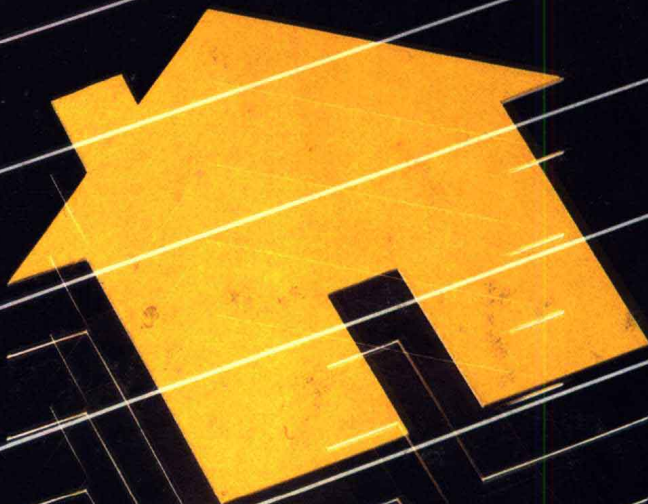
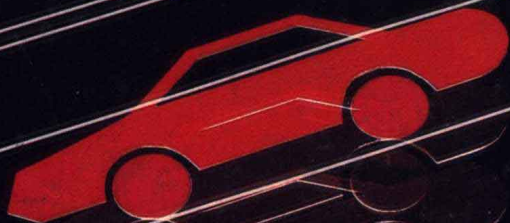
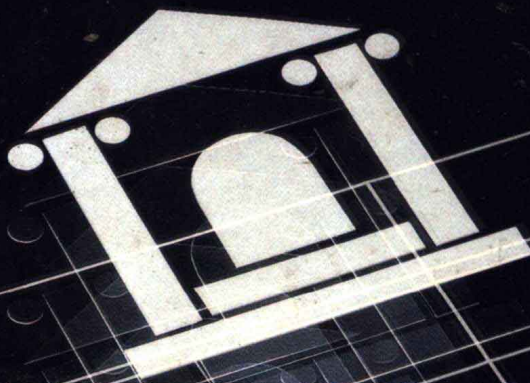


Personal Financial Management

Jean Luttrell Weirich



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PREFACE

A growing number of people are interested in personal finance, especially as economic and political events continue drastically to influence financial decisions. Yet many people do not have a basic understanding of their own financial situation or of how to manage their finances.

I wrote this book to provide the basic financial background necessary for dealing with today's complex financial matters. Although there are other personal finance books, I was unable to find one that presented the material with a practical "how to" orientation and yet was not overly complex. I also wanted a book that would include some topics more commonly classified as consumer information. Warranty and credit laws, for example, are often omitted from books on personal finance, although they do have a bearing on the development of a successful financial program.

This book approaches personal finance from a practical standpoint to encourage readers to assess their current financial situation and plan for their financial future. It emphasizes the fact that the primary reason for financial planning is to reach the goals outlined in the initial planning stages. The book is written both for those who are inexperienced in financial matters and for those who are more knowledgeable. Individuals with limited experience can broaden their understanding, whereas those with a stronger background will find new information and applications for their financial knowledge.

For illustrative purposes, the financial choices of a single parent are described. Readers in any number of personal situations will be able to adapt the text material to themselves. Other unique features of the book include a separate chapter on rental housing, an appendix describing the Equal Credit Opportunity and Fair Credit Reporting Acts, and a chapter on general risk management. A theme that recurs in each chapter and unites the book is the extent to which external and personal factors influence financial decisions.

The book is broken into four parts, following the sequence in which most people face personal financial subjects. You will notice that the tax chapter closely follows the chapters that describe establishing a financial program, since few financial decisions can be made without consideration of the tax impact. Appendices on auto insurance and home owners' insurance follow the chapters on buying automobiles and housing, thus making this information easily available to the reader.

In Part One, the reader is introduced to financial planning and its relevance to both the external factors and personal factors that influence decisions. In addition, this initial part provides the basic information necessary for starting a financial program and keeping it in good working order, including informa-

tion on how to develop a personal financial statement and a budget; the impact of taxes on personal finances and the preparation of a tax return; and the selection of basic banking services.

Part Two presents guidelines for acquiring goods and services, for example the use of credit, buying a car versus alternative transportation, and buying or renting housing. A separate chapter treats the broad area of risk management. Specific types of insurance are described throughout the text, in relation to the subject insured. I have found that this follows the natural approach to insurance, and also provides readers with a broader concept of the role of insurance in a financial program.

Planning investments and the introduction of a wide variety of investment vehicles is the emphasis of Part Three. The first chapter of this part describes *how to plan investments and how to manage a portfolio to meet personal goals*. The remaining chapters describe a number of investment opportunities, from certificates of deposit, stocks, and mutual funds to an introduction to options, commodities, real estate, collectibles, gold, and tax shelters.

The final part covers subject matter related to providing for personal security. This includes planning for health care and disability, life insurance, retirement, and estate arrangements. It emphasizes the need to consider the values, goals, needs, and wants of the individual as well as of others who are affected by the financial plan.

Throughout the long period of preparation of this book, I have been greatly assisted by a number of excellent reviewers. I would like to thank Judy Farris, South Dakota State University; Thomas A. Johnson, Harper College; James A. Poley, City College of San Francisco; Carole J. Makela, Colorado State University; and Grant J. Wells, Ball State University. I also wish to thank the editorial and production staff at Little, Brown, who have offered constant encouragement and professional expertise; my typist and secretary, Carol Falor; and my legal advisor, Joseph Backus.

A project like this could not be accomplished without the personal support of friends and family, such as that offered me by Barbara Backus, John and Mary Luttrell, and Frank and Peggy Weirich. Finally, I wish to extend my gratitude to my husband, Craig Weirich, and two children, Emily and Jacob, for their patience, support, and perseverance.

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