

# The NOTEBOOK

"FILLED WITH FACTS TO GIVE YOU BETTER LIVING AT LOWER COST"

Vol. 1, No. 6

THE OFFICIAL ORGAN OF THE S.F. POLICE CREDIT UNION

DECEMBER, 1958

## Annual Meeting! — January 16, 1959

### Treasurer's Corner

The year 1958 is fast coming to an end and the office staff is now hard at work preparing the final statistics of the financial worth of your credit union. In the early part of January those who have been paying on loans will receive a statement of interest paid. This should assist you in preparing your income tax. It should be to you no later than January 15th, so have a heart and please don't call the office unless you have not received such a statement by that date. Of course if you believe it to be in error, don't hesitate to call and we'll be only too happy to check the figures for you. Statements with the interest on savings will be mailed in the latter part of January, shortly after the twentieth of the month.

Last month the members of the Board of Directors attended the annual meeting of the California Credit Union League. The meeting was held in Sacramento this year with several thousand credit union members in attendance. A budget of some \$450,000.00 was approved to enable the league to continue to operate for the mutual benefit of all credit unions in the state. Several legislative bills were mentioned that the League and CUNA hope to bring before both the state and federal legislatures during the coming year. These bills should bring added strength to credit unions here and throughout the country. These meetings also have an important factor which is not included in the day's agenda. This is the series of after hour meetings with board members and office staffs of other credit unions who have had or are having problems similar to ours. From these meetings much valuable information is gathered and many seemingly impossible problems are quickly and simply solved. For example, Jim Diggins went to the office of one of the State of California Credit Unions and they explain the workings of the semi-annual dividend. To give you an example of the importance of these meetings—it was at one of these meetings that the officers of your credit union met last year with Dr. Roy Strain and the final plans for the transfer of the charter from Federal to State were formulated. Many of you have taken advantage of the transfer since May of this year and know of the increased services received. One of the prime aims of your staff is to give you as much

service as is possible. We hope that we have succeeded in doing this so far.

The annual meeting will be held on January 16th, 1959 and as many of you should attend as possible. Several offices are coming up for election and even if some of the offices go unopposed a vote of confidence is appreciated. The meeting is the time to discover how well your Board and staff have handled their jobs. The dividend is declared and those who attend can better understand why and how the figure is determined. Participate in your credit union by attending the ANNUAL MEETING, January 16th, 1959 at 1:00 p.m. at the Park Station.

The Board of Directors, Committee members, and the staff join me in hoping that each of you and your families enjoy a Most Merry Christmas and a Healthy and Prosperous New Year.

### The Arithmetic of Collision Insurance

The kind of insurance that pays you for damage to your car when it hits something—collision insurance—is often almost indispensable when your car is new and worth, for example, \$2,000.00. But with an older car, whose market value declines so rapidly today, its value is debatable, because premiums do not decrease in proportion and most policies will not pay more than your car's actual cash value at the time of claim. In other words, the older your car, the less the amount of protection you get for your premium dollar.

As of July 1, in Charleston, South Carolina, where rates are slightly above average, but not so high as in some larger cities, one annual premium for collision insurance is \$74.00 on a new car that is worth \$2,450.00. For a similar model of car that is five years old, the premium for the same kind of policy \$63.00, yet the very most the insurance company could pay, even in the event of total loss, would be today's market value of around \$650.00. Moreover, this \$63.00 premium

### 'THE DIGNITY OF MAN'

Part of the most satisfying experiences any person can enjoy is to live with dignity. By that, we mean live and enjoy life without being subjected to embarrassing pressure or abuses.

In matters of personal finance, people of moderate and lowly means have suffered many indignities because of circumstances over which they have no control or possibility because of their own improvidence. To be able to assist in the solution of financial problems and to preserve the dignity of the individual is one of the objectives of credit unions.

The purposes of credit unions being what they are—that is, to accumulate the savings of those they are designed to serve and loan such savings to their members—affords the maximum opportunity for their members to deal in their economic affairs with dignity and without embarrassment. In a conversation with an individual who had been subjected to indignities recently,

such person called our attention to the practice of a finance company in endeavoring to collect a loan obligation in which the individual had become delinquent through no fault of his own. Frequent contact with the company endeavoring to explain the situation added abuse to abuse. Phone calls to his wife, almost threatening in nature, did not alleviate the situation.

Finally, in desperation, this man turned to his credit union and received prompt assistance in the solution of his economic problems. He stated, "I was amazed that the credit union would help me at all. You see, I had been without work for some period of time and had just returned to work faced with considerable obligations other than the debts I owned prior to my unemployment. The Credit Committee sat down, studied my problem and worked out a solution which I know will make it possible for me to repay the obligations without difficulty. I realize, of course, if I am ever unemployed again that I may be faced with a similar nature, but the sympathetic and helpful attitude of the Credit Committee and other credit union officials convinced me I need fear no embarrassment so long as I am sincere towards my obligations."

It is not difficult to imagine the glow of satisfaction the Credit Committee of that credit union and its officials must have had when told of this experience. This is one of the rare satisfactions that comes to an individual or individuals. The feeling of being able to help people during times of stress and to know that such help is appreciated is difficult to describe.

The dictionary describes the word "dignity" in part as follows: "Proud and self-respecting character or manner." One of the most bitter experiences on individual can face is the embarrassment which comes with being unable to satisfactorily cope with any situation or problem. Credit unions were created to dignify the economic status of the individual. They have done much to bring this about. They are continuing to do much. Credit unions are the exemplification of the "brotherhood of man" and "my brother's keeper" in matters relating to economic affairs—matters having to do with the dignity of their members.—by Clarence E. Murphy, Managing Director, California Credit Union League.

The Sunday class was composed of 3 and 4 year olds. The teacher asked, "Do any of you remember who St. Matthew was?" No answer. "Well, does anyone remember who St. Mark was?" Still no answer. "Surely someone must remember who Peter was?" The little faces were full of interest, but the room remained quiet. Finally a small voice broke the silence: "I fink he was a wabbit!"—Emily Lotney in "Quote".

A clerk was handed a pay envelope a blank check. The astonished clerk looked at it and moaned: "Just what I thought would happen. My deductions have at last caught up with my salary."—Tit-Bits, London.

### Will You Be There?

No, we're not talking about when the roll is called up yonder. We're talking about the annual meeting of the SF Police Credit Union. If you don't care who is going to be elected to run YOUR credit union for you, if it doesn't make any difference to you how large a dividend is declared, if you're not concerned about how your money was used last year, don't bother to come. But if you realize your responsibilities as share holders in a million dollar concern, if you are concerned about those items above, then we can expect to see you at Park Station at 1 p.m. on January 16th, 1959. For five years now we have been drawing the same small hardy band to annual meetings. The Board of Directors and the staff are still puzzled; are you that confident in the way we're handling your money or do you just not give a damn? Knowing the average policeman's reluctance to part with his money except for a good thing, we lean toward the confidence theory—but—unless you show up and tell us, we may never know. If you can't make it to the meeting, why not ask one of the men from your watch or detail to come out and then report back to you. That way, with nine stations, the bureau, traffic, juvenile and the various other details we might have a decent showing just from the unit representatives.

### Facelifted

Your credit union has just received its first facial. That's right, "Ye Olde Monetary Institution" is the recipient of its first paint job. In addition to the "face lifting," the office is decorated with new drapes, and additional equipment. Now with "Old Scrooge" Valdespino, our treasurer, contemplating weekly trips to "Slenderella," we'll be primed, painted, and streamlined to the point where its almost sickening. With all our doilies, and our new look, we'll be the closest thing to a bunch of female "Loan Sharks" you'll find in the Bay area.

Our beautiful "Pay Up Or Else Room" will be even more intriguing to the few who are slightly hesitant in their loan repayments. To the usual implements of torture we added one rack, two "thumb screws," one "boot," and one "Chinese Water Cure." We feel that this will be the best equipped room in San Francisco, and will be the delight of our delinquent pals.

Quite often a member will visit the credit union with the intention of borrowing a nominal sum, say \$500.00. However, much to his chagrin, he walks out or is carried out with a thousand dollars in his pocket. Your friendly loan counsellors enjoy seeing other people up to their eyeballs in debt, as well as themselves. Occasionally we have had a little difficulty convincing our members of the need for additional funds. However, after a few strangle-holds, and half-nelsons, the borrower sees the light.

We have often been referred to as "the same gang the Lord threw out of the temple many years ago." They are wrong, because we are not money changers, just heartless money lenders.

### The Note Book

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SF Police Credit Union  
Park Station — HE 1-1856  
Hours: 8:00 a.m. - 3:30 p.m.  
Closed Sat., Sun. & Holidays

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### A Very Merry Christmas and a Prosperous New Year



FROM THE  
OFFICERS  
AND STAFF  
OF THE  
S.F. POLICE  
CREDIT UNION

**Annual Meeting -- S.F. Police Credit Union**  
JANUARY 16TH, 1959—1:00 P.M.  
**PARK STATION**



# United We Stand

Ninety-two point four percent. That's a novel lead sentence, isn't it? 92.4% of what? 92.4% of all credit unions in the state of California belong to the California Credit Union League. "So what?" you say. "What's that mean to us? Does that mean any higher dividend for us? Or lower interest rates on our loans?"

Indirectly it does mean higher dividends and lower interest rates for members of the SF Police Credit Union since we are members of the League. Because of the assistance that we receive from the League in making credit union operation more efficient the members benefit in the long run through less expensive operation.

Recently we asked Clarence Murphy, managing director of the California Credit Union League to lay out for our membership just what the League is and what its purposes are. Here's what he said:

"The League is a dues supported association of credit unions in California. 92.4% of such credit unions are members of the League. Membership in the League automatically includes membership in the Credit Union National Association (CUNA), an international organization made up of the 66 Credit Union Leagues.

The purposes for which the League and CUNA are organized can be summed up as follows:

1. To care for the common legislative program of credit unions by dealing in their behalf with agencies of the government having to do with the supervision or having jurisdiction over their activities in some respect.
2. To promote their further organization, extension and development to the end that more people of moderate means may enjoy the benefits and privileges of credit union service.
3. To create, maintain and operate services by which credit unions may serve more effectively those persons within their field of membership.
4. To conduct and cause to be conducted educational programs and to disseminate information for the benefit of credit union officials in order that they may more thoroughly understand and

appreciate their duties and responsibilities.

5. To promote and conduct public relations programs by which all concerned; credit union members and the general public will better understand the social and economic impact of credit unions."

These are high sounding ideals. Do they work—and how?

Probably as important as anything else is the fact the League exists and that the credit unions look to it to bring them together and to unite them in their common cause. It keeps them reminded of the necessity of being united. It brings them together on many occasions and for many purposes but principally to make it possible for each credit union to more effectively serve the persons they are designed to serve.

The League recommends common action for strength of purpose. It submits projects for consideration. It keeps the credit unions aware of their purposes and responsibilities to not only their members but all of the people. It works to weld them together through voluntary response and into a more effective working force.

In so doing the League performs an amazing number of functions ranging from the dissemination of information, the further organization, extension and development of credit unions, the development of services which make it possible for them to serve more effectively, the development of legislative programs to protect and promote their interests and the development of conferences on local, area and statewide levels.

The League is the means whereby the numerous units within the framework of the credit union movement may meet and deal with problems of unity and that of any well organized group. The California Credit Union League does not stand alone. It is organized with the 66 Leagues in the Western Hemisphere through the Credit Union National Association, all working together to bring to people of moderate means greater opportunities for economic improvement. Through this united effort great good has been accomplished for all of the people. To measure the values of the activities of the organized credit union movement in terms of dollars and cents fails to do justice to the many great benefits which have resulted but which cannot be measured dollarwise.

After several hours at a lawn party which featured a very potent punch, a woman caught sight of her husband dangling by his legs from the limb of a tree. "That means its time for us to go," she informed the hostess. "Fred is doing his imitation of Spanish moss."—Wall Street Journal.

When I was a boy I used to do what my father wanted. Now I have to do what my boy wants. My problem is: "When am I going to do what I want?"—Sam Levington in "Quote".

## Quote of the Month

I heard the bells on Christmas Day  
Their old, familiar carols play,  
And wild and sweet  
The words repeat  
Of peace on earth, good-will to men!

Longfellow  
Christmas Bells

The figures below, sad but true, show what it costs you to own a car even if you never drive it. They are based on 1952 models, the values for the seventh year and beyond being estimated on the basis of a 10-year life and one-percent scrap value. The first row shows percentage of depreciation (on the original price) in each year; the second row shows the equivalent in dollars. The third row

totals depreciation to date, and the last is the per-year average obtained by dividing the total depreciation by the age of the car.

This last row is what the loss of value costs you per year if you trade then. To it must be added the yearly average cost of replacements and repairs.

## What happens to your car's value

FORD-CHEVROLET-PLYMOUTH CLASS (delivered price \$2,500)										
YEAR	1	2	3	4	5	6	7	8	9	10
% Depreciation	32%	13%	10%	9%	9%	8%	7%	5%	4%	2%
\$ Depreciation	\$800	\$325	\$250	\$225	\$225	\$200	\$175	\$125	\$100	\$50
Cumulative depreciation	\$800	\$1,125	\$1,375	\$1,600	\$1,825	\$2,025	\$2,200	\$2,325	\$2,425	\$2,475
Average dep. per year	\$800	\$563	\$458	\$400	\$365	\$338	\$314	\$291	\$269	\$248
PONTIAC (delivered price \$2,800)										
YEAR	1	2	3	4	5	6	7	8	9	10
% Depreciation	29%	16%	11%	10%	9%	8%	6%	5%	3%	2%
\$ Depreciation	\$812	\$448	\$308	\$280	\$252	\$224	\$168	\$140	\$84	\$56
Cumulative depreciation	\$812	\$1,260	\$1,568	\$1,848	\$2,100	\$2,324	\$2,492	\$2,632	\$2,716	\$2,772
Average dep. per year	\$812	\$630	\$523	\$462	\$420	\$387	\$356	\$329	\$302	\$277
CADILLAC (delivered price \$5,000)										
YEAR	1	2	3	4	5	6	7	8	9	10
% Depreciation	22%	12%	16%	11%	9%	8%	7%	6%	5%	3%
\$ Depreciation	\$1,100	\$600	\$800	\$550	\$450	\$400	\$350	\$300	\$250	\$150
Cumulative depreciation	\$1,100	\$1,700	\$2,500	\$3,050	\$3,500	\$3,900	\$4,250	\$4,550	\$4,800	\$4,950
Average dep. per year	\$1,100	\$850	\$833	\$763	\$700	\$650	\$607	\$569	\$533	\$495

# When Is the Smart Time To Trade In a Car?

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Popular Science Monthly for August 1958

By David R. Lindsay

Here's the scientific low-down on how you can cut the cost of owning a car by knowing just how long to hang on to it.

Ever since Henry Ford mass-produced the Tin Lizzie, it's been possible to start a lively argument around any gas pump by asking when a man should swap in his automobile. The question is loaded with such intangibles as prestige, sentiment, pride of ownership and the yen for something new. But it hits a realistic wallop on that sensitive nerve, the pocketbook.

Now a Chicago research engineer and an M.I.T. computer mathematician can give you the scientific low-down on that old argument. Working independently, they have come up with much the same surprising answers. Here they are in a nutshell:

Trading every year is an expensive hobby. Unless you must have the latest model for prestige or can afford it just for fun, don't.

Turning your car in only when it is a near-antique is also expensive. Unless you have outstanding mechanical savvy and the time to use it in making your own repairs, trade earlier.

The great group of average drivers who rate reliability a little above economy should buy a new car—and run it no more than 45,000 or four years if it's a Ford, Chevrolet or Plymouth; 60,000 miles or five years if it's a bigger car.

If you rate economy above reliability, buy a used car, three years old, and run it no more than three to four years.

Think about trading any time your car needs work with a three-figure price tag on it.

Why buy another, many an owner asks, when mine is still basically sound? Barring accidents, isn't the cost of repairs always less than that of a new car?

That's true, say R. E. Runzheimer (the Chicago engineer) and Ronald T. Howard (the mathematician). But it's also dangerously short-sighted. Car ownership is continuous for most people, they point out, but individual cars don't last forever. Sooner or later, every vehicle must be replaced.

The longer you wait, the more you will eventually have to pay. Furthermore, the older a car gets, the more doctoring it requires. As age creeps up on your car, so do the repair bills and the cost of trading it in. The only sound way to plot the dollar-and-cents angle is to average all expenses, no matter what year they fall in.

Beat the system, says another school of gas-pump debaters, by trading your car every second year. That way you avoid both the high depreciation loss of the one-year trader and the high repair and replacement cost (as

well as the old-car dowdiness) of the long-term owner.

This is fairly close to the truth, both Runzheimer and Howard would agree. But it goes astray in underestimating the economically useful life of the modern automobile.

Today's Detroit product is engineered to run for 100,000 miles and often does, working eight to ten years for several owners. From the experience of his clients' fleets (totalling 20,000 passenger cars) Runzheimer has learned that the Chevrolet-Ford-Plymouth is fairly trouble-free for the first 45-miles, heavier cars for the first 60,000.

This is the basis for Howard's recommendation of a used car as top transportation value. By buying a three-year-old, you get a car on which somebody else has taken the big depreciation but on which there may yet be many trouble-free miles of travel.

Not a car expert to begin with, Howard became interested in auto trading while in search of questions to ask a new electronic brain. Using both Runzheimer's data and some of his own, Howard asked the giant computer what ownership plan would be the best bargain for the average driver. Besides recommending a used car, the brain came up with the surprising fact that, on a hard-headed economy basis, it would pay the owner of a new car to sell it at once and buy a three-year-old model instead.

This advice assumes that the average car owner logs 10,000 to 12,000 miles a year. (Salesmen average 19,500 and many exceed 30,000.) If you are a high-mileage man, used cars are not for you. They haven't enough trouble-free life left in them to be worth your while. High-mileage drivers should buy a new car and trade it a year to a year and a half earlier than other drivers.

Do you swear by some make? Then you probably wonder how the experts can lump all Detroit's buggies into only two major groups. The answer is that a valid analysis must be based on a big sampling. Runzheimer had been collecting his evidence for 25 years. Though there may be differences among makes, there are also variations from year to year in the same family of car. In the long run such differences average out. As yet Runzheimer hasn't enough evidence to differentiate between makes. (Some experts, however, would put both the Rambler and the Studebaker Scotsman in a separate class, to be traded somewhat sooner than cars in the Big Three group.)

From your knowledge of your own car, you may be warranted in biasing the rules for that make. In this you have an advantage over fleet operators, to whom any specific car is just a line on a record sheet. Knowing all about your own wagon, you can make an educated guess as to its future and the odds on major repairs.

The age and mileage limits given are intended to spare you these, leaving you a minimum of repairs and replacements to pay for. A first-line set of five tires, used on good roads and properly rotated, should run 24,000 to 30,000 miles on a sedan. Most 45,000-mile traders should therefore get by on one replacement set. If you put only 5,000 to 7,000 miles a year on a car, you probably ought to trade before buying new rubber.

Brake linings usually wear out before 30,000 miles, sometimes around 20,000. With fairly flat driving country and a conservative right foot, you should have to reline brakes only once in a 45,000-mile trade-in span.

A less obvious sign of vehicle senility is creeping engine inefficiency. Any car past the 50,000-mile mark will average fewer miles per gallon than in its youth. A two-mile drop (12 to 14 percent in low-priced cars) is not uncommon. This shows on no repair bill, but costs you, week after week, at the gas pump.

The key to the question wheth-

er any particular repair or replacement is worth making is depreciation.

To see how it works, take an unhappy example from my own experience. Until I talked with Runzheimer and Howard, I was confidently trying to see how long I could wheel my 1951 Plymouth station wagon. Now it's plain that I am paying extra money to hang on to my old car.

Instead of averaging all the depreciation, I went blithely along in the belief that it was costing me a couple of hundred dollars a year in lowered value, plus a little for repairs. I did not total the work I had done in any 12-month period, so I never realized how repair costs were mounting. Looking back, I find they had reached \$460 at the five-year mark.

At that point, ownership had cost me \$465 a year in depreciation plus \$92 a year in repairs (averaged over the five years). That's a grand total of \$457 a year.

The next year the rear end and clutch began to act up, a spring cracked, and I faced a major overhaul. The dealer suggested I trade on the spot, but I stubbornly refused and told his mechanic to get busy. (If I had done the work myself the figures would be different, of course.) But that bill came to \$197 and a few months later I had to sink more money into tires, a muffler, plugs and points. By the end of that year, the car had cost me an average of \$479 annually instead of the \$457 it had the year before. I would have saved money by trading instead of repairing!

Let's look at other possibilities. If I had traded once a year, I'd have spent \$800 for depreciation and next to nothing for repairs. This is even harder on the pocketbook than keeping a car too long, but loads more fun. (Percentage-wise, Cadillacs decline in value more slowly the first two years than any other American car, so they are a bargain in one-year trading, if you can afford one. If you can't try the Volkswagen for size; it too has a slow depreciation and thus a low one-year trade cost.)

By trading every third year, I would have averaged \$458 in depreciation. With a total of \$172 for repairs and replacements in that period, the average annual cost of ownership would have been \$515, or \$285 less than one-year trading. That saving would pay the total bill for operating my car 3,000 miles or three months.

Finally, by trading at 45,000 miles, I would have escaped all my high-priced repairs except a new clutch. To make expensive repairs worth while, you usually have to drive your old car another two years—and even then it pays off only if you are lucky enough not to have additional expenses. This is where your firsthand knowledge of the car is useful. A clutch that wears out on a two-year-old car may be an isolated failure—or only one result of rough usage that has also taken toll of the transmission, brakes and rear end, making further repairs likely soon.

One way to decide whether to repair or trade is to reduce your estimate of the value of your car by the cost of needed work. This is the system recommended by Howard.

The unpredictable joker in the car-trading deal is inflation. The depreciation charts show how much your car drops in value, but now how much more a new one may cost you. In the lifetime of my own old wagon, comparable models have increased in price by several hundred dollars.

The net increase will depend on such factors as the size of the discount you get, taxes, and the local car market. But the long-term trend has been steadily upward. The longer you cling to your old car, the harder you're likely to be hit by inflation when you finally buy. If you trade regularly, at least you'll swallow this expensive medicine in considerably smaller doses.