

Address Delivered in New York

SAVINGS AND LOAN ASSOCIATIONS FOR SOCIAL WORKERS

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New York

Having had the privilege of being connected with the work of the savings and loan associations for the last eleven years, I, as a member of the Jewish Social Workers of Greater New York, felt that the splendid opportunities they offer to every salaried man and woman, and particularly the special advantages for social workers, should be brought to your attention and this evening, through the kindness of your Executive Committee, I am given the privilege of bringing this to your attention.

Before speaking of the advantages of savings and loan associations for social workers I suppose I had better explain what the savings and loan associations are, for the benefit of those who may not be familiar with them.

The savings and loan associations, or, as they are known in some states, building and loan associations, and in the State of Massachusetts as co-operative banks, are purely co-operative institutions organized for the purpose of "encouraging industry, frugality, home-building and the saving of money by its members; the accumulation of savings, the loaning of such accumulation to its members and the repayment to each member of his or her savings when they have accumulated to a certain sum or at any time when a member desires the sum or the association so desires to repay the sum."

In practice the savings and loan associations encourage the saving of money to its members by the regular weekly or monthly payments of 25 cents or \$1 respectively, which in time, usually about twelve years, matures into a share equivalent to \$200. In addition to these installment shares the savings and loan associations are also permitted to take deposits of any kind, same as a savings bank, also special deposits from children in form of juvenile shares. Money is loaned to members for the purchase of a home on first mortgage on the installment plan. The payments are also regulated according to the amount of mortgages in small monthly payments, which are credited to both interest and installments on the

mortgages. Loans are also permitted to members on account of their stock.

All the savings and loan associations are under the supervision of the state banking department and all those that were managed conservatively never met with any difficulties. There is hardly a state in the United States where there are not some savings and loan associations and at the last annual convention of the United States League of Savings and Loan Associations, which was held in San Francisco last month, Secretary Cellarius reported that there were 6,612 savings and loan associations in the United States with a membership of more than 3,000,000 and assets aggregating \$1,357,340,036. This is an increase over last year of 183 associations, 267,000 members and \$108,860,897 in assets. Considering the fact that this period included the great European war, during which there existed in this country financial and industrial depression, the increase in the savings and loan associations over last year shows the wonderful confidence in which these associations are held by the wage-earning class.

Coming to our own State, we learn from the annual report of Hon. Eugene Lamb Richards, Superintendent of Banks of the State of New York, that at the end of the fiscal year 1914 there were in this State 245 savings and loan associations with a capital of \$68,476,499, also showing a net increase over last year of more than \$4,226,509. It is interesting to note that out of 245 savings and loan associations in existence in the state about 75 are located in Greater New York—32 in New York County and 28 in Kings County. In addition to having a State League of Savings and Loan Associations there is also a Metropolitan League, which is composed of the savings and loan associations which are located in the Metropolitan district. I had a special opportunity during the last year to get acquainted with the officers of several of the savings and loan associations located in Greater New York and also made a special effort to visit the offices of

several of the savings and loan associations in Greater New York.

Among the associations which should be of special interest to us are the savings and loan associations formed by the employees of the telegraph companies, known as the Serial Savings and Loan Association, which has a capital of nearly \$900,000; the savings and loan association formed among bank clerks, known as the Bank Clerks' Co-operative Building and Loan Association, with a capital of nearly \$1,000,000; also the savings and loan association formed among railroad employees, known as the Railroad Co-operative Building and Loan Association, with a capital of more than \$1,500,000. There are also two co-operative associations among teachers, one known as the Teachers' Building and Loan Association of New York City, with a capital of more than \$500,000, and the Teachers' Co-operative Savings and Loan Association of New York City, with a capital of \$150,000.

One of the most recent ones, but the one which has made the most remarkable progress, is the New York Edison Savings and Loan Association, formed by the employees of the New York Edison Company and allied companies. The Association was started only in 1912 and has at the present time a capital of more than \$280,000, with a membership of about 1600. It has granted already eighty-five loans to its members for the purchase of homes in the suburbs of New York. The officers of the Edison Company are trying in every way possible to induce their employees to join the Association. They have even introduced a system by which every employee can have a certain amount deducted from his wages, either weekly or monthly, which is automatically transferred to the Savings and Loan Association. This is called by them "automatic saving," and hundreds of their employees who have never been in the habit of saving before have now accumulated considerable money. The employees who desire to buy homes of their own have free expert advice in the purchase of the home and also have the legal advice from the Company's attorney at a reasonable price. Loans are made up to 80 per cent. of the value of the home and the owners are given the privilege of paying that off on easy monthly installments. While the Edi-

son Savings and Loan Association has a special privilege of having at its disposal excellent well-organized machinery of the Company, the other savings and loan associations in Greater New York have also accomplished wonders for their members. In this connection it is interesting to note that there are several savings and loan associations in Greater New York among immigrants, as some of the names indicate; for example, there is a Polish-American Savings and Loan Association and the German-American Savings and Loan Association.

The few brief facts and figures related above are sufficient proof that savings and loan associations are splendid institutions, built and managed along democratic lines, specially adopted to persons of moderate means and particularly those receiving regular monthly salaries or weekly wages.

Let me enumerate, now, briefly the special advantages of savings and loan associations to Jewish social workers:

First—It will give an opportunity to the Jewish social workers to save continually and persistently. Most of the Jewish social workers' salaries are not so large as to permit them to make other investments of their savings. The savings and loan association has the advantage over the savings bank in that it offers better facilities as to time and place of depositing your savings and also makes the savings more regular and compulsory. In addition, the returns from the savings and loan association are much greater than in the savings bank, and what is more important, every shareholder has a voice in the management of the savings and loan association.

Second—Many a social worker is dreaming of owning a small home or farm in the suburbs of New York. As the savings and loan associations are permitted to invest their funds in a radius of fifty miles around New York this will give an opportunity to many social workers to obtain a loan through their savings and loan association on a first mortgage as high as 80 per cent. of the value of the property on easy monthly payments.

Third—The social workers who are not planning to have homes of their own will find the savings and loan association a convenient means of not only making their

regular monthly installments but also depositing their other savings or for the deposit of the savings of their children in the form of juvenile shares. I know of many persons who have, by depositing five dollars every month without missing it, accumulated inside of twelve years \$1000 and have afterwards utilized that money in taking a trip to Europe or, in some cases, giving their children a college education, or doing one hundred and one other things.

Fourth—One of the reasons why some of the savings and loan associations failed is because the directors have not been cautious enough in their investments. It seems to me that at the head of our philanthropic institutions in this city we have some of the most efficient managers and therefore there should be no difficulty of electing a board of directors who would be specially fitted for this work. In this connection the social workers possess special advantages in the fact that on the board of directors of our orphan asylums, hospitals and other philanthropic institutions we have some of the greatest financiers of this country, men who are particularly fitted and who, I am sure, will be glad to serve on the advisory board of the board of directors of the savings and loan associations. This will tend to strengthen and make the investments of the savings and loan association more secure.

Fifth—Many of our larger institutions have a large staff of employes and undoubtedly arrangements could be made by which every employe of the institution could be given the privilege of depositing his savings every week or month with an officer of the institution designated for this purpose. These funds could afterward be transferred to the treasurer of the savings and loan association. This would give us excellent opportunities of facilitating the collections and giving every employe of a Jewish institution the benefit of the savings and loan association.

Sixth—When a few years ago our deceased friend, Prof. H. L. Sapovich, in studying the subject of retirement and pension fund for social workers, approached some of the institutions on this subject, quite a number of them were very much interested in it. I am sure that the establishment of a savings and loan association

will appeal to the board of directors of most of our institutions and the work could be conducted, practically speaking, without any expense, with the help of the regular paid staff of the institution.

Seventh—As soon as the funds of the association will reach \$10,000 or more it will have the privilege of joining the Land Bank of the State of New York, which will enable it to increase its working capital by reselling the mortgages to the Land Bank, so that, for example, if we should submit to the Land Bank \$9000 of our mortgages we could obtain from six to seven thousand dollars from them, which we could invest again in mortgages. This gives us an excellent opportunity of increasing our working capital should we have a call for more money than we have on hand.

If I am not mistaken, there must be at least 500 workers employed by the various philanthropic institutions in this city and if on the average every social worker should put away only two dollars a month, it would be equivalent to \$1000 a month. This in a very short time would enable us to build up a very large association, which could be of immediate help to some of our members. The formation of the savings and loan association is not connected with a great deal of difficulty, as it can be started by fifteen persons signing an application for a charter from the Bank Department of the State of New York and I trust that definite steps toward the formation of the Social Workers' Savings and Loan Association will be taken at this meeting.

Ninth Biennial Meeting

OF THE

NATIONAL CONFERENCE OF
JEWISH CHARITIES

Indianapolis, May 7-10

SEVEN SESSIONS

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Delegates intending to go will please
send names to "Jewish Charities"
for publication.

TRANSPORTATION DECISIONS

EL. P. vs. H.

Half-Rate Tickets Gotten by Charity Organization Constitutes Unlawful Assistance.

A man with his family came to El P., applying to the Society for aid, stating that he had formerly lived in H., the Society there furnishing him with \$75, which was used for transportation to T., a town with no organization, where he remained for a few days and then went to El P. The latter is a health resort; his wife being tubercular, and being without funds, he immediately applied for assistance. Inquiries were made of H. and the first reply would indicate that the man was a stranger to the Society. It was afterward admitted that the man had been given \$75 as a loan to enable him to peddle. Transportation to T. at reduced rates was obtained through a non-sectarian organization, whose secretary stated that it was furnished at the request of the superintendent of the H. Society. This was denied and it was claimed that the request was made by an independent social worker, but it appears that the check of the Society was used in payment and the balance turned over to the applicant. No investigation was made by anyone as to likelihood of the man improving his condition in T. and his only reason in going there was to better his wife's health. The family became dependent in El P., the woman died there and the man and children finally returned to H. After the expenditure of various sums of money, El P. granted him tickets to S. A., from which place he returned to H.

Claim is now made by El P. to be reimbursed by H. for the outlays which H. resists upon the ground that it had nothing to do with the granting of transportation and is not responsible for the expenses of one of its beneficiaries who of his own volition and without its active aid chooses to move his habitation. The latter contention is undoubtedly true and the duty of the Committee is to determine the facts as they seem to be in dispute.

The man himself is unworthy of belief, as he swore to one statement in El P., in which he said that the tickets were given him by the office assistant of the superintendent of H., and swore to another statement in H., in which he flatly contradicted the first.

The Committee being loth to disbelieve the statements made by the officials of an institution connected with the conference, nevertheless felt that the answers filed by H. were vague and argumentative. We thought that fuller and more explicit explanation should be made of the connection of the person who obtained the tickets with the Society and also a more detailed refutation of the letter of the organization furnishing the tickets, in which letter it was alleged the superintendent of H. made the request for the tickets.

The Committee thereupon requested H. to furnish further answers to a number of questions propounded, which H. refused to do.

The Committee therefore has no alternative but to decide in favor of El P. If a society chooses to furnish transportation to one of its beneficiaries to a town where there is no organization and without making a prior investigation and such beneficiary thereafter within the transient period appears in another city and becomes dependent there, such city has a right to return him at the expense of the initial city.

It was the right of El P. to immediately return the man to H. at the latter's cost. They did not do so because the woman was seriously ill, eventually dying. In the meantime they were put to considerable expense and I am of the opinion that the amount thereof should be refunded to it by H.

MAX HERZBERG,
MAX SENIOR,
JULIAN W. MACK.

M. vs. N.

The city of N. confesses that it used its good offices to secure half-rate tickets to M. for Mrs. S., whose husband has deserted her and had been located in M. The half-rate tickets were paid for by Mrs. S. and consent of M. was not asked.

The language of the transportation laws in reference to desertion is as follows: