

Budgeting, Spending, and Saving

March Expenses



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How Do
We Use
Money?

Budgeting, Spending, and Saving

Bitsy Kemper

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Contents

Chapter 1
SPENDING
MONEY . . . page 4

Chapter 2
SETTING GOALS . . . page 12

Chapter 3
SAVING . . . page 20

Chapter 4
CREATING A BUDGET . . . page 30

Top Ten Things to Know • 37

Glossary • 38

Learn More about Money • 39

Index • 40

Chapter 1

SPENDING MONEY

Money makes our world work. Adults earn money by doing jobs. Kids may receive allowances. Everyone buys products and services. The people who make products or perform services get paid. Money moves from person to person. It can seem like money comes and goes too quickly.



Kids often get spending money from their parents. How do adults earn money?

Money is much easier to spend than to earn. Many people develop bad money habits.

The good news is that smart money habits are easy to learn. Kids who learn them become adults who make good money choices. Poor money choices may mean you cannot see a movie with friends. Adults face more serious problems with money. They might not have enough money to pay bills. Learning good money habits can prevent these problems.



Unpaid bills can start to pile up if adults have bad spending habits.



Skateboards are an example of something you might want but do not need.

Wants and Needs

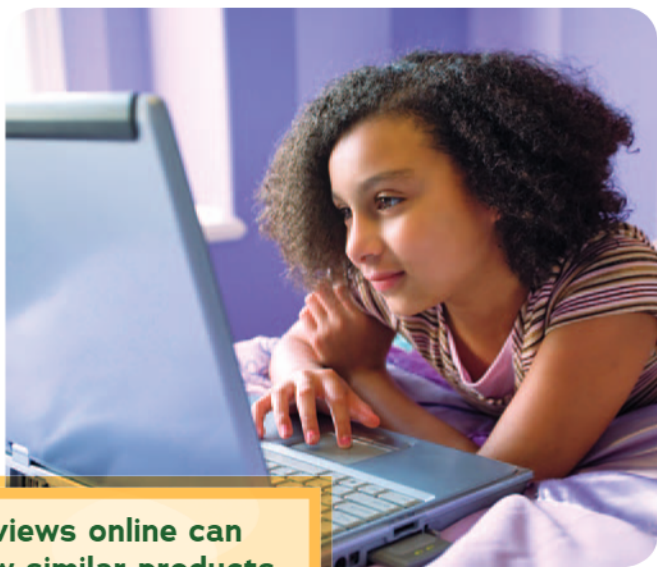
Money is used to pay for two kinds of things. First, money can buy goods. This includes things such as an apple or a bicycle. Second, money can pay for services. Concerts and skiing lessons are examples of services. What kinds of goods and services do you spend money on?

The study of money is called economics. Two basic ideas in economics are *wants* and *needs*. A *need* is something you must have to survive. Needs include food, shelter, and clothing. A *want* is something you would like to have. But you can survive without it. Wants include fancy houses and skateboards.

You cannot buy everything you want. People must make decisions about what goods and services to purchase. Wants should be purchased after all your needs are met. Purchasing decisions can be difficult. They are affected by prices, what friends and parents think, and the ads or commercials we see.

Shop Smart!

Being an informed consumer is important. Companies spend billions of dollars trying to sell products. But you cannot always trust what companies say. They could be leaving out negative things about their products. It is useful to find out what real people think. You can ask friends if they have used a product. You can also read reviews online.



Reading reviews online can show you how similar products stack up against one another.



Trying on clothing can be a great way to comparison shop.

Comparison shopping is also a good idea. One pair of jeans might be cheaper than another, even though they look the same. Ask questions about the items you are thinking of purchasing. Why is one

product more expensive? Is the extra cost worth it?

There are many ways to spend less money. Paying attention to brands can be helpful. Some brands of products cost more than others. Sometimes this is a sign of higher quality. Other times, it just means the brand is popular. People may be willing to pay more for it. Also, a company might spend a lot of money on advertising. Then they charge more for their products. You may be able to find a cheaper item that works just as well. You could buy a used item rather than a new one. Buying last year's version is another way to save.