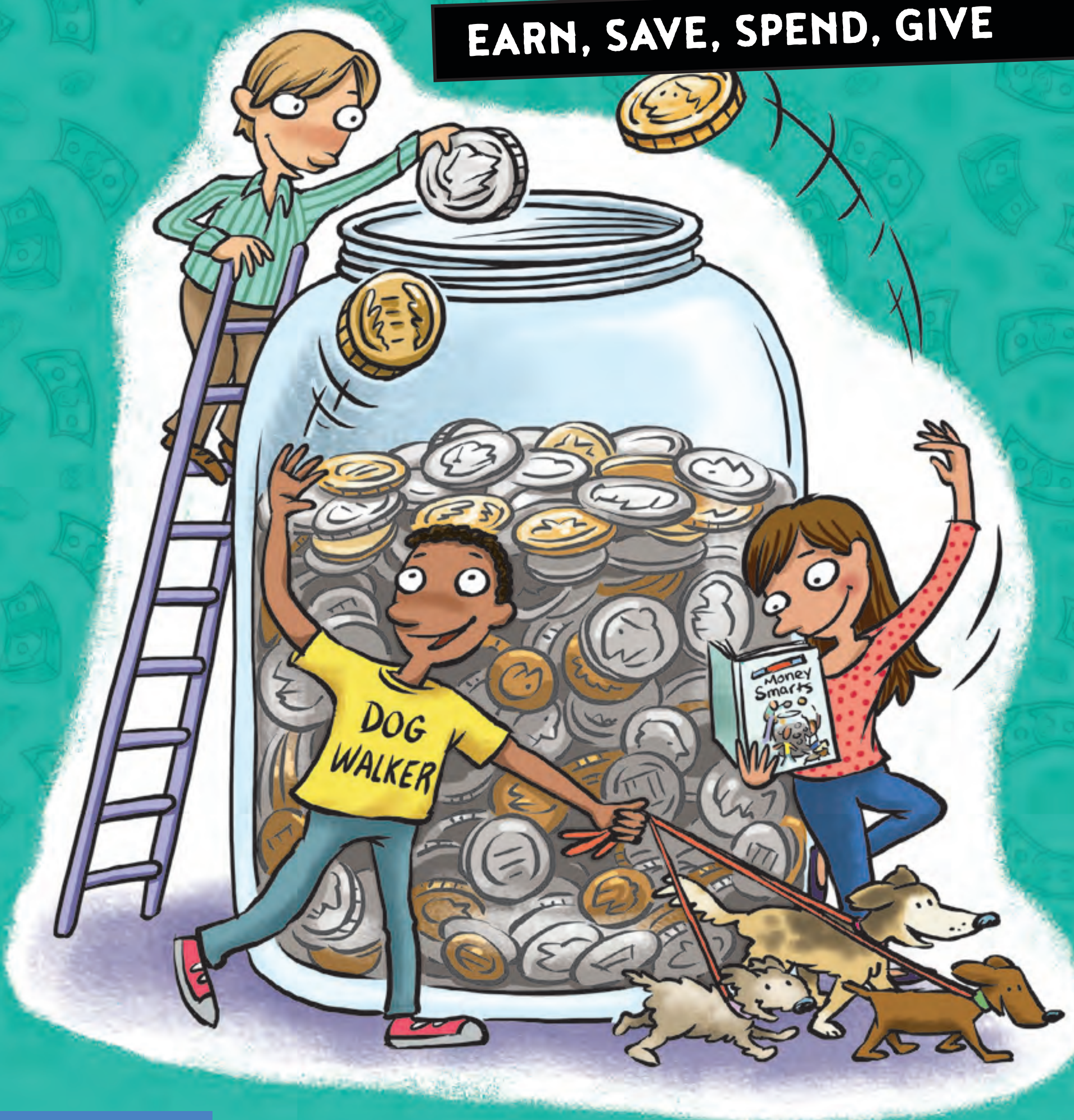
THE SURVIVAL GUIDE FOR Money Smarts

EARN, SAVE, SPEND, GIVE



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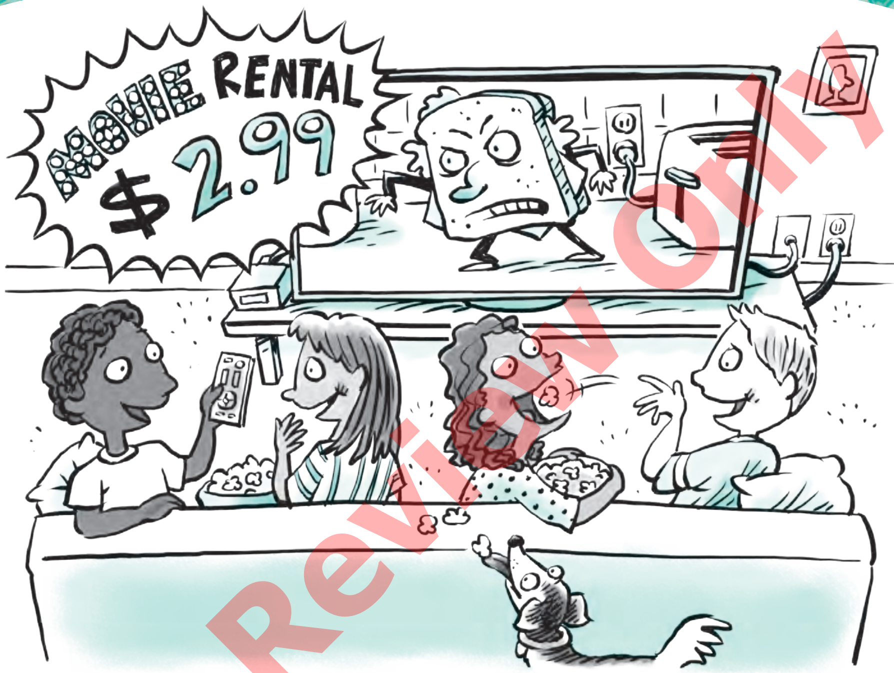
Reproducible Forms

You can download and print these forms at **www.freespirit.com/money-smarts-forms**. Use password **4goals**.

1 Revenge of the Sandwich

(What Is Money, Anyway?)



Let's say you and your friends want to rent a movie, *Revenge of the Sandwich.* You get permission from your mom,* find the movie online, and click the remote to pay the $2.99 rental fee. (You'll pay your mom back later, of course.) Pop the popcorn and pass the fizzy drinks, because you and your buddies are in business.

*When you see *mom* or *parent* or similar names in this book, think of whoever takes care of you. That may be your mom or dad, or it could be another adult like a foster parent, a grandparent, an aunt, or an uncle.

Friends, couch, movie—that's a recipe for a great afternoon. But what about that $2.99? Why did you have to pay that? Where did it go? And should you even care? (*Hint:* This book is all about money, so the answer is probably *not* going to be, "No, you shouldn't care at all.")

Think about where that movie came from. *Revenge of the Sandwich* didn't just happen. Somebody had to write it. Somebody had to direct it. Making a movie takes actors, camera operators, costumes and costume designers, sets and set designers, stage crews, makeup artists, and . . . well, you get the point. For a lot of people, making that movie was their job. Your $2.99 is one tiny part of how all those people make their living and earn money to pay for their food, homes, and more.

Money = A Form of Exchange

Imagine what it would be like if we didn't have money. We would have to pay one another in some other way, such as by ***exchanging***—or trading—goods or skills. For example, think about a person who knows how to fix computers. She can solve *anybody's* computer problems lickety-split. Which is great—but she also needs to eat. In a world with no money, how does she get food? She's great with computers, but she doesn't know anything about growing food. Heck, she doesn't have time to even *think* about it! She could always trade for food. For instance, maybe she can find a chicken farmer who has a broken computer. She could fix the farmer's computer in exchange for some eggs. Pretty simple, right? But what if she also wants some orange juice, toast, butter—and oh, maybe

EXCHANGE: to trade one thing for another (such as money for goods) some new shoes? This trading could get pretty complicated pretty fast.

For another example, imagine you want a couple of granola bars. What do you have to offer in exchange? Maybe you could mow someone's lawn in exchange for them. But what if the person making the granola bars doesn't have a lawn? Or what if he doesn't need it mowed? Now you've got a problem.

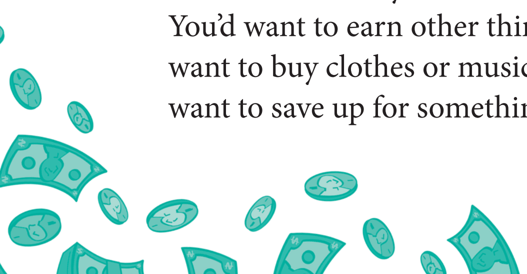
People invented money to solve these kinds of problems. Today, people all over the world use money to buy and sell things, because *money is a form of exchange.* That means we all agree that it's worth something—and we can exchange it for goods and services that are worth the same amount. If we didn't have a system for agreeing on that worth, money would not have any value at all. It would just be paper and coins and numbers and symbols. So now when you want a granola bar, you don't have to trade lawn care with a granola bar maker. Instead, you trade money.

Money = Stored Value

In addition to being a form of exchange, *money stores value*. That means you can use it in lots of different ways. You can also save it and spend it later.

Imagine that you have a job scooping ice cream at an ice cream shop. If money didn't exist, the shop owner might have to pay you in scoops. That would be terrible! All your work would be for nothing but ice cream: Day after day, barrels of ice cream filling up your home. (Okay, maybe it would be fun for a while!)

But eventually your freezer would fill up. Your ice cream would melt. And you would get tired of ice cream (probably). You'd want to earn other things for your work. Maybe you'd want to buy clothes or music or a volleyball. Maybe you'd want to save up for something big.



Since you are paid in money, not ice cream, you have that freedom. You can spend your money how you want to. And you can save it for the future. (This is a GREAT idea and something we'll talk about a lot more later on in this book.) Unlike those barrels of ice cream, money never melts.

Money = Labor

Finally, *money is a measure of* ***labor***. In other words, money represents our work.

Let's say you babysit a neighbor's kids for four hours. Your neighbor pays you $5 an hour, so after four hours of babysitting she gives you $20. Now you have $20 in your pocket—woo hoo! But before you run out and spend it on a new T-shirt, think: $20 equals four hours of your time. Is that T-shirt worth four hours of your time?

LABOR: work someone does for pay

Why Is Money Important?

Money is important because it makes it easy to buy, sell, and do things:

- **Money lets us buy things we need,** like food, and enjoy things we want, like renting *Revenge of the Sandwich*. We can buy small things and we can save up to buy big things.
- **Money keeps us safe.** We use it to pay for shelter and clothing. We pay money to the government for services like fire departments and police departments. And when we save money, we are taking care of our future selves.
- **Money also lets us help others.** We can ***donate*** money to organizations that will use it to help animals or people in need or to protect the earth. Or we can use our money to help family members or other people in our community.

What all this means is that money has power. We can use it in many, many different ways. So what will you choose to do with your money? Your answer says a lot about you. That's what the next chapter is about.

DONATE: to give money to a good cause