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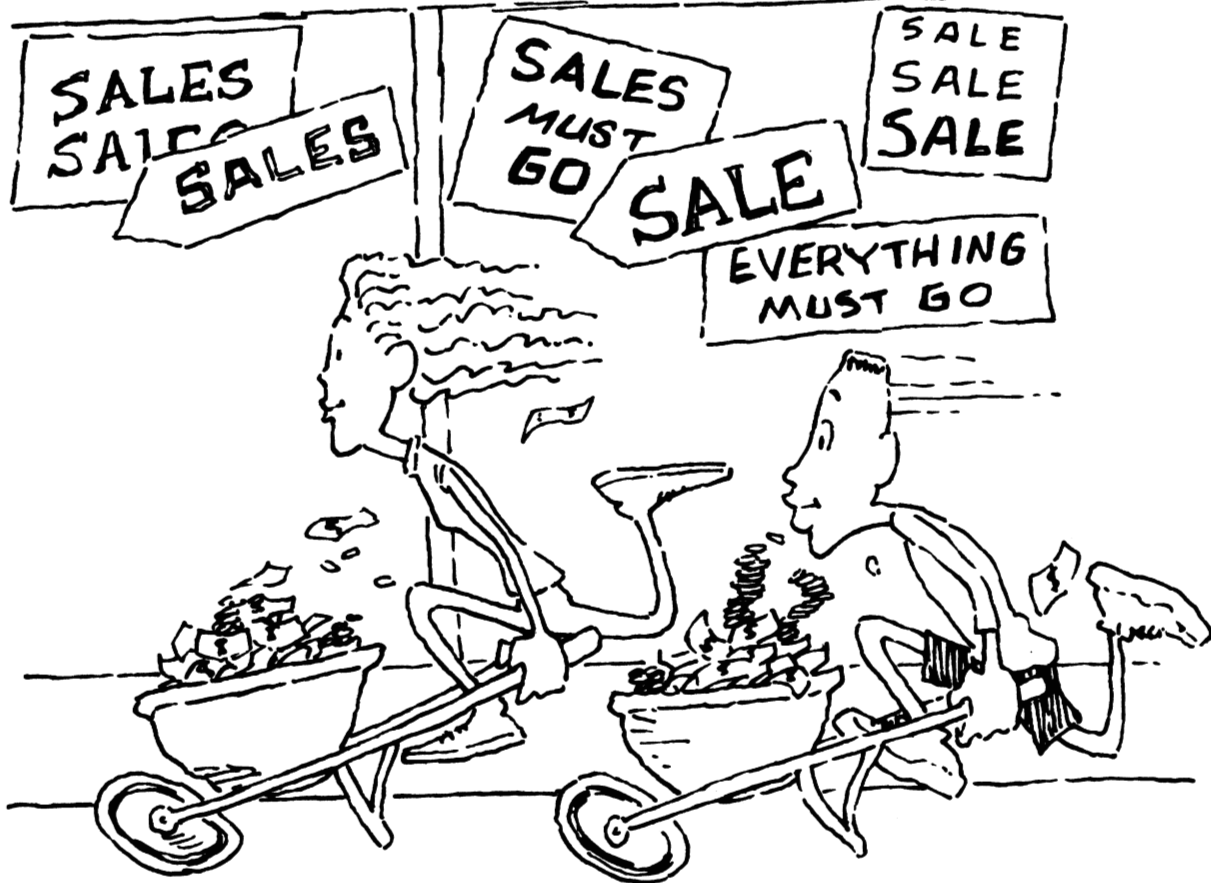
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CHAPTER

1

Money Basics

MALL



Chapter 1

Money Basics

The average American teenager spends nearly \$3,000 a year. Does that number seem too high to you? Add all the money you get from your parents or grandparents, plus any money you make from doing chores or part-time jobs. And don't forget those gifts of money you get for birthdays or Christmas! Your total may be less than \$3,000, but it still adds up to a decent stack of cash. Let's look at where your money went—and why.

Learning About Money

Money is one of the world's most popular inventions. Just about everyone enjoys having money. We like to have money. And we like to *spend* money!

But *learning* about money is a different thing. As a study subject, most people would put it near the bottom of their things-I'd-most-like-to-know list. They hear words like *budget*, *accounting*, *interest*, and *loans* and say, "Get out of here! I'm not interested in that stuff."

This is especially true with teenagers. Many students feel it's not important right now because they have so little money to worry about. Is that true for you? Maybe you're saying to yourself, "Sure, I'll learn about money . . . as soon as I *have* some!" Well, guess what? You may not have much, but you have enough to matter—at least in the eyes of the people who sell products to young people.

American teenagers spend over \$90 *billion* each year! What's more, everyone from Nike® to Nintendo® knows this fact; and they want their share. The people who sell music (cassettes, CDs), movies, munchies, makeup, milk shakes, and Macintoshes have your number. And they are running it through their calculators: "How much money can we get teenagers to spend on *our* products?"

*If you don't take control of your money, someone else **will**.*

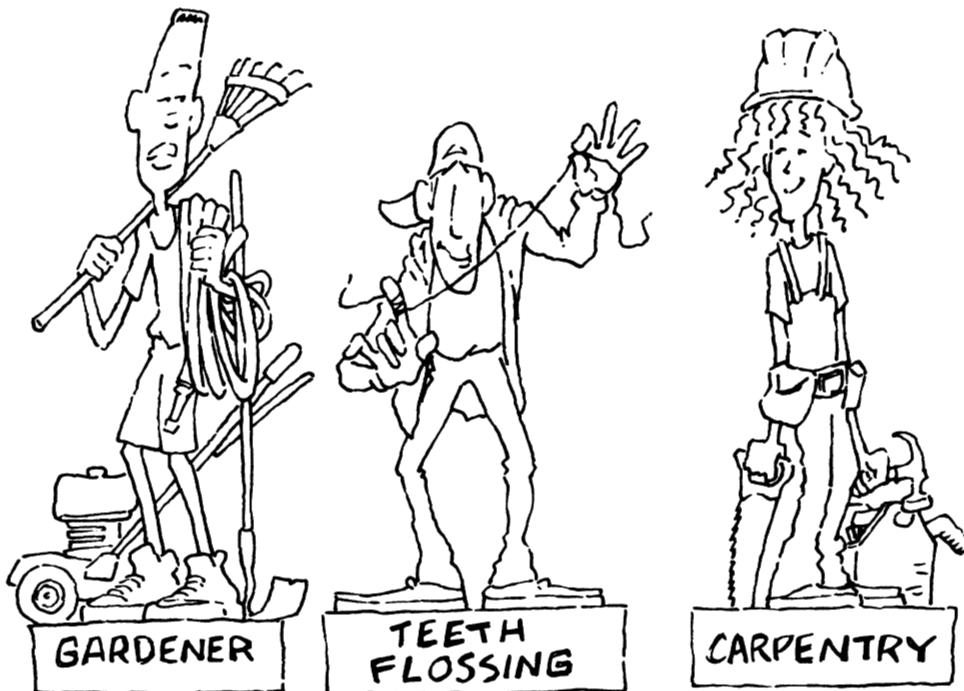
That's reason enough why you should learn how to manage your money. People marketing products to youth are spending billions in advertising, employing an army of marketing experts, and inventing powerful and creative ways to separate you from your money.

Of course, some of what they sell is stuff you need. And much of it is what makes your life more enjoyable. But wouldn't you like to have *more* money to buy the things that are important to you? You can if you will take these suggestions.

That's what this book is all about. We'll show you how to take control of your money so you can do these things. You'll learn skills that will help you right now *and* also prepare you for a successful financial future. These skills work on *any* amount of money—a \$5 allowance or a \$5,000 paycheck. No matter how much money you have, you can manage it with the right skills.

- Pay fair price for quality items.
- Avoid being ripped off by misleading ads and salespeople.
- Stay out of debt.
- Save for a car, college, your own business.
- Give money away to make a difference in the world.
- Save money to buy the things you want and do things with your friends.

Rent A Teen



How To Buy Money

Before we talk about how to manage money, you need to understand where money comes from. As our parents have told us (about 3,000 times), “Money doesn’t grow on trees.”

Simply put, you *buy* money. You can purchase money with all sorts of things.

You can buy money with products. If you’re a farmer, you pay in pigs, peaches, or potatoes. If you own real estate, you can offer acres of land, apartments, or office buildings. Just about any *thing* can be used to purchase money. That is, if somebody *wants* what you have and has enough money.

Most of us buy our money with our time and talents. Talents come in different denominations: You can buy \$5 in one hour if you know how to sew on fabric (a dress or a suit). You can buy \$5,000 in an hour if you can sew up a person after putting in a new heart. Money can be made as long as someone is willing to “trade” with you.

Of course, time doesn’t grow on trees, either. Every hour you sell for money is no longer available for other investments—friendships, family, God, education, fun, and sleep. How much time you sell depends on how much these other priorities are worth to you.

Putting a Price Tag on Money

Some people pay a very high price for money. They sacrifice their families, their friendships, their faith. In other words, they “pay the price” with these things. (So *that’s* where the expression came from!)

Where your treasure is, there your heart will be also.

— Jesus

What’s money worth to you? You set the price. You need a certain amount of money to support other priorities. (Your dad or mom sells time *away* from the family so he or she can afford to buy time *with* the family—a family that’s fed and clothed and under a roof.)

If saving money for your future, or giving to your church, or helping the needy, or going on a trip with your youth group is important to you, you’ll have to sell some time to do it. In a way, time *is* money.

Good money management gives you more money and more time for what’s important to you.

That's why you must take control of your money. If you waste money through making the wrong choices and bad management, you have less money for your priorities. Then you have to spend more time *working* to buy more money—time away from your priorities.

All of this money management stuff is especially important for Christians. The Bible tells us that God is the owner of everything in this world. That includes you, your time, and your money. You don't really *own* anything! You're just managing these things for God.

God wants you to make wise investments with *His* time and money. He has great plans for you, and He wants you to use this time and money to make a difference in the lives of the people around you. If you waste His resources, you can't do all the great things He's got planned for you. If you manage wisely, He'll use you to change the world!

The lessons in this book will help you take the control of this time and money away from lenders, advertisers, and stores and put it where it belongs: with you and God.

activity • activity • activity • activity

Where Did All Your Money Go?

Are you surprised at the large amount of money that passes through your hands each year? Think about the possibilities. If you had a spending plan, what could you have done with all that money you would have saved? Make a list.

- | | |
|----------|----------|
| 1. _____ | 4. _____ |
| 2. _____ | 5. _____ |
| 3. _____ | 6. _____ |

Now look at what you did with all that money. What of lasting value (including experiences) do you have to show for that year's worth of money?

- | | |
|----------|----------|
| 1. _____ | 4. _____ |
| 2. _____ | 5. _____ |
| 3. _____ | 6. _____ |

Compare your lists. Which one is more satisfactory? What will you do with your money this coming year?

- | | |
|----------|----------|
| 1. _____ | 4. _____ |
| 2. _____ | 5. _____ |
| 3. _____ | 6. _____ |

