



# Perfectcents

A family's guide to teaching children to be money smart

Number 5

## Don't let opportunities pass you by!

**You're standing in the grocery store checkout. Your mom has asked you to get her a few things for dinner. And for doing her this favor, she said that you can keep any change you get after buying the items.**

You've done the math, and you will have \$2.25 in change. That money will come in handy because you've been saving up for headphones, and you need only \$2.00 more. The change will give you enough to buy them right away. Otherwise, you'll have to wait until Saturday's babysitting job. Then you'll have more than enough to buy the headphones.

As you stand in the checkout lane, you spy the candy rack. Suddenly a candy bar sounds like a great idea, but you can't decide which one. The solid chocolate one with nuts? The one with the gooey center? A bag of those chocolate bits with the hard candy shell? You could get all three for \$1.80. You could buy just one for 60¢.

Decisions, decisions, decisions. You're next in line and you've got to decide now. Buy the candy or buy the headphones? You scoop up the candy bar with the gooey center and put it on the counter. You'll wait until Saturday to buy the headphones.

When you get home, your mom says your neighbor called, and he won't need a babysitter this Saturday after all. His plans have changed. Maybe he'll call you for the following weekend.

There go the headphones. Now they're just as far off as they were before you ran the errand for your mom.

You've just learned about **opportunity cost. When you buy something, you are losing an opportunity to buy something else.**

Here's another example of opportunity cost. Let's say you had only one dollar in change, and you had to decide about the candy bars. By choosing one 60¢ candy



bar, you eliminated the opportunity to buy either of the other two.

The point is to make good spending choices. If you blow your money by buying on impulse – as in the case of the chocolate bar – other things you're saving for get pushed into the future.

## The idea of planning

**Watching your spending and using a money diary helps you control your money. Want those sunglasses you've been eyeing? Every time you buy something else, those sunglasses get further away from you.**

You need a plan. For example, you'll have those sunglasses in two weeks if 1) you save your candy bar money, and 2) you do three hours of yard work for your neighbor this weekend instead of going to the beach with friends. True, you'll be pulling weeds and cutting grass, but you'll be making money. (You'll



still get a tan.) On the one side, you've got candy and the beach. On the other side, you've got the sunglasses. You choose.

Keeping a money diary (see back page) helps you plan. It shows you little tricks, things you can do – like using your candy bar money – to get those sunglasses sooner. A money diary makes you smarter about how to use your money.

So if you're always broke. Or if you feel like you never have enough money, even though you have a part-time job, you need a money diary. Buy a spiral notebook and start keeping track of your money.

Write your spending and saving goals in a section of the notebook. Start making some good decisions. That's the way to get what you want.



Learn more about handling money at [themint.org](http://themint.org)

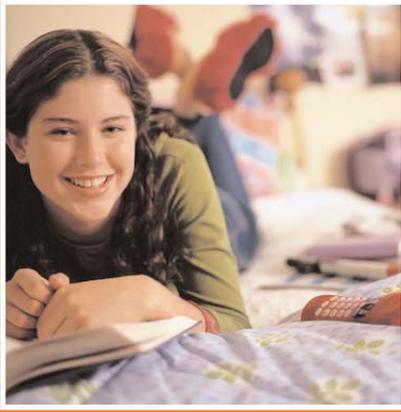


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# A money diary shows where it goes

## Money Diary

### Money Diary for each week



Allowance:	\$ _____	I N C O M E
Odd jobs:	\$ _____	
Part-time job:	\$ _____	
Gift money:	\$ _____	
Debt owed to me:	\$ _____	
<b>TOTAL INCOME:</b>	<b>\$ _____</b>	

Money I owe:	\$ _____	E X P E N S E S
Emergency spending:	\$ _____	
Big purchases:	\$ _____	
Charitable giving:	\$ _____	
Gifts family/friends:	\$ _____	
Food/pizza/snacks:	\$ _____	
Clothes:	\$ _____	
Toiletries:	\$ _____	
Magazines/books:	\$ _____	
Music (CD's, etc.):	\$ _____	
Video games, etc.:	\$ _____	
Movies/concerts:	\$ _____	
Dances:	\$ _____	
Car:	\$ _____	
Phone:	\$ _____	
Hobbies/sports:	\$ _____	
<b>TOTAL EXPENSES:</b>	<b>\$ _____</b>	

**D**o you spend on impulse? Do you make good choices when it comes to spending? Don't know? Here's how you can find out. Keep a money diary. Every time you spend, write the purchase in your diary. At the end of a month or two, you'll know where your money goes.

Once you get a picture of how you spend, you can begin to control your spending. If you buy a 60¢ candy bar everyday at school, you're spending \$3.00 a week – \$12.00 a month – on candy. Is that really what you want to do with \$12.00? You could buy a whole bag of candy bars at the store for under \$4.00. Now you've got the candy bars, and you've got \$8.00 you can put in savings toward another buying opportunity. Or you could forget the candy and use the \$12 to buy a CD. The CD will last you a long time; the candy is gone in a matter of minutes.

It's called *stretching your dollars*. Your money can do more if you think about how you spend it. To learn more about money diaries, go to [www.themint.org](http://www.themint.org).

**A money diary shows where your money comes from, how much there is, and where it goes.**

## Don't get soaked by spending

**L**et's say you take home \$120 a week from your summer job. You've decided to bank 50% for college and large purchases in the future. That leaves you \$60 to spend on everyday stuff, to save up for emergencies, and to donate to charity. You save \$5 each week for charity and put \$10 in your emergency fund, leaving you \$45 to spend on everyday stuff.

This week your friends are going to a water park. Right now, you have \$51 in your everyday stuff budget. You'll get paid tomorrow, which gives you another \$45. That's \$96 to spend on everyday stuff.

**Go to the green box.** Make some spending decisions about this water park adventure. See how well you control opportunity costs/spending. (Here's the deal: you may NOT use any money from your emergency money. If you can wear it or eat it, it's not an emergency.)

All you've got is \$96...	Cost	Total
1. Get organized and buy your ticket to the park online for \$24.00 or buy your ticket at the park when you get there for \$27.00.		
2. You don't have a pair of this year's "hot" flip-flops. You can buy the name brand for \$25, buy a no-name/look-alike sandal for \$7.50, or wear last year's flip-flops.		
3. You'd like to look your best for someone in this group. Do you buy a new swimsuit for \$40, buy one at a discount store for \$20, or wear last year's suit?		
4. Sunglasses are the "hot" item this year. But some of the water rides are wild, so you probably can't wear them on the rides. Do you buy designer shades for \$50-\$75, or designer copies for \$10, or do you forget about wearing shades altogether?		

### ...How much did you spend?

If you've wiped out your everyday fund, you won't have money for the movies this weekend. You've lost that opportunity.

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