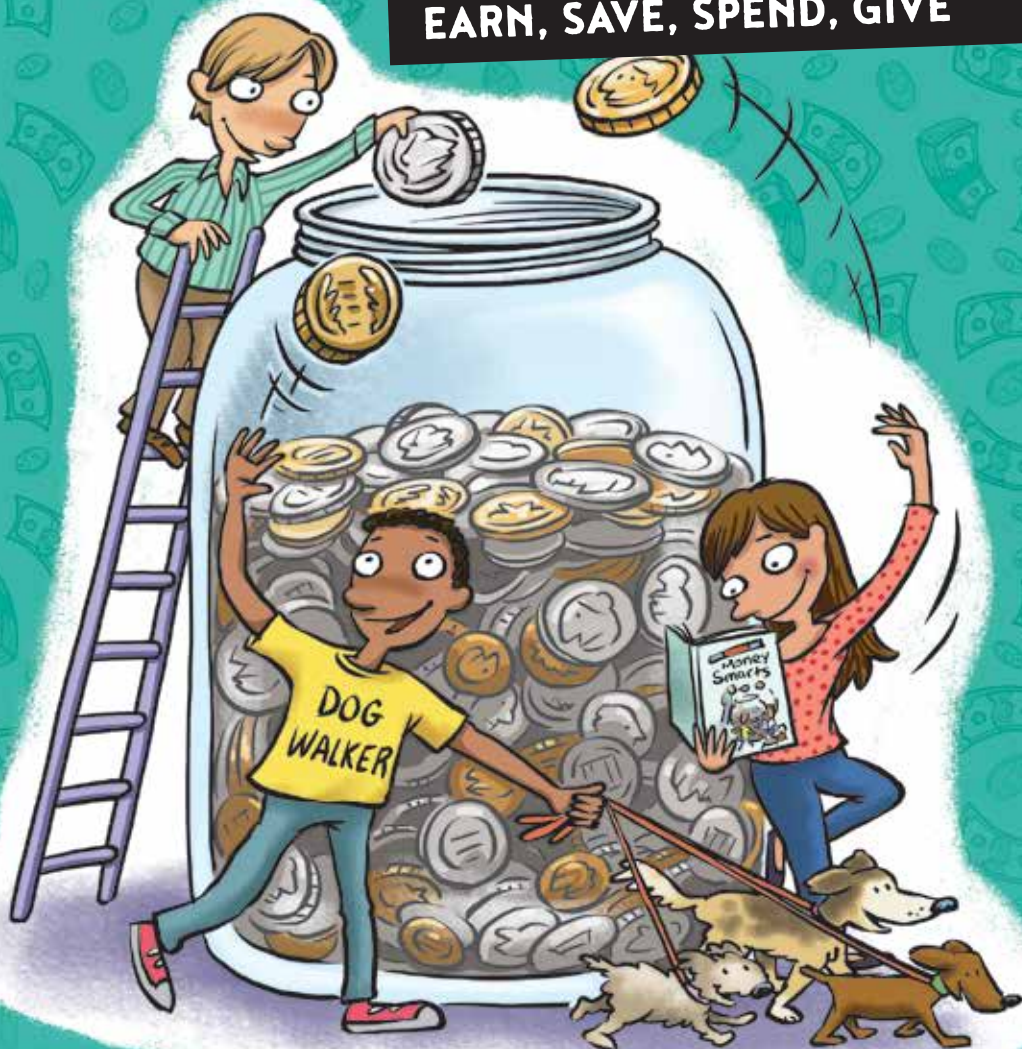


THE SURVIVAL GUIDE FOR

# Money Smarts

EARN, SAVE, SPEND, GIVE



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Eric Braun and Sandy Donovan

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# Introduction

## Raising Your Money IQ



There's something about money that makes people act totally weird. For example, we heard about a person who paid \$24,300 for a suit of armor . . . for his guinea pig. Somebody else bought a \$95,000 truffle. In case you didn't know, a truffle is a fungus, kind of like a mushroom. This truffle was a very special kind. Only highly trained dogs could find it. Still, could a fungus *really* be worth that much money?

Most of us can't afford costly truffles, or armor for our guinea pigs. But we still find plenty of ways to make silly choices with our money. We buy brand names when cheaper versions are just as good. We buy a video game and then quit playing it after a week. We buy the large popcorn at the



movies (the sign *says* it's the best deal!) even though we'll never make it halfway through that grocery bag of popcorn. Many of us don't plan ahead or save enough.

## Money, Money, Money

Different countries use different kinds of money, or **currency**. The United States and Canada use dollars, and that's the term we use in this book. If people use a different currency where you live, just think of that currency when you see the word "dollar" or the dollar sign (\$ or \$).



EURO



BRITISH POUND



SOUTH KOREAN WON



UNITED STATES  
DOLLAR



NIGERIAN NAIRA



JAPANESE YEN



INDIAN RUPEE

**CURRENCY:**  
the type of money  
used in a specific  
country

Maybe you don't make silly money choices. Maybe you've already got a savings account and some pretty sharp money smarts. If so, that's great! Or maybe you don't have much money and aren't sure how to get it. Maybe you've just never given money much thought. Whatever the case may be for you, this book can help you raise your money IQ. ("IQ" stands for "intelligence quotient." That's just a fancy way of saying how smart you are about something.)

To raise your money IQ, you'll start by thinking about your goals. Then you'll consider ways you can earn money to reach those goals. You'll also learn how to set up a budget that will help you manage your money. (Think a budget sounds scary or boring? Don't worry—a budget just means making a plan for your money.) Even though you may be too young to do things like work a "real" job, use a credit card, or invest in stocks, you'll learn about these things, too. Looking to the future, when you *can* do these things, is an important part of being money smart—and happy.


**Warning!** Having money smarts can lead to feelings of confidence, wisdom, and pride. That's because being money smart is all about making decisions that say something positive about you and the things you care about.

## About This Book

This book has a *ton* of information. It covers everything from making money to saving and investing it . . . and a lot more. You'll get the most out of this book if you start from the beginning and read it all the way through. Then you can go back and reread anything you need a refresher about. Or, if you have something in mind right now that you want to learn about, you can check out the table of contents or the index to find it. For example, if you want to learn about ways to earn

money, you can turn to Chapter 3 on page 24. Or if you get a job babysitting and want some tips for not wasting the money you make, you can turn to page 54 and read about budgets. And throughout the book, you'll see some forms that can help you boost your money smarts and practice the skills you'll be learning. You'll also find charts you can fill out to help you set your goals, create a budget, and manage your money. You can photocopy these pages from the book or download and print out copies. See page v for how to download the forms.

You'll also find lots of stories in this book that will help explain things and give examples of money smarts in action. **Real-World Kids** stories are about kids your age who have done really cool things. (The things they've done are amazing, but they're not so super-amazing that they're out of reach for



**FINANCIAL:**  
having to do  
with money

you. Think of these kids as role models. You can do amazing things, too.)

There are also **Money Smarts Stories**. These stories are about fictional kids who made *financial* mistakes but learned to make smarter choices.

Finally, you'll find **Choose Your Own Spending Ending** stories. These stories star *you* as the main character. You'll decide between two ways of using your money. After you choose, you'll have a chance later in the chapter to read what happens to you as a result of your decision. Be careful not to make a choice you'll regret! (Okay, okay, these things won't *really* happen to you. But the two endings are a fun way to look at different ways your choices can affect your life.)

You'll also see vocabulary boxes for important money words and phrases—like the ones you've already seen for the words *currency* and *financial*.

We hope *The Survival Guide to Money Smarts* will help you feel confident about your future and take some of the

mystery out of money. We also hope it will be fun, because we don't think learning about money has to be a big bore. Instead, learning about money should be exciting. It might even be more exciting than a guinea pig in armor!

After you read this book, tell us how it helped you. If you have suggestions for making it better, we'd love to hear those, too. You can send us a letter at:

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Minneapolis, MN 55427-3674

Or you can email us at:  
[help4kids@freespirit.com](mailto:help4kids@freespirit.com).

Happy saving and spending!

**Eric Braun**  
**Sandy Donovan**





## 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,

**EXCHANGE:**  
to trade one thing  
for another (such as  
money for goods)

maybe 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

