

# MONEY PALS

PART ONE

Being Cool with Cash







# MONEY PALS

Being Cool with Cash



NATIONAL ENDOWMENT FOR  
FINANCIAL EDUCATION

*Partnering for Financial Well-Being*



The Annie E. Casey Foundation

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## Introduction

# Having Fun with Money

**Y**ou probably already know what money looks like. You also may know that money is important. But did you know that money can be fun? Yes, that's right. Money can be fun. It's fun to use money to get the things you really want.

Today, you may want an ice cream cone. Next week or next month, you may want a new set of Rollerblades™. Sometime in the future, you may want to go to college or get some kind of special training.

How do you get these things? You get them with money. The money you earn and save can get you what you want.

So go ahead and dream—dream big—about what you want. Dreaming is fun, too. Think about the kind of life you want when you are grown up. Think about where you want to live and what you want to do. Then think about how money can help you reach these goals.

Of course, you may be tempted to think, *“My foster parents don't have a lot of money. My birth parents don't have a lot of money. I'll never be able to get very far in life.”* That's just not true.

In school, you will learn about a lot of people who started with almost nothing and then became who they wanted to be. They went on to become great writers, or inventors, or business owners. And this still happens today. Just look at Oprah Winfrey. She grew up poor and, for a time, was in and out of trouble. Now look at her! What happened? She made a choice—she chose to change her life.

And choice is what life is all about. The better the choices you make, the better your life can be. That's why this booklet was written: to help you make good choices with your money. It doesn't matter if your money right now comes from an allowance, from your family, or from work you do. This booklet will help you understand:

- ❖ what money is
- ❖ how to save it
- ❖ how to spend it
- ❖ how to earn it

So go ahead and use this booklet to think about money and your future. And remember, the most fun of all is having the kind of life you really want!

**“It doesn't matter who you are, where you come from. The ability to triumph begins with you. Always.”**

—OPRAH WINFREY





CHAPTER

1

# What Is Money?





**M**oney, money, money ... you use it every day. But what is it? Money is really just a tool. It is something we use to trade for the things we need to live. It also is something we save so we can have what we really want in life.

Before there was money, people used to barter or trade things. If a farmer needed some farm tools, what would he do? He might trade a pig he had raised, or some wheat he had grown, to a shop owner for the farm tools. Money is much easier to use than carrying a pig around!



## What does your money look like?

Money comes in all shapes and sizes and amounts. Each country has its own money. In our country, money is made at the mint (the money factory) by the government.

Money can be made of metal, like coins, or it can be made of paper. Smaller amounts of money come in coins, like a penny (1¢), nickel (5¢), dime (10¢), or quarter (25¢). Bigger amounts of money come in paper “bills” called dollars. So, there is a “1-dollar bill,” a “10-dollar bill” and so on.

What bills do you think people use the most? Can you guess? Most people use bills in amounts smaller than \$100. Often, people have only four kinds of bills in their wallets: 1-dollar, 5-dollar, 10-dollar, and 20-dollar bills.

With just a few coins and a few kinds of dollar bills, you can buy and make change for most things you need every day. Money sure comes in handy!



# Money games

Everyone needs to learn how to use money. Take out some money and look at it. Do you know the names for money? Do you know how much money each coin is worth? Let's see what you know already.

Draw a line from the money shown (bill or coin) to the correct name of the denomination listed below.



Quarter

Dime

20-dollar bill

Penny

5-dollar bill

Nickel

10-dollar bill





Quarter = 25¢



Dime = 10¢



Nickel = 5¢



Penny = 1¢

## Which are the same?

1. A nickel is worth the same as \_\_\_\_\_ pennies.
2. A dime is worth the same as \_\_\_\_\_ pennies or \_\_\_\_\_ nickels.
3. A quarter is worth the same as \_\_\_\_\_ pennies or \_\_\_\_\_ nickels.
4. A dollar is worth the same as \_\_\_\_\_ pennies, or \_\_\_\_\_ dimes, or \_\_\_\_\_ quarters.
5. A 10-dollar bill is worth the same as \_\_\_\_\_ 5-dollar bills.
6. A 20-dollar bill is worth the same as \_\_\_\_\_ 5-dollar bills or \_\_\_\_\_ 10-dollar bills.

**Answers:**  
 1. 5 pennies. 2. 10 pennies or 2 nickels. 3. 25 pennies or 5 nickels. 4. 100 pennies or 10 dimes or 4 quarters.  
 5. Two 5-dollar bills. 6. Four 5-dollar bills or two 10-dollar bills.



## Quick! Which is more?

Look at the pairs below. Circle the one that is the larger amount of money.

1. **A.** 4 dimes, 5 nickels, and 1 quarter



1. **B.** 1 dollar



2. **A.** Three 5-dollar bills



2. **B.** One 20-dollar bill



3. **A.** 9 quarters



3. **B.** Two 1-dollar bills



4. **A.** Three 1-dollar bills



4. **B.** 10 dimes, 100 pennies, and 3 quarters



5. **A.** 40 pennies and 2 dimes



5. **B.** 2 quarters



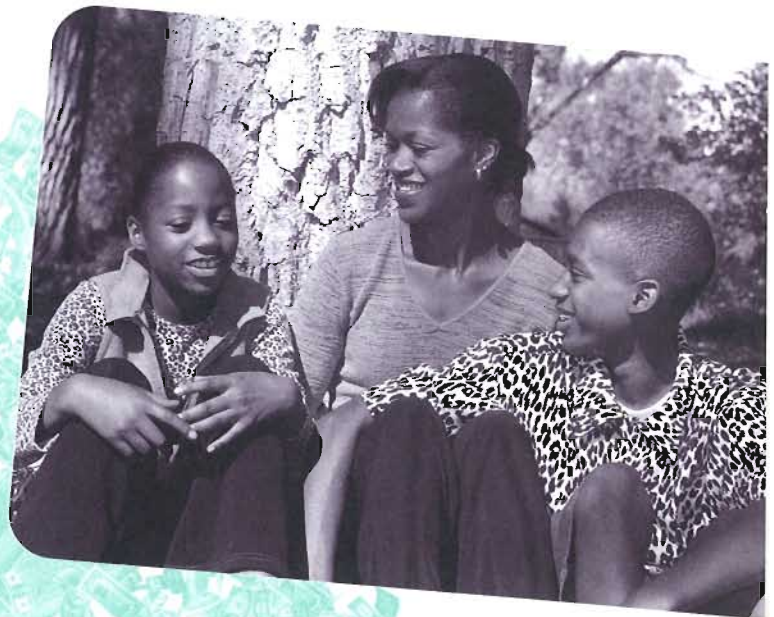


## Show what you know

True      False

- |                          |                          |  |
|--------------------------|--------------------------|--|
| <input type="checkbox"/> | <input type="checkbox"/> | <b>1.</b> All countries use the same kinds of money.   |
| <input type="checkbox"/> | <input type="checkbox"/> | <b>2.</b> Money is a tool, something that helps us reach our goals.                              |
| <input type="checkbox"/> | <input type="checkbox"/> | <b>3.</b> Before there was money, people had to barter or trade to get things they needed.       |
| <input type="checkbox"/> | <input type="checkbox"/> | <b>4.</b> Money can be made of paper or metal.   |
| <input type="checkbox"/> | <input type="checkbox"/> | <b>5.</b> Coins are worth big amounts of money.  |
| <input type="checkbox"/> | <input type="checkbox"/> | <b>6.</b> Bills come in different amounts, like 1 dollar, 5 dollars, 10 dollars, and 20 dollars. |
| <input type="checkbox"/> | <input type="checkbox"/> | <b>7.</b> The mint is the name for the government's money factory, where money is made.          |

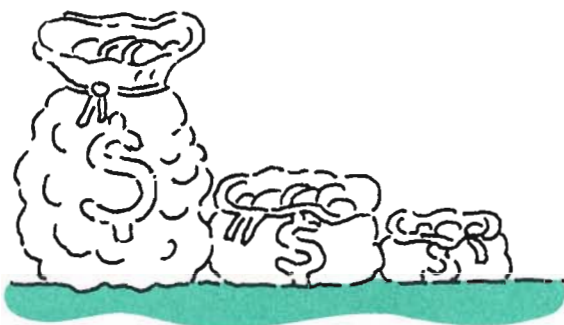
Answers: 1. False, 2. True, 3. True, 4. True, 5. False, 6. True, 7. True.



# How do you use money?

When it comes right down to it, money is used for three things:

1. You **spend** it on things you need or want now.
2. You **save** or **invest** it for things you need for your future. **Investing** is when you let money grow and make more money.
3. You **share** it or use it to help others in need.



## The easy part of money—spending

Everyone knows how to **spend**. Families spend money first on things they really need like rent, food, and clothing. If there is enough money, your foster care family may spend some money on fun things you don't really need but you want. What are some things you want, but don't really need? How about video games, CDs, movies, and money for snacks?

## The tricky part of money—saving and sharing

**Saving** or **investing** means you put money away for a while. Why do this? Because you don't always have all the money you need to get something right away. But if you put money away on a regular basis, one day you will have enough money for what you want.

How do people use their savings? Some people may use their savings to pay for college or other training, or maybe to buy a car. What would *you* save money for?

**Sharing** or **giving away** money is a way to help out people in need. When we donate clothes for the homeless, or make a donation to an organization like a food bank, we are sharing our money and things with others. Are you willing to share with others? Do you think others should share with you?

It is a good idea to remember that everyone needs a little help now and then. Sharing with someone can help that person through a bad time. When we share our things or our talents with someone else, it makes us feel good. We know that we have helped make someone's life a little easier or better.



## Fill in the blanks

Fill in the blanks to complete each sentence. If you are not sure of the answer, go back and read page 10 again.

1. Families spend money on things they need now like \_\_\_\_\_, \_\_\_\_\_, and \_\_\_\_\_.
2. To have enough money for a goal like college, you need to \_\_\_\_\_ or \_\_\_\_\_ your money to make it grow.
3. When we donate money, we \_\_\_\_\_ it away to others who need help.
4. Three things you can do with money are (1) \_\_\_\_\_ it, (2) \_\_\_\_\_ or \_\_\_\_\_ it, and (3) \_\_\_\_\_ it away.
5. Wants are things you don't really \_\_\_\_\_, like \_\_\_\_\_.

**Answers:**  
1. Rent, food, and clothing (or any other thing you must have to survive). 2. Save or invest. 3. Give.  
4. (1) Spend it, (2) save or invest it, (3) give it away (share it). 5. Need; video games, CDs, movies, or snacks (or anything else you don't really need to have to survive).



# Check your change

Did you ever leave a store and think that you didn't get the right change back? That's why it is a good idea to always check your change. Cashiers can make mistakes. Practice checking your change below.

1. How many of each of the following coins would you get back when you give a 10-dollar bill to buy ...



**A music CD for \$9.26**

PENNY

NICKEL

DIME

QUARTER

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

2. How many of each of the following coins would you get back when you give a 5-dollar bill to buy ...



**A magazine for \$4.02**

PENNY

NICKEL

DIME

QUARTER

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

3. How many of each of the following would you get back when you give a 20-dollar bill to buy ...



**A video for \$16.75**

DOLLAR

QUARTER

DIME

NICKEL

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

- Answers:  
 1. Your change would be 7¢ or 2 quarters (50¢) + 2 dimes (20¢) + 4 pennies (4¢).  
 2. Your change would be 98¢ or 3 quarters (75¢) + 2 dimes (20¢) + 3 pennies (3¢).  
 3. Your change would be \$3.25 or 3 dollars (\$3) + 1 quarter (25¢).





## It's only money!

Money can help you get *many* of the things you want. But money will not help you get *everything* you want. Did you ever hear the saying, "Money can't buy happiness"? How about, "Money can't buy me love"? You can be happy with or without money. That really is up to you.

Can you name three things that make you happy that do not involve money? (*Hint*: How about a walk in the park on a sunny day?)

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

So, if money is not everything, why think so hard about it? Because money can help you reach your goals. **Goals** are the things we really want and work hard to get. For now, you may want to be a good soccer player. That's a goal. Later on, you may want to get a college education. That also is a goal. Can you name and write down one of your goals?

My goal is: \_\_\_\_\_

Moving and working toward your goals and dreams can help make you happy. Feeling like you are “in charge” of your life also can help make you happy. It is a lot easier to be in charge of your life if you are in charge of your money. Still, always remember the value of friends, family, and your health. They are even more important than money.

## The case of the secret code



1. Cross out all the words that start with B, C, D, and O to find the secret message.

CAKE BY MONEY DONUT OUT BIRD IS DONE  
COIN A DUCK BUT OUR TOOL OVER COVER  
TO BEN ON HELP COAT YOU ORANGE COLD  
REACH BUY YOUR BABY CUP GOALS.

2. Cross out all the words that have to do with the outdoors or school to find the secret message.

GRASS MONEY STUDENT CHALK TREE CAN  
SKY SUN PENCIL BE RAIN SPENT, FROG  
SAVED, NOTE BOOKLET TEACHER OR ROCK  
INVESTED, CLASS STARS OR BLACKBOARD  
PEN GIVEN CLOUD RAINBOW AWAY.

Answers: 1. Money is a tool to help you reach your goals.  
2. Money can be spent, saved, invested, or given away.



By reading this chapter, you now know that money comes in different forms. But no matter what money looks like, it can help you reach your goals. Congratulations! You've learned an important lesson.

**Chapter 1, What Is Money**, completed (date) \_\_\_\_\_

I did all the exercises and answered all the questions in Chapter 1.

By (sign your name) \_\_\_\_\_

Caregiver signature \_\_\_\_\_

*You are on your way and ready for Chapter 2!*



CHAPTER

2

Money and You





**W**e all use money differently. Some people spend money so fast they hardly know where it went. Other people like to save up for things they really want. Let's talk about where money comes from and how you spend it.



## How do I get money?

Have you ever heard someone say, "Money doesn't grow on trees"? Imagine if money **did** grow on trees. It would be so easy to buy anything you wanted! You could just walk up to the money tree and pull off the money you needed for that day. Of course, money doesn't really grow on trees, so we have to use the money we get carefully.

Where do people get money? Grownups **earn** money by working at jobs. But what about kids? What about *you*?

Do you ever get money as a **gift**? Or, maybe you get a little money if you do some extra **chores** or **jobs** for your foster parents, relatives, or neighbors. A relative or foster parent may even give you an **allowance**. An allowance is a set amount of money you get each week to spend on things, like snacks or movies, and maybe even for school lunches and bus money. Allowances are a good way to learn to be money smart.

### Money and me

I get money these ways: \_\_\_\_\_

\_\_\_\_\_

I spend my money on these types of things: \_\_\_\_\_

\_\_\_\_\_



# Earning extra money

Here are some ways that other people have earned extra money. Do you do any of these *now*? Which of the following *could* you do?

|              | I am doing this now | I could do this now | I could do this when I'm older |
|--------------|---------------------|---------------------|--------------------------------|
| Rake leaves  |                     |                     |                                |
| Mow lawns    |                     |                     |                                |
| Shovel snow  |                     |                     |                                |
| Baby-sit     |                     |                     |                                |
| Water plants |                     |                     |                                |
| Feed pets    |                     |                     |                                |
| Walk dogs    |                     |                     |                                |

Other ideas for making money now: \_\_\_\_\_

\_\_\_\_\_

Most kids don't have a lot of money, so they need to make decisions about how they want to use it. Let's take a look at Raoul and Rosa. Who are you most like?

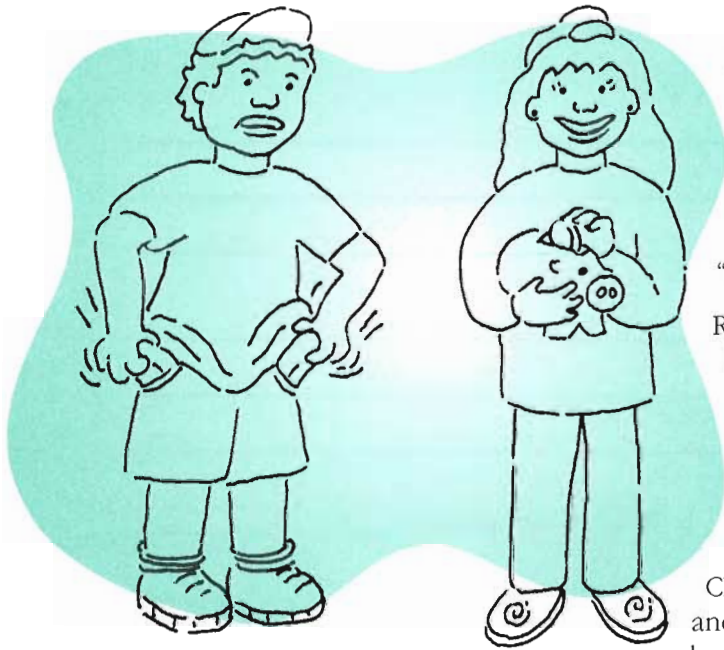
## Spenders and savers



Raoul and Rosa are twins. They live with a foster care family, but spend some time on weekends with their grandmother, Nina. Even though Raoul and Rosa are twins, they don't act the same at all!

They each get an allowance of \$2 a week for spending on little things they want. When they help Nina with special chores—like walking her dog, Pepe—she sometimes gives each of them a dollar. For their birthday, Raoul and Rosa each got \$10 from Uncle Julio and \$20 from their grandmother.





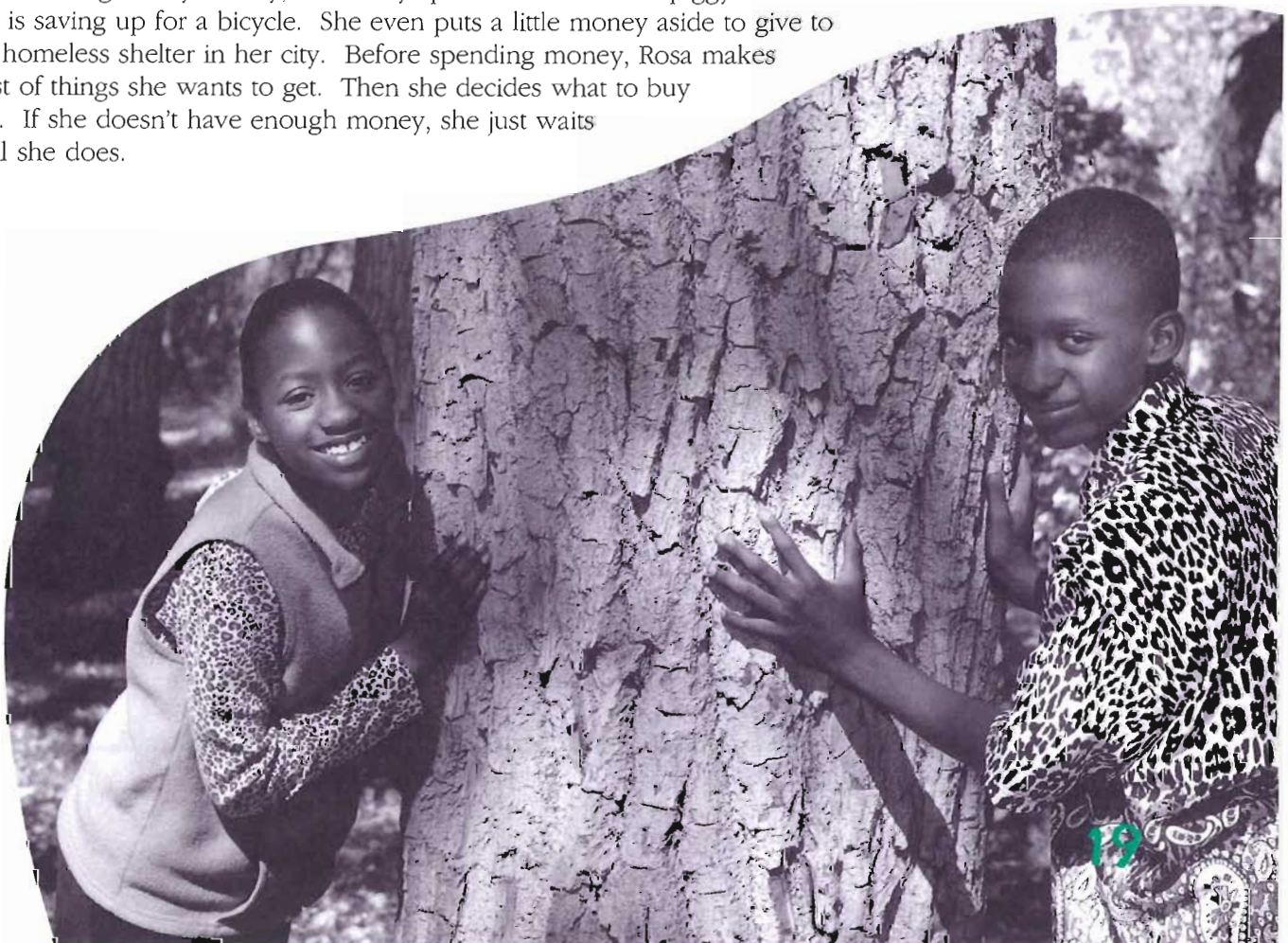
Every week, Raoul can't wait until he gets his allowance. He spends it as soon as he gets it. He buys snacks at school almost every day. Once a week, he and his friends stop for pizza and soda. By the end of the week, he never has any money left! He says, "Money burns a hole in my pocket."

Raoul often borrows money from friends, and he has a hard time paying it back. When Raoul got his birthday money, he went right out and bought two video games and a few CDs. He spent all of his birthday money and the rest of his allowance.

Later, he decided he didn't really like the CDs very much. He felt sad that he ran out and spent his birthday money so fast on things he ended up not liking.

His sister, Rosa, likes to save money. Rosa won't buy snacks at school because she thinks it is a waste of her money. She only buys things she will have for a long time and use a lot. She and her friends loan each other CDs, so they don't need to buy so many.

When Rosa gets any money, she always puts half of it in her piggy bank. She is saving up for a bicycle. She even puts a little money aside to give to the homeless shelter in her city. Before spending money, Rosa makes a list of things she wants to get. Then she decides what to buy first. If she doesn't have enough money, she just waits until she does.



## No two are alike

1. How are Rosa and Raoul the same? \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
2. How are Rosa and Raoul different? \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
3. a. Which is the saver? \_\_\_\_\_ b. Which is the spender? \_\_\_\_\_  
Which one are you most like? \_\_\_\_\_
4. If Rosa saved half of her birthday money, how much did she save? \_\_\_\_\_
5. How much allowance do Raoul and Rosa each get a month? \_\_\_\_\_
6. What are three ways that Raoul and Rosa get money? \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
7. What does Raoul mean when he says, "Money burns a hole in my pocket"?  
\_\_\_\_\_  
\_\_\_\_\_
8. Which one of the twins does each group of sentences describe?

A. My name is \_\_\_\_\_

1. I like to buy things that last.
2. I save money by sharing CDs with friends.
3. I don't mind waiting to buy something.
4. I make a plan for how to spend my money.

B. My name is \_\_\_\_\_

1. I have to spend money right away.
2. I'm always running out of money.
3. I buy things fast and get tired of them quickly.
4. I don't know where my money goes.

Answers are on the top of the next page.



- Answers for page 20:
1. Rosa and Raoul have the same birthday, get the same allowance, and received the same gifts of money on their birthday. Raoul spends his money right away, while Rosa saves some of hers. Raoul buys things quickly, while Rosa thinks about what she really wants. Raoul is always out of money, while Rosa has lots of savings.
  3. Rosa is the saver and Raoul is the spender.
  4. Rosa saved \$15 of birthday money ( $\$10 + \$20 \div 2 = \$15$ ).
  5. If there are four weeks in a month, Rosa and Raoul would get \$8 (or  $\$2 \times 4$  weeks) as their allowance every month.
  6. Raoul and Rosa get money from gifts, extra chores (like walking Pepe), and an allowance.
  7. Raoul means that he feels like he has to spend money just as soon as he has it. Keeping money in his pocket without spending it feels weird and uncomfortable to Raoul. He wants to get rid of it quickly by spending it on something—anything.
  8. A. is Rosa. B. is Raoul



## The money pie

Think of money as a pie. The portion of the pie that is missing is money that was spent. Which of the money pies above is Raoul's? Which is Rosa's? Who still has lots of money?

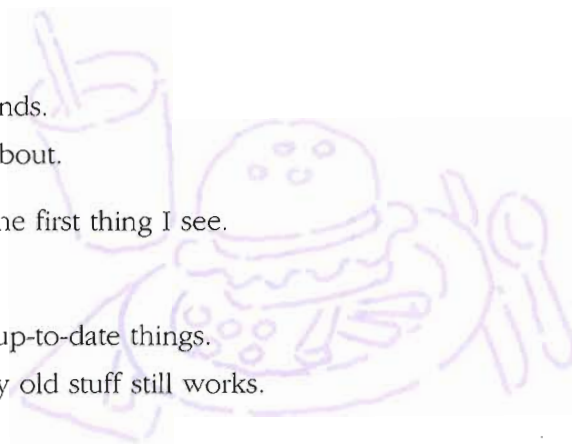
What if you won \$50? Cut up the third pie to show how much money you would spend, save, or share.



## Are you a saver or a spender?

What do you do with your money? Where does your money go? Are you a spender or a saver? Circle the letter in each pair of statements that best describes you.

- A.** When I get money, I usually spend it right away.
- B.** I save my money for things I really want.
  
- A.** I like shopping for presents for my family and friends.
- B.** I would rather make things for the people I care about.
  
- A.** When I'm shopping for something, I usually buy the first thing I see.
- B.** I shop around until I find the best buy.
  
- A.** I believe it is important to have the newest, most up-to-date things.
- B.** I think it's a waste of money to buy new stuff if my old stuff still works.
  
- A.** I like to spend money.
- B.** I like to watch my savings get bigger and bigger.



Count the number of A's and B's.

Mostly A's = You are a spender. You enjoy spending money.

Mostly B's = You are a saver. You spend your money carefully.

## Is it a 'need' or a 'want'?

Learning to spend smart can make a big difference in your life. Everyone needs practice at making good spending decisions. The first step is to separate our "needs" from our "wants."

What is the difference? A "**need**" is something you must have to survive, like a place to live, enough food to eat, and the right clothing to keep you warm. A "**want**" is something you might like to have, but don't need to have right away or even at all. For example, some cable channels are nice to have, but are not a "need." **When spending money, it's important to let your needs come first.**

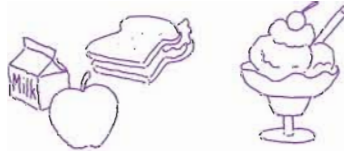




## The needs and wants game

Can you tell a “need” from a “want”? Here are some easy examples to get you started.

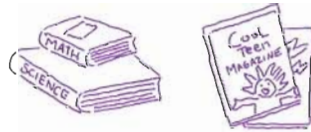
- ❖ Lunch or an ice cream sundae?



- ❖ A football jacket or a warm winter coat?



- ❖ School books or teen magazines?



- ❖ Eyeglasses or a puppy?

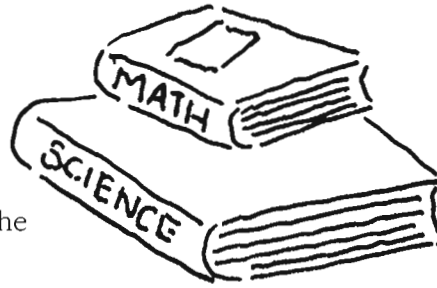


- ❖ A visit to the doctor when you are sick or a trip to an amusement park?



**Answers:**  
**Needs:** lunch, a warm winter coat, school books, eyeglasses, a visit to the doctor.  
**Wants:** an ice cream sundae, a football jacket, teen magazines, a puppy, a trip to an amusement park.





## Rita gets ready for school

Read the story about Rita and then answer the questions below. See if you can tell Rita's needs from her wants.

Rita is getting ready to go back to school. When she tried on her old clothes, she found she had grown a lot over the summer. Her shoes still fit, but they are a little out of style. She has plenty of T-shirts and tops that fit just fine. But her pants are two inches too short! She has no winter coat. She gave last year's coat to Goodwill at the end of the year because it no longer fit.

Here is Rita's shopping list. What are her "needs" and what are her "wants"?

|                                     | Need                     | Why?  | Want                     | Why?  |
|-------------------------------------|--------------------------|-------|--------------------------|-------|
| 1. One pair of blue pants           | <input type="checkbox"/> | _____ | <input type="checkbox"/> | _____ |
| 2. One pair of designer jeans       | <input type="checkbox"/> | _____ | <input type="checkbox"/> | _____ |
| 3. T-shirt with the new school logo | <input type="checkbox"/> | _____ | <input type="checkbox"/> | _____ |
| 4. One pair of loafers              | <input type="checkbox"/> | _____ | <input type="checkbox"/> | _____ |
| 5. A fleece jacket                  | <input type="checkbox"/> | _____ | <input type="checkbox"/> | _____ |

If Rita could only buy three items on her list, which should she purchase? Why? Even with "needs," there may be ways to save money. For example, Rita needs some pants that fit, but does she "need" expensive designer jeans? Does she even need *new* pants? If she didn't have a lot of money, it might be better to buy several slightly used pairs at a thrift store instead of buying one new pair.

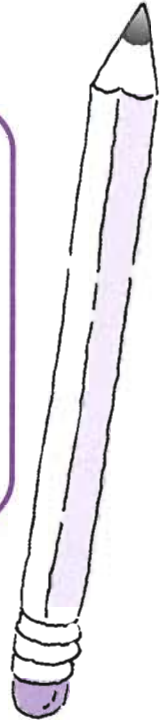



**Answers:** Rita should buy 1 and 5 since these are "needs." The T-shirt and loafers are "wants" since she already has plenty. Designer jeans are a "want" because they are more expensive than regular pants.



## What are my 'needs'?

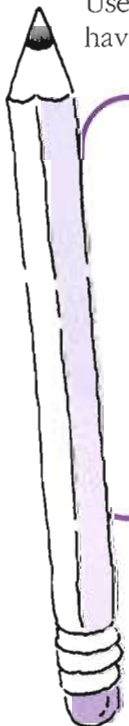
What are several things you need right now? Use the space below to draw a picture of three things you need right now. Try to think about some things that you use every day. If you don't like to draw, try cutting out magazine pictures of things you use everyday and paste the pictures in the space below.



Think about each of these things you need. For each, see if you can tell the difference between something you could buy that is really a need (like Rita needs pants) from something that is more of a "want" (like high-priced designer jeans).

## What are my 'wants'?

Use the space below to draw or paste pictures of some things you would really like to have but can live without.



Why are these things “wants” and not “needs”? \_\_\_\_\_

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---

---

Our wants can become our savings goals. Pick out one thing you want that you're willing to save money for so you can get it. \_\_\_\_\_

How long do you think it would take to save enough money to buy this? \_\_\_\_\_

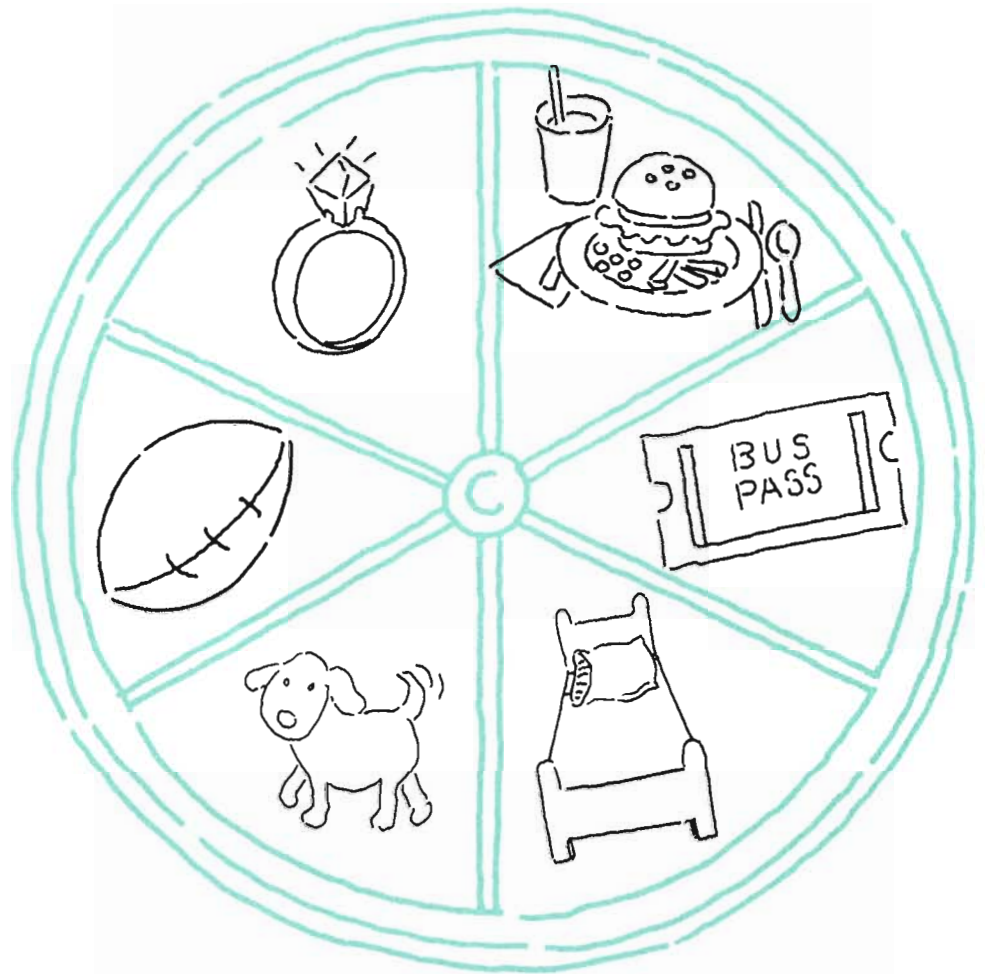




# The needs and wants wheel

The wheel lists a lot of things people need or want to have. See if you can tell the needs from the wants. Use one color highlighter (like yellow) to color in the things that are needs. Use another color (like blue) to color in the things that are wants.

You can get money many ways. You can get it by earning it, by having an allowance, or when someone gives you money as a gift. But no matter how you get it, it's important to hold on to it. That's why you will be more of a saver than a spender.



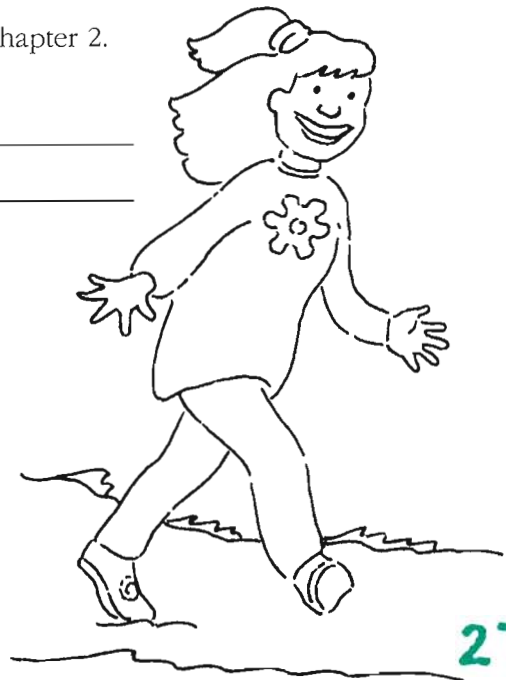
**Chapter 2, Money and You,** completed (date) \_\_\_\_\_

I did all the exercises and answered all the questions in Chapter 2.

By (sign your name) \_\_\_\_\_

Caregiver signature \_\_\_\_\_

You are ready to jump into Chapter 3!



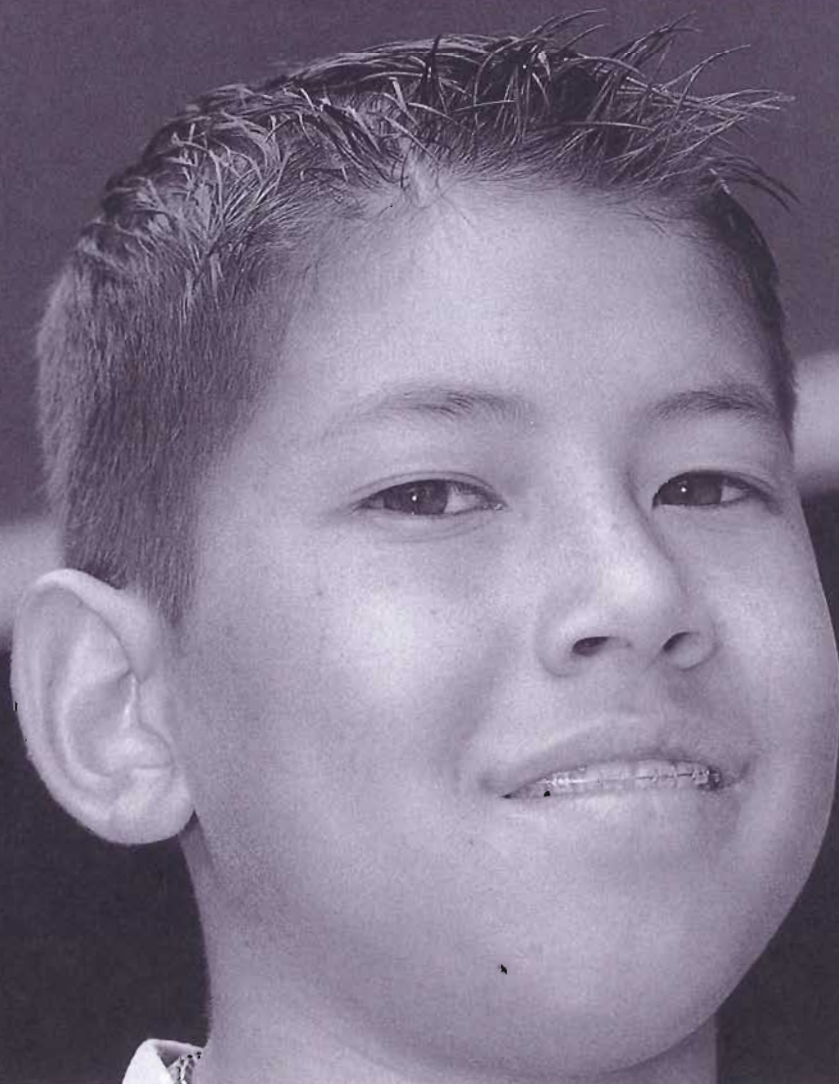


CHAPTER

3



**Saving for Later**





**H**ow do you get the things you need or want? You need to learn to save for later. Saving is hard for some people, like Raoul. Do you find it hard to save? If it is hard for you, can you think of anything you could do that might make it a little easier?

When you save, you make a trade. You trade the fun you can have right away for the greater fun in owning—or doing—something a little later that you have always wanted. Let's take a look at some ways to learn how to become a good saver.



## Saving for something special

Now that you can see your life in the future, you probably have some new goals. And saving is one of the best ways to reach many of your goals.

When you know what it is you are saving for, it is easier to avoid spending money on things you don't really need. Let's say you are saving for a CD player. Is that snack in school so important? When you feel tempted to spend money, just think how much fun you will have listening to music on your new CD player.

Another good trick is to cut out a picture of your savings goal. Put it someplace you look at every day, like your mirror. Imagine the fun you'll have after it is yours.

## Saving for now

Write down three things that you would like to save for over the next month or so. Pick things that don't cost more than \$10 each, if possible.

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

If you saved \$2 each week for four weeks, you would have \$8. Could you buy one or more items on your list? \_\_\_\_\_ Which? \_\_\_\_\_

How many more weeks would it take to get all three? \_\_\_\_\_

Have a grownup help you with the math, if you need it.

Goals that only take a few months or so to reach are known as “short-term goals.” A short-term goal could be saving enough money for a trip to an amusement park or for a ticket to an ice-skating show.

## Saving for later

Goals come in all sizes. Some goals can take a long time to reach. When you are grown up, you may have goals that could take many years to reach. These goals are known as “long-term goals.” What are some goals that could take many years to reach? (*Hint: buying a car.*)

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

### Some of the best goals can take a long time to reach.

Do you want to go to college or technical school so that you can have a great career someday? Would you like to own a home? Or, maybe you would like to take a special vacation to a place you always dreamed of visiting. These goals could take years to save for, but they are well worth it!

### Raoul learns to save

After Rosa had saved up enough money for a bicycle, Raoul felt bad. Where had all his money gone? The day after his birthday, Raoul used all of his birthday money on video games and CDs. Now, he was already tired of those games and CDs and didn't use them anymore. How could so much money have slipped right through his fingers?





He asked Rosa to help him learn to save money.

“First,” said Rosa, “you need to have a place to save your money.”

“On my birthday,” said Raoul, “grandma gave me a piggy bank, but I haven’t used it.”

“That can be your savings bank. Where is it?” asked Rosa.

“I think it’s in my clothes drawer,” said Raoul. They found the bank. To keep the money safe and to keep him from spending the money, Raoul asked his foster mom to keep the piggy bank for him.

“Next,” said Rosa, “you need a place to keep your spending money.” Their foster mom came up with an old cookie tin from the kitchen. They taped a label on the cookie tin that said, “Raoul’s Spending Money.” Since Raoul and Rosa were the only kids in the home, Raoul decided it was safe to put the cookie tin in his clothes drawer.

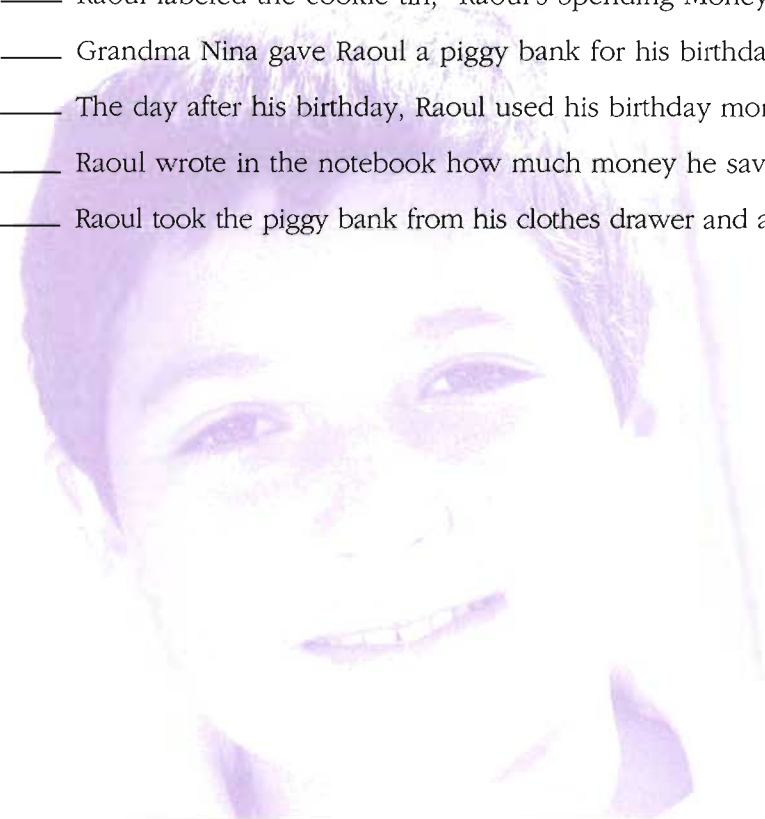
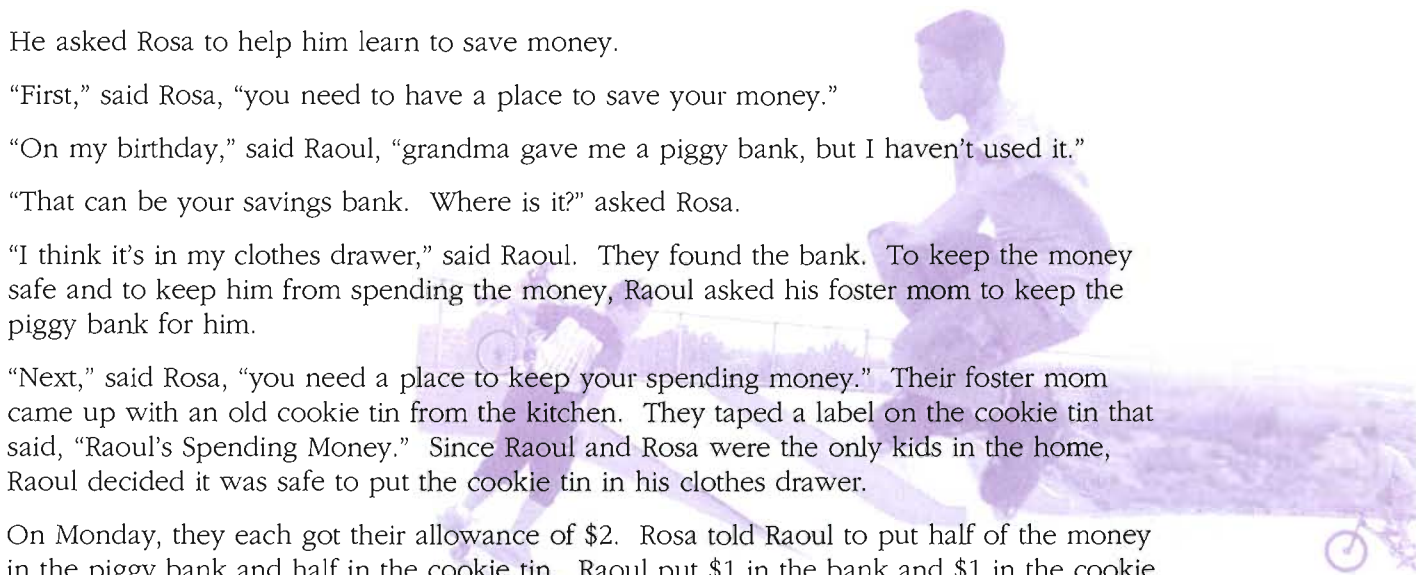
On Monday, they each got their allowance of \$2. Rosa told Raoul to put half of the money in the piggy bank and half in the cookie tin. Raoul put \$1 in the bank and \$1 in the cookie tin. Every week for four weeks, when they got their allowance, Raoul put half of his allowance in the bank. He made sure to spend only money that was in the cookie tin.

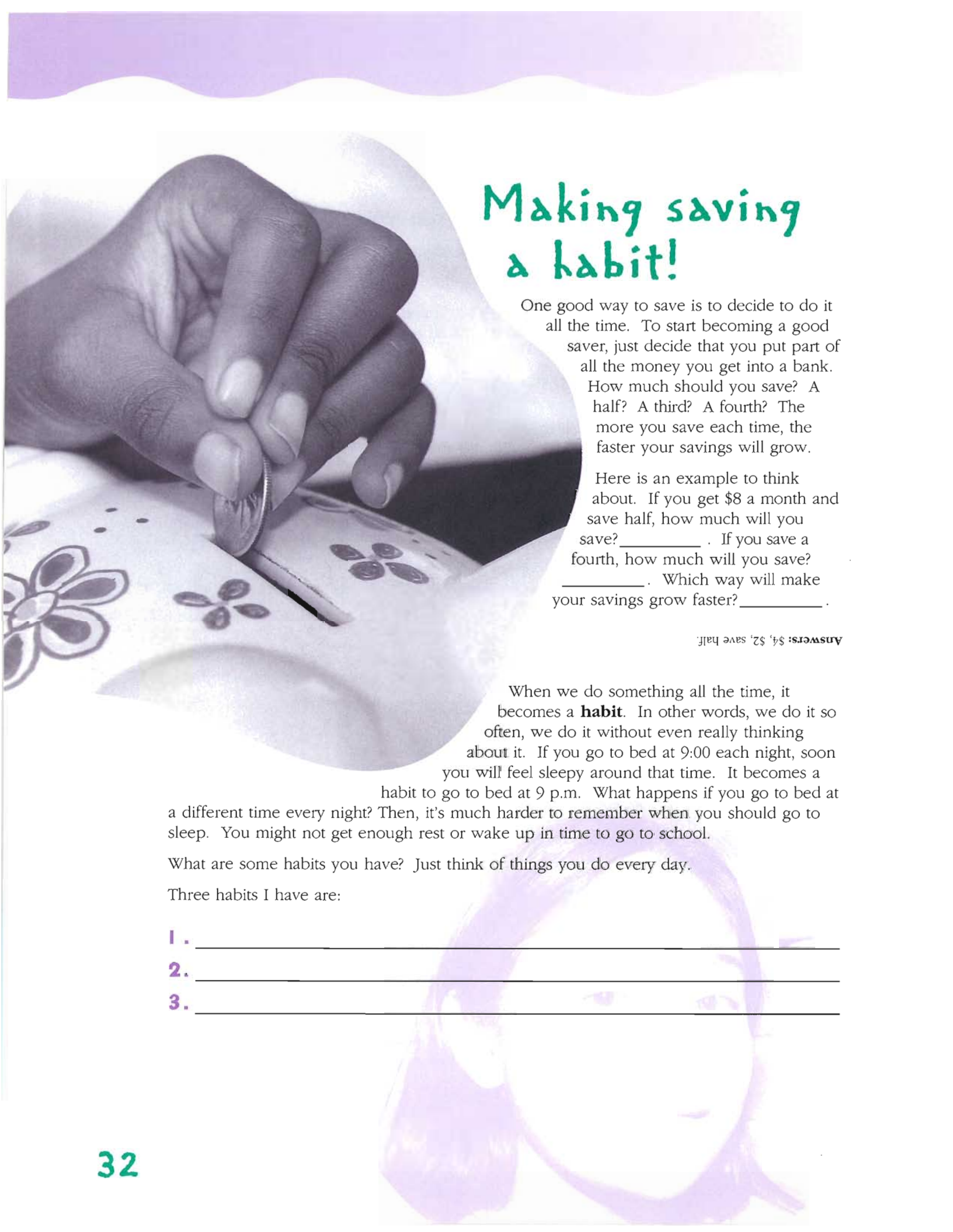
Rosa helped Raoul get a notebook to keep track of the money he had saved. At the end of each month, Raoul counted the money in his bank. In his notebook, he wrote down how much he had saved that month—\$4!

### It’s out of order!

Reread the story above. Then, number the events below in the order they happened.

- \_\_\_ Raoul put half of his allowance in the piggy bank.
- \_\_\_ Raoul labeled the cookie tin, “Raoul’s Spending Money.”
- \_\_\_ Grandma Nina gave Raoul a piggy bank for his birthday.
- \_\_\_ The day after his birthday, Raoul used his birthday money for video games and CDs.
- \_\_\_ Raoul wrote in the notebook how much money he saved that month.
- \_\_\_ Raoul took the piggy bank from his clothes drawer and asked his foster mom to keep it.





# Making saving a habit!

One good way to save is to decide to do it all the time. To start becoming a good saver, just decide that you put part of all the money you get into a bank. How much should you save? A half? A third? A fourth? The more you save each time, the faster your savings will grow.

Here is an example to think about. If you get \$8 a month and save half, how much will you save? \_\_\_\_\_. If you save a fourth, how much will you save? \_\_\_\_\_. Which way will make your savings grow faster? \_\_\_\_\_.

Answers: \$4, \$2, save half.

When we do something all the time, it becomes a **habit**. In other words, we do it so often, we do it without even really thinking about it. If you go to bed at 9:00 each night, soon you will feel sleepy around that time. It becomes a habit to go to bed at 9 p.m. What happens if you go to bed at a different time every night? Then, it's much harder to remember when you should go to sleep. You might not get enough rest or wake up in time to go to school.

What are some habits you have? Just think of things you do every day.

Three habits I have are:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

## Is it a good habit or a bad habit?

We can develop good habits and bad habits. Of the habits below, which are good habits? Circle them.

- A.** Brushing your teeth
- B.** Doing homework right after school
- C.** Interrupting
- D.** Being late for school
- E.** Getting up on time for school
- F.** Being messy
- G.** Feeding a pet
- H.** Answering the telephone

Answers:  
Good habits are A, B, E, G, and H.

Spending money without thinking can become a bad habit. On the other hand, learning to put aside a little money all the time can become a good habit. Today, maybe you just learned to save a few dollars. When you are older and make more money, that saving habit could really come in handy. The money you save can help pay for college or special training. You don't need to "settle" for very little in life. Dream big and make your dreams come true!





# You be the saver!

To save, you need two things. You need to put aside a certain amount of money each week and you need time.

Pick out something you want that you think you could save enough to buy in a month.

What is the item? \_\_\_\_\_

What does it cost? \_\_\_\_\_

How much money will you need to save each week to buy it in four weeks?

\_\_\_\_\_

If you don't get a weekly allowance, talk to your foster parents, relatives, or other grownups. Ask them what extra chores you could do to earn a few dollars each week for a month. Tell them you want to learn how to save money and reach your goal.

How will you earn extra money? \_\_\_\_\_

How much will you be paid? \_\_\_\_\_

How long will it take to reach your savings goal? \_\_\_\_\_

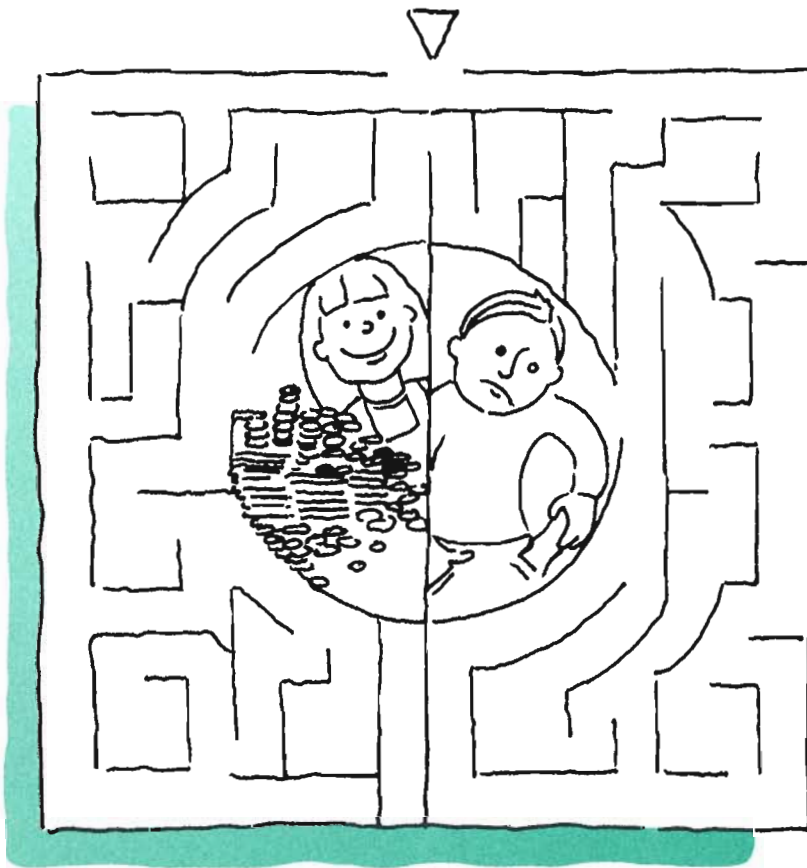
## Show what you know

What did you learn about saving? Mark each statement below as "true" or "false."

- | True                     | False                    |  |
|--------------------------|--------------------------|--|
| <input type="checkbox"/> | <input type="checkbox"/> | <b>1.</b> To save, you need to trade fun you can have now for the greater fun you will have later. |
| <input type="checkbox"/> | <input type="checkbox"/> | <b>2.</b> "Needs" are things like sports cars and trips to Disneyland.                             |
| <input type="checkbox"/> | <input type="checkbox"/> | <b>3.</b> A goal is something you want to do or have.  |
| <input type="checkbox"/> | <input type="checkbox"/> | <b>4.</b> Saving for college is a short-term goal.   |
| <input type="checkbox"/> | <input type="checkbox"/> | <b>5.</b> Having goals can make it easier to save.   |
| <input type="checkbox"/> | <input type="checkbox"/> | <b>6.</b> Making a habit of saving can help you reach your goals.                                  |
| <input type="checkbox"/> | <input type="checkbox"/> | <b>7.</b> "Wants" are things like a place to live, enough food to eat, and warm clothing.          |
| <input type="checkbox"/> | <input type="checkbox"/> | <b>8.</b> To save to reach a goal, you need two things—money to set aside and time.                |



Answers: 1. True. 2. False. Sports cars and trips to Disneyland are "wants," since you don't need them to survive. 3. True. 4. False. College is expensive, so it is a long-term goal. 5. True. 6. True. 7. False. A place to live, enough food to eat, and warm clothing are "needs," since you need to have these things to survive. 8. True.



Use a different colored highlighter to follow each path. Which path do you think has the best ending?



## The road to riches

It's not always easy to save. We all like to have the things we want right now. But you can have a better tomorrow if you make goals and save toward them. You are in charge of your future. And your bright future starts with saving.

**Chapter 3, Saving for Later**, completed (date) \_\_\_\_\_

I did all the exercises and answered all the questions in Chapter 3.

By (sign your name) \_\_\_\_\_

Caregiver signature \_\_\_\_\_

Move on to Chapter 4!





CHAPTER

4

## Taking It to the Bank



**R**ight now, you might save money in a piggy bank at home. A piggy bank is a pretty good place to put small amounts of savings. Grownups have other places they put money they want to save, like in a bank. Let's talk about why banks are a good place to keep your money.



## What banks do

Have you ever been to a bank? Do you know why people keep their money in a bank? See if you can guess. Put a check next to each sentence below that you think is true.

1. Banks keep your money safe, so it can't be stolen or lost.
2. When you put money in a savings account at the bank, the bank uses your money and pays you for using it.
3. Checking accounts are a way to use money in the bank without having to go to the bank in person and take the money out.
4. Checking accounts allow you to pay for things without using cash. The check you write tells the bank to take the money out of your account and pay the person or company to whom you wrote the check.

Did you guess that each of these was a true statement? You were right!





Banks are much safer than keeping money at home or in your wallet. Banks have guards and vaults to protect your money. Also, the money in the bank is insured (backed up) by the United States. That way you know your money in the bank is always safe.

Banks use your savings by loaning it out to companies or other people and getting even more money back. The bank pays you extra money, called **“interest,”** for using your money until you need it. The longer you leave your money with the bank, the more money you will have.

But, people need some of the money in the bank to pay for things. How can they get to their money? Do they have to use cash to pay for everything? No, they can use checks. Checks are a way to pay for things without cash. When you write a check, you tell the bank to take that amount of money from your account and give it to the person or company that you wrote on the check. That way, you don't have to carry large amounts of cash around everywhere you go!

You can send checks in the mail to pay bills. If a check gets lost, you don't lose the money. If you put cash in the mail and it gets lost, it's gone!

### Fill in the blanks

Use each word pair in the sentence so that the sentence makes sense.

1. (cash, check) Writing a \_\_\_\_\_ is a way to pay for something without using any \_\_\_\_\_.
2. (bank, wallet) Keeping money in your \_\_\_\_\_ is not as safe as keeping it at the \_\_\_\_\_, where your money is protected by guards, cameras, and vaults.
3. (savings, interest) When you leave your money in a \_\_\_\_\_ account, the bank uses your money and you earn extra money, called \_\_\_\_\_.
4. (money, check) When you write a \_\_\_\_\_, you tell the bank to remove a certain amount of \_\_\_\_\_ from your account and pay it to someone else.
5. (loan, interest) Banks \_\_\_\_\_ your money out to companies or other people and give you \_\_\_\_\_ (extra money) for the use of your money.

Answers: 1. Check, cash. 2. Wallet, bank. 3. Savings, interest. 4. Check, money. 5. Loan, interest.







# What's inside the bank?

1. Safety features at the bank include security guards, cameras, and a locked vault where your money is kept.
2. The sign that says "FDIC" means your money is protected by the United States government.
3. Tellers are the people at the bank who help you put money into your account or take money out of your account.
4. People use slips of paper to write down the amounts of money that they are putting in or taking out of their accounts. These slips of paper are called "deposit slips" and "withdrawal slips." You use deposit slips to add money to your account. You use withdrawal slips to take money out of your account.
5. When you want to set up a bank account, you talk with one of the people who sit in the desk area of the bank.
6. If you are in a hurry, you can use an ATM to put money into your account or take money out. When you use an ATM, you don't need to see a teller—you just use the computer.



## A visit to the bank

Ask your foster parent or social worker to take you to visit the bank so you can learn more about banks and how to use them. See how many of the things in the picture you can spot at the real bank. Ask someone who works at the bank to show you all the ways the bank keeps your money safe.



## Derek goes to the ATM

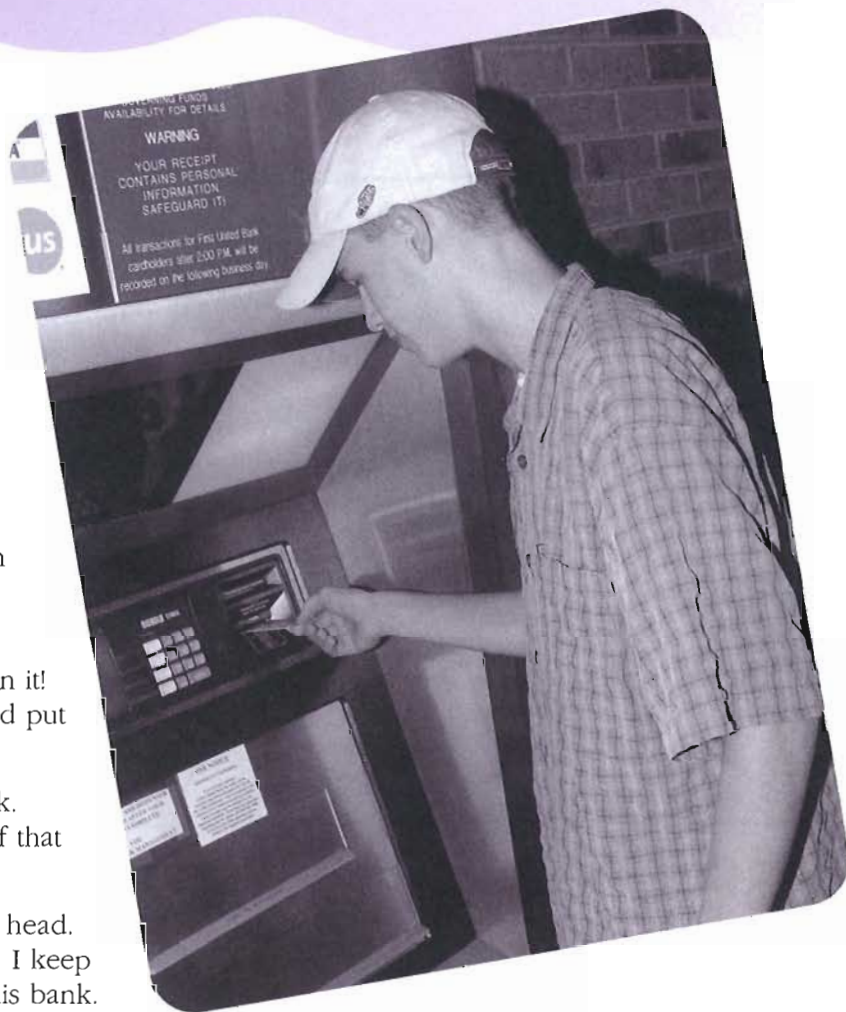
Derek's older brother, Lionel, was taking Derek to the movies. They walked to the mall where the movie theater was. Lionel walked over to a computer machine that said "Security Savings Bank." He punched in some numbers on the computer.

After a few seconds, a door opened up. There was cash in it! Lionel took the money out and put it in his wallet.

"Hey! That's cool," said Derek. "Show me how to get some of that free money!"

Lionel laughed and shook his head. "Derek, that money isn't free. I keep my money in an account at this bank. This machine is called an automated teller machine, or ATM for short. It works just like going to the bank and asking a real teller to take some money from my account. Only I can use the ATM when the bank is closed, so I can take money out of my account any time.

"I type in a secret password that only the bank and I know. My password tells the machine who I am and what account I have here. The money I just took out came out of my bank account. It's not free money! I have that much less money in my account now—and I have to be careful that I don't keep withdrawing money until it's all gone!"





## What's the answer?

Fill in the answers to the questions below.

1. Why did Derek think the money in the ATM machine was free? \_\_\_\_\_  
\_\_\_\_\_
2. Where did the money that Lionel took out come from? \_\_\_\_\_  
\_\_\_\_\_
3. Why is the computer called an automated teller machine? \_\_\_\_\_  
\_\_\_\_\_
4. How does the machine know that Lionel has an account at the bank? \_\_\_\_\_  
\_\_\_\_\_
5. When would you use an ATM? \_\_\_\_\_  
\_\_\_\_\_



# About credit cards

Banks also give some people credit cards. What are credit cards? A credit card is a way to borrow money to buy something.

When you buy something with a credit card, the credit card company pays for it. Then you have to pay the money back to the credit card company. If you don't pay all the money back right away, you have to pay extra money. The extra money you pay is called interest.

In a bank account, the money you leave in (for the bank to use) earns interest. You make money! But with credit cards, you are borrowing money. So you have to pay interest to the company you borrow the money from. In other words, you can end up paying more money than what the item actually cost.

Let's say you ordered a pizza and when the delivery man arrived, you paid him for the pizza with a credit card. The pizza was \$12. If you don't pay your credit card bill as soon as you get it, the credit card company will charge you interest on the \$12 it loaned you to buy the pizza. The interest will show up on your next bill. Your pizza could end up costing you \$14 if you can't pay off your bill when you get it the first time!

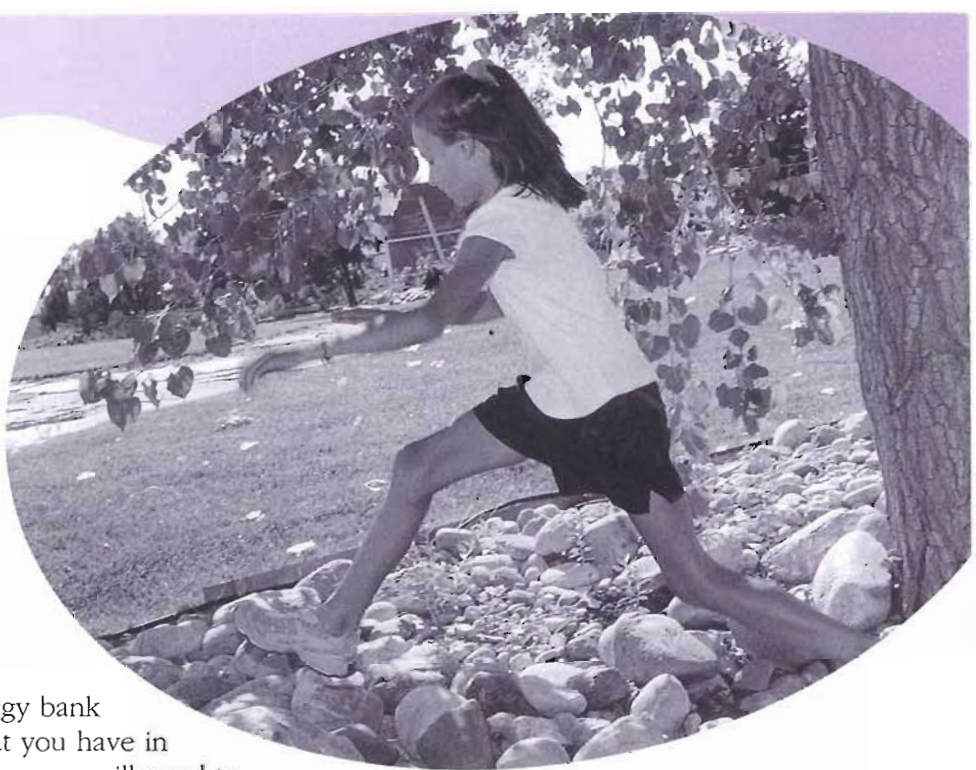
Credit cards are an easy way to run up "debts." That means you owe money to others. It's much better to wait and save up for something than use credit to buy it. Credit should only be used in emergencies.

## Show what you know

### True or False?

- | True                     | False                    |   |
|--------------------------|--------------------------|---|
| <input type="checkbox"/> | <input type="checkbox"/> | 1. When you use a credit card to buy something, you are borrowing money.  |
| <input type="checkbox"/> | <input type="checkbox"/> | 2. When you leave money in a savings account, the bank pays you interest (more money) for the use of your money.                              |
| <input type="checkbox"/> | <input type="checkbox"/> | 3. When you use a credit card, you pay the credit card company interest (more money than the item you bought cost) for borrowing their money. |
| <input type="checkbox"/> | <input type="checkbox"/> | 4. Credit cards are a great way to get anything you want.   |
| <input type="checkbox"/> | <input type="checkbox"/> | 5. Debt means you owe money to someone that you must pay back.  |

Answers: 1. True. 2. True. 3. True. 4. False. 5. True. If you use credit cards too much, you will owe a lot of money.



Right now your “bank” can be a piggy bank or some other bank or container that you have in your room to put money in. Later on, you will need to keep your money in a real bank. Banks help make your money “grow” by adding interest. But the most important thing you can do is to get into a savings habit and don’t let over-spending and debt rob you of the future you want!

**Chapter 4, Taking It to the Bank**, completed (date) \_\_\_\_\_

I did all the exercises and answered all the questions in Chapter 4.

By (sign your name) \_\_\_\_\_

Caregiver signature \_\_\_\_\_

**Congratulations!**  
You have completed Part One of *Money Pals: Being Cool with Cash*. With all you’ve learned, you’ll cruise through Part two!





# Acknowledgments



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