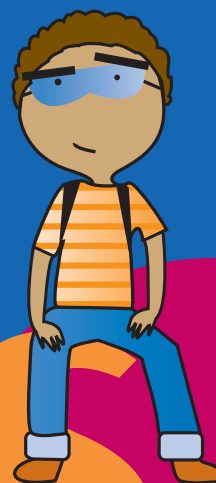


Great Minds  
**THINK**

**A  
Kid's  
Guide To  
Money**



FEDERAL RESERVE BANK of CLEVELAND



## TABLE OF CONTENTS

1. You Decide
2. Learn to Earn
3. Earning Money
4. Spending:  
What's the Real Cost?
5. I Want It! I Need It!
6. Budget Basics
7. Budget Worksheet
8. Saving: Money in  
the Bank
9. Picture This!
10. What's the Plan?
11. You're on Your Way!
12. Money Word Search  
and Glossary

**A**n old rock group called the Rolling Stones once sang, "You can't always get what you want." That's true of lots of things in life, but it's especially true of money.

In this book, you'll learn some things that every clever kid should know about money.

Read on to find out how  
"Great Minds Think"!

A surprise waits for  
you at the end if  
you complete  
this book.



# You Decide



## ASK an ADULT

DID YOU HAVE TO MAKE  
A CHOICE TODAY?  
HOW DID YOU DECIDE  
WHICH CHOICE  
TO MAKE?

**W**e all have a limited amount of money that we can use to buy the things we need or want. We call this **scarcity**. Sure, it would be nice to have whatever we want whenever we want it, but because our money is scarce, we have to make **choices** about how to earn, spend, and save it.

When you make a choice, you give up one thing—your **cost**—in exchange for another thing that you want or need—your **benefit**. For example, when

you go to the movies, you choose

whether to see a scary movie or a funny one. If you choose the scary movie, you give up the opportunity to see the funny movie.

As you read on, you'll discover that making choices is all about weighing the costs and benefits of each decision.

# Learn to Earn

**W**here does money come from? Hint: It doesn't *really* grow on trees.

Most people get money by **earning** it, and that money is called **income**. When you earn income, you trade your time and effort for dollars—in other words, you work. The money you earn from work allows you to do two important things: spend and save.

You're not too young to earn your own money. In fact, when you learn to earn, you'll gain other important skills that will help you succeed in life: how to use time wisely and how to work with other people, for starters.

## **TO FIGURE OUT HOW YOU COULD EARN INCOME, ASK YOURSELF:**

- What special skills and talents do I have?
- How do I enjoy spending my time?
- Do my friends, family, or neighbors need help with something?
- Are there things I have at home or could borrow—like a computer, tools, or art supplies—that I could use to earn money?

## **ASK an ADULT**

WHAT WAS YOUR  
FIRST JOB?  
HOW MUCH MONEY  
DID YOU EARN?



## **HERE'S AN EXAMPLE:**

Dylan is saving money to buy a birthday present for his grandmother. He loves to be outside, so he asks two neighbors to hire him to do outside chores during summer vacation.

Mr. Jones offers to pay Dylan \$10 per week for the next 10 weeks to mow his lawn. Another neighbor, Mrs. Banks, offers him \$20 to plant flowers in her front yard for one day. Dylan accepts both offers. How much will he earn this summer?

### **LAWN MOWING:**

10 weeks @ \$10 per week = \_\_\_\_\_

### **FLOWER PLANTING:**

1 day @ \$20 per day = \_\_\_\_\_

Total = \_\_\_\_\_

# Earning Money

**T**hink about jobs you could do to earn money and figure out how much you could earn in one week or one month.

My special skills and talents are:

---

---

---

Here are three ways that I could use my skills and talents to earn money:

1. 

---
2. 

---
3. 

---

How much could I earn by doing these jobs?

	<b>COLUMN A</b> Amount earned by working one week	<b>COLUMN B</b> Amount earned by working one month (Column A x 4)
<b>Earning Idea #1:</b>		
<b>Earning Idea #2:</b>		
<b>Earning Idea #3:</b>		

# SPENDING:

## what's the Real cost?

**A**t the beginning of this book, we talked about choices. When you make a choice, you have to give up one thing—an opportunity—to get another thing that you want or need more.

We all make choices every day: what time to get out of bed, what to eat for breakfast, and how much time to spend doing homework are some of the choices you might make.

When you make a choice to spend your time or money on one thing, you give up the opportunity to spend it on another thing. The thing that you give up—your second-best choice—is called your **opportunity cost**. The idea of opportunity cost can help you make choices because you have to think about what you are giving up. Here's an example:

You love two things: soda and gum. A soda costs \$1, and a pack of gum costs 50 cents. If you have only \$1, you can buy either one soda or two packs of gum. The opportunity cost of buying one soda, then, is two packs of gum—you give up the gum in order to buy the soda. On the flip side, the opportunity cost of buying two packs of gum is one soda.

Can you think of any other examples?



If I spend my time/money on...	I have to give up...

**B**ecause of **scarcity**, everyone has a limited amount of money to spend. That's why we have to make choices about how to spend the money we do have. Usually, that means choosing between things that we **need** and things that we **want**.

Some things are necessary to survive, such as shelter, food, and clothes. These are things we absolutely can't do without.

Other things are nice to have, but aren't necessary to live, such as video games, candy, movie tickets, or an MP3 player. We can do without these things, even though we might not want to.

When it comes to making choices about money, there is no one right or wrong answer, because everyone's needs and wants are different.

I Want It!

I NEED IT!

### WHAT ARE YOUR NEEDS AND WANTS?

Write down five things you need to survive and five things you want, but could do without. Next, rank the importance of each thing, numbering them from "1" (most important) to "5" (least important). Share your list with a grown-up and explain your choices.

Things I Need	Importance To Me (1-5)	Things I Want	Importance To Me (1-5)

# BUDGET BASICS

**A budget** is a plan that balances money coming in (income) with money going out (expenses). To make a budget, first add up all of your **income**—for example, money you earn from work, an allowance, or even birthday or holiday gifts. That's the amount of money you have to spend or save. Then, add up all your **expenses**—the money you plan to spend on things you need or want.

There are lots of things you might want to buy, but you know you can't have everything you want. You have to think about the costs and benefits of each expense and decide which are most important to you.

**Here's an example:** Kayla gets an allowance of \$5 per week. She also walks her neighbor's dog every day, earning \$15 per week. On top of that, Kayla received a birthday gift of \$20. So, Kayla has three different sources of income this week.

Use the **Budget Worksheet** to figure out Kayla's total income for the week.

Kayla must decide how to spend her money. At the end of the week, she'd like to have money left over to save. She comes up with a list of choices:

- Book for school assignment: \$8
- Trip to the movies (ticket, popcorn, and soda): \$14
- Lunch at school (\$2 per day): \$10
- Birthday gift for her brother: \$10
- Cell phone (one month's service): \$30
- Candy and gum: \$4
- Downloads to her MP3 player: \$15
- Donation to the local food bank: \$5

Does Kayla have enough money for all these things? How would you suggest that Kayla spend her money? How much could she save for later?





# BUDGET WORKSHEET

Column A Income		Column B Expenses	
Source(s)	Amount (\$)	Item	Amount (\$)
Total:			Total:

How much is left over?  
 (Column A Total minus Column B Total): \$ \_\_\_\_\_



**ASK  
an ADULT**  
 DO YOU HAVE  
 A BUDGET?  
 WHAT THINGS  
 DOES IT  
 INCLUDE?

# Saving: Money in the Bank

One of the most important things you can do with money is to **save** it—that is, put some money aside now so that you can use it later. By saving a little bit each week, you can put together enough money to buy something special, such as a new bicycle, a trip to an amusement park, or a gift for someone special.

You can save money at home (in a piggy bank, for instance) or at a **bank**. When you deposit money in a bank, it's kept safe in a special account with your name on it. When you want to use the money you've saved, you go to the bank and make a withdrawal.

When you save money, it helps to have a goal in mind—an idea of how you'd like to spend it. For example, Mark wants to save money to go to an amusement park. He'll need to save \$75 to pay for his admission, food, and a souvenir.

If Mark saves \$5 each week, how many weeks will it take to save \$75? \_\_\_\_\_

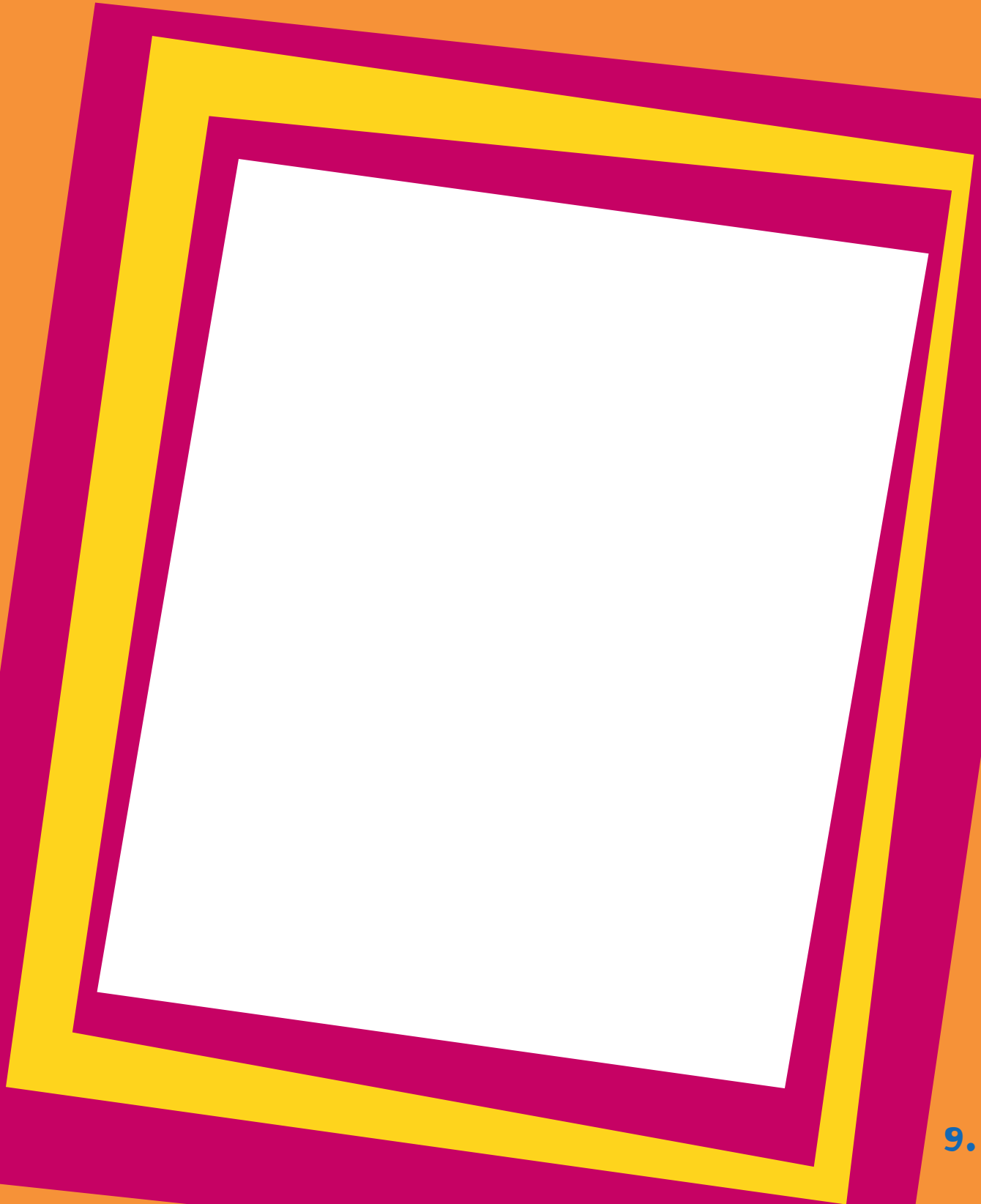
How long will it take if he saves \$10 per week? \_\_\_\_\_

## ASK an ADULT

DID YOU EVER SAVE  
MONEY FOR SOMETHING  
SPECIAL WHEN YOU  
WERE A KID?

# Picture this!

**T**hink of a goal you'd like to save for. Draw a picture or paste photos cut from magazines to show your savings goal. Hang this picture on the refrigerator, in your room, or next to your piggy bank to remind yourself to save your dollars and cents.



# What's the Plan?

Now that you know what you'd like to save money for, figure out how much you'll need to save each week and how long it will take to reach your goal.

The goal I want to save for is:

To get there, I must find out:

A. How much do I need to save? \$ \_\_\_\_\_

B. How much do I have now? \$ \_\_\_\_\_

C. How much more do I need?  
(A minus B) \$ \_\_\_\_\_



If I save...	I will reach my goal in this many weeks...
\$1 per week	
\$2 per week	
\$5 per week	
\$10 per week	

# YOU'RE on YOUR way!

**T**here sure is a lot to

learn about money!

You've learned how

to make choices about

earning, spending,

and saving it!



## WHAT DO YOU KNOW?

How much have you learned about earning, spending, and saving money?

Next to each statement, write "T" if the statement is true, or "F" if the statement is false.

Find answers on back of booklet.

- \_\_\_\_\_ **1.** Scarcity means we all have an unlimited amount of money.
- \_\_\_\_\_ **2.** People earn money by trading time and effort for dollars.
- \_\_\_\_\_ **3.** Money you spend is called income.
- \_\_\_\_\_ **4.** A budget is a plan that lets you spend as much money as you want.
- \_\_\_\_\_ **5.** When you save, you put money aside for later use.
- \_\_\_\_\_ **6.** Every choice has both a cost and a benefit.
- \_\_\_\_\_ **7.** When you make a choice, the thing you give up—your second-best choice—is your opportunity cost.

# Money

## WORD SEARCH



Find each of the words listed below in the puzzle. Be sure to look up and down, across, diagonally, and backwards.

I B A W I S U S D V M E T O B  
 N R A V X E D G U I V I B R X  
 C O C N V S B K N A F U K L E  
 O A G O K N S D S E A A V B Y  
 M T G G V E S P N E C I O H C  
 E A H E T P K E E U L K E M P  
 S G U I K X B T V N X H A A Q  
 M D K F N E G E J N D R G C Q  
 Q V E R Z K R G W A N T S O C  
 M V J E O G E D G H C I B S E  
 A P H V N M A U C B O G C T M  
 O U X X W F T B C F J S U S I  
 P N X Q K D W L Y Y R N R A E

**BANK**

**EXPENSES**

**NEEDS**

**BENEFIT**

**CHOICE**

**WANTS**

**EARN**

**SPEND**

**INCOME**

**COST**

**SAVE**

**BUDGET**

**GREAT**

**MINDS**

**THINK**

*IF YOU DON'T REMEMBER A WORD, CHECK  
 THE GLOSSARY TO FIND OUT WHAT IT MEANS.*

Find answers on back of booklet.

## GLOSSARY

### Bank

A place to save money

### Benefit

What you gain when you make a choice—the satisfaction of your needs or wants

### Budget

A plan that balances money coming in (income) with money going out (expenses)

### Choice

An option that you select

### Cost

What you give up (such as time or money) when you make a choice

### Earn

To receive money in exchange for work

### Expenses

Money that you spend (the opposite of income)

### Income

Money that you receive in return for your work (the opposite of expenses)

### Needs

Things that are necessary to survive

### Save

To put money aside for later use, to accumulate money (the opposite of spend)

### Spend

To use money to buy things (the opposite of save)

### Wants

Things that are nice to have, but aren't necessary to survive

**GREAT  
MINDS  
THINK**



# **Certificate OF COMPLETION**

I, \_\_\_\_\_,

used my "Great Mind" to learn about earning,  
spending, and saving money.

Date:

\_\_\_\_\_

Signature:

\_\_\_\_\_

# A Kid's Guide To Money

visit the Learning Center and Money Museum  
at the Federal Reserve Bank of Cleveland.

To plan a visit, call 216.579.3188  
or go to [www.clevelandfed.org/learning-center](http://www.clevelandfed.org/learning-center).

For additional copies of this brochure, e-mail [learningcenter@clev.frb.org](mailto:learningcenter@clev.frb.org)  
or call 216.579.3188.

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1. False   2. True   3. False   4. False   5. True   6. True   7. True

I	B	A	W	I	S	U	S	D	V	M	E	T	O	B
N	R	A	V	X	E	D	G	U	I	V	I	B	R	X
C	O	C	N	V	S	B	K	N	A	F	U	K	L	E
O	A	G	O	K	N	S	D	S	E	A	A	V	B	Y
M	T	G	G	V	E	S	P	N	E	C	I	O	H	C
E	A	H	E	T	P	K	E	U	L	K	E	M	P	
S	G	U	I	K	X	B	T	V	N	X	H	A	A	Q
M	D	K	F	N	E	G	E	J	N	D	R	G	C	Q
Q	V	E	R	Z	K	R	W	A	N	T	S	O	C	
M	V	J	E	O	G	E	D	G	H	C	I	B	S	E
A	P	H	V	N	M	A	U	C	B	O	G	C	T	M
O	U	X	X	W	F	T	B	C	F	J	S	U	I	
P	N	X	Q	K	D	W	L	Y	R	N	R	A	E	



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