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## Money Smarts Teen Essay Contest

### Why do you consider yourself money smart?

I consider myself money smart because I work hard at it. I've read many books on money and how to manage it; I am acquiring investment experience through the buying and selling stocks with fake money on the Internet; and to save money, I work as a gardener for my neighbor.

Last year I joined an online investing site called the "Hollywood Stock Exchange" at [www.hsx.com](http://www.hsx.com). This site offers a fun and interesting way to learn the basics of online investing. Members start trading with two million dollars. Instead of stocks we trade on new and existing movies and movie stars that come on to the Hollywood scene. So far my portfolio has increased 228% in little over a year. This site has taught me how to analyze a stock, when to buy, and when to sell.

After trading for about a year with the "Hollywood Stock Exchange", I wanted a new challenge. I went to MSN Money at <http://moneycentral.msn.com/investor/> to create an online investing account. MSN Portfolio Manager keeps a record of your stocks, tracks the market, and adjusts the stocks' values accordingly. I choose the stocks I want, as if I were picking for real, put them into my portfolio, and then watch how they change. When I started the MSN Portfolio Manager I received a heavy dose of reality, as the stocks I chose went down. I was soon heavily in debt. Having battled my way back this year, I am now breaking even. This experience is giving me insight into the ups and downs of investing while I see the challenges of picking stocks and the risks of predicting the market.

Over the past three years I have increased my knowledge of money and how it works by reading many books: not just on investing, but money management as well. I have also read books about real estate because I want to be a real estate entrepreneur when I get out of college. From these books, I have learned about money and investing in stocks and real estate. Two important lessons in money management are how to make money work for you, and how to pay yourself first.

Money works for you by growing over time. With compound interest money accumulates in a bank account. Money can also grow from investments, such as stocks and real estate. In real estate the most important lesson is knowing the difference between an asset and a liability. The simplest explanation of assets and liabilities is that assets produce money and liabilities take money away. Therefore, if you have more liabilities than assets, your money will keep decreasing until there is nothing left.

Paying yourself first is a method that everyone should use to build your savings. To pay yourself first, simply put a specific amount of money into your investments. This way you pay yourself first before paying other bills. I live at home, so I have no important expenses. So, I am able to save almost all of my paycheck.

On weekdays I work out and play football but on the weekends I have a job doing yard work for one of my neighbors. He usually wants at least eight grueling hours a weekend. I am not afraid of working hard to earn my money and I'm always sure to pay myself first. When I receive my check, it goes straight into my personal savings account. I have thought about investing the money I have saved up in the stock market, but my experience and knowledge of the stock market tell me that I'm not ready to risk my savings. I have saved \$450 so far in my account. Last month I earned forty-two cents in

interest. It isn't much, but it's a start. I try to spend as little as possible because when I have saved \$1000 I will buy a two-year CD, or certificate of deposit. That CD will earn more interest than the bank's current savings rate. When the two years are up and I have finished high school I will have the money from my certificate of deposit to use for college.

In conclusion, I consider myself money smart because I put hard work and effort into my financial education. I am a part of several online communities that deal with investing, I am constantly reading books and other material on how money works, and I am building my assets for the future through my job. I realize that there is no quick and easy way to being money smart and the only solution is hard work and planning. I am reminded of the saying: "The price of success is paid upfront" and that is exactly what I intend to do.