

Money Smarts

By Jake Rothstein

Being money smart, especially in today's rapidly inflating economy, is more important than ever. Having the good sense to work, save and spend wisely are the keys to attaining a lifetime of successful money management. Both making money and saving money are of great importance.

Saving money is a way to ensure your future financial security. In today's competitive business world the money can be rolling in today and cut off tomorrow. If one spends every dime that they make, they run an extremely large risk of losing financial freedom should there be a sudden change. Putting away or investing money that has been earned is extremely important. Last summer, I clearly remember wanting a laptop computer to use primarily for my upcoming rigorous junior year of high school. The particular machine that I wanted was very expensive, as most of the high quality computers of today are. I knew that I both wanted and needed this computer; however what I did not know was how I was going to pay for it. I decided that I needed to get a job. After talking to some people I know I found a job working as a valet car parker at a local restaurant. Although this was not the most entertaining job, I knew that if I wanted this computer, it was what I had to do. So I worked the rest of the summer and saved 75% of my tips, and all of my salary. Sure enough by the end of the summer I had accumulated enough greenbacks to make my purchase, after doing extensive research, and quality comparisons of course. I had a great deal of satisfaction and took great pride in my new computer.

Throughout my life I have seen people make fairly large mistakes about spending their money. On a school trip one year my friend saw a sweatshirt in a gift shop that he

absolutely had to have. It had a hefty price tag of \$65.00. I tried to talk him out of the ridiculous purchase but with no luck. He had spent \$65 out of the total of \$70 dollars of which he had brought with him, and was forced to borrow from other peers just so he could eat for the duration of the trip. What a mistake. This is what is called poor prioritizing. He had bought this nice sweatshirt but he could not afford to feed himself. This case can show the importance of spending money wisely, and how one should seriously consider if they can realistically afford to make a certain purchase at a particular time.

Budgets are of extreme importance when considering money spending. Budgets give people an organized way to spend their money wisely for any given product or service. It is a way to limit the amount of money a person spends so as to not overspend and take on the risk of possibly going into debt. Many people do not use budgets to limit their spending and get themselves into real financial trouble. Debt is a very serious matter. When in debt, money must be borrowed and interest must be paid on it. Therefore a given amount of debt winds up costing someone much more than the actual original debt amount. Budgets are very important in keeping people out of the red.

Before making a purchase, whether it is a service or a product, one must seriously consider the cost and the quality. Research should be done before every single purchase in order to ensure that the best possible purchase will be made. There is nothing more satisfying than buying a good quality service or product at a good price. It is pointless to spend more money than is needed. Before I make a purchase anywhere, I use the internet to see if I can buy the same product at a cheaper price. Usually I find what I'm looking for, at a much discounted price. The internet is a great resource for making smart

purchases that you will not regret in the future. When buying airline tickets for example, one website can have a ticket that is considerably less expensive than another site. All it takes is a couple of clicks and you can put \$25 or even \$50 dollars into your pocket. If you can save that much money, you know it was a smart purchase.

Before I make a purchase, whatever it may be, I contemplate if it is a necessity or a luxury that I may not really need. If it happens to be something that I need, I will do my research and use money that I have set aside specifically for occasional necessities. If it is a luxury, I will give it much more thought to see if it is something that I really want to spend my hard-earned money on. If so, I will save up my earnings in a different account (Non-Necessities Account), then make my purchase. I am the only person that has an influence on me when making purchases with my own money. I know that I must learn now, how to manage on a small scale, so when I start dealing with large sums of money, good habits will come naturally. I sometimes seek the advice of my more knowledgeable and experienced elders on some monetary issues, however I am the primary **decision maker** when it comes to my personal finances.

Being smart with your money, whether it be a large or small amount is extremely **important**. Money is the basis of everything in our fast paced economy, and to be **successful**, it is crucial that one knows how to properly manage it. Starting young with small amounts of money is, in my opinion an excellent way to learn about money management and to create good habits for a bright future.