

A black and white photograph of a man and a woman sitting at a table, looking down at papers and calculating their finances. The man, wearing glasses and a grey sweater, holds a pencil near his eye. The woman, with curly hair, wears a light-colored top and a green blanket. They are surrounded by papers, a calculator, and sticky notes.

LIFE
SKILLS
HANDBOOKS

Managing *Money*

Controlling Your Spending | Banking Basics

Buy Now, Pay Later | Improving Your Budgeting Skills

SECTION 1

Controlling Your Spending

Controlling spending can be a challenge. Some people make poor spending choices over and over. As a result, they never seem to have enough money for the things they need. Others try to be careful. But they don't understand some basic ideas about smart money management. You can take control of your spending by correcting bad **habits** and learning how to avoid costly mistakes.

It All Adds Up!

Erin was glad to get home. She'd had classes all morning. Then she had worked an eight-hour shift at the store. Now it was time to relax. Her roommate, Cassie, was working tonight. That meant Erin had the apartment all to herself.

But when Erin walked through the door, she immediately tensed up. Lights were on throughout the apartment. In the living room, the TV blared. A nearly full can of soda sat on the kitchen counter. Next to it was an open container of takeout food from the deli.

“Cassie . . .” Erin muttered to herself. Then she tossed the container into the trash.

This wasn't the first time Erin had come home to a situation like this. Erin thought Cassie was wasteful. Her roommate didn't worry about what things cost. She never planned how to spend what she earned either. Last summer, Cassie had even bought a new car without giving it much thought.





Now Cassie was having trouble keeping up with her car payments. She also had some credit card bills to pay. More and more, she struggled to pay her share of the rent and utilities. Erin worried about her roommate. What if Cassie ran out of money? Then Erin would have to find a new roommate.

Erin didn't consider herself a financial expert. But she had common sense about spending money. She realized it was easy to form bad habits. The costs of even small purchases added up fast. Right now, Erin knew she couldn't have everything she wanted.

She wished Cassie had learned some of the same lessons.

Chapter 1

Developing Thrifty Habits

A habit is something you do all the time without thinking about it. Some habits are good. Others are bad.

What are your bad habits when it comes to money? Do you ever waste money? If so, think about ways to correct your poor spending habits. You might be surprised at how much you could save.

Let's say you spend \$3 a day on soda. To be **thrifty**, you could start drinking water instead. In five days, you'd have an extra \$15. After a year, you'd be \$1,095 richer.



Making Simple Changes

Having thrifty habits clearly saves money. Making even simple changes can add up to big savings. One example is turning off the lights when you leave a room. Once you get started, it becomes easy to think of new ways to save. But resisting the **temptation** to spend can be hard.

In today's world, we're repeatedly hit with clever and attractive marketing schemes. They're designed to convince us to spend our money on things we don't need and maybe can't even afford. How many **advertisements** have you seen lately that suggest you go into **debt** to purchase something?

Sometimes, your friends encourage your bad spending habits. Do you ever feel like you must buy things to keep up with them? If so, you're feeling peer pressure. Giving in can be very expensive.





Learning to Be Frugal

It isn't easy to resist peer pressure. Most people want to do what everyone else does. Many want to have what everyone else has. But it's important to be frugal. This means you're careful about spending your money. Think twice when considering a big purchase.

There are many reasons people tighten their spending. Some want to save money for something special. It might be a big gift or college **tuition**. Others develop thrifty habits to avoid going into debt. They also know it's important to have some extra money set aside. This can cover the cost of emergencies and help you take advantage of unexpected opportunities.

What could convince you to save money and stop buying things you don't need? Think of a few reasons. Also think of what you could live without. These are good places to start making changes.

Tips for Resisting Peer Pressure

- **Choose friends who influence you in good ways, not bad ways.** True friends will respect your values and decisions.
- **Avoid activities that you don't want to do.** Think in advance about what might be involved. Decide whether you want to participate.
- **Make decisions that fit your values.** Then follow through with them. Don't make decisions or change your mind based on other people's values and expectations.
- **Consider the possible consequences of your behavior.** Will you get in trouble? Could you get hurt or harm your health?
- **Practice ways to say no.** Tell the truth. If that's difficult, make up an excuse for not getting involved in something.



Tips for Saving Money

Some wasteful habits are easy to change. Others are harder to correct. They may take more time and effort.

Read the following money-saving tips. Which ones might help you become thriftier?

- Turn off lights, TVs, and other electronics whenever you leave home.
- Avoid buying snacks and drinks from vending machines. Pack your own and carry them with you.
- Stop spending money on candy and junk food.
- Walk or ride a bike instead of paying for gas or bus fares.
- Pack a lunch instead of buying one.
- When you shop, take just enough cash to buy the things you need. Leave your debit and credit cards at home.





Average Living Expenses

There are certain things in life we *have* to pay for. They include food, housing, clothing, and transportation. These costs are often called living expenses. The average American's living expenses total \$41,473 a year. Here's the breakdown:

1. **Food:** \$8,169
2. **Housing:** \$20,679
3. **Clothing:** \$1,883
4. **Transportation:** \$10,742