



L I F E S K I L L S
H A N D B O O K STM

Managing Money

Controlling Your Spending

Banking Basics

Buy Now, Pay Later

Improving Your Budgeting Skills



21st CENTURY


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SECTION 1

Controlling Your Spending

Controlling spending is hard for many people. Some people make bad spending choices over and over. Then, they never seem to have enough money for the things they need. Other people try to be careful. But they don't understand some basic ideas about smart spending. You can take control of your spending by correcting your 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 and then worked an eight-hour shift at the store. Now, she was ready to relax. She'd have the apartment all to herself. Her roommate, Cassie, was working tonight.

But when Erin walked into the apartment, she immediately tensed up. The TV was blaring in the living room, and the lights were on all through the apartment. A nearly full can of soda was sitting on the kitchen counter. Next to it was an open container of takeout food from the deli.

“Cassie . . .” Erin muttered to herself, as she tossed the container into the wastebasket.





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

Keeping up with the payments on that car was hard for Cassie. 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 that soon, Cassie wouldn't have enough money. And then Erin would get stuck paying more than her share!

Erin didn't consider herself a financial genius. But she had common sense about spending money. She knew that it was easy to form bad habits. She also knew that little things add up. And she knew that she couldn't have everything she wanted.

She wished Cassie knew some of these things too.





CHAPTER 1

Developing Thrifty Habits



A *habit* is something you do all the time without really thinking about it. Some habits are good, but others are bad.

Do you have any bad habits when it comes to money? Do you waste money? If so, how much do you think you could save by correcting your bad spending habits?

Let's say that on average, you spend \$3 a day drinking energy drinks or soda. To be **thrifty**, you could start drinking tap water instead. In five days, you'd have an extra \$15. And in a year, you'd be \$1,095 richer!

Thrifty

Careful and smart with money.



Making Simple Changes

Clearly, having thrifty habits saves money. Making even simple changes, like turning off the lights, can add up to big savings. And once you get started, it becomes easy to think of new ways to save. But resisting the temptation to spend can be very hard.

In today's world, we're hit over and over again 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, or ads, 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 you must buy things to keep up with your friends? If so, you're feeling peer pressure. Giving in to peer pressure can be very expensive.

Marketing

The business of advertising and selling products and services.

Scheme

A plan or system, sometimes involving a secret or trick.



Learning to Be Frugal

It isn't easy to resist peer pressure. Most people want to do what everyone else does or to have what everyone else has. You need to convince yourself that it's important to be **frugal**.

Some people tighten their spending to save money for something special, such as college tuition. Others develop thrifty habits to avoid going into debt. They also know it's important to have money available for both emergencies and unexpected opportunities.

Think of reasons that could convince you to save money and to stop buying things you don't need. What could you go without in your life?



Frugal

Careful with money to the point of going without things.



Tips for Saving Money

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

Read the following money-saving tips. Which of these suggestions would help you become more thrifty?

- Turn off lights, TVs, and radios whenever you leave home.
- Avoid buying snack foods from vending machines. Pack your own snacks 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 fare.
- Don't smoke. And if you already do, give it up.
- Pack your own lunch for school or work instead of buying it.
- When you shop, take just enough cash to buy the things you need. Leave your checkbook and debit and credit cards at home.





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 involve things you don't want to do.** Think in advance about what might be involved, and decide whether you want to participate.
- **Make decisions that fit your values, and 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.** Could you get in trouble? Could you get hurt or harm your health?
- **Practice ways to say "no."** Tell the truth or make up an excuse for not getting involved in something.





[FACT]



Average Living Expenses

Of course, there are some things in life we have to pay for, such as food, housing, clothing, and transportation. These costs are often called *living expenses*. The average person's living expenses total \$32,650 a year. Here's the breakdown of expenses:

- ① Food: \$6,372
- ② Housing: \$16,895
- ③ Clothing: \$1,725
- ④ Transportation: \$7,658

