NEXT GEN PERSONAL FINANCE

Name:	Date:

📗 INTRO

WHAT WOULD YOU DO?

1. Imagine you have $25. Your best friend's birthday is coming up and you'd like to get them a gift. You've also been wanting to buy a new backpack since your current one has some holes in it. What do you decide to do with your $25? Why?

📖 LEARN IT

VIDEO: Saving Money

As you saw from the exercise above, every time we make a financial decision, we make a **tradeoff**. In other words, when we decide to spend or save our money on something, that is money that we also have decided will not be saved or spent on something else! Let's explore the specific tradeoffs Junior the Turtle had to think about when he saved up for a big purchase in this video. After watching, answer the questions.

1. What is one way Junior got the money to save for the Go-Kart?

2. What tradeoffs did Junior have to make so that he had enough money to buy the Go-Kart?

3. Junior said it was hard not to spend money on small purchases, but in the end he was able to do it. What did he do to make sure he stayed on track to save for the Go-Kart?

DO IT

MATH: Calculating the Tradeoffs

Sometimes, it can be really difficult to decide how you want to use your money because there are so many different tradeoffs. In this activity, you'll look at both the financial and emotional tradeoffs the people in the following scenarios are faced with!

Example A: Eduardo

Eduardo is in 8th grade and gets an allowance of $10 every week from his parents. He has saved up $110 so far in a savings account. He wants to buy some new clothes since his current wardrobe is getting worn out. He sets a budget of $250 for himself.

   a. How much more money does Eduardo need before he can go shopping?

b. How many months will it take Eduardo to save this much money?

c. What tradeoffs might Eduardo need to make if he wants to buy the clothes in exactly 3.5 months?

1. Sam

Sam is a cashier at the local grocery store. He earns $8/hr and works there 10 hours per week. Every week, he puts 75% of his money in a savings account so he can reach his goal of having $1,000 as an emergency fund. School is starting in a few weeks and he wants to buy some new supplies including a backpack, pens and notebooks, and more. He estimates the total will be about $75.

a. How much does Sam earn in one week?

b. How much does Sam put away in his savings account every week?

c. How many weeks will it take Sam to save enough money to buy his new school supplies? (Note: he does <u>not</u> want to use the money in his savings account.)

d. What tradeoffs will Sam need to consider if he decides he wants to use some of his savings money so he can buy his school supplies sooner?

2. Sonia

Sonia is a senior in high school and tutors some of the kids in her neighborhood. She works 5 hours a week and earns $11/hour. Sonia hasn't hung out with her friends in a long time, and she's excited to grab dinner and watch a movie with them on Friday, which will cost $40. She also wants to buy her mom a $50 necklace her mom has been wanting for her birthday gift on Sunday.

  a. Will Sonia have enough money to go out with her friends *and* buy her mom a birthday present by the end of the week?

  b. What tradeoffs will Sonia have to think about as she makes her decision on what to spend her money on?

  c. How do you think Sonia should spend her money? Explain.

3. Marina

Marina babysits her neighbors' kids once a week and earns $40 each night. She loves coffee so she treats herself three times a week by buying a $5 latte at her favorite coffee shop. Marina wants to buy a new laptop for herself which will cost $800 and has already saved $200.

  a. How much money does Marina spend on coffee each week?

b. If she continues her spending habits, how many months will it take Marina to save enough money to buy the laptop?

c. How many months would it take Marina to buy the laptop if she decides to use her mom's coffee maker instead of buying the lattes during the week?

d. How do you think Marina should move forward with her money? Should she continue buying her lattes or save it all to buy the laptop? Explain.

EXIT TICKET

1. Explain what a tradeoff is and why they are a part of **every** financial decision you make, no matter how big or small it may be.