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## MONEY MANAGEMENT

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### \$\$ Money \$\$ Money \$\$ Money \$\$

Right now, your main interest in money may be all about the here and now--going out for lunch, putting gas in the car, or buying new clothes. Saving money may not be at the top of your list of fun things to do. But it's still important. When you save your money, you can use it later to buy fun things, as well as pay for serious things like college or a car of your own.

#### **Saving As Much As Possible Over Time Can Really Add Up**

Let's say you put money into a savings account that pays you interest every month. After the first month, the interest payment will be calculated based on the money you put in. But the NEXT time the bank pays you interest, it will calculate the amount based on your original deposit PLUS the interest you received the previous month. Later, that larger, combined amount will earn more and more interest, and after many years it becomes a much larger sum of money. The earnings are called "compound interest."

#### **Payments On Credit Purchases Can ALSO Really Add Up!**

"Interest" works in the opposite direction when you borrow money or buy stuff on credit: The longer you take to pay back what you owe on a credit card or loan, the more you'll pay the lender in extra interest charges. Let's say you use a credit card to buy a \$1,000 computer. If the interest rate is 18%, and you pay only the minimum monthly payment (assuming the minimum monthly payment covers the interest due plus 1% of the outstanding balance) it will take you **13 years** to pay it off! In that time, you will spend more than double the original purchase price, because interest payments alone will equal \$1,129! You will have a \$1,000 computer that you paid a grand total of \$2,129 to get!

Teens are becoming more and more responsible for handling money and making decisions about what to buy and what to save. It pays to learn as much as you can about handling your own finances. Here are some ideas:

**\$ Find out if your school offers classes on "money management" or "personal finance."**

**\$ Look into Junior Achievement at school, or call JA at (715) 842-1056. Or visit <http://studentcenter.ja.org> and click on "Manage Your Money."**

**\$ Find out about the YWCA's *It Makes Cents* events at (715) 842-3381.**

**\$ Log on the the National Endowment for Financial Education website at <http://hsfpp.nefe.org/home/> and click on "Students"**

**\$ Play online games and simulations at the National Council on Economic Education website [www.italladdsup.org](http://www.italladdsup.org)**

To find out about community-wide money management workshops, call: **United Way's 2-1-1 . . . . dial 2-1-1 or (715) 848-2255 24 hrs./day**