



FINANCIAL LITERACY FOR KIDS



MIND OVER MONEY

Our brains are wired to make us want to buy things.
Find out how emotion can affect your spending, and
learn how to take back control.

THE POWER OF MONEY

SHOP SMART

Stores appeal to your senses to get you to spend more. Try these tips to avoid their traps.



SMART SHOPPER
A boy thinks hard about which shoes, if any, he should buy.

When it comes to managing money, your emotions often work against you. Find out how to train your brain.

Who lives in an anchor under the sea? SpongeBob SquarePants fans know it's Eugene Krabs. And they



know he's crazy about money. He has conversations with money and bathes in it. Money makes him happy, sad, and mad.

Mr. Krabs is a cartoon character, but money can make real people emotional and even a little crazy. The powerful relationship between your

brain and money influences how you think, act, and feel.

Part of money's power is that it makes people feel safe. "People know if they don't have enough money, their lives could become very difficult," says Jason Zweig, author of the book *Your Money & Your Brain*.

Ups and Downs

How did you feel the last time you earned money or splurged

on something you really wanted? What about the last time you lost money or spent it on something you later wished you hadn't? Research confirms that for most people, losing money is painful, but gaining it is fun.

Why? Here's where it gets tricky. For our ancestors, danger from wild animals or nature was always present. Their needs were very immediate. Their brains were wired to deal with that fact. Thousands of years have passed and our needs have changed, but our brains are still programmed that way.

POWER WORDS

splurge: to spend more money than usual on something for yourself

gratification: a source of satisfaction; pleasure

FAMILY CHALLENGE

Learn from your mistakes.

Think about the last time you made a mistake with money. Did you buy something you wished you hadn't? Did you wait too long to start saving or investing? Share your story. Why do you think you made that error? What will you do differently in the future?

This creates a problem when it comes to money. Our brains are built for what researchers call immediate gratification. When we want something, we don't want to wait. That makes saving for tomorrow tough. Saving for long-term goals, like college or buying a house, is even tougher.

Outsmart Yourself

Can you control your brain around money? It's not easy, but it's important to try. Make rules and follow them. For example, decide to save 10% of your money. Make it a habit, like brushing your teeth. Or take what *Your \$* columnist Jean Chatzky calls a "purchasing pause." When you want to buy something, wait 24 hours. If you're not still thinking about it a day later, you're better off saving the money.

Being able to wait is a great skill. Research shows that children who are better at delaying gratification will do better in school and make more money as adults. But don't sweat it. These skills get easier as you get older.

—By Kelly Hultgren



Don't touch.

Keep your hands off the goods! Touching something you might want to purchase gives you a sense of ownership over it. That makes you want to buy it.



Look away.

Mannequins are placed to make eye contact as you stroll by. Once your eyes lock, you're more likely to stop and shop.

Pop a mint.

Smell has a powerful effect on your brain.



According to the Scent Marketing Institute, you'll shop longer in a store that has floral or citrus aromas. Chew gum or eat a mint to keep a clear head.



Tune out.

Stores play your favorite tunes to get you to spend more time—and more money—there. Try to tune them out.

FROM TOP: CARMEN MARTA-NEZ BANAS—GETTY IMAGES; RUDI VAN STARREX—GETTY IMAGES; WALTER B. MCKENZIE—GETTY IMAGES; ALEX BELOMLINSKY—GETTY IMAGES

KIDS WEIGH IN

Should you be forced to save money?

Parents set rules to help kids learn to make their way in the world. What's wise when it comes to managing money? Some parents think they must teach young kids how to save. Others think kids should make their own choices and mistakes. TFK Kid Reporters each explain one side of the debate.



YES!

Liliana Scott, 9
Sparrows Point, Maryland

Forcing kids to save money helps them form a habit that will help them in the future. Bad money management is a problem for the individual and for society. When people cannot pay their bills or major loans, others face consequences. If parents make kids save money early on, a positive habit will form, and they will grow to be more financially responsible adults. That's good for all of us.



NO!

Emily Valentino, 12
Newton, New Jersey

No one should tell you how to use your money, even if it's for your own good. Parents can offer advice, but no one should force you. You know your needs better than anyone. If you aren't given the choice or control, one day you'll face a big decision and you won't know what to do. Plus, it's important to learn from your mistakes.



We want to hear from you! Vote on this topic and more at timeforkids.com/pwcdebate.



COURTESY JEAN CHATZKY

ASK JEAN

Jean Chatzky is a money expert.

How can I start saving money?

—Elijah Adams, 10, Bronx, New York

When saving money is an automatic habit, you are much more likely to succeed. Many adults have money taken out of their paycheck and put into a savings account before the paycheck is even sent to them. They don't get the money, so they don't spend it. It also helps to have a separate account for money that is to be saved, rather than spent. Decide how much you want to save. Ask your parents to put that amount into a separate place for you. Today, a jar might do the trick. Tomorrow, a savings account might be the answer.

Do you have a question? Write to Jean at tfkasks4you@timeforkids.com.

MIGUEL SOTOMAYOR—GETTY IMAGES



Hair Today, Gone Tomorrow

Billionaire Warren Buffett has run his company, Berkshire Hathaway, for 50 years. In Alice Schroeder's biography of Buffett, called *The Snowball*, she explains a secret of his success. He has always seen money spent today as money he won't be able to invest so it could grow for tomorrow. "Do I really want to spend \$300,000 for this haircut?" he once asked himself about a haircut that really cost \$5. His estimate wasn't far off. If he had invested that \$5 in his company back then, it would be worth about \$223,000 today!