# **Spending Money Discussion Guide (for use during or after reading)**

1. How would people get what they want or need if money was not a medium of exchange? Why would this be difficult? (Spending Basics, p. 6-9)
   1. If money were not a medium of exchange, people would need to rely on trade to get what they want or need. This would be difficult because trading with large groups of people or for a large variety of goods and services becomes complex and challenging.
2. What are some examples of goods and services? (Goods and Services, p. 10-13)
   1. Goods are items of value. They include things you can generally touch or hold, such as books, clothes, technology, sports equipment and more.
   2. Services are activities of value. These are things people can do for you, such as giving a haircut, providing a bus ride, or coaching a team.
3. Look back at pages 14 and 15. How does the ice skates example illustrate the concept of supply and demand? (Supply and Demand, p. 14-19)
   1. The ice skates example illustrates the concept of supply and demand. Bill’s friend was able to sell the skates cheaply because she had so many. Her supply was high and the demand was low, so the price was also low. If she had only one pair of skates, the demand would have been higher and Bill would have likely needed to pay more.
4. What is the difference between a need and a want? Provide examples of each. (Spending Choices, p. 20-21)
   1. A need is something you must have in order to survive, such as a place to live, food, and clothing. A want is anything extra that is not a need but you would still like to have or experience. For example, I might want to buy a new book.
5. Look back at the Making a Purchase Flow Chart on page 21. Why are these questions good to ask yourself if you are considering making a purchase? (Spending Choices, p. 20-21)
   1. The questions on the Making a Purchase Flow Chart are beneficial because they help you determine if what you are purchasing is a want or a need. Furthermore, it helps you understand what kind of want you are purchasing. It can help you make wiser decisions about your purchases.
6. Where does the money come from when you make a purchase with your digital wallet or your debit card? (Making Payments, p. 22-27, specifically p. 24-25)
   1. Money comes directly from your bank account when you make a purchase with your digital wallet or debit card. It is important to make sure you have enough funds in that account before you make your purchases. Once your money is gone, it’s gone!
7. How does paying with a credit card work? (Making Payments, p. 22-27, specifically p. 26-27).
   1. When you purchase something with credit, you do not actually pay for it right away. Rather the credit card company is giving you a small loan. You will eventually have to repay that loan with interest when the bill comes. If you pay after the bill’s due date, you will pay interest. Interest is an extra payment credit card companies and banks charge for letting you borrow their money.
8. What is a budget? (Budgeting, p. 28-31)
   1. A budget is a plan for spending your money. It typically includes income, debts, needs, wants, savings, and donations, among other things.
9. Compare the budgets on pages 30 and 31. What stands out about each plan? (Budgeting, p. 28-31)
   1. The budget on page 30 is well thought out. It includes a plan for paying off debt and prioritizes needs and savings. This budget still has room for wants and there is money leftover!
   2. The budget on page 31, however, is not great. This budget ignores the person’s debt and does not put anything in savings. Furthermore, most of the money in the budget is for wants. This is not a wise way to manage your money. Finally, based on the notes in the margins, it seems that this person frequently makes unwise financial decisions such as pushing debt to the future and not saving money frequently enough.
10. Is debt always considered bad? Why or why not?
    1. Debt is not always considered bad. For example, sometimes people must take out a loan and take on debt in order to improve themselves. People often take out loans to go to college, purchase a car, or provide a location for their business. This is a good reason to have debt. However, these people must have a good plan to repay these debts.