



# HIGH SCHOOL MONEY BOOK

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**DON SILVER**

AUTHOR OF THE GENERATION Y MONEY BOOK



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The *High School Money Book* is available at Amazon, Barnes & Noble and Borders. It is also available at [www.adams-hall.com](http://www.adams-hall.com).

## Rave reviews

"Great book to teach teens about money. It goes one step further than other books. It teaches kids to really think about money and how it affects their lives."

-Alan Lavine and Gail Liberman, syndicated columnists

"My eldest son didn't put it down, devouring the book as if he were reading one of his thick fantasy tomes like Lord of the Rings."

-Teresa McUsic, Savvy Consumer columnist,  
*Fort Worth Star-Telegram*

"The book has an amazing number of very practical bits of advice for high school students."

-Douglas Haskell, University of Cincinnati

"This is a great tool teens can use to learn financial responsibility."

-Catherine A. Uberman, VP, JPMorgan Chase Bank

"The *High School Money Book* is a must read for every student BEFORE they graduate- their parents should read it too!"

-Bill Uffelmann, President and CEO, *Nevada Bankers Association*

"From wants versus needs to paying for college, this is a great place to start learning about money matters."

-Kara McGuire, *Minneapolis Star Tribune*

"The *High School Money Book* should be required reading for all high school students. "

-Jim Walsh, Editor in Chief, *Forefield Inc.*

"Everything in the *High School Money Book* is useful, well organized, incredibly clear and presented in the most useful way that I can imagine. "

-M. Arthur, Educator and Parent of a teenager



# PART ONE

## Money-Smart Ways to Think

### **1. The true value of money**

To be smart in handling money, you first need to know money-smart ways to think about money.

Money is part of a two-way street. You trade or exchange money for products or services you want. When you hand over money to make a purchase, it's too easy to forget what you are really giving up.

In other words, you need to remember the value of money.

Money is earned through work requiring your time and your life energy. At your age you may have time and energy to spare, so should you care now how you spend them? The short answer and the long answer are both yes. As the years go by, decisions about how

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you spend your money will affect your schooling, the jobs you take, your relationships with others and the amount of stress and satisfaction in your life.

The problem with spending money too carelessly is that you can become trapped in a job, a career or a relationship that “requires” you to stay there to pay the bills.

Knowing in advance the true cost and value of lifestyle and purchasing decisions can allow you to have financial and personal freedom.

The key for you is to handle (and not too often mishandle) money in ways that are right for you. Understand the value of money and then use your money wisely.

### **2. The successes and mistakes of others**

One of the most overlooked ways to become knowledgeable about money is to find out how money has affected people you know. Ask your parents, their friends and your relatives what they did right with money and what they would’ve done differently.

Don’t “reinvent the wheel” when it comes to money. Use the successes and mistakes of others as a starting point.

You don’t need to follow the advice of others. However, learn to be a great interviewer and a smart listener. We all learn best by asking questions, lots of them. And people love to talk about themselves.

Find out how they feel about their material possessions, debts, jobs and relationships.

As you talk to others, chances are you will see how a person's general personality may be similar to a person's pattern of financial actions and inaction.

If you ask the right questions, you'll get a self-taught financial education that's worth years of college.

### **3. The secret to being successful**

All things considered, it's more fun being rich than poor. However, being successful in money matters is not the same as being successful in life. Having a lot of money or possessions may not even make you happy.

Plenty of very wealthy people always seem to want more than they have. If having more isn't always the path to success, consider an alternative. Happiness and success in money matters (and life) largely depend on whether you are grateful for what you do have.

We all want to have nice things and that's healthy. What's unhealthy is when you don't appreciate what you do have and are endlessly wanting what's new, what someone else has or what you can't afford to have. You may never satisfy your wants.

The key is to have balance in your life. Try to attain your personal and financial goals but make sure you're not paying too high a price in the quest, especially when it comes to financial goals.

Think about people who suffer through a disaster such as a hurricane or an earthquake and their home, their possessions and maybe their business are demolished. Are their lives over? No.

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Listen to the words of survivors of disasters and you'll hear how "thankful" they are that they and their loved ones survived. It's at moments like these that people appreciate what they do have.

Do you want to be successful? Here's the secret. Do your best, appreciate what you have and you may be richer than anyone you know. Beware of the addiction to always want more.

### **4. Needs vs. wants—what you need to know**

One key way to know more about money is to learn about yourself.

If you can separate your *needs* from your *wants*, you'll be far ahead in the money game and the game of life as well.

Here are a couple of examples.

You may need a car to get to college or to work. You may want a fancier car than you can really afford.

If you satisfy your wants, you may end up working extra hours and days at a job you really don't like to pay for a fancier car. This extra work may mean that you have less time and energy for the other parts of your life—including enjoying your car and being with friends.

A more expensive car may mean going into debt that will take years of work to pay off. By choosing a less expensive car, you may gain financial and personal freedom.

As the years go by, you'll have other material wants and purchasing decisions, such as deciding whether to buy a house or a condo. You may want to buy a more impressive home than what you need. The

cost to you may be working many extra hours or staying in a job you hate just to pay the mortgage.

### Four key questions

Here are four key questions to ask yourself so you can separate your needs from your wants:

1. Am I trying to impress anyone else by this purchase?
2. Am I making the purchase to feel better about myself?
3. How much will this purchase really cost me in time, effort, money and lost opportunities?
4. Am I satisfying a want or a need?

There is no one right answer for everyone. The choice is yours. Just make sure you're aware of the consequences before you satisfy your wants.

## 5. Time is money

What does managing your time have to do with money? Everything.

If you can't manage your time, you won't be able accomplish what is really important to you. Waste time and you'll have less time for school, your career, your relationships and your friends.

Manage your time wisely by knowing what's important to you. Sit down and make a three-column list with the three most important goals to you right now, five years from now and 10 years from now. Balance your personal, professional and financial goals.

Use this list as your guidepost to make day-to-day decisions about how to "spend" your time.

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Once a year take a look to see how you're doing in meeting your goals. If you're really serious about improving your life, review and make a new list every six months.

If you're spending your time wisely, you'll be a richer person by having more time to do what is really important to you.

### **6. Resisting peer pressure**

One of the greatest obstacles to financial and personal happiness is peer pressure. Boy, is it hard to resist.

If everyone else has certain clothes or the latest electronic gizmo, it's natural to want those same things, too.

You know what? You're going to face peer pressure the rest of your life. Now is the time to develop confidence in your own choices and life decisions.

Learn to deal with peer pressure now or you'll be a "sheep" all your life. There's the expression "Just say no." Instead, "Just say me." Ask yourself what's best for me? Don't ask what everyone else is doing.

The price of giving in to peer pressure can be a loss of self-respect and self-esteem plus a mountain of debt.

Why do you think it's called peer "pressure?" It's pressure whether you give into it or you resist it. Be tough. Be strong. Be your own person.

## 7. The price of being “in” and tulip mania

You’ve seen or heard about many crazes where everyone starts buying the latest fashion or investing in the “in” thing. These crazes didn’t start recently. A classic case that infected adults occurred nearly 400 years ago in Holland.

Amsterdam, the capital of Holland, had become a wealthy city in the 1600s. People started to exhibit their wealth by building larger houses. There wasn’t much land available so gardens had to be small. The main feature of those gardens was tulips.

Somehow, everyone of every economic class had to have tulips – and not just any tulips, but the best tulips. Tulip bulb auctions started popping up (auctions didn’t start on the Net). Many of the buyers at those auctions didn’t want the tulips as flowers to enjoy – they wanted bulbs as a way to make money, big money. Bulbs were being resold for large profits and more people became involved as time went on.

You’ve probably heard of the Stock Market Crash of 1929 that brought on the Great Depression. But the first big market crash was the one in tulips that happened in 1637. Once people woke up and started to wonder why they had traded houses and other valuables for tulip bulbs, the price of tulips went down fast. Soon, many people had bulbs of little value but no money or houses.

Always remember tulip mania before you invest or go for the latest trend.

## 8. Voluntary simplicity and you

One way to improve your life (and your money situation) is to simplify how you live. The key to living more simply is to really think

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about (be more conscious of) purchasing and lifestyle decisions. Simplification can stretch your time and your money and reduce stress.

Usually, simplification leads to greater freedom in your life by reducing your dependence upon having “things.” You can gain freedom to make college, career and life decisions and changes without being shackled by a financial ball and chain.

### **Six steps to simplify your life**

1. Before making any purchase, ask yourself how much of your life energy this purchase will cost.

Will you need to work 4 hours, 40 hours or 4,000 hours to pay for this purchase? This isn't a new thought. Over 200 years ago, Adam Smith wrote about the “labor theory of value.” Smith felt that the value of any object could be measured by the amount of work for which it could be exchanged.

2. Will this purchase make your life easier, more satisfying or more worthwhile for a period of at least six months?

If the answer is no, reconsider the purchase.

3. Do you really need to make this purchase or are you doing it for other reasons such as to impress others (including those whom you may not respect but just envy)?

4. Is there a better use you could make of this money such as saving it for a bigger goal, investing it for the future or giving some of it to help others in greater need?

5. Do you have room to store or keep what you're purchasing or will you need to rent, find additional space or clear out other items to keep it?

6. How does your purchase affect the environment?

What irreplaceable resources in the world will be used up if you make this purchase? Think about all the steps that need to be taken to manufacture, sell and transport your purchase. Your small actions all add up.

## 9. Frugality

You may define “frugal” as being “cheap.” The dictionary defines “frugal” as “reflecting economy in the expenditure of resources.”

Our notion of frugality has been shaped very much by Ebenezer Scrooge of Charles Dickens’ “A Christmas Carol.” Scrooge only allowed his assistant one piece of coal to warm himself while working. Scrooge wasn’t frugal. He was cheap.

Frugality doesn’t mean being cheap. It means becoming a more conscious shopper and consumer and looking for ways to save money. For example, you can be frugal by buying generic brands (where the quality is no different) or by shopping at sales whenever possible.

## 10. Short- and long-term goals

Meeting short-term as compared to long-term goals is a constant battle when it comes to money.

Very often, it’s a question of satisfying many short-term goals (e.g., to get the latest CD, DVD, MP3 player or game console) or putting all or most of them on hold to save up for a more expensive goal (e.g., computer, car, college expenses or a house).

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Develop your skills in saving and investing to meet your long-term goals. See the big picture to get the willpower to work towards your long-term goals.