MERIT BADGE SERIES

PERSONAL MANAGEMENT

Scouting America

STEM-Based

SCOUTING AMERICA
MERIT BADGE SERIES

PERSONAL MANAGEMENT

"Enhancing our youths' competitive edge through merit badges"

Scouting America

Requirements

Scouts should go to www.scouting.org/merit-badges/Personal-Management or check Scoutbook for the latest requirements.

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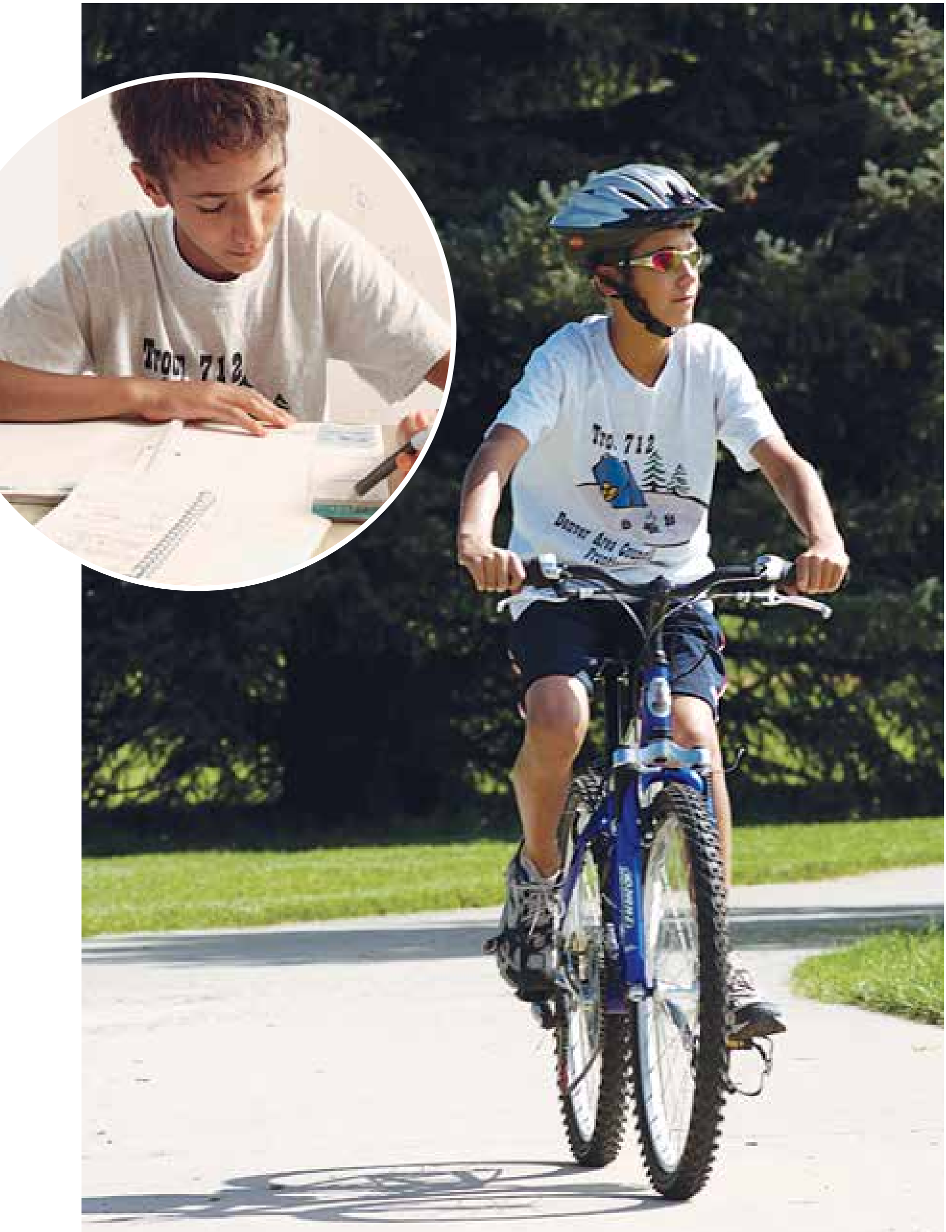

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Managing Yourself, Managing Your Money

As you grow older, you will face an increasing number of decisions that will affect your future. Although you will continue to gain advice and direction from your parents or guardians and teachers, eventually you must be the one to take responsibility for yourself and your actions. Personal management is about taking control of your life.

Making more decisions on your own can be both scary and exciting because it means that you will become responsible for both your mistakes and successes.

Learning to Manage Yourself

To understand what personal management is about, think of all the things your parents or other adults do for you as well as what they do for themselves. Do the adults in your life buy and prepare your food, provide a place for you to live, buy your clothes, take you places you want and need to go, and help pay for many of the other things you do, need, and want? What if it were up to you to do all of these things? If it were, you would need to manage your money and time to get things done.

Make setting short- and long-term goals a routine during your adolescence and through adulthood. You will discover how these goals change according to your stage of life.

Currently, much of your life probably is managed for you. Your parents or guardians guide you by suggesting what to do and the best way to do it, your teachers determine what you learn in school, and, if you play a sport, your coaches instruct you. Providing guidance is their way of teaching you the skills and knowledge you will need to take care of yourself as you grow older.

Managing your life is similar to planning a journey. It is often best to have a road map before you begin and to plot a course that will help you avoid and minimize bumps and detours along the way. Earning the Personal Management merit badge will help you learn to manage critical parts of your life, including your money, your time, and your future. To do this, you will need to develop self-discipline and persistence.

Mapping a plan for your life will involve setting short-range and long-range goals and investigating different ways to reach those goals. Education, training, and experience all help make your goals become a reality. To achieve your goals, you will choose the best path and make a commitment to it, while remaining flexible enough to deal with changes and new opportunities.

You probably will not be on your own until you move away from home, but now is a good time to begin preparing for that day.

Learning to Manage Your Money

No matter how much money you earn, learning to manage your money is one of the most important things you will need to understand. This involves planning for career changes and retirement over your lifetime, considering how finances affect your family and relationships, and making choices about how to earn and spend money.

It is not as common as it once was for people to work for one employer throughout their careers and then receive a pension from that employer to cover living expenses during retirement. Instead, you likely will work for several employers throughout your lifetime, and your long-term financial security will depend on how well you manage your money during your working years and into retirement.

People today face many choices about how to earn, save, and spend money. Because few of us have an unlimited amount of money, among the keys of wisely and effectively managing money is learning to do without (at least temporarily) something we want. However, advertising messages urge us to buy products we often do not need. Effectively managing your money will require you to resist these messages.

You need to learn money management skills, and it is never too soon to start. Poor money management habits can cause family stress and lead to excessive debt and a poor credit history, which can make it difficult to get home loans, car loans, and other financial assistance.

You might find that when you want to buy something, you will need to reduce expenses in other areas. For example to save for a new backpack, you might need to take your lunch to school rather than buying food at the cafeteria, or do lower-cost activities such as streaming movies and going for walks and hikes—instead of more costly alternatives.

While completing the Personal Management merit badge, what you learn about earning, saving, investing, borrowing, and spending money wisely can help eliminate conflicts and improve your quality of life. You also will learn how to use your time wisely and organize projects so that they are more manageable. All of these lessons will help you think about your long-term goals and your future, and can serve you for a lifetime.

Money is not, and should not be, everything in life, of course. More important things exist, such as your religion, family, friends, helping others, and achieving personal growth. However, money is a major part of life and can affect you, your family's well-being, and your relationships.

Being a Smart Shopper

When you are considering a purchase such as an electronic device, ask yourself this question: "What does this 'thing' do that I cannot do for myself with what I already have?"

Before they buy, smart shoppers use a wide variety of resources to help them find out more about the product they want to purchase. Here are some tips on researching products, reading advertisements, watching for sales, comparison shopping, and considering alternatives to help you become a smart shopper.

Research the Item You Want

First, consider the features you need and want. Next, consider the product's features and if it meets your criteria. Then you might be able to find a more affordable product that has only the features you need and want.

Consider the quality of the product. It might be worth paying more for a quality product if it will last longer and perform better. However, a lower-priced product might offer high quality, too. That is why it is important to read consumer guides and to check consumer websites for comments and personal reviews about the product. If the quality is poor and the product breaks or falls apart in a short time, whatever price you paid will have been too much.

Consumer buying guides can be handy for research. These guides provide anything from general details and purchasing tips to specific information that will help you narrow your selection. For instance, an evaluation of televisions might show a comparison of prices, screen size, picture quality, sound quality, and the types of connections that come with the TV. Many online buying guides might be sponsored by companies affiliated or aligned with certain brands and could be biased toward such brands. The most useful buying guides may be from nonprofit sources like *Consumer Reports* magazine.

Before you buy the product, check online reviews and talk to people you know who might have used it. Did they like it? Was it worth the price? Try the product, if possible, before buying. Borrow or rent it from a friend to determine whether you want to own it. Or, ask a salesperson to demonstrate the product. When you are ready to buy a car, for example, test drive it and compare it to other cars.

The internet can be a valuable resource for researching a product in which you are interested.

Look for Sales

Sometimes it is possible to wait until the item you want to buy goes on sale. If a store is not conducting a sale, the salesperson might tell you if the item will go on sale soon. Online retailers and local stores might have annual sales at the same time each year. Sometimes stores will reimburse the difference if the item you bought goes on sale within 30 days after you bought it.

Common types of sales include seasonal sales, when stores phase out summer items to stock fall and winter merchandise, and vice versa; inventory sales, which occur just before stores take inventory (count merchandise); promotional sales designed to introduce new products or spur buying interest when sales are slow; and situational sales, which often are advertised as going-out-of-business sales or moving sales.

Try to shop at the beginning of a sale when a wide selection is still available, and examine sale items before you buy to make sure they are not damaged or flawed.

Comparison Shop

Compare prices and gather additional information about the item from at least three stores or other sources. One store or online retailer might sell the item for less than another's advertised sale price. There are mobile applications that can scan UPC bar codes to help you compare prices for many consumer goods. Also, many local stores will match the sale prices of other local stores or online retailers if you ask.

Before making a big purchase, compare the manufacturers' warranties along with pricing. Many manufacturers offer a one-year guarantee free of charge with an option to purchase additional coverage. Some retailers also may offer extended warrantee at an additional cost; however, unless the product is extremely unreliable, these tend to be a poor value for the consumer.

Look for discount coupons in newspapers, coupon books, online, or in the mail. Some items might come with a mail-in rebate that offers money back.

If you are buying an item that comes in units, such as ounces or pounds, check the item's *cost per unit*. The cost-per-unit figure allows you to compare the real price difference between similar or same items of different quantities. Some grocery stores list the cost per unit on an item's price tag. A lower-priced item in a smaller container might actually cost more per unit than a similar item in a larger quantity and larger container.

Example: You are comparing a 24-ounce bottle of pancake syrup for $1.99 (cost per unit = 8 cents per ounce) with a similar 36-ounce bottle for $2.49 (cost per unit = 7 cents per ounce). In this case, if everything else is equal, the larger bottle is the better value because it has a lower cost per unit. However, be aware that buying a very large container of something that might not all be used before it spoils (like mayonnaise) may be unwise.

If there is a problem with the product, return it to the store or online retailer or contact customer service promptly. Be sure to keep your receipt. Most stores want to ensure customer satisfaction and will offer to replace the product or repair it. Ask to speak to the manager if the problem is not addressed to your satisfaction.

Advertisements

Advertising informs you of available products, their features and benefits, where they can be bought and at what price. But advertising is often misleading. Remember: the purpose of an ad isn't to inform you of objective facts, but rather to get you to buy a particular product. If a product is supposed to be "new and improved," make sure you find out what has been improved. The improvement could be so slight that it might be better to buy the older model at a cheaper price — or the "improvement" may in fact not even make the product better. Also, consider whether the product really delivers the benefits that advertisements claim. Just because a great athlete wears a certain brand of shoes does not mean your athletic skills will improve if you wear the same brand.

Consider Motives of 'Advice'

Just as advertisements are designed to sell products, many givers of "advice" are more interested in selling products than in helping you make good decisions. For example, a personal-finance magazine that has "The 10 Hot Stocks to Buy Today!" on the cover isn't trying to give you good advice about investing—they're just trying to get you to buy the magazine. The company that publishes the magazine makes money in only two ways: by selling advertisements to other companies and by selling the magazine to people like you. So just because you see advice in a magazine or book, online or on TV, or anywhere else, that doesn't mean it is good advice.

Likewise, salespeople in a store might be good at giving advice, but they also owe allegiance to the company they work for, even if it means talking you into buying an inferior product or one that costs more than you had planned to pay.

It's best to maintain a healthy skepticism when getting advice or reading online information that appears to give advice. Sometimes, however, you will find an advice giver who has no reason to give you bad advice; such people, if they are experts, are good resources and should be trusted.

Be especially wary of "bait-and-switch" advertising. This advertising technique promotes a very low price on a particular item (bait), but when you try to buy it, the salesperson tries to sell you something "better" at a higher price (switch). If a sale sounds too good to be true, it probably is.

Consider Alternatives

What if you do not have enough money to buy the item, or you decide not to spend as much money as the item costs?

Avoid impulse buying. Always take time to consider whether you really need or want the item. By following smart shopping guidelines, you will be less likely to buy something on the spur of the moment and less likely to regret your purchase later (buyer's remorse).

Remember that while you cannot always buy what you want, you do have other choices. Sometimes you must compromise. Part of being a good money manager means knowing when to say no to yourself.

Do not be in a hurry to buy the newest product or the latest thing, such as a just-released video game. The prices of many products will drop after they have been on the market for a while. Also, as in the case of many consumer electronics, the next version probably will be more finely tuned—and might even be less expensive.

Consider buying less-expensive items that have only the features you need or want. The price probably will be cheaper. If it is an item you can build, maybe you can save money by buying the parts and assembling it yourself.

Consider buying used or generic (not a name brand) items if the quality is similar. Demos, opened-box items, and/or slightly flawed products often are available at lower cost. When you are old enough to drive and start looking for a car, remember that the value of a new car will *depreciate* (drop in value) significantly once the car is sold. A good, used car can be much less expensive. Check classified ads in the newspaper or online listings for used items.

Impulse Buying

Moods or physical feelings can affect your buying decisions and lead to impulse buying. So, be aware of what might be behind your sudden urge to buy something.

For instance, shopping at the mall when you are hungry could lead you to buy several snacks or even larger meals at the food court. The money you spend on snacks could be used to buy an item you really need or want instead. The same rule applies when shopping for groceries: Do not go when you are hungry or you might buy more food than needed.

Likewise, if you are feeling sad or angry, it might seem that buying something will help you feel better. However, you might spend money that you did not plan to spend. To help yourself feel better, it might be better to go jogging, ride your bike or skateboard, go to the library, or go fishing. The main thing is to plan something that does not require you to spend money.

Many people buy items out of envy. In other words, just because your friend bought an expensive bike with the newest components does not mean that you must have one, too. Buy items that fit your budget, needs, and timeline; do not buy something just so you can have the same thing someone else has.

Similarly, do not let your money "burn a hole in your pocket." If you have been saving for something for a long time, it might be tempting to spend the money. Be aware of that impulse and stick to your plan. Also, when you are out and about, just because you have money "in your pocket" doesn't mean you need to spend it. Use your money wisely.

Remember that all kinds of feelings can lead to impulse buying. It might feel good at the moment to make the purchase, but later you might regret having spent your money on something you did not need or really want and that delayed or prevented you from reaching a savings goal.

When you feel down, the good feeling you get when you spend money is a short-term emotion; spending money won't solve why you are feeling sad or angry.

Meeting a Family Financial Goal

To fulfill requirement 1, you will choose an item that your family might like to purchase that is considered a major expense. Before you choose the item, discuss with all members of your family your plan to purchase something that benefits the whole family and show how your family can save for the item while still meeting other family needs.

As an example, let's say your family has decided to buy a TV. No matter what your family selects, many of the same shopping techniques used to buy the television will apply to your family's decision. Remember, you and your family should already have determined that your higher-priority needs have been met before considering an unnecessary purchase.

Your family must take care of needs such as food, housing, insurance, car payments, school expenses, utilities, and clothes before making a major purchase. Once these needs are met, you can set the goal of saving for an item that your family has agreed to purchase.

Many factors must be considered before making a big purchase. If your family has decided to buy a TV, for example, you may have to answer questions such as:

- How large is the room where you will put the TV, and what screen size is recommended for a room of that dimension?
- What manufacturers produce the most reliable TVs?
- Does the TV require the purchase of any additional special equipment and services in order to function properly, optimally, and efficiently?

To determine the answers, read articles about televisions in magazines, consumer guides, and on the internet. Talk to salespeople in consumer electronics stores, and, if you can, also talk to technicians who work on TVs. Do not rely on only one source of information, and remember that salespeople might highlight slow-selling or high-profit items rather than the best product for your family.

Always read the warranty and/or guarantee. For instance, check how long the manufacturer guarantees components. Learn what customers must do to make sure the warranty and/or guarantee stays valid.

While shopping for a TV, you might consider adding a sound system. Will your family be content with the output from the television's speakers? Or does your family want to invest in a surround-sound system, which can be quite expensive? The surround-sound system could include a receiver (to connect to the TV and speakers) and up to six or seven speakers. Each of these items also should be researched.

While you research, make sure to check out the prices. Look at ads and compare prices at different stores. Visit, call, or browse the store's website (with your parent or guardian's permission), if it has one. If your family makes its purchase from a catalog or online, consider other factors. Remember to include any shipping charges, sales taxes, and installation costs in the overall cost of the purchase. Should there be any problems with the product or setup, the customer service might be less convenient than if you had purchased the item locally.

As you can see, making a well-informed decision on a major purchase takes a lot of planning. Inexpensive items require a similar amount of planning, too. Careful planning makes buying decisions easier and ensures that you will be happy with your purchase.

Cash or Credit?

In general, avoid buying ordinary items, such as meals, clothes, and school supplies, on credit. Instead, limit credit purchases to special expenses, such as a house, a car, or college tuition.

What if a retailer offers to sell credit with a very low interest rate? Should you charge it rather than pay cash, or start saving for it? If the rate is lower than what you are earning on savings or investments, it might make sense to take advantage of the offer. But beware: Some low rates actually are "teaser" rates—a low interest rate for a short time (often three to six months) and then a much higher interest rate until the loan has been repaid. Make sure to exercise caution and read the fine print before you make a decision.

It is best to save your money to buy something you want rather than charging the cost to your credit card. Resist impulse buying—the item you want may still be available once you have saved your money. In addition, there are several advantages to waiting. You will not have to worry about paying high interest charges.

You will learn how to budget your money. The price of the item might go down during the time it takes to save the money. You will have more time to find the right item at the right price.

Credit cards, debit cards, and mobile device payment methods can be convenient. Sometimes it makes sense to use a credit card, debit card, or mobile device payment to buy everyday items instead of carrying around a lot of cash, and it often is easier to return an item if it was purchased with a credit card. Also, credit cards are helpful in emergencies.

When you do use a credit card, make sure to pay off the balance each month. If you do not, high interest rates will be charged to your account (as much as 35 percent), which will dramatically increase the effective cost of the items you purchased and quickly cause you to fall into deep debt—a situation that is best avoided. The average U.S. household carrying a credit card balance now owes over $10,000. But more than 60 percent of households don't carry a credit card balance at all.

Preparing a Personal Budget

By donating gifts to a charity, you can be among the millions who help fund a cause, such as cancer research and arthritis research, or services for the homeless. Without this money, many charities would not be able to fund research and improve lives.

The purpose of managing your money is to improve your ability to meet obligations and reach your financial goals. One of the best ways to learn how much you spend and earn over a period of time is to keep a *budget,* or a written account of your expected and actual income and expenses. A budget organizes your finances to show how much income you plan to receive and how much you actually receive, how you plan to spend it, and how you actually spend it. By doing this, you will see where the money you earn goes and how much, if any, remains after your expenses. Sometimes a budget will reveal that little expenses (such as buying a soft drink each day after school) actually take a big chunk of your income.

Set up a budget worksheet to record all of your expenses and income for 13 consecutive weeks. The worksheet should include fixed expenses and flexible expenses. Fixed expenses are predictable, regular obligations such as a home mortgage, an auto loan, insurance premiums, and utilities. Currently, your fixed expenses might include Scouting expenses. Flexible expenses change each month. These include food, gifts, entertainment, clothing, donations to your place of worship, and personal care expenses.

One of the more important fixed expenses should be a payment to yourself for savings and/or investments. Of course, if you have money in savings, you can “borrow” from yourself—but make it a priority to repay the money taken from your savings. Make this your first payment and treat it as a regular monthly expense. This is a better method than trying to save from money left over after expenses. When you start a career, often this payment can be automatically deducted from your paychecks and deposited in a savings or investment account.

It's practical to set up categories in your budget that allow you to combine several expenses. For example, "Entertainment" could include movies, video games, mobile phone, and concert tickets. If, however, the expenses in a subcategory are large, you might add a separate category for one of the items—video games, for example.

Including a "miscellaneous" expense category is essential. No matter how hard you try, it is impossible to predict every type of expense you might incur. Wise budgeters always assume that 5 to 10 percent of their budget will go to things they can't anticipate.

How much should you set aside to pay yourself? That figure will be determined by your income and financial goals. In general, try to save at least 10 percent of your income.

Basic Living Expenses

Expense	Amount
Savings	$ ________
Rent	________
Groceries	________
Eating out	________
Utilities	________
Telephone	________
Personal grooming	________
Car/transportation (gas, license, parking, bus fare, insurance, maintenance)	________
Clothing/laundry	________
Insurance	________
Medical care	________
Charities	________
Entertainment (concerts, movies, dating)	________
CDs, DVDs, video games, music, etc.	________
Recreation	________
Sports/hobbies	________
Vacations	________
Books, magazines	________
Gifts	________
Miscellaneous (items not covered by other categories)	________
Total monthly expenses	$ ________

Income

	Week 1		Week 2		Week 3		Week 4		Week 5		Week 6		Week 7	
	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual
Allowance	$20	$____	$20	$____	$20	$____	$20	$____	$20	$____	$20	$____	$20	$____
Job	$50	$____	$50	$____	$50	$____	$50	$____	$50	$____	$50	$____	$50	$____
Gifts	$20	$____	$0	$____	$0	$____	$10	$____	$10	$____	$100	$____	$0	$____
Other	$0	$____	$0	$____	$5	$____	$10	$____	$0	$____	$0	$____	$0	$____
Totals	$90	$____	$70	$____	$75	$____	$90	$____	$80	$____	$170	$____	$70	$____

Expenses

	Week 1		Week 2		Week 3		Week 4		Week 5		Week 6		Week 7	
	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual
Savings	$25	$____	$25	$____	$25	$____	$25	$____	$25	$____	$25	$____	$25	$____
Hobbies	$7	$____	$7	$____	$7	$____	$7	$____	$7	$____	$7	$____	$7	$____
Scout expenses	$4	$____	$4	$____	$4	$____	$4	$____	$4	$____	$4	$____	$4	$____
Snacks	$10	$____	$10	$____	$10	$____	$10	$____	$10	$____	$10	$____	$10	$____
Gifts	$80	$____	$0	$____	$0	$____	$20	$____	$10	$____	$15	$____	$0	$____
Entertainment	$15	$____	$10	$____	$10	$____	$10	$____	$10	$____	$20	$____	$10	$____
Miscellaneous	$20	$____	$12	$____	$12	$____	$12	$____	$12	$____	$12	$____	$15	$____
Totals	$161	$____	$68	$____	$68	$____	$88	$____	$78	$____	$93	$____	$71	$____

Income

	Week 8		Week 9		Week 10		Week 11		Week 12		Week 13		Total	
	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual
Allowance	$20	$_____	$20	$_____	$20	$_____	$20	$_____	$20	$_____	$20	$_____	$260	$_____
Job	$50	$_____	$50	$_____	$50	$_____	$50	$_____	$50	$_____	$50	$_____	$650	$_____
Gifts	$0	$_____	$0	$_____	$0	$_____	$0	$_____	$0	$_____	$0	$_____	$140	$_____
Other	$0	$_____	$10	$_____	$0	$_____	$0	$_____	$20	$_____	$10	$_____	$55	$_____
Totals	$70	$_____	$80	$_____	$70	$_____	$70	$_____	$90	$_____	$80	$_____	$1105	$_____

Expenses

	Week 8		Week 9		Week 10		Week 11		Week 12		Week 13		Total	
	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual
Savings	$25	$_____	$25	$_____	$25	$_____	$25	$_____	$25	$_____	$25	$_____	$325	$_____
Charity	$7	$_____	$7	$_____	$7	$_____	$7	$_____	$7	$_____	$7	$_____	$91	$_____
Scout expenses	$4	$_____	$4	$_____	$4	$_____	$4	$_____	$4	$_____	$4	$_____	$52	$_____
Snacks	$10	$_____	$10	$_____	$10	$_____	$10	$_____	$10	$_____	$10	$_____	$130	$_____
Gifts	$10	$_____	$10	$_____	$0	$_____	$20	$_____	$10	$_____	$0	$_____	$175	$_____
Entertainment	$10	$_____	$10	$_____	$10	$_____	$10	$_____	$10	$_____	$10	$_____	$145	$_____
Miscellaneous	$12	$_____	$12	$_____	$20	$_____	$12	$_____	$12	$_____	$12	$_____	$175	$_____
Totals	$78	$_____	$78	$_____	$76	$_____	$88	$_____	$78	$_____	$68	$_____	$1093	$_____

It's important to show where all of your money goes. This will give a better idea of where you spend your money and where you can reduce spending, if necessary. A budget that shows your basic living expenses could look something like this.

To determine how much to allocate for spending in each category, calculate your monthly income. Pay yourself first and deduct fixed expenses, then determine your flexible, or *discretionary,* expenses.

Good record keeping is necessary to help you maintain a budget. Set aside time each week to work on your budget, and try to make the budget simple to keep it manageable. Keep receipts when possible. Record in a notebook, budget workbook, or on your computer the date, any income you received, and all expenses you paid. Include everything, even postage stamps you used. At the end of each week, put the income and expenses under the correct categories in your budget. At the end of each month, balance all income and expenses.

As you will discover, budgets often need adjusting. Maybe you do not have enough income to cover your expenses. In that case, you must consider changes to your budget, including ways to earn more money. You might have to reduce or eliminate some nonessential expenses for a while, such as movies or video games.

If you spend more in one category than you budgeted, you might be able to adjust by spending less in another category. For

If you want to track and record your income and expenses electronically, there are many software programs available on the market—or you could design your own.

example, if you spent more on entertainment than the amount you budgeted, try spending less on snacks or eating out.

How to Save Money

To save, you must first earn or receive income. Then, you can set a savings goal, such as a new bike, a computer, college tuition, or a birthday present for a friend or family member, and determine how much you need to set aside daily or weekly to reach that goal.

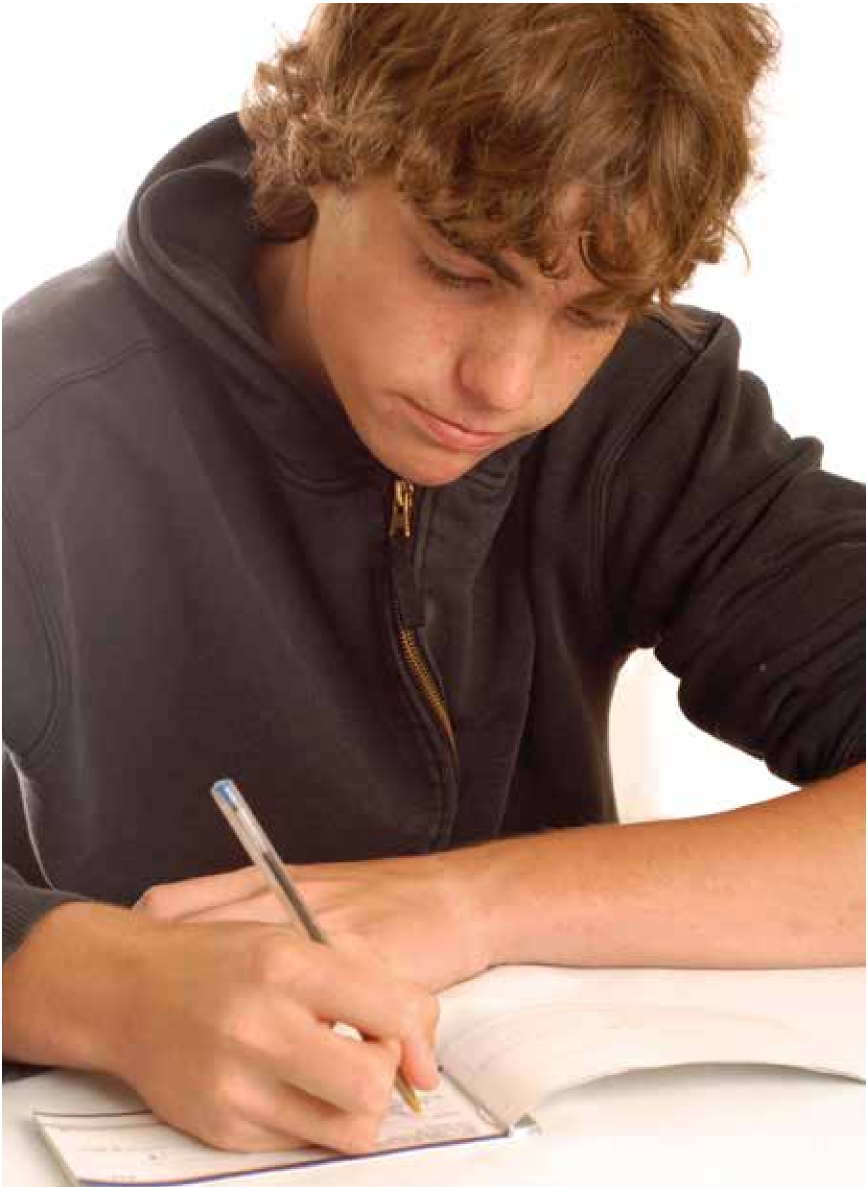
You might wonder what income sources you have available. The following are some income sources you might be able to include in your budget.

- Perhaps you receive a weekly or monthly **allowance** in return for doing certain chores around the house.
- Ask if you can increase your allowance by doing **extra chores.**
- Perhaps you could **work part-time** at a grocery store, fast-food restaurant, movie theater, or golf course.
- You could **start a business** mowing lawns, shoveling snow, caring for neighbors' pets, repairing bikes or computers, running errands for elderly neighbors, or tutoring.
- You probably can **sell items you no longer use** (with your parent or guardian's permission) that are still in good shape, such as an old bike, old computer games, old music CDs, collector cards, or athletic equipment.
- Save **gifts** of money that you receive for birthdays, Christmas, bar/bat mitzvah, or other special occasions.

If you have a job or receive an allowance, you probably can predict what your income will be while you save for your goal. It might be more difficult to estimate your expenses, however. Because your budget clearly shows the choices you can make to reach financial goals, it can help you plan how to spend your money wisely. You can add any money left over at the end of a month to savings or keep it to spend the next month.

To increase the amount you save, think of expenses you can give up and other cost-saving measures. Another option is to change your goal. Perhaps you need more time to reach your goal or need to find a less-expensive option. For example, if you were saving for a new bike, maybe you could save for a less expensive one.

The amount of earnings left after an employer has deducted federal and state income taxes, Social Security, and other items such as health insurance and stock purchases, is your *take-home pay.*



When you are ready to open a savings or checking account, go with your parents or guardian to a local bank, where a representative will help you get started.

Using Bank Accounts

Banks and credit unions keep money safe while also giving people easy access to their money. While banks and credit unions offer different kinds of accounts, such as checking, savings, and loan accounts, most people first open a savings account in which to store money for financial goals or an emergency.

Banks are for-profit corporations that must make money for their owners by paying low interest rates on savings and charging high loan rates. Credit unions are nonprofit financial cooperatives that give the profits to their members by paying more interest on savings and charging lower loan rates. If there is a credit union near you that you are eligible to use, you may get better rates there than at most banks. For simplicity, the word "bank" is used in this chapter, but all discussions about banks apply equally to credit unions.

Keeping money in a savings account is wiser than keeping cash in a dresser drawer at home. First, the federal government insures the money kept in bank accounts against loss or theft.

A fire, or other natural disaster, could destroy your money if it is kept at home. Second, savings accounts earn interest. The bank pays interest on the money in your savings account because, in actuality, when you put money into a savings account you are loaning the money to the bank so that it can give loans to other customers. The interest rate usually is low, but it is more than your money will earn at home.

As you begin earning money and paying bills or dues, you probably will want to open a checking account, too. With a checking account, you can write checks or use a debit card to make purchases using the money in the account. Checks and debit cards are convenient ways to pay bills and make purchases. They also can be safer than carrying around a large amount of cash, which could be lost or stolen.

After opening a checking account, you must keep good records so that you always know how much money is in your account (your balance) and can avoid writing a check to pay for something when you do not have enough money in your account to cover the cost. If you *overdraw* your account, the bank and the company to which you wrote the check can charge penalties to your account (overdraft charges). Remember, just because you have checks remaining does not mean you have money in your account. Keep track of what's in your account by checking the balance, either online or directly with the bank, and know what checks you wrote that have not yet been cashed.

Online banking is a practical option for learning about money management. Some internet banks may pay higher interest rates and charge lower fees than conventional banks do, and an account is easy to set up. Online banking makes it easy to track spending, too.

A debit card for your checking or savings account looks just like a credit card and can be used like one, too. The difference is that, traditionally, your debit card draws on the actual money in your bank account and not on a line of credit as your credit card does. Thus, if you try to spend more money than you have in your account, the transaction is rejected immediately at the cash register. Debit cards also allow you to withdraw or deposit money at automated teller machines (ATM) or through an app on your mobile phone. However, depending on the bank and the ATM, you might be charged a fee for using this service.

Recently, many banks have offered debit cards with "free" overdraft protection. This is a service whereby if you spend more than you have in your bank account (for example, to buy a pack of gum for $1), the transaction isn't rejected. However, you will have to pay the bank an overdraft fee (which may be $35 or more) each time you do this, in addition to having to pay back the excess spent money. In this example, that $1 pack of gum may end up costing you $36 or more! It is best to make sure your bank does NOT provide this "free" overdraft protection for your debit card.

Banks typically offer different types of checking accounts. Some banks pay interest on checking accounts, much like a savings account. Generally, though, banks charge a fee for the checking service to cover the costs of processing the checks. Fees can be based on how much money you keep in your account and how many checks you write. Shop around because checking account features and fees vary widely.

Electronic banking involves accessing your bank accounts by debit card, phone, and computer. Because no paper or people are involved in transferring the money, electronic banking is convenient. Of course, this convenience also makes it more tempting to impulsively spend money. You will need to devise a way to track your deposits and withdrawals in order to monitor your account balance and stick to your budget.

When it's time to choose a bank, shop around! Look for those that pay the highest interest rate on savings and charge the lowest fees on services you will use. Be aware that some banks charge a "low balance" fee if your account has less than a certain amount of money in it—but some don't do this, or the balance threshold is lower. Some banks charge a fee each time you use an ATM to get cash, but some actually reimburse that fee. A wise consumer will check the fine print to find a bank that offers good rates, convenience, and low fees on services. Remember to consider credit unions and online banking in your comparisons.

Saving Versus Investing

In your budget, one of your expenses is a payment to yourself for savings or investment. To help you make an informed decision about whether to save or invest that payment, information about the differences between saving and investing follows.

To save money means to put it aside, in a bank account, for buying something in the near future or to have on hand in case of an emergency. That money is available for you to withdraw whenever you need it. Although the bank may pay interest on the balance in your savings account, that interest often does not keep up with *inflation,* which is the rise in the cost of goods over time. Therefore, savings accounts are only one portion of a balanced financial plan.

A *return on investment (ROI)* is the profit from, or increase in value, of the investment; *total return* is the combination of an investment's income and its increase or decrease in value.

When you invest money, you have an entirely different objective: to make more for eventual use in the distant future. A financial investment is something you put money into with the purpose of getting more money back. An investment also can be one of time and labor. For example, you might invest in a lawn mower with the goal of making enough money mowing lawns over the summer to earn a profit.

You also are an investment. You can invest in yourself through education, for example, or by learning new skills or trades. Education and self-improvement can help you earn more income. In fact, of all the types of investments available, investing in yourself is the best investment you can make. It can pay big dividends.

Unlike saving, investing involves some risk—that is, you are not guaranteed to earn more than the amount you invest. (The amount you invest is called *principal*.) In fact, there is a chance you could lose part or even all of the principal.

Investing is used to achieve certain types of goals. People typically *save* for short-term goals such as a new car or a family vacation by putting their money in a savings account where they can retrieve all of the money plus a little interest. But people *invest* for long-term goals like college or retirement. They put their money in stocks and bonds through mutual funds, or in real estate or other alternatives. These options do not guarantee the principal invested or any earnings on the principal. However, because of the greater risk, investors have a chance to earn higher returns (income or an increase in value) than they would from a savings account, especially over a long time. While everybody wants low risk and high return, risk and return are virtually always "joined at the hip"—you can't get high returns without taking on high risk and if you take on low risk, you guarantee low returns.

A loaned investment means you loan money to a company or government in return for its promise to repay the principal (the amount you loaned) plus interest. Such an investment is similar to how you "loan" money to a bank through a savings account except that there is only a promise to repay the money, not a guarantee. The issuer makes regular payments of interest, usually monthly or quarterly, for a set length of time.

Common loaned investments include money market funds, certificates of deposit, U.S. government bonds, and corporate, municipal (city), and foreign bonds. Loaned investments tend to carry little to no risk. Accordingly, as we have learned, they generally have correspondingly low returns.

Investments are subject to different levels of *risk*—the extent to which an investment goes up and down over time. The value of investments with higher risk, such as stocks, will tend to go up and down a lot. The value of less risky investments, such as bonds, will rise and fall less dramatically. Young investors who are saving for retirement should keep enough low-risk investments in their overall portfolio so they can get through the ups and downs without too much worry and stress.

Diversification means owning many different investments instead just one or a few. For example, owning a single stock would be a real problem if that company's finances collapsed, whereas owning multiple stocks that have similar expected returns will reduce the risk. In general, having a very diversified portfolio is best. Small investors can find it difficult to buy enough individual stocks for this, so they are often best served by *mutual funds*—professionally managed investments that hold many individual stocks in each fund.

Yield is what an investment pays directly in income. Yield might be in the form of interest, dividends, or rental income from property.

Types of Investments

Financial investments take two basic forms: owned investments or loaned investments. That is, you are either a lender or an owner.

A *loaned investment* means you loan money to a company or government in return for its promise to repay the principal (the amount you loaned) plus interest. Such an investment is similar to how you "loan" money to a bank through a savings account except that there is only a promise to repay the money, not a guarantee. The issuer makes regular payments of income, usually monthly or quarterly, for a set length of time.

Common loaned investments include money market funds; certificates of deposit; U.S. government bonds; corporate, municipal (city), and foreign bonds.

Annuities are another type of investment option offered by insurance companies. Part investment and part insurance plan, annuities are aggressively sold by insurance companies because they carry several layers of high fees that make them very profitable for the companies and the salespeople. However, they are unsuitable for investors in most situations.

You might already own one form of loaned investment if you have a savings bond. These make popular gifts for families and others to buy for children because savings bonds can be

Individual retirement accounts (IRA) offer tax breaks to people saving for retirement. Several types are available, and some, such as the Roth IRA, might be a good investment option for younger investors.

bought in small amounts (as little as $25). Savings bonds are a loan to the federal government. Bond issuers agree to repay the bondholder the amount invested plus interest over a set period of time. Governments or companies issue bonds to raise money to pay for certain projects, such as building roads and factories.

Also popular are certificates of deposit (CDs), which are issued by banks. The investor lends the bank a specific amount of money for a specific period of time at a specific interest rate. This low-risk investment pays low but steady returns.

An *owned investment* means you own part or all of a company, real estate, or other asset. An *asset* is an item of value. If you buy stock in a large fast-food restaurant chain, for example, you actually own part of the company. Other people who bought stock in the company also own part of it. Because you own part of the company, you share in any profits or losses.

Common types of owned investments include the following:

- Stocks of U.S. and foreign companies
- Shares in stock mutual funds
- Real estate (land, homes, apartments, office buildings)
- Personal business, such as a retail store

Naturally, you would want to put your money into a low-risk investment that yields a high return. However, such investments are unlikely. Low-risk investments, such as government savings bonds, usually have a low rate of return. Conversely, investments having the potential for a high rate of return—such as stocks and mutual funds—are higher-risk.

People investing over a shorter period of time should choose safer investments with lower rates of return. However, investors seeking larger growth of their money over an extended period of time may choose riskier investments. In general, buying stocks is considered more risky than investing in something that pays a guaranteed rate of interest.

Government Savings Bonds. U.S. savings bonds are considered safe investments because they are backed by the full faith and credit of the federal government. Two common savings bonds are the Series EE and Series I. Series EE bonds are purchased electronically at face value, and can be bought for any amount from $25 up to $10,000 per year. EE bonds issued since May 2005 earn a fixed rate of interest. You know the interest the bond will earn when you buy it. You may cash in the bond at any point from 12 months through 30 years, but if you cash them in before five years you will forfeit the previous three months' interest.

I bonds (the "I" stands for inflation) are purchased for face value, so you would pay $50 for a $50 bond. I bonds pay two types of interest—a fixed rate of interest plus an inflation amount that is announced every six months. When you cash in your I bond, you will receive the amount you invested plus both types of interest. While you can cash in your I bonds after 12 months, they are meant to be a long-term investment. Therefore, you will be charged a penalty fee equal to three months of interest if you cash these bonds in within five years of purchase.

U.S. savings bonds are now issued only online.

Insured Certificates of Deposit (CD). CDs are insured deposits that pay a fixed or variable interest rate over a specific period of time. Financial institutions offer CDs that mature in as few as three months or after many years. Your money must stay invested for a fixed period, so CDs generally pay more interest than savings accounts. Usually, the interest rate is higher the longer you hold the CD.

However, as with other low-risk investments, the return usually is low. If you want to buy a CD, shop around at various banks and financial institutions to find the highest interest rate being offered for the term you want.

Stock mutual funds have a higher expected return on average and in the long run, although the risk is more than an insured CD. If you want to buy a CD, shop around at various banks and financial institutions to find the highest interest rate being offered for the term you want.

Mutual Funds. If you decided that you wanted to buy stocks, which stocks would you buy? Average investors have no idea how to wisely choose stocks to invest in. Plus, buying individual stocks goes against the rule that you should be as diversified as possible. Mutual funds provide a useful solution. They combine money from many investors to hire a manager to invest their money. Further, it is easier for a fund with many millions (or billions) of dollars to accumulate a well-diversified portfolio than you could build on your own.

Generally, you can buy or sell a mutual fund directly with a mutual fund company, or through a brokerage company. Mutual funds focus on buying stocks, bonds, or various other investment categories; most focus primarily on stocks.

Index funds mechanically buy the stocks in a particular index. For example, an S&P 500 Index Fund would buy the 500 stocks in the S&P 500 Index in the proportions indicated by the index. Mechanically buying the stocks of an index is easy and inexpensive for the fund. Studies have shown that professionals choosing which stocks to buy don't (and can't — on average) outperform indexes of the investment universes which they pick from. Exchange-Traded Funds (ETFs) are mutual funds that are bought and sold on a stock exchange like a stock. While these can be quite inexpensive and well-diversified, they are more difficult to buy and sell them than conventional mutual funds.

The Power of Compounding

When you save and invest your money, you help the money itself earn more money. The ability of money to grow on its own can be extremely valuable to achieving long-term goals and in giving you financial security when you grow older.

Money earns more money when it draws *simple* and *compound* interest. Simple interest is the interest earned on the deposit amount, or principal. For example, if you put $100 into an account that earns 6 percent interest annually, that investment would be worth $106 at the end of the year.

Compound interest, in addition to paying interest on the principal, pays interest on the interest earned. To illustrate how compounding works, imagine what happens to a $100 investment when the earned interest is withdrawn each year and not left in the account to draw more interest. Say the $100 earns 10 percent, compounded annually. At the end of the first year, the total investment is worth $110. If you withdraw the $10 and leave the $100 invested, you will have $110 at the end of the second year. If you do this each year for 10 years, your $100 investment will have earned $100, all of which was withdrawn and spent.

But consider what would happen if you did not withdraw the first $10 of interest. If you leave it with the original $100, the second year's interest will be based on $110, not $100. At the end of the second year, your investment will have earned $11 and the total will have grown to $121. Again, if you reinvest your earn-

You must be at least age 18 to buy shares of a mutual fund. However, if you are younger, you can own mutual fund shares through a special custodial account opened by your parents or guardian.

ings, you will earn 10 percent on $121 instead of $100, as in the first example.

If you do this for 10 years, your initial investment will have grown to $159.39, which is $59.39 more than if you withdrew the interest each year. What is more, the investment's total value will have grown to $259.39, with the earnings becoming greater with each passing year. That is why compounding makes such a dramatic difference over time.

Compounding

Year	Spend earnings	Reinvest earnings
1	$ 10	$ 10.00
2	$ 10	$ 11.00
3	$ 10	$ 12.10
4	$ 10	$ 13.31
5	$ 10	$ 14.64
6	$ 10	$ 16.11
7	$ 10	$ 17.72
8	$ 10	$ 19.49
9	$ 10	$ 21.44
10	$ 10	$ 23.58
Total earnings	$100	$159.39

Compound interest draws the best return because it pays interest on the initial deposit and on the interest your money earned.

Investing for Retirement

Most people intend to retire at age 65 or a bit later.

When to start investing for retirement. While age 65 might seem like a long way off for you (and it is), the best time to start investing for retirement is as soon as you enter the workforce. If you start early, it is much easier to accumulate enough assets by the time you want to retire. Unfortunately, many people don't start until they are in their 50s—and by then, it is almost impossible to accumulate as much in assets as you will really need to live comfortably in retirement. The best time to start is as soon as you possibly can!

How much to invest. The more you can "sock away" for retirement, the better. Many people have student loans to pay off when they enter the workforce. A good plan is to aggressively pay off those student loans first—perhaps by dedicating about 20 percent of your salary to it. Then, once the loads are paid off, you can start putting that same 20 percent into your retirement account. Ideally, you would contribute the maximum allowed to the retirement account, and force yourself to live on what is left. If you start doing this early and continue through all the years you work, you won't miss having the extra money to spend (because you never had it in the first place).

What to invest in. There are several "tax-advantaged" ways of contributing money toward retirement, including 401(k), 403(b), and 457 plans, traditional IRAs, and Roth IRAs. They can do a lot to help you accumulate the assets you will need while giving you the advantages associated with tax deferral and tax avoidance.

- Some employers contribute matching funds to their employee's retirement plans. For example, they might add 50 cents for every dollar you contribute, up to perhaps 4 percent of your salary. If you are fortunate enough to receive this offer, you should contribute, at the very least, as much as necessary to get the maximum amount of this "free money."
- While contributing to a retirement plan offered by your employer, you can also contribute to your own traditional or Roth IRA accounts, if you have them. Be aware, however, that contributions to these tax-advantaged accounts are basi-

cally “locked in” until you are at least 59½ years old. If you want to take out the money before then, you will be penalized along with paying taxes on it.

- Within a retirement plan, you will typically need to select one or more mutual funds to invest in. The same advice applies here as for nonretirement investing: Choose mutual funds that are low in cost, well diversified, and “no-load” (which means the shares are sold without a commission or sales charge). For retirement investing, most fund companies have developed funds specifically designed to be all-in-one investment programs for those intending to retire around a specific year. These are known as target-date funds: As you approach your retirement year, the investments are moved gradually to more conservative shares—with more bonds and fewer stocks—just as an expert financial advisor might recommend. As with other funds, you should shop around for the no-load target date funds with the lowest expense ratio.
- While it is possible to open a retirement account at a brokerage firm, you can also open one directly at a fund company.

Borrowing Money

At some point in your life, you may need to borrow money, whether to buy a car, a house, or to pay for a college education. When you borrow money to buy something you are buying it on *credit,* which is another way of saying that you took out a loan.

Maybe you have borrowed money from a friend or a family member and repaid it in a day or two. If you could not pay back the sum in one payment, you might have made smaller, regular payments, called *installments.* If you borrowed $10, for example, perhaps you repaid it over a month at $2.50 a week. This type of borrowing is straightforward because you pay back exactly the amount loaned to you.

However, most loans require that you pay back not only what you borrowed (the principal) but also a finance charge (interest). Lenders, such as banks, charge borrowers for the privilege of temporarily using the lender's money. Remember, the bank may pay interest on your savings account because you are letting the bank use your money.

The total finance charge depends on several factors:

1. The amount you borrow.
2. The amount of any fees charged by the lender.
3. The interest rate charged, which is generally a percentage of the principal. For example, if you borrow $10 at 5 percent interest, you would pay back $10, plus 50 cents.
4. How long it takes you to repay the loan.

Naturally, it is better to save money in order to make purchases without borrowing. Paying finance charges adds to the real cost of the item you are buying. However, sometimes it is difficult to save enough money to pay for expensive items, such as a car, a house, or college tuition, and you have to borrow.

When it is time for you to borrow, the following tips will help reduce your costs.

- **Shop around.** Different lenders charge different interest rates. An interest rate that is just one percentage point lower can provide substantial savings.
- **Compare the annual percentage rate (APR),** not just the simple interest rate. The APR reflects the true percentage rate of a loan because it takes into account various fees and other costs over the life of the loan. The APR is always higher than the simple interest on a loan, unless there are no additional fees or other charges. While loans may include fees and other costs in the APR calculation, credit cards normally do not do so. As a result, the APR for credit cards does not accurately reflect the total amount you must repay.
- **Ask what the total cost of the loan will be** in dollars and cents. The lender must disclose this.
- **Find out the amount of any and all fees.** Fees add up quickly and can greatly increase the cost of a loan.
- **Do not always choose the loan with the lowest payment.** A lower payment might mean a longer payment period. The longer you take to repay a loan, the more you will pay in total interest charges. If you take five years to pay off a car loan instead of three, you could pay 60 percent more in interest.
- **Ask if there is a charge for paying off the loan early**—for example, paying off a three-year loan in two years. Try to get loans that do not penalize you for repaying the balance early. Paying off the loan early can save you interest payments.

When it comes to securing a loan and using credit cards (and not paying off the balance every month), compounding works *against* you.

Before you borrow, the lender will check on you, just as you should check out the lender. The lender must be confident that you have the ability to repay the loan. You probably will need to prove that you have steady income, and, if you have borrowed money before, you will need to show that you paid it back. The lender also might ask for references. These are other people or businesses that will state that you are trustworthy.

In some cases, a loan must be *secured.* This means that if you fail to make payments the lender can take possession of whatever you bought with the money you borrowed, such as a car or house.

By the time you reach your late teens, you probably will have received numerous offers from credit card companies to apply for their cards. Just remember that you are personally responsible and legally obligated to pay back all amounts charged to your card.

Credit Cards

A credit card is a form of loan—just as if you had borrowed cash from a bank. It can be a convenient substitute for carrying checks or a large amount of cash and especially useful in emergencies. However, because credit cards do not seem like real money and are easy to use, people often buy items they cannot afford and that they cannot pay for when the credit card bill is due. In fact, credit cards do represent real money; using them unwisely can lead to financial difficulties.

A credit card, issued by a bank or credit card company, can be used to pay for any product or service as long as the seller accepts the card. Not all sellers accept credit cards or a particular type of credit card, however.

In addition, credit cards have a charge limit, which means you can charge only up to the amount the credit card issuer allows. The limit usually is based on your income, credit history, and other factors that might affect your ability to repay. When you reach your credit limit, you must stop using the credit card until you pay off at least some of the accumulated debt.

When you use a credit card to buy something (a process called charging), you will swipe your card, insert your chip-enabled card, tap your card to the reader, or use a contactless payment technology such as Apple Pay to complete your payment. The store receives payment from the bank that issued the credit card, and the bank collects the cost of the purchase from you.

You are billed each month for the total amount charged. You must pay the minimum amount stated on the bill each month. If you do not repay the entire balance, instead paying only part of it, a finance charge will be added to the unpaid balance. This can be expensive because the annual interest rate can be 18 percent or more. The longer it takes to pay off the balance, the more costly the items you bought become.

Credit cards look like and can be used in much the same way as debit cards and charge cards. Because a debit card is connected to your checking account, the costs of any purchases you make with it are automatically deducted from your checking account.

Credit Record

When you begin using a credit card or when you take out a loan from a bank, you will begin building a "credit record"—a history of how well you have paid your bills. It is much like the history of a baseball player's career. If you trade baseball cards, you know that a player's playing history usually is recorded on the back of the card. You can tell at a glance whether a player is a good hitter, pitcher, or fielder.

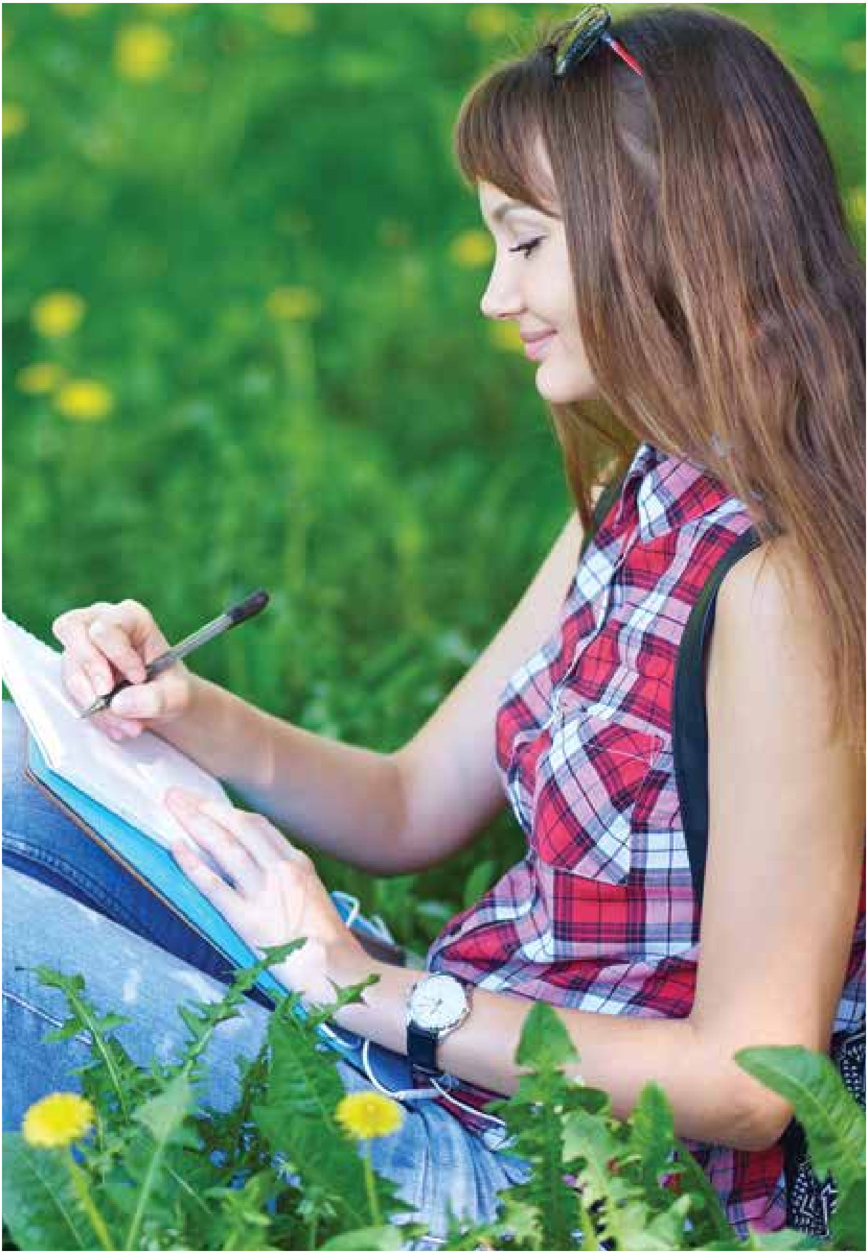
Companies called *credit bureaus* keep track of the credit histories of individuals. Your history will tell whether you are good at paying back your debts. Anyone offering credit to you likely will check with credit bureaus to see if you have paid your bills promptly.

People who do not use credit responsibly can get into serious debt. Some people use too much credit and owe more than they can reasonably pay back. If this happens to you, you might not be given additional credit when you need it sometime in the future. Some businesses, including potential employers, also might check credit histories. It pays to maintain a good credit history by paying your bills on time.

If you do get into debt problems, here are some tips to help reduce or eliminate debt:

- Stop buying things you do not need. See what you can do without for a while, such as movies, video games, and snacks.
- Pay cash for purchases. Do not charge anything.
- Perform "plastic surgery." Cut up your credit cards if you cannot stop from using them.
- Make a budget to track your income and expenses.
- Try to earn extra money to help pay off debts.

College-bound Scouts, don't become credit bound, too. Many colleges and universities join with major credit card issuers to offer students credit cards because the school receives hefty fees in return. If you are in the market for a credit card, shop around just like you would for any other "product." Look for a low interest and low or no annual fee. Once you have a card in hand, use it responsibly and pay your bills on time. Pay the whole amount due each month—not just the minimum payment allowed—and keep your credit limit low so that you can't overindulge.



Planning Your Time

It is important to learn to manage time just as you have learned to manage money—carefully and with thought. As you learn how to take more responsibility for yourself, managing your time is one important way of serving that aim. Everybody has the same amount of time each day; we spend it the way we choose. If we spend time wisely, it can pay dividends, just as an investment does. Many people do not realize it, but by using time more effectively, they can reduce stress, be more productive, and usually have more time to relax and enjoy life.

There is no perfect way to balance your time, but there are a number of plans. These plans often direct you to change how you think, act, and use your time. You will discover that by organizing your life and time, sometimes in little ways, you can spend your time wisely.

You don't have much choice over when you need to wake up on school days or work days, but you usually can control when you go to sleep, so be sure you are going to bed early enough.

Part of planning your time wisely includes making sure you get the sleep you need to function well during the day. Getting a good night's rest helps make sure you have the energy and mental focus you need for school, play, and work.

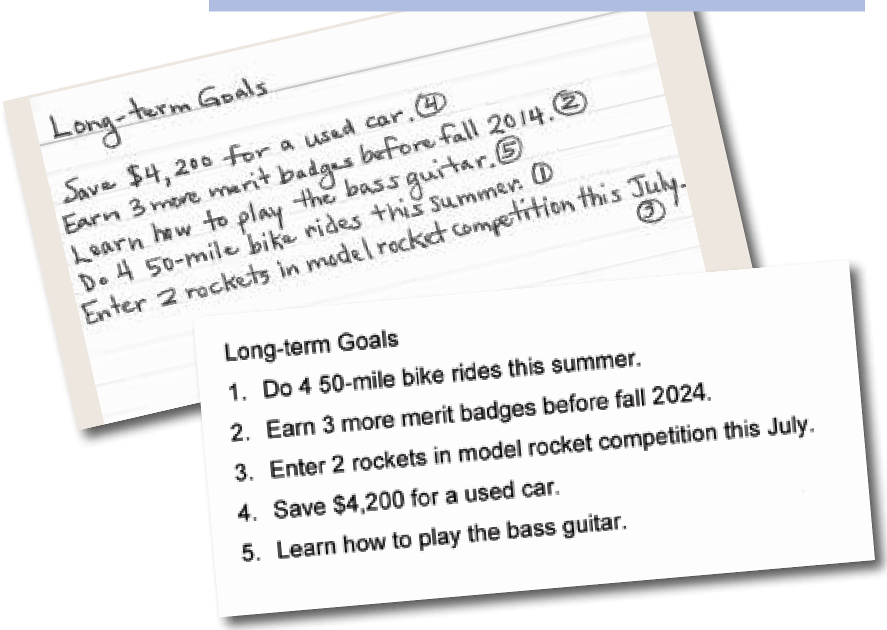
Setting Goals

Sometimes it might seem that you do not have the same amount of time that you did when you were younger. However, you had the same number of hours in a day then as you do now. You just had fewer things to do.

To make the most of your time as you become busier, set goals, just as you do to manage your money. Plan the activities you need and want to do, and then determine how to accomplish them. Doing this can go a long way toward helping you use your time effectively.

To get started, list your short-term and long-term goals. Short-term goals are those things that you want or need to do today, tomorrow, or in the next week. They might include finishing a homework assignment, going to a troop meeting, or going to baseball practice. Long-term goals are things you want to accomplish over the next several weeks, months, or years. These could include writing a term paper, earning two or three merit badges, learning a foreign language or to play a musical instrument, or studying subjects that will help you in a career.

Organizing your short-term and long-term goals is like playing a football game. Short-term goals include making first downs and advancing the football. The long-term goal is to cross the goal line and score a touchdown. It takes planning to do that.



Studies show that those who take the time to write down and prioritize their long-term goals are more likely to fulfill those goals.

Be specific about what you want to do, such as completing two merit badges, and when you will do it, including the number of days, weeks, or months. Estimate how long it might take in hours and how you are going to accomplish it, such as setting aside a set number of hours each day or each weekend. When planning, start with the end result and work backward. This will give you a better idea of how long it will take to reach the goal.

Writing down your goals helps you see what and how much you need to do. Pin your list of long-term goals to a bulletin board or in some other prominent location. List your short-range goals on a calendar or some other daily organizer. This is your "to do" list for the week. Today, for example, you might need to read a chapter in one of your schoolbooks, go to sports practice, and then study for a test in another school subject.

Do not limit your choice of goals and activities just yet. Write them all down. Then use the next section to help you figure out which ones deserve more of your time and help you schedule those activities.

Setting priorities often means that you will need to give up a short-term pleasure so that you can enjoy a more rewarding pleasure in the future. As you develop the self-discipline to follow your priorities, you will gain self-esteem and personal satisfaction.

Setting Priorities

Because we do not have the time to do everything we need or want to do, it is important to set priorities. You already learned something about priorities when you set your goals. By deciding what you most want to do in the future, you decided many of your most immediate priorities.

Some priorities will be obvious, such as homework, going to Scout meetings, attending worship services, and getting to work on time. Other priorities will be less clear. Perhaps you want to assemble a plastic model or improve your pitching technique for baseball. Maybe you want to earn two merit badges in a certain time frame. How will you have enough time to do all of these activities? Setting priorities will help you determine which goals are more important to you.

Study your short-term and long-term lists and ask yourself if you really want, or need, to do each activity. Number each item from most important to least important—from 1 to 10, for example, with 1 having top priority. Then begin work on the most important items first. You will focus your attention on these before moving to items lower on the priority list.

For requirement 8(c), you will need to track your progress as you follow your seven-day "to-do" list. Then, for requirement 8(d), you will need to review your "to-do" list, schedule, and journal to determine when your schedule worked and didn't work. Your counselor will help you understand how to make some adjustments so that all these tools work for—not against—you.

Accomplishing Goals

Now that you have listed your priorities, it is time to get started on the list of things to do. Getting started can be the hardest part. People are more likely to *procrastinate,* or put off tasks, when a project is large or unpleasant or the deadline is a long time away. One trick is to break down large tasks into smaller ones. You also can do this when working on a long-term goal. For example, if you have a term paper due in six weeks, break up the tasks into stages, such as the following:

1. Collect research materials.
2. Take notes on research materials.
3. Organize notes and write an outline.
4. Write a first draft.
5. Write a second draft.
6. Prepare the final copy.

Set a deadline for each stage and write deadlines on your calendar. For example, you might collect research material this week, take notes next week, and so on. By doing this, the term paper becomes several smaller, more manageable tasks instead of one large, difficult project.

Before you start, remove clutter and organize your work area. The less time you spend searching for information or tools, the faster you will finish. Also, eliminate potential distractions and minimize interruptions such as phone calls or text messages. Return calls and messages after you have finished your tasks.

OCTOBER

S	M	T	W	T	F	S
			1 English midterm paper due 8-9:30 Study geometry Swim practice 5 p.m.	2 Troop meeting 7 p.m. Make Dad's b-day card	3 School play 7 p.m. *Geometry midterm*	4 Swim meet at school 8:45 a.m. Library research 1:00
5 Meet Ted at library 3:30 to research biology project Church 11 a.m.	6 Make packing list for hike Swim practice 3 p.m.	7 Dad's birthday "Free" day!	8 Study Spanish 8-9:30 Swim practice 5 p.m.	9 Troop meeting 7 p.m. Study Spanish 9-10	10 Pack for troop hike Spanish midterm	11 Troop hike at Wills Point
12 Finish creative writing draft after Ted leaves Church 11 a.m. Ted comes over 6:30-8 to finish biology project	13 Creative writing draft due Swim practice 3 p.m.	14 Biology midterm project due Church choir 6:30	15 Study for history midterm 7:30-9:30 Swim practice 5 p.m.	16 Troop meeting 7 p.m. Study for history midterm 8-9:30	17 History midterm *Football game*	18 Help Mom with her luncheon
19 Church 10 a.m.	20 Read for English, 8-10 p.m. Swim practice 3 p.m.	21 "Free" day!	22 Phys Ed test Swim practice 5 p.m.	23 Troop meeting 7 p.m.	24 Homecoming *Football game*	25 Homecoming dance 7 p.m.
26 Gather materials for Spanish cook-off Church 10 a.m.	27 Make ice cream for Kim's party Swim practice 3 p.m.	28 Pack stuff for Spanish cook-off Church choir 6:30	29 Spanish cook-off Swim practice 5 p.m.	30 Troop meeting 7 p.m.	31 Party at Kim's	

Time-Saving Tips

These tips can help you manage your time more wisely, avoid spreading yourself too thin, and be prepared for unexpected delays or emergencies.

Reward yourself for accomplishments along the way. Tell yourself you will get a snack, call a friend, shoot some hoops, or relax for a few minutes *after* finishing a particular homework assignment or chore.

Schedule some relaxation time each day. Avoid filling each minute of the day with a task. Everyone needs a little time to relax, watch TV, read, play a game, or simply do nothing.

Schedule "emergency" time. Activities often take longer than planned and, sometimes, unexpected things happen. When you plan your day, schedule a little extra time to use in case you get behind.

Check off each item as you complete it so that you can see your progress. This is especially helpful when you break down a large project into smaller ones.

Try to schedule the most difficult tasks for the time of day when you are the most productive. Some people are more productive in the morning, and others are more productive in the afternoon or evening.

Be flexible and make adjustments if necessary.

Ask for help or directions if you are unsure about something. It could save much time.

Eliminate low-priority items. Ask yourself, "What *don't* I have to do?" and erase unnecessary tasks from your "to do" list.

Say no. This could mean saying no to yourself and to family and friends about doing things that might interfere with your work. Commit yourself to things that you must do or really want to do.

Stop often and ask yourself, *"What is the best use of my time right now?"*

Reevaluate your goals from time to time. They might change as time passes.

Planning a Project

For any project you undertake, including education or vacation, a plan will help you gain a better understanding of what it will take to accomplish it.

Let's say you are organizing a camping trip for your family. First, consider the project's scope. What will be the purpose or goal of the trip? Will you need special equipment or training? How long will the trip be: one day, overnight, or longer?

Planning will involve deciding where to go, how you will get there, and how long it will take to travel there. What activities do your family members like? You probably will want to go to a place where you can do these activities. Or, maybe your family wants a new adventure. You also will need to determine the best season to go and, if possible, see what the long-range weather forecast will be.

For example, if your main goal is to go hiking, bird watching, or to visit a natural or historical site, then you and your family probably will stay at one location. The equipment needed probably will not include more than hiking or walking shoes, maybe binoculars, and appropriate clothing. However, a camping trip might include more activities, such as canoeing, rappelling, backpacking, bicycling, skiing, or collecting specimens of rocks and flowers. These activities require special training and/or special equipment. Also, a camping trip probably will be longer than a day or two and might involve changing your campsite location once or twice.

Check out the various options for places to stay and know what is required to stay there. The National Park Service, state and county parks and recreation departments, the Forest Service, Army Corps of Engineers, or the Bureau of Land Management administer many campsites. Some sites might be privately owned or require reservations.

You can use a notebook, a pocket or wall calendar, or a spreadsheet to keep track of tasks, appointments, notes, addresses, and phone numbers. Another way to organize your life is to use a smartphone or electronic tablet. These electronic devices can, however, be pricey.

Also find out what facilities are available, such as restrooms, showers, potable water, picnic tables, electricity, types of shelters, phones, and whether campfires are allowed. You can find this information on the internet, in camping guidebooks, or by phone.

Next, determine the type of and how many clothes you will need on the trip. Checking the weather forecast will help you decide what clothing and other gear you may need. You also will need to plan how much food, water, personal hygiene and first-aid supplies, cooking utensils, maps, and other gear you must take. Make a list and check off each item as you pack it.

The length and destination of your trip, as well as the activities you plan to do, will be determined in part by your trip budget and the time you have. You might discover that the trip you want to take could cost more than you can afford, in which case, you will have to decide what activities or equipment to subtract. Among the trip's expenses will be fees for campsites and/or any activities you plan to do. Other expenses will include the costs of any special equipment, travel, food and other supplies, and any required permits. You might not have enough time to do all the activities you have planned. You will need to prioritize those things you really want to do as opposed to those things you would like to do.

The more planning you do for a project, the less likely it will be that you will encounter surprises. However, it would be wise to develop a backup plan in case something changes, such as the weather conditions in the area you plan to visit.

As you plan your activity, develop a list of resources such as weather and visitors' bureaus or tourist information offices for the area you plan to visit. Perhaps you might find coupons for discounts and family or group rates. Ask your librarian at school or a public library for help, or (with your parent or guardian's permission) surf the internet.

Outdoor Essentials

The Outdoor Essentials go with you on every camping trip. They form the foundation of equipment and nourishment that can help you through tough times and make good experiences even better.

- ☐ Pocketknife
- ☐ First-aid kit
- ☐ Extra clothing
- ☐ Rain gear
- ☐ Water bottle
- ☐ Flashlight
- ☐ Trail food
- ☐ Matches and fire starters
- ☐ Sun protection
- ☐ Map and compass

Personal Gear Checklist

- ☐ Backpack
- ☐ Sleeping bag or two to three blankets
- ☐ Sleeping pad
- ☐ Ground cloth
- ☐ Eating kit containing:
  - ☐ Spoon
  - ☐ Plate
  - ☐ Bowl
  - ☐ Cup
- ☐ Cleanup kit containing:
  - ☐ Soap
  - ☐ Toothbrush
  - ☐ Toothpaste
  - ☐ Dental floss
  - ☐ Comb
  - ☐ Washcloth
  - ☐ Towel

Personal extras you may want to take:

- ☐ Watch
- ☐ Camera
- ☐ Notebook
- ☐ Pencil or pen
- ☐ Sunglasses
- ☐ Small musical instrument
- ☐ Swimsuit
- ☐ Work gloves
- ☐ Pack rain cover

Make your list and check it twice.

Make sure the equipment works properly. Have everyone in the family help set up and try out the gear in advance. Everyone will become familiar with the equipment and this could help prevent difficulties on the trip.

Thinking About Your Future

You probably have thought about what you would like to do for a living when you become an adult. Perhaps you have dreamed of being a professional athlete, musician, pilot, truck driver, computer programmer, teacher, architect, horse trainer, police officer, auto mechanic, or the president of your own company. These are careers—your life's work.

As you think about career possibilities and your future, it helps to identify your interests first. Once you pinpoint those interests, then you can explore the opportunities available in those areas. Being a skilled writer will help no matter what profession you end up choosing. You won't regret fine-tuning your writing skills now to be better prepared for the future.

Your career path probably will involve training and/or education and holding positions that have increasing responsibility. For example, a student might enjoy writing for a high school newspaper and earn a four-year degree in journalism before gaining a position as a reporter for a small local newspaper. Over the years, work experience will gain the journalist higher positions at larger publications and ultimately, perhaps, the title of executive editor at a national newspaper or other publication.

People hold many different positions throughout their lives, and often people change careers. Experts say that, on average, people go through 10 different positions and three different careers during their working lives.

A career is a way to earn money. You are paid money for performing certain duties. But a career should be more than a way to make a living. Ideally, it should be emotionally, spiritually, and intellectually satisfying as well. Try choosing a career that you are good at doing and one that you truly like. It can be tough to work in a position that you do not like, even if you are earning a lot of money.

Exploring Career Possibilities

If you are still trying to decide what career you would like to pursue, do not worry. Sometimes career decisions are not made until college or later. There is nothing wrong with that. It often is difficult to determine what you want to do. Or, perhaps you already have a good idea of what you want to do, especially if you are nearing high school graduation. Either way, you can do a number of things to explore potential careers.

First, ask yourself what you do well, think about your values and your ambitions, and make a list. What are your hobbies? What do you enjoy doing? What are your best subjects in school? You are more likely to succeed in a career if it is a field in which you can use your talents and that you enjoy. For example, if you are good in mathematics and science, you might pursue a career in engineering or computer science. But, do not be restricted by what you are good at doing. Instead, use these skills as a guide.

Find out the level of education you will need for the career that interests you. Does the occupation require technical education and training? A bachelor's degree or graduate school and training? What about internships? You will need to review your long-term goals and determine how much time you are willing to devote to training and education before actually earning a living even begins.

Consider your salary needs and earning potential. Money alone does not bring happiness, but it is an important factor. For some people, making money is their reward for working. You can decide whether making money or doing something that you enjoy is rewarding for you.

Choose a career that supports the way you would like to live, or at least one that supports your potential to achieve your goals.

Determine the businesses or industries that are likely to grow and those that are likely to decline by the time you start your career. This, of course, can be difficult. You can use information found on the website of the Bureau of Labor Statistics (see the resources section) as a guide to compare employment trends and projections. Be aware that local trends might differ from national trends.

Think about where you want to live. Do you like warm or cold climates? How is the employment market where you would like to live? You will find that salary ranges vary in different states for the same types of positions.

Is the career you picked versatile? For instance, if you have chosen a career in journalism, what other fields would be open to you if you wanted to make a career change? If you like writing, for example, you could become a different type of writer, such as a novelist. Or, while you are in college, you could take courses that would help you in another field. If you like government, for example, take government courses along with journalism courses. By doing that, you might be able to pursue a career as a professor or a politician if you decided not to continue as a journalist.

To help decide on a career, work part-time or get an internship in your chosen field. Firsthand knowledge will give you better insight into the nature of the career and help make up your mind.

If you can, talk to people working in the career you would like to pursue. Ask them about their training and education and what they would recommend you do to enter the field. Ask them what they like or dislike about their career and about the employment outlook for that field. If they do not want to discuss what they earn, try to determine what they might be earning by researching the position on the internet and checking employment advertisements in the local newspaper and online.

You do not have to choose a career right away. In fact, it probably is best to explore several career possibilities to find the right one for you. A career is a big part of a person's everyday life. It is important to spend that time doing something you truly enjoy and find worthwhile.

Finding a rewarding career takes thought, creativity, and hard work. It means setting specific goals for where you want to be in five, 10, and 20 years. It means investing in yourself by staying in school or perhaps through retraining or going back to school. It means taking responsibility for your future.

The Worthwhile Costs of Education

You and your family might have discussed the costs of going to college. Earning a college degree can be quite expensive and the costs rise each year. To get an estimate of what it would cost you, contact the college you would like to attend and determine the "all-in" cost of attending for one year, including tuition, books, room and board, and miscellaneous expenses. This information is usually available on the college's website. Multiply that by the number of years you expect to attend. Factor in yearly cost increases and the likelihood that it will take longer than four years to earn your degree.

Because college can be expensive, many students seek financial aid to help pay for expenses. You can earn scholarships through academic or athletic achievement to help cover a portion of your educational expenses. You may have to pay for some or all of your education with loans. As an example, for those students who borrowed from the government, the average federal student loan debt is now more than $35,000.

Ask your school counselors about scholarships. Numerous scholarships are available, for different amounts. Also, some philanthropists provide scholarships and grants. Apply for all scholarships and grants for which you are eligible, no matter how small. Every little bit helps. This is especially true since any funds you receive from a grant or scholarship would lessen the amount you might need to borrow for your college education.

Websites where you can find information on financial aid are listed in the resources section of this pamphlet. Be sure to get your parent or guardian's permission when you use the internet as a resource. Additional information about financial aid is available at the library or from your school counselor. Investigate all possibilities. Most of the information can be obtained for free.

The U.S. military offers significant educational benefits for its members after they finish their enlistment. Some people enlist for a few years specifically to get those educational benefits. Top students can also get most (or all) of their college educations paid for with ROTC scholarships or by attending one of the service academies, though those options also require you to serve as an officer for a few years after college.

Some students help pay for college by working part-time or even full-time jobs while also attending classes. Juggling all this can make it difficult to do well in school, but some very motivated students manage to do so.

Time Management + Money Management = Life Management

You may have never considered a career in either time or money management. But, if you have ever felt a sense of accomplishment and excitement when you have watched your money grow, you may want to consider the fascinating field of money management. If you have ever wondered who schedules TV programs or determines how long the red light at a traffic signal should be, then a career related to time management might be right up your alley.

When we make money grow, we are helping ourselves live a more secure lifestyle. Financial planners help other people do just that by helping them manage their money and prepare for a better and more secure future. For instance, a financial planner might advise you or your parent or guardian in both short-term and long-term money or stock plans. It might not be obvious, but your choices could have a far-reaching effect, touching the lives of many people directly and indirectly. In the stock market, you might help another company expand and create more positions for others to earn a living. In the banking industry, you might advise your local bank to invest in its community to foster a better life for those who live there. All of this can be accomplished by a professional financial planner.

Think about how time management affects your life in many routine ways—your day-to-day schedule, vacation, classes at school, religious services. Have you ever been late or made it in the nick of time to an event? Time managers plan the schedules for concert halls, stadiums, airline flights, buses, and trains. They also determine things like how long the pedestrian crossing light should be. All of these decisions were made by time specialists who make the science of time management a career. Time managers and specialists are our timekeepers, and without them our lives would be very chaotic.

So, there is no telling where in life the Personal Management merit badge might lead you.

Insurance

Insurance is often misunderstood. For most people, there are only two good reasons to buy insurance:

- If it is legally required (such as auto insurance if you drive a car) or
- If you or your loved ones would bear an unreasonable financial burden should the insured event(s) occur.

Typical insurance policies have payments that you make (called *premiums*), a specific benefit amount that you receive when you make a *claim* if the insured event occurs, and a *deductible* (a specified amount you must first pay "out of pocket" before the insurance company pays the benefit).

In order to set its premiums for a particular insurance policy that you might buy, an insurance company makes its best guess about how likely the insured event is to happen to you and ensures that the premium you will pay is high enough to cover the amount of the benefit payout, on average, plus the company's overhead expenses and its profits.

The main reason that most people buy most types of insurance is because they would need help paying large bills associated with an insured event. It is possible to buy an insurance policy with a low deductible that would help you pay small bills. However, such a policy would be unnecessarily expensive, and many people do not need help paying small bills.

When you are buying an insurance policy, you should select the highest deductible that you could afford to pay if you had to. The benefit of selecting a higher deductible is paying lower premiums.

There are different types of insurance:

- Auto insurance typically covers incidents involving your car that might cause financial loss, such as property damage, car repairs, or medical expenses as a result of an accident. A prudent strategy is to buy the minimum amount of auto insurance you need and shop around for the best deals (lowest premiums for identical coverage).
- Disability insurance pays you if you should become disabled so that you cannot work.
- Health insurance helps you pay medical bills.

• Homeowner’s/renter’s insurance covers your home and possessions against theft, fire, and other incidents that might cause financial losses to your home or property.

• Life insurance pays out to your loved ones when you die. Most adults in the U.S. already have life insurance in the form of Social Security survivor benefits. This may provide enough coverage by itself.

There are two main types of life insurance: term and whole life. Term insurance pays a specified amount if you die during the covered term (for example, a 10-year period). Whole life insurance pays a specified amount regardless of when you die. Term insurance costs much less than whole life insurance. Whole life insurance, however, is aggressively sold by insurance companies because they make significant profits from selling it. Most people who need life insurance at all should buy term insurance, shopping around for the least expensive policy that provides the coverage they need.

Personal Management Resources

Scouting Literature

American Business, American Labor, Entrepreneurship, Family Life, Inventing, Salesmanship, and *Scholarship* merit badge pamphlets; also see merit badge pamphlets on particular careers or vocations.

With your parent or guardian's permission, visit Scouting America's official retail site, **scoutshop.org**, for a complete list of merit badge pamphlets and other helpful Scouting materials and supplies.

Books

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Organizations and Websites

Affordable Colleges Online
affordablecollegesonline.org/financial-aid/financial-aid-for-online-colleges

Bureau of Labor Statistics
U.S. Department of Labor
bls.gov

Consumer Financial Protection Bureau
consumerfinance.gov

Federal Trade Commission Consumer Information
consumer.ftc.gov

Higher Education Financial Wellness Alliance
cashcourse.org

The Motley Fool
fool.com

National Association of Investors Corporation
Toll-free telephone: 877-275-6242
betterinvesting.org

The SmartStudent™ Guide to Financial Aid
finaid.org

U.S. Department of Education Federal Student Aid
Toll-free telephone: 800-433-3243
studentaid.gov

YoungBiz USA
youngbiz.com

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Brian Payne—pages 6 *(both)*, 8, 15, 17, 24, and 48

Randy Piland—page 14

Alex: How can you tell when a Scout has earned the Cooking merit badge?
Andie: How?
Alex: They make good use of their thyme.

— *from a valued* Scout Life *reader*

Make good use of *your time* by reading *Scout Life* magazine. It's loaded with outdoor adventure, games and comics, leadership tips, life skills, stories about other Scouts and more. It's just what you need to get ahead. Use promo code **SLMBP15** for a special print + digital bundle when you subscribe today at

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