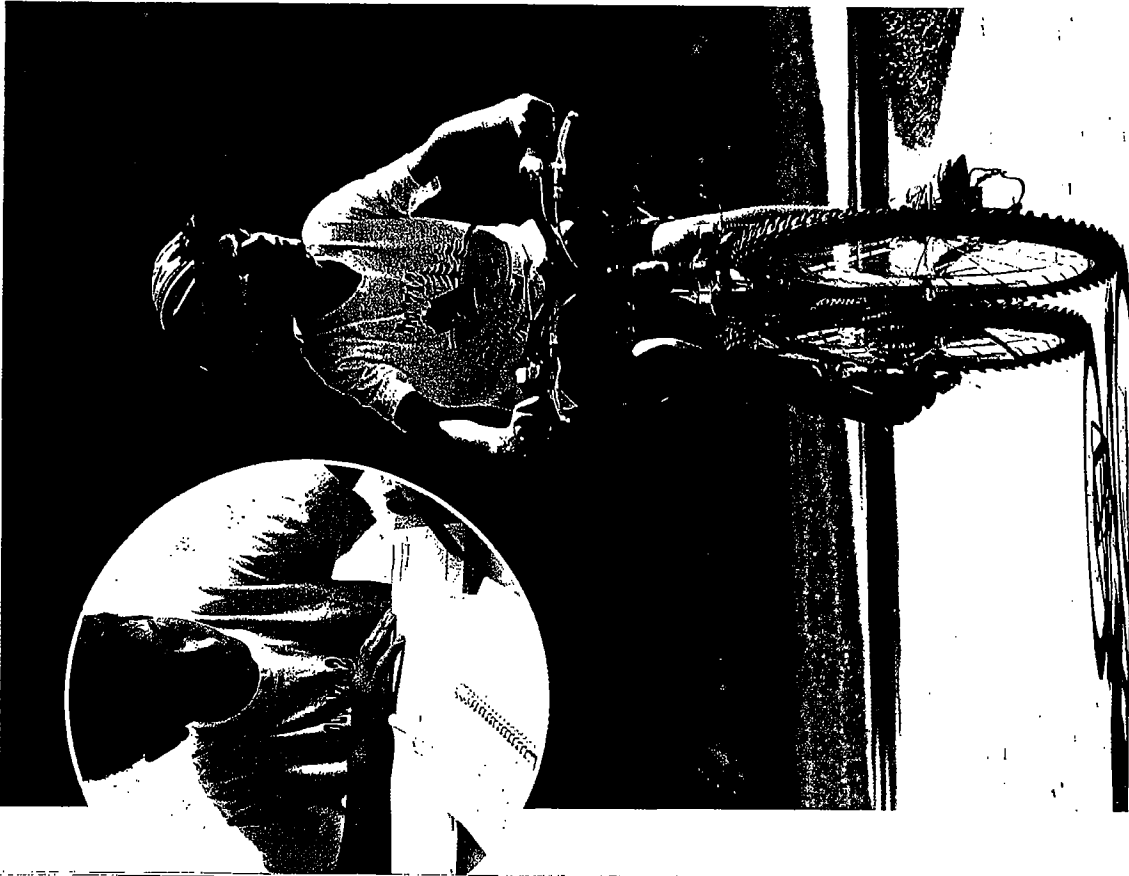


# Requirements

1. Do the following:
    - a. Choose an item that your family might want to purchase that is considered a major expense.
    - b. Write a plan that tells how your family would save money for the purchase identified in requirement 1a.
      - (1) Discuss the plan with your merit badge counselor.
      - (2) Discuss the plan with your family.
      - (3) Discuss how other family needs must be considered in this plan.
    - c. Develop a written shopping strategy for the purchase identified in requirement 1a.
      - (1) Determine the quality of the item or service (using consumer publications or ratings systems).
      - (2) Comparison shop for the item. Find out where you can buy the item for the best price. (Provide prices from at least two different price sources.) Call around; study ads. Look for a sale or discount coupon. Consider alternatives. Can you buy the item used? Should you wait for a sale?
  2. Do the following:
    - a. Prepare a budget reflecting your expected income (allowance, gifts, wages), expenses, and savings. Track your actual income, expenses, and savings for 13 consecutive weeks. (You may use the forms provided in this pamphlet, devise your own, or use a computer-generated version.) When complete, present the results to your merit badge counselor.
- b. Compare expected income with expected expenses.
    - (1) If expenses exceed income, determine steps to balance your budget.
    - (2) If income exceeds expenses, state how you would use the excess money (new goal, savings).
  3. Discuss with your merit badge counselor FIVE of the following concepts:
    - a. The emotions you feel when you receive money.
    - b. Your understanding of how the amount of money you have with you affects your spending habits.
    - c. Your thoughts when you buy something new and your thoughts about the same item three months later. Explain the concept of buyer's remorse.
    - d. How hunger affects you when shopping for food items (snacks, groceries).
    - e. Your experience of an item you have purchased after seeing or hearing advertisements for it. Did the item work as well as advertised?
    - f. Your understanding of what happens when you put money into a savings account.
    - g. Charitable giving. Explain its purpose and your thoughts about it.
    - h. What you can do to better manage your money.
  4. Explain the following to your merit badge counselor:
    - a. The differences between saving and investing, including reasons for using one over the other.
    - b. The concepts of return on investment and risk.
    - c. The concepts of simple interest and compound interest and how these affected the results of your investment exercise.

5. Select five publicly traded stocks from the business section of the newspaper. Explain to your merit badge counselor the importance of the following information for each stock:
    - a. Current price
    - b. How much the price changed from the previous day
    - c. The 52-week high and the 52-week low prices
  6. Pretend you have \$1,000 to save, invest, and help prepare yourself for the future. Explain to your merit badge counselor the advantages or disadvantages of saving or investing in each of the following:
    - a. Common stocks
    - b. Mutual funds
    - c. Life insurance
    - d. A certificate of deposit (CD)
    - e. A savings account or U.S. savings bond
  7. Explain to your merit badge counselor the following:
    - a. What a loan is, what interest is, and how the annual percentage rate (APR) measures the true cost of a loan.
    - b. The different ways to borrow money.
    - c. The differences between a charge card, debit card, and credit card. What are the costs and pitfalls of using these financial tools? Explain why it is unwise to make only the minimum payment on your credit card.
    - d. Credit reports and how personal responsibility can affect your credit report.
    - e. Ways to reduce or eliminate debt.
  8. Demonstrate to your merit badge counselor your understanding of time management by doing the following:
    - a. Write a "to do" list of tasks or activities, such as homework assignments, chores, and personal projects, that must be done in the coming week. List these in order of importance to you.
  - b. Make a seven-day calendar or schedule. Put in your set activities, such as school classes, sports practices or games, jobs or chores, and/or Scout or place of worship or club meetings, then plan when you will do all the tasks from your "to do" list between your set activities.
  - c. Follow the one-week schedule you planned. Keep a daily diary or journal during each of the seven days of this week's activities, writing down when you completed each of the tasks on your "to do" list compared to when you scheduled them.
  - d. Review your "to do" list, one-week schedule, and diary/journal to understand when your schedule worked and when it did not work. With your merit badge counselor, discuss and understand what you learned from this requirement and what you might do differently the next time.
9. Prepare a written project plan demonstrating the steps below, including the desired outcome. This is a project on paper, not a real-life project. Examples could include planning a camping trip, developing a community service project or a school or religious event, or creating an annual patrol plan with additional activities not already included in the troop annual plan. Discuss your completed project plan with your merit badge counselor.
    - a. Define the project. What is your goal?
    - b. Develop a timeline for your project that shows the steps you must take from beginning to completion.
    - c. Describe your project.
    - d. Develop a list of resources. Identify how these resources will help you achieve your goal.
    - e. If necessary, develop a budget for your project.
  10. Do the following:
    - a. Choose a career you might want to enter after high school or college graduation.
    - b. Research the limitations of your anticipated career and discuss with your merit badge counselor what you have learned about qualifications such as education, skills, and experience.



## Contents

Managing Yourself, Managing Your Money . . . . .	9
Being a Smart Shopper . . . . .	12
Preparing a Personal Budget . . . . .	20
Using Bank Accounts . . . . .	27
Saving Versus Investing . . . . .	31
Borrowing Money . . . . .	40
Planning Your Time . . . . .	45
Thinking About Your Future . . . . .	54
Personal Management Resources . . . . .	62

## 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.

### Learning to Manage Yourself

To understand what personal management is about, think of all the things your parents and 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.

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.



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 after you leave home, one of the most important things you will need to learn is how to manage your money. 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.

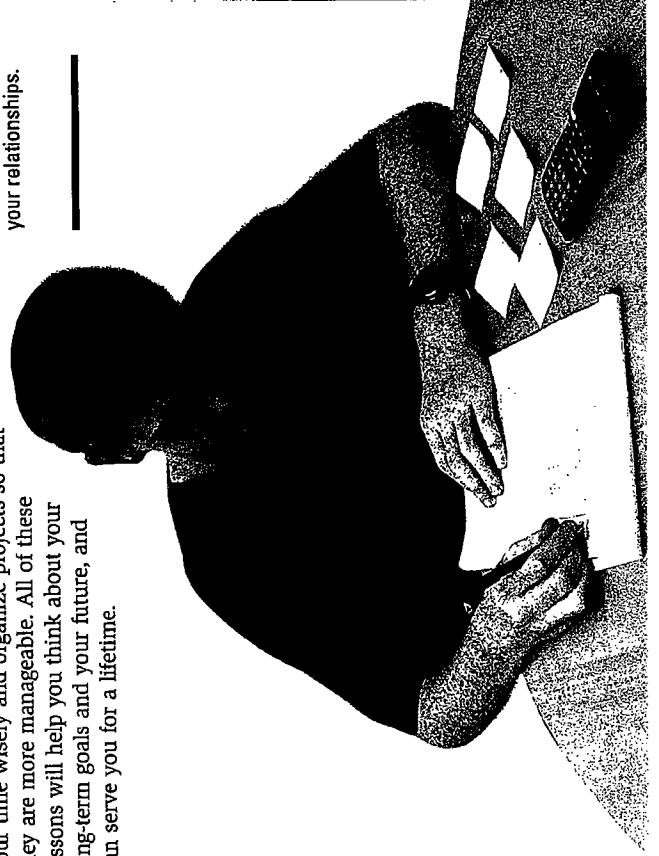
People today face many choices about how to earn, save, and spend money. Because few of us have an unlimited amount of money, among the keys of wisely and effectively managing money is learning to do without (at least temporarily) something we want. However, advertising messages urge us to buy products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

Yet, many of your decisions will involve spending money. Money management skills must be learned, and it is never too soon to start. Poor money management habits can cause family stress and lead to debt and a poor credit history, which can make it difficult to get home loans, car loans, and other financial assistance.

You will 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 low-cost activities such as renting movies and going for walks and hikes.

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. But, money is a major part of life and can affect you, your family's well-being, and your relationships.



## Being a Smart Shopper

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 product's features. The more features it has the more the product will cost, so determine whether you need all of them. If not, you might be able to find a more affordable product that has only the features you need.

Next, 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 Web sites for comments 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 a handy tool for researching a product you are planning to purchase. These guides may provide anything from general details and helpful purchasing tips to more specific information that will help you narrow your selection. For instance, an evaluation of televisions might show a comparison of prices, screen size, audio features (such as surround sound), convenience features (such as wireless remote), and the types of connections that come with the TV—all in one place.

Before you buy the product, talk to family members, friends, or others who might have used it. Did they like it? Was it worth the price? Try the product, if possible, before buying. Rent a video game, for example, or borrow 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.

### Look for Sales

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. 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

Call or visit at least three stores to compare prices and gather additional information about the item. Another store, catalog, or Internet retailer might sell the item for less than another retailer's advertised sale price.

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

The Internet can be a valuable resource for researching a product in which you are interested. When you "surf" the Web, be sure you have your parent's permission first.

