



'Tis the season for smart spending

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When I was in the classroom, one of my students' favorite personal finance activities was comparison shopping. I discovered that a meaningful way to teach savvy spending, especially this time of year, was through real shopping scenarios, like purchasing Halloween costumes, Thanksgiving dinner items and holiday gifts. After I supplied the kids with ads from local stores, we would shop from our desks, looking for the best buys on treats and costume accessories, dinner necessities, or presents. Students were often amazed at the difference in price for the same item at various stores. They would make their shopping lists based on the bargains they found and vow to visit the stores with the best buys. You can do this same fun and practical lesson at home to encourage smart spending.

Point out to young consumers that in comparing the price of similar items, we can make more informed choices and save money on purchases. This practice will help them budget and avoid impulse buys, developing these skills for adulthood.

It's important to be prepared before the shopping trip begins. Share and discuss the "Be a Savvy Shopper" tips on Page 26 to prepare kids in advance, then head to the store together. Allowing your children to actively participate in the purchasing process makes the lesson more memorable.

This fall before hunting with your child for the perfect Halloween costume, be ready to set a non-negotiable price limit. Collect ads from several local stores and look through them together. Once your shopper is in the costume aisle, ask him to consider the costume design, size, quality and cost of several of his favorites before making a decision. If you'd like to add an economic concept to the mix, you can explain that when he makes his final choice, he will have an "opportunity cost," or secondary choice that he gave up for his primary selection.

As November rolls around, plan to take your child for a few Thanksgiving meal shopping trips. Ask your child to use the "Be Aware and Compare Chart," also on Page 26, to list all food items, filling in the amount needed, size or weight, brand, and price at Stores A and B. He should pay attention to sales and purchase limits. Ask your child to be your personal shopper, using the chart to recommend the best buys at the stores you visit.

When the gift-giving season approaches, have your child make a shopping list of his or her family members and friends. Because sales abound this time of year, you may want to play "The Better Birthday Buy" game on Page 27

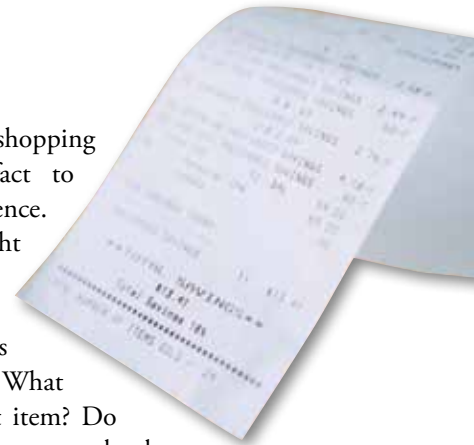


to sharpen math skills before heading out to shop. Children often have trouble figuring the percentage discount, so use the game cards and store ads to give them practice. Discuss the fact that sometimes sales aren't as good as they sound, such as "buy one, get one at half off," which is only a 25 percent reduction off each item.

Once your child is comfortable with percents and has followed the "Savvy Shopper" tips, allow him or her to make reasonable choices and purchases. Older children can do their comparison shopping and price checking online. By visiting the virtual stores, children can narrow their gift ideas and easily compare items to get the best overall buys. This preparation should help them stay within their holiday gift budget and avoid impulse purchases.

Discuss your child's shopping adventures after the fact to evaluate the experience. Some questions you might ask: Were the purchases you decided upon better buys? What was your best bargain item? What was an opportunity cost item? Do you feel confident that you made the best choices?

Regardless of the occasion, these comparison shopping experiences will develop kids' financial awareness and consumer expertise for many shopping trips to come.



Financial Education Resources

The Kansas City Fed is committed to promoting economic and financial literacy and greater knowledge of the Federal Reserve's role by providing resources for teachers, students and the public.

Online at [KansasCityFed.org/TEN](https://www.kansascityfed.org/TEN):

"Kids and Money—Teaching Children to Manage Their Finances" A booklet of family activities to teach school-age kids about savings goals, budgeting and shopping.

"You Are Here" A website with a virtual mall where kids ages 10-14 learn consumer concepts as they visit local businesses.

"Smart Shopping" A website that gives tips to teenagers on ways to stretch their dollar while shopping for clothes, entertainment, electronics and sporting goods.

Books:

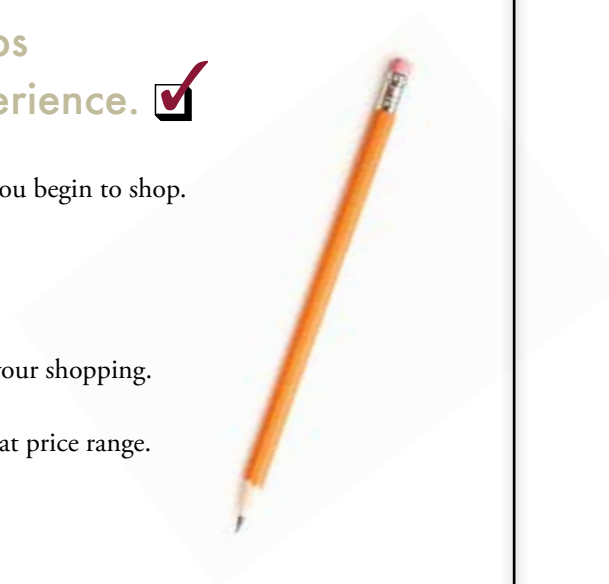
Bunny Money by Rosemary Wells
Characters go shopping for their grandmother's birthday present; spending choices lead to a lesson about the value of money. For ages 5-8.

Pigs Will Be Pigs by Amy Axelrod
A pig family's quest to collect money to go out to dinner; readers look at the dinner menu to decide what the pigs can afford. For ages 5-8.

Be a Savvy Shopper:

Do your homework! Follow these tips for a more successful shopping experience. 

- ☐ Check the store ads for the items you want to buy before you begin to shop. Note the stores with the better buys.
- ☐ Plan a shopping trip to the store(s) with the best sales.
- ☐ Narrow your possible choices of desired items to simplify your shopping.
- ☐ Estimate how much you can afford to spend and stay in that price range.



Be Aware and Compare:

Item to Buy	Quantity	Size or Weight	Brand or Type	Store A Price	Store B Price

"The Better Birthday Buy" game cards

Sometimes a sale isn't always the best deal.
Calculate which item is less expensive.

Easier Game

Harder Game

A

Which is the Better Birthday Buy?

B-Day Card 1

B-Day Card 2

\$1

\$1.50 with 50% off

E

Which is the Better Birthday Buy?

B-Day Card 1

B-Day Card 2

\$3

\$5 with 20% off

B

Which is the Better Birthday Buy?

Ice Cream Cone 1

Ice Cream Cone 2

\$2.50

\$3 with 10% off

F

Which is the Better Birthday Buy?

Ice Cream Cone 1

Ice Cream Cone 2

\$3.75

\$4 with 25% off

C

Which is the Better Birthday Buy?

Birthday Cake 1

Birthday Cake 2

\$5

\$6 with 20% off

G

Which is the Better Birthday Buy?

Birthday Cake 1

Birthday Cake 2

\$7

\$12 with 40% off

D

Which is the Better Birthday Buy?

Gift 1

Gift 2

\$6.50

\$8 with 25% off

H

Which is the Better Birthday Buy?

Gift 1

Gift 2

\$9

\$15 with 33% off

Answers:

A) \$1.50 with 50% off, or 75 cents; B) \$2.50; C) \$6 with 20% off, or \$4.80; D) \$8 with 25% off, or \$6; E) \$3.00; F) \$4 with 25% off, or \$3; G) \$7; H) \$15 with 33% off, or \$10.

