



Inflation and the Value of Your Money

Balloons experience inflation when you blow air or helium into them and they expand, but did you know that prices for services and goods experience inflation, too? It's not exactly the same, but the idea is similar. It's important to understand the concept of inflation so you can be smarter about saving money and so you can better estimate the cost of things in the future.

Inflation means the general level of prices increase. More money is needed to buy the same goods (like a cheeseburger or a car) and services (like a haircut). Over time, the same amount of money—say \$10—buys less and less. You've probably experienced this. Have you ever gone to see a movie, but instead of paying \$10 for a ticket like you did a few months ago, it costs \$10.50? That's an example of inflation at work.



People who study the economy, called economists, have many reasons for why inflation happens. What matters most to a buyer like you is how can you prepare for inflation and its effect on the money you earn, spend, and save.

Let's look at savings. If you know that steadily, over time, inflation will cause prices to rise and the value of your money to decrease, you need to find a way to make up for that lost value if you still want to hit your savings target, like being able to afford a new car in five years. That car might cost \$4,000 now, but what happens when it costs \$4,600 in five years and you didn't plan for inflation? How most people make up for that difference is they put their money in a savings account or a share certificate that earns them interest on their money equal to or greater than the expected rate of inflation.

A smart saver looks for savings accounts or investments that earn more than the expected rate of inflation. You can talk to your parents or someone at your credit union about opening an account that will help protect the value of your money against inflation so that you can afford to buy the things you want in the future. Just call (970) 243-7280 to get started today!

Top Board Games to Help Turn You into a Money Maven!

Learning how to invest, save, and spend wisely can be fun when you play these top board games.

1. **Payday**

Payday shrinks the scale of the big financial decisions you make in games like Monopoly and The Game of Life to one month (or more if you want to play a longer game) and a much shorter play-through time. While moving along a 31-day calendar board, you'll need to decide how and when to pay bills, loan payments, unexpected expenses and other financial situations in order to make it to the end of the month, and your next payday, with money still in the bank. Have the most money by the end of the month, and you win!

Payday teaches you how to divide up and prioritize a limited amount of money to meet monthly expenses. You'll be a budgeting pro in no time at all!

2. **Charge Large**

In Charge Large, players are challenged to build wealth by managing assets and using credit cards as a financial tool. Your goal is to upgrade from a basic gold credit card to the ultimate black credit card—but here's where it takes a good understanding of how to manage credit and avoid debt: in order to win the game, you must obtain the black credit card while also having no debt and \$2,500 in cash. Charge Large teaches you how to use credit responsibly and build net worth, what a credit rating is and how it affects your greater financial life, the importance of saving and not overspending, and how interest works.



3. **Thrive Time**

Thrive Time focuses on the life scenarios and financial decisions that could lead to financial independence, or a life of debt—it's all your choice! You'll make decisions about starting your own business and how to invest. An in-game balance sheet helps you keep track of your income, expenses, and debt.

Thrive time teaches you about passive income, paying with loans and accumulated debt vs. paying with cash, and how cashflow works.

4. **Act Your Wage**

Act Your Wage shows players how they use financial advisory Dave Ramsey's seven baby steps to escape and live debt free. After drawing a life card and three debt cards, players navigate around the board and use Dave's strategies to pay off their debt first.

Act Your Wage teaches you how strategies for paying off debt while managing other life situations and expectations.

Ready for More Money Facts?

Head to Coloramo's iCount website for all sorts of tips and tricks on budgeting, saving, spending, and more! Go to www.coloramo.org and click on 'Savings/Checking' and go to the 'Kids' page. From there, click on the iCount logo. Once on the iCount website, feel free to browse through each topic to learn all about your finances and how to manage them better. Enjoy!