

## Summary: Using Money

### What Is Money?

Most people use money to buy and sell goods and services. In the United States, dollars and coins are used as money. People agree on the value of money. People accept money for goods and services.

Another way to get goods and services is to barter. To barter means to trade. If you don't have money to buy what you want, you can barter. For example, if you have some carrot sticks and you want a friend's cookies, you and your friend can decide how many carrot sticks the cookies are worth. Bartering only works if both people have something the other person wants.

Money makes trading easier. If you did not have carrot sticks to trade for cookies, you could use money to buy them. Money is usually small. It is easy to carry. Money can be used anytime a person wants to buy or sell something.

### Earning and Spending

People work to earn money. People who have more skills or education have bigger incomes. People use their income to pay for goods and services. Some people make a budget. This helps them choose the best ways to spend their money. A budget shows how much income a person can spend. A budget also shows how much they need to save. People put their money in banks. Banks pay people interest on the money they leave there.



#### Before You Read

Find and underline each vocabulary word.

**income** *noun*, the money people earn for work

**budget** *noun*, a plan for using money

**interest** *noun*, the money the bank pays you for keeping your money there



#### After You Read

**REVIEW** In what ways is money useful? Highlight three sentences that tell why it is easier to trade with money.

**REVIEW** Why do people work? Draw a box around the sentence that tells why people work. Underline the sentences that tell how people use the income they earn. Underline the sentence that tells where they put their money.