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## Economic Mysteries Assignment

### Why do people with little money own items out of their budget?

The family that I used to babysit for didn't have much money. The family consisted of two parents and three boys. The father was laid off and the mother had a relatively decent job. Throughout the years I was babysitting their boys, I noticed what little money they had. The food in the house was unhealthy and cheap and they struggled to pay the bills such as their house payment. Yet, two of the three boys had smartphones along with their parents, they owned a huge TV with cable, and the boys had many electronics. In result, I never was paid very much.

*Considering that only one parent worked in the household, why did the family own such expensive items that were clearly out of their budget?*

### Handy Dandy Guide

1. People *choose* to do the things they think are best for them.
2. People's choices have *costs*.
3. People choose to do things for which they are *rewarded*.
4. People create *rules* that affect our choices and how we act.
5. People gain when they freely decide to *trade* with one another.
6. People's choices today have *future results*.

### True or False Clues

1. The family didn't enjoy having smart phones. **False**
2. Owning items such as smartphones, TVs, cable, and electronics caused the family to be behind on their bills. **True**
3. I, the babysitter, wasn't paid very much because of the family's expenses. **True**
4. If the family continues with expensive purchases, they will be able to pay all of their bills. **False**

### The Solution

The family bought items out of their budget because they think that *choice* is best for them. They are *rewarded* with entertainment because of the items they bought. Although they have many items to use for enjoyment, their choices will have a *future result*. If they don't budget out their money, they will ultimately lose the items they currently own and other important necessities such as electricity, their house, etc.