

Why Inflation Makes Things Cost More.

Over time, things will cost more than they used to. That's because of inflation. Show kids this chart to see how prices rise and why they'll have to save more than they might expect in order to reach their future goals.



Up, up and away!

Because of inflation, the prices of things will go up - a dollar will buy less today than it did years ago. The price of most everything will be higher in the future. For example, if there's something you want to buy soon, inflation won't affect the price of your goal very much. But if you have a larger, longer-term goal - like saving for college - inflation may increase its price. It's smart to invest for your longer-term goals so that your money might grow faster than the rate of inflation.

Look at the chart below. Ask an adult what lunch cost when they were your age.

The Cost of Lunch Now and in the Future

Food	How much it costs today	How much it might cost 20 years from now
Side Salad	\$3.00	\$5.42
Turkey Wrap	\$6.00	\$10.84

Beverage	\$1.00	\$1.81
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This example represents the average lunch prices across the U.S., assumes a 3% inflation rate per year, and is for illustrative purposes only.

Keep going, you're doing great!

Next Skill