WHAT IS INFLATION?

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GROWING CENTS: WHAT IS INFLATION?

Have you ever noticed things costing more than they used to? That's inflation — and it affects everything from candy bars to college tuition. In this kit, you'll learn what causes inflation, how it's measured, and how it impacts your money and future goals.

This Kit Includes:

- ★ What is Inflation?
- ★ Then vs. Now
- ★ Scenario Challenges
- ★ Match the Definition
- ★ Further Reading and Resources

Work through each section at your own pace — there's no right or wrong order. No prior investing knowledge is needed, everything you need to learn is included!

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WHAT IS INFLATION?

What Is Inflation?

Inflation is when prices of goods and services go up over time, and the value of money goes down — meaning your dollar doesn't buy as much as it used to.

How It's Measured

CPI (Consumer Price Index):

Tracks the price of everyday items to measure how much inflation is happening.

Real-Life Example

In 2010, a movie ticket might have cost $8. In 2025, that same ticket could be $14 — that's inflation.

Why It Matters

- It affects how much you pay for things like food, clothes, gas, and even college.
- It can impact your savings and long-term financial goals.
- Understanding inflation helps you plan smarter with your money.

Causes of Inflation

- **Higher Demand:** More people want to buy things.
- **Rising Costs:** Materials or labor become more expensive.
- **Supply Shortages:** Less supply means higher prices.

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THEN VS. NOW

Instructions:

Research the price of common items 10 years ago vs. today. Use estimates or look up real prices. Then answer the reflection questions.

Item	Past Price (2015)	Today's Price (2025)	Difference

Which item increased the most?

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SCENARIO CHALLENGE

Now its YOUR turn to apply the concept in different scenarios!
Think about what you've learned and circle your answer!

SCENARIO 1

Your weekly $10 allowance doesn't buy as much as it did last year.

A) Ask for a raise in allowance
B) Track prices and budget smarter

SCENARIO 2

You're saving for a bike that costs $200. But prices are rising each month.

A) Wait and hope the price drops
B) Try to buy sooner before it increases

SCENARIO 3

You get the same paycheck at your part-time job, but everything costs more.

A) Ask for a raise or look for a higher-paying job
B) Cut spending and stick to your budget

SCENARIO 4

You're saving for college, but tuition is going up each year.

A) Start saving earlier to stay ahead
B) Wait until senior year to worry about it

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MATCH THE DEFINITION

Instructions:

Match the word to its meaning

Term	Definition Letter
1. Inflation	
2. CPI	
3. Demand	
4. Shortage	
5. Price Increase	

Definitions:

A) When people want more than what's available
B) The rise in the cost of things
C) The government's way to track inflation
D) When prices go up over time
E) The amount people are willing to buy

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FURTHER READING AND RESOURCES

Curious to learn more? These sites and tools are a great next step if you want to build your financial skills, learn how the market works, or even try investing for the first time.

Investopedia

Great for understanding investing terms, stock market basics, and how different types of investments work.

NerdWallet

Beginner-friendly guides on personal finance topics, including how to start investing as a teen.

MarketWatch Stock Market Game

A free simulation where you can practice investing using virtual money.

Fidelity Youth Account

An actual investment account for teens ages 13–17, created with parental guidance in mind.

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