

NAME: _____ CLASS PERIOD: _____

Wants, Wants, Wants: Now and Later

Part 1

In the spaces below, make a list of 10 goods and services that you want to have.

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Part 2

Now take your list of 10 goods and services and divide the items up into two lists.
(You do not need to have the same number of items on each list.)

Goods and services you want now:

Goods and services you want in the future:

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

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My Savings Goal

Directions:

1. Select one of the goods or services from either one of your lists on Part 2 of Exercise 5.1. The item you select should be something you really want to have—something you are willing to save money to get. Which item did you select?

2. Draw a picture of your good or service in the space to the right under **My Savings Goal**. Above your picture, write in a date to tell when in the future you would like to be able to buy this good or service.

My Savings Goal: _____

3. Write a sentence or two explaining why you want to have this good or service:

4. How much do you think this good or service will cost? Write your estimate of the cost here:

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Calculate a Savings Plan

Part 1: Mark's Savings Plan

Mark wants to buy a video game.

The sale price of the video game is \$36.

Mark would like to have the game by _____, which is six months from today.

To achieve his goal, Mark must save \$_____ each month. (Use the formula below to calculate the answer.)

Total Price = Number of Deposits x Amount of Each Deposit

(\$ _____) = (_____) x (_____)

Part 2: My Savings Plan

I want to buy _____.

The sale price for this item is about \$_____.

I want to have this item by _____, which is _____ months from today.

To achieve my goal, I must save \$ _____ per month for _____ months.

Now I have a savings plan.

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Decision-Making Grid

				Savings Location Alternatives	
				Evaluation Criteria	
				Net Value	

Savings Location Alternatives

1. A Piggy Bank

Brett decided to keep his money in a big glass piggy bank. He dropped his change into the piggy bank every day. He could see his money “grow,” and he always had cash when he needed it. It was a little difficult to get coins out of the piggy bank when he needed some money, and he had to be careful not to break the glass. He kept the piggy bank hidden in his closet because he didn’t trust his little sister.

2. Parents Hold the Savings

Talia didn’t think that she had the discipline needed to save, so she asked her parents to keep some of her allowance and some of the money she received occasionally for gifts. She trusted them to keep her money for her. When she wanted some money for spending, she asked her parents to give her some. She always had to tell them what she wanted to buy. Sometimes her parents disagreed with Talia’s spending plans.

3. A Bank Savings Account

Kate discovered that when she kept her money in a savings account at the bank, the bank would pay her interest to help her money grow. She could get money from her bank account whenever she wanted to, but it was a bit of a hassle to go to the bank to make deposits and withdrawals. Seeing the bank guard made Kate feel that her money would be safe, and she liked receiving a statement from the bank every month; it made her feel grown up.

4. U.S. Savings Bond

Kendra was excited when Grandma told her that she would receive a gift of \$50 for her birthday. Imagine her surprise when she found something called a Series EE U.S. Savings Bond in her gift package! Grandma explained that having this Savings Bond would be a good way for Kendra to start saving. Grandma only had to pay \$25 for the Bond. The Bond will earn interest, and Kendra eventually will be able to exchange it for \$50. But that won’t happen for several years.



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Savings Account Activity

Ms. Mae Savalot has a savings account at a bank. She keeps a close eye on her account so that she knows how much money she has at any given time. Every month the bank sends her a statement that tells how much money is in the account. In between statements, Ms. Savalot keeps track of her account by using a savings account register. The six statements below provide information about activity related to Ms. Savalot's account. Read the statements and help Ms. Savalot record the necessary information in her savings account register. Your teacher will help you work through the first three examples.

1. Ms. Savalot receives a new bank statement. It tells her that she earned \$2.25 in interest on her savings last month.
2. Ms. Savalot plays on the school's basketball team. The team sweatshirts cost \$26 each. She decides to use buy a sweatshirt and pay for it out of her savings.
3. Last Thursday was Ms. Savalot's birthday. She received a \$25 check as a birthday gift from her Aunt Ida. She decides to save the \$25.
4. This weekend Ms. Savalot and her friends plan to go out to see a movie and have dinner after the movie at a nearby restaurant. Ms. Savalot wants \$15 to cover her spending for this outing.
5. Ms. Savalot's mom asks her to baby-sit for her younger brother and sister on Sunday afternoon. Ms. Savalot earns \$12 for doing this job. She decides to put half of this money into her savings account.
6. Ms. Savalot's brother asks to borrow \$30 for a visit to an amusement park. She agrees to lend her brother the money.



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Word Bank

Read the following:

Sally and Carrie are 12 years old. They used to be neighbors, and they still are good friends. Sally lives in Chicago and Carrie lives in Denver, so they don't see each other very often. Sally is saving money to buy a train ticket for a visit to Denver next month. She mows lawns and rakes leaves to earn income. She spends some of her money and saves the rest. To have enough money to buy the ticket, she recently had to spend a little less so that she could save a little more. She gave up going to the movies for one month. She packed her lunch for school each day instead of buying her lunch.

Use words from the following list to complete the sentences below. Not all words from the list are used.

income	opportunity cost
short-term	trade-off
long-term	

1. Sally had a _____ goal.
2. By spending a little less in order to save a little more, Sally is making a _____.
3. Because going to movies was the most valued thing that Sally gave up in order to save for the train ticket, movies are Sally's _____.

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Multiple-Choice Questions

1. In the fable about the grasshopper and the ant, the grasshopper was spending all his money now, in the present. When people spend all their money now, they:

- a. give up the chance to buy more goods and services in the future.
- b. give up the chance to buy goods and services now.
- c. have more money left to spend in the future.
- d. are saving their money.

2. Miss Smith told her students that if they turned in their homework every day for a week, the class could have a special treat on Friday afternoon. The special treat is _____.

- a. interest
- b. a service
- c. a trade-off
- d. an incentive

3. Susie can either play soccer or basketball during recess. If Susie decides to play basketball, soccer is her _____.

- a. interest
- b. incentive
- c. opportunity cost
- d. choice

4. Andy saves his money in a savings account at the bank. Andy is really happy because the bank pays him to save. The money that Andy earns from the bank is _____.

- a. interest
- b. opportunity cost
- c. a good
- d. a trade-off

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Word Scramble

Read the definitions below (1-4), and locate your answers in the word scrambles.

fsfoedart	gnisvas
mertrrohs	otscttuniorppo

1. Income not spent to buy goods and services now. _____

2. The next-best choice that is given up when a decision is made. _____

3. A goal that can be reached quickly. _____

4. Giving up some of one thing in order to have something else. _____

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Short-Answer Questions

Read the three paragraphs below and follow the directions after each paragraph.

1. Lisa has been saving money to buy new top-of-the-line inline skates, knee and elbow pads, and a helmet. Lisa’s friend Charisse has invited Lisa to go on vacation with her family. Charisse’s family is traveling by plane to the Grand Canyon. They plan to stay in a cabin and cook their meals there. Lisa is very excited about the trip and really wants to go. However, she must pay for her airfare. The price of the equipment she wants to buy is the same as the price of airfare.

Draw two pictures that illustrate Lisa’s alternatives. Decide which you think Lisa should choose.

Draw a circle around Lisa’s choice; then draw an X through Lisa’s opportunity cost. Explain your reasons for this decision.

2. LaShauna baby-sits for a neighbor every Saturday afternoon. The neighbor pays LaShauna \$10 for each Saturday. LaShauna puts \$3 in her piggy bank each week. Every two weeks, she has enough money in her piggy bank to go to a movie. LaShauna also puts \$2 in her bank account each week. In three weeks, LaShauna will have enough money in the bank to buy a new video game. LaShauna uses the \$5 she has left each week for snacks and items from the school store.

Write a declarative sentence showing the amount of income LaShauna earns.

Write an interrogatory sentence about one of LaShauna’s short-term goals.

Write an exclamatory sentence about the total amount LaShauna saves each week.

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Short-Answer Questions, continued

3. Colin earns \$15 each week doing chores around the house and walking the neighbor's dog. He really wants to go to the Battle of the Bands concert. Tickets are \$35. The concert is in three months. Right now, Colin uses his income to buy lunches at school, to buy model airplanes, to buy snacks, to rent movies, and sometimes to go to the movies with his friends. Colin's mom said, "Colin, you should save some of the money you earn if you want to buy a ticket to the concert." "But, MOM!" Colin replied, "That isn't fair. I just don't have enough money as it is. Please, please buy the ticket for me." After talking for a while, Colin and his mom agreed that he should save \$20 to pay for the ticket and his mom would "chip in" the remaining \$15. Colin doesn't know what to do. He isn't even sure he knows what saving means. You are his friend, and he asks you to help him.

Write a savings plan for Colin. In the plan, explain what saving is. Include Colin's goal, and explain whether it is a short-term or a long-term goal. Tell Colin about some trade-offs he can make to reach his goal. Tell Colin how much he must save each week to reach his goal in twelve weeks.

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Extended-Response Questions

1. Write a fable illustrating the use of opportunity cost and trade-offs in making a good decision about a personal finance issue or problem. Be sure that your fable ends with a moral that provides good advice for others in similar decision-making situations.

2. Your friend Harry keeps the money he doesn't spend in a shoe box under his bed. He likes to have it nearby so he can count it. However, he worries that someone might find it and take the money or accidentally throw the shoe box away. Write a three-paragraph persuasive letter to Harry. Explain the advantages of using a savings account. Use information about incentives and interest. Use correct grammar, capitalization, and punctuation, as well as correct friendly-letter format.
