

## PROCEDURE

## Read and Discuss the Story:

1. Using the storybook, read **Story 5**, “Spend or Save?” to the students.
2. After reading the story, or in the course of reading it, ask the following questions:
  - a. What was the decision that Penny had to make? ***(To spend money on a vest or save money for a bike.)***
  - b. Why did Penny want a new vest? ***(She wanted the new vest to wear with her five-pocket jeans; the vest she had looked old.)***
  - c. Why did Penny have to make a choice between the vest and the new bicycle? ***(She didn't have enough money to buy both the vest and the bicycle, or to buy the bicycle now. She had only enough money to buy the vest now.)***
  - d. How did Penny decide that she could have both a vest now and a bicycle later? ***(She decided to decorate her old denim vest, creating a “new” one. This decision helped her to save money so that she could buy the bicycle later.)***
  - e. What did Penny give up in order to save money for buying a bike later? ***(She gave up the new vest.)***
  - f. What do you call the item that you have to give up when you make a choice? ***(Your opportunity cost.)***
  - g. How did Penny discover that she already had more money than she thought? ***(She counted the coins in her piggy bank and found that she had saved more than she remembered saving.)***
  - h. Why was Penny's mother proud of her? ***(She was proud because Penny made her own decision about the vest and the bicycle.)***
  - i. Where do you think Penny should keep her money? Why? ***(Answers will vary, but should include keeping her money in a bank account.)***
3. To initiate a discussion of banks and savings accounts, ask:
  - a. Do you recall what Penny learned about savings accounts, deposits, and withdrawals when she visited the bank with her mother? ***(Discuss responses briefly.)***
  - b. What is a savings account? ***(A way to keep money in a bank for future uses.)***
  - c. What is a deposit? ***(Money that is put into a bank account.)***
  - d. What is a withdrawal? ***(Money that is taken out of a bank account.)***
  - e. Do you save money at a bank? Why? ***(Answers will vary.)***

**Activity 1: Our Hands Make Choices**

1. Recall with the students that Penny had to make a choice between buying a new vest and saving money for a new bike. When she chose to save for the bike, she gave up buying a new vest; the vest was her opportunity cost. Remind the students that an opportunity cost is the best alternative that a person gives up when he or she makes a choice. Tell the students they will now be making choices, looking at the opportunity cost in each case.
2. Give the students drawing paper, crayons, and scissors. Tell them to trace an outline of one hand on the paper and cut it out. Point out that they could put something they want in the hands they have created.
3. Ask the students to think about some things that they would really like to have. Ask them to choose, from these possibilities, the two items they really want most; then ask them to draw a picture of one of the items on one side of the hand and a picture of the other item on the other side.
4. When the students have completed both drawings, invite them to help make a “choice banner.” Show them a prepared sheet of butcher paper with the title “Our Hands Make Choices.” Tell them that they should glue their hands on this paper. Point out that when a hand is glued down, only one side will show because the other side will be glued onto the banner. At this point each student must choose which drawing to show on the banner and which one to give up. The one they do not choose—their opportunity cost—must be covered with glue and put out of sight, glued against the banner. (Note to the teacher: If you are concerned that some students will become upset when they learn that one of their drawings will be glued down and lost, consider using a different way to cover up the opportunity costs—e.g., by taping the hands loosely to the banner.)
5. As the students glue (or tape) down their hands, have them make a statement identifying their choice and the opportunity cost that comes with it—e.g., “I chose the skateboard, and my opportunity cost is a new video game.”
6. Display the banner.

**CLOSURE**

Use the following questions to review the concepts presented in this lesson:

- Do you have lots of wants? Name some. **(Answers will vary.)**
- Can you have everything you want? **(No.)** Why not? **(We don’t have enough money to buy everything we want right now.)**
- What could you do now, so you would be able to buy an expensive item you want later? **(Save money.)**
- Can you tell us about a time when your family has saved money to get something? What did your family buy? **(Answers will vary.)**
- How many pennies is a dime worth? **(Ten pennies—ten cents.)**
- Does ten cents have much value? **(No. You can’t buy very many goods or services with one dime.)**
- If everyone in our class saved a dime every day for a month, would we be able to buy more things? **(Yes. We would have many dimes, and many dimes will buy more.)**
- If you can’t have everything you want, you often have to make a choice, and when you make a choice you have an opportunity cost. What is an opportunity cost? **(The best alternative you give up when you make a choice.)**