

Save or Spend?

Activity and performance assessment

Grade: 2-5

Targeted content: Saving, spending, scarcity, choice, and opportunity cost. Students learn how to apply these essential economic concepts to the financial records they keep over the course of the classroom Mini-Economy project.

Summary of performance assessment task: This task is for use in the context of a classroom Mini-Economy, in which students create their own businesses. Resources for starting this project can be found at www.vaminieconomy.org.

Students keep a log of their Mini-Economy earnings and expenditures. They also keep track of what they gave up—their opportunity cost—as a result of their spending or saving decisions. They also explain how scarcity affects their decisions about how they spend their money in the Mini-Economy.

Objectives

21st-Century Skills:

- Economics: Knowing how to make appropriate personal economic choices.
- Economics: Using entrepreneurial skills to enhance workplace productivity and career options.

(Virginia Standards of Learning):

Students will be able to

- The student will identify examples of making an economic choice and will explain the idea of opportunity cost (what is given up when making a choice). (History/Social Science 3.10.)
- The student will recognize that people save money for the future to purchase goods and services. (History/Social Science 1.9.)

Time required: 30 minutes to begin. 5 extra after each payday and/or classroom store (time for students to record their choices and balance their records.)

Materials needed:

- Student handout (below)

Literature to support and reinforce learning:

Arthur's Pet Business (Marc Brown, 1993): Brown Books for Young Readers.

- Economics mini-lesson for Arthur's Pet Business [here](#).

Some suggested lessons and resources to build prior knowledge: These lessons are optional. They are suggestions for how students can build knowledge of the economics objectives before beginning the assessment.

- [“The ABCs of Saving,”](#) from EconEdLink. www.econedlink.org.
- “Saving for the Hard Times,” from the Mini-Economy Business Portfolio. See link at www.vaminieconomy.org.
- My Kids Bank. An excellent free banking program. <http://mykidsbank.org>.

Procedure

All student work is to be guided by the activity sheet below. Students should save the sheet; it is the first item in their Mini-Economy Business Portfolio, which will demonstrate their total work over the course of the Mini-Economy and Market Day project.

The teacher should introduce this activity along with the first class payday and class store. Students will be required to write what they earned, how much of their pay they saved, and how much they spent at the class store. They must also write what they bought, and the opportunity cost of one of their choices. For example, if they decided to save \$5, they might have passed up on a coveted “lunch with the teacher” coupon! Remember, the opportunity cost is always choice #2: the next best thing that they did not choose. It’s helpful to remind students that “an opportunity cost is an opportunity lost.”

The first week, students should also complete the questions at the bottom of the sheet. These guide them into thinking carefully about the cost of their spending and saving choices. The teacher can ask students these questions again as the Mini-Economy project progresses, emphasizing the trade-off between saving and spending.

Teacher who wish for students to experience using a bank may want to use My Kids Bank: mykidsbank.org.

Save or Spend? (Teacher Copy)

Each week, write how much of your income you **save** and how much you **spend**. Then, think about what the **opportunity cost** of your choices were and write them in the boxes.

Example: Jesse chose to save \$5 and spend \$6 at the class store. He bought a cool pen with his \$6! The opportunity cost of saving the \$5 was buying the notebook he wanted but didn't get. The opportunity cost of spending the \$6 on the pen was having more money for next week's Market Day.

"I earn income by [Example]: Feeding the classroom pet

"My job title is [Example]: Zookeeper

What I earned this week	Amount I spent - \$	What I bought	Amount I saved - \$	The opportunity cost of my spending or saving decision was:
<i>Example: Jesse earned \$11</i>	<i>Jesse spent \$6</i>	<i>Jesse bought a cool pen</i>	<i>Jesse saved \$5</i>	<i>Having \$6 more for next week's market day. (That's what he gave up.)</i>
Week 1				
Week 2				
Week 3				
Week 4				
Week 5				
Add up all of the money saved and spent!	Total spent		Total saved	

Week 6				
Week 7				
Week 8				
Week 9				
Week 10				
Add up all of the money saved and spent!	Total spent		Total saved	

Reflection:

Explain how scarcity makes you make choices about what you buy.

[Example]: I don't have enough money to get everything that I want. So I need to spend my money on the things that I want the most.

[Or]: I need to decide whether to buy something small now, or save my money for something big. I can't have both, so I need to choose.

What did you spend your savings on? Was it worth it? Explain.

[Example:] I bought a cool pen on the first day of the classroom store, and I bought something every class store after that. At Market Day I didn't have as much money saved as I would have liked for big things like the Toucan Masks. Next time I would probably save up more money.

Did you make good choices? Explain.

[Example:] The choices I made weren't bad. For example, I enjoyed the Cool Pen. But I could have made even better choices and enjoyed myself even more with a Toucan Mask.

Name _____

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"I earn income by _____"

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Reflection: Explain how scarcity makes you make choices about what you buy.

What did you spend your savings on? Was it worth it? Explain.

Did you make good choices? Explain.