

Choices Have Costs

Read how spending and saving choices involve giving something up.

SS3E4 "Explain the concept of opportunity cost as it relates to making a saving or spending choice."

NAME _____

DATE _____

1 READ AND MARK _____ Read it twice

YOUR JOB Number Maya's two choices 1 and 2. Circle the item she gives up in each choice, because each circled item is an opportunity cost.

Maya's Birthday Money

- ① Maya has \$20 from her birthday. She wants a \$20 skateboard helmet for riding safely. She also sees a \$20 paint set that she likes. Maya cannot buy both because she has only \$20. When people choose one thing instead of another, the next best thing they give up is called opportunity cost. The choice matters.
- ② Maya's first choice is to spend her \$20 on the helmet now. Her opportunity cost is the paint set, since she cannot buy it. This choice gives Maya the helmet right away, but it means she gives up buying the paint set with her birthday money. The helmet is what she gets. The paint set is what she gives up.
- ③ Maya's second choice is to save all \$20 for a \$32 skateboard. She has no money saved before this choice. After saving her birthday money, she has \$20 saved and needs \$12 more. Her opportunity cost is buying the helmet now. Saving lets her work toward the skateboard, but she gives up the helmet at this time. Opportunity cost is not the money paid. It is the choice left behind.

2 ANSWER WITH EVIDENCE _____ Use the passage

1 If Maya spends her \$20 on the helmet, what is her opportunity cost?

2 What does Maya give up when she saves her birthday money for the skateboard?

3 After Maya saves her \$20, how much more money does she need for the \$32 skateboard?

4 Compare Maya's two choices. What does she get or work toward, and what does she give up, in each choice?

3 YOUR TURN _____ Your own words

Think of something you could spend money on now and something you could save for. In the first row, show a spending choice. In the second row, show a saving choice and name the opportunity cost for each choice.

CHOICE	WHAT I CHOOSE	OPPORTUNITY COST

PART 1 • READ AND MARK

Number Maya's two choices 1 and 2. Circle the item she gives up in each choice, because each circled item is an opportunity cost. Accept any marking that follows this job and points at the right text.

PART 2 • ANSWERS

#	QUESTION	ANSWER
1	If Maya spends her \$20 on the helmet, what is her opportunity cost?	The paint set is her opportunity cost.
2	What does Maya give up when she saves her birthday money for the skateboard?	She gives up buying the helmet now.
3	After Maya saves her \$20, how much more money does she need for the \$32 skateboard?	She needs \$12 more.
4	Compare Maya's two choices. What does she get or work toward, and what does she give up, in each choice?	If she buys the helmet, she gets the helmet and gives up the paint set. If she saves, she works toward the skateboard and gives up buying the helmet now.

PART 3 • YOUR TURN (SAMPLE ANSWER)

CHOICE	WHAT I CHOOSE	OPPORTUNITY COST
Spend \$5 on a puzzle	Buy the puzzle now	Saving the \$5 toward a \$12 soccer ball
Save \$5 toward a soccer ball	Save for the soccer ball	Buying the puzzle now

Accept any realistic spending choice and saving choice. In each row, the opportunity cost must be the next best item or choice the student gives up.