

Rock, Brock, and the Savings Shock: A Lesson on Opportunity Cost

Lesson Author:

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Grade Level:

3-5

Concepts:

Choice	Save	Scarcity
Opportunity cost	Savings Plan	Spend

Objectives:

Students will be able to:

- Explain that scarcity requires people to make a choice about what goods and services they want.
- Identify the opportunity cost when a choice is made.
- Describe that when people save money, they give up the opportunity to buy things now to buy things later.

Time Required:

45 minutes

Materials:

- *Rock, Brock, and the Savings Shock (Money Tales)* by Sheila Blair ISBN-13 978-0807570944
- [Visual 1: The Economic Problem](#) (printed or projected)
- [Visual 2: Opportunity Cost](#) (printed or projected)
Visuals 1 and 2 are part of the Federal Reserve Bank of Atlanta Infographic— [How Do I Make a Decision?](#) (download or order online)
- [Handout 1: Questions for Read-Aloud](#) (cut into strips and placed in the book for class reading)
- [Handout 2: Hot Seat—Rock, Brock and Gramps](#) (one copy for each small group, allow each group to cut cards or precut cards for them)
- [Handout 3: Assessment](#)

Procedure:

1. Introduce the concept of **scarcity** by asking students to imagine that they recently received \$20 as a gift. Tell students to list five goods or services that each cost \$20 that they could buy with the money.

2. Ask students why they can't have everything on their list. (*Answers will vary but may include there is not enough money or time to shop for all the items.*)
3. Ask students to narrow down their list to three items.
4. Tell students to write a number one next to the good that they want the most, a number two next to their second item, and to NOT mark the third item.
5. Display the [Visual 1: The Economic Problem](#). Explain the terms **scarcity**—a condition in the world that exists because there are not enough resources to meet everyone's unlimited wants, **choice**—scarcity means that people must choose between their wants, and **opportunity cost**—the value of the next best alternative when someone makes a **choice**.
6. Based on the review of [Visual 1](#) and the student-created lists, ask volunteers to share their number one **choice** from their list. After students share their responses, ask students to circle the number two item on their list and tell them that is the **opportunity cost** of their decision to spend the money to buy their first item. Explain that by buying the first item, they give up the opportunity to buy the second item.
7. Display [Visual 2: Opportunity Cost](#). Explain to students that due to **scarcity** we must make choices and when we make choices there is an **opportunity cost**—the value of the next best alternative when someone makes a **choice**.
8. Read *Brock, Rock and the Savings Shock* out loud. As you read, pause to discuss the questions from [Handout 1](#) with the class. (*As you prepare for the lesson, place the discussion questions from Handout 1 at appropriate stopping points throughout the book.*)
9. Ask students what it means to **spend**? (*Answers will vary, but they should identify that to **spend** means to use some or all your money to buy things you want now.*)
10. Ask students what it means to **save**? (*Answers will vary but they should identify that to **save** means to keep money to **spend** in the future.*)
11. Remind students that Gramps proposed a **savings plan**—a schedule listing tasks that, when completed, allows a saver to reach a savings goal—to teach Brock and Rock about the value of saving their money.
12. Create groups of three or four students and tell them to complete [Handout 2: Hot Seat—Rock, Brock, and Gramps](#).
13. Explain to students that in this activity they will each choose one card and, based on that card, will assume the role of a character in the story: Gramps, Brock, or Rock. (Any remaining cards will be set aside.) Then one by one, each student will read their card aloud and answer those questions while in character. The other students in the group will determine, using a thumbs up or thumbs down signal, whether each student correctly portrayed their respective character. If the group gives a thumbs down, group members must use evidence from the story to explain why an individual student's answer was out of character.

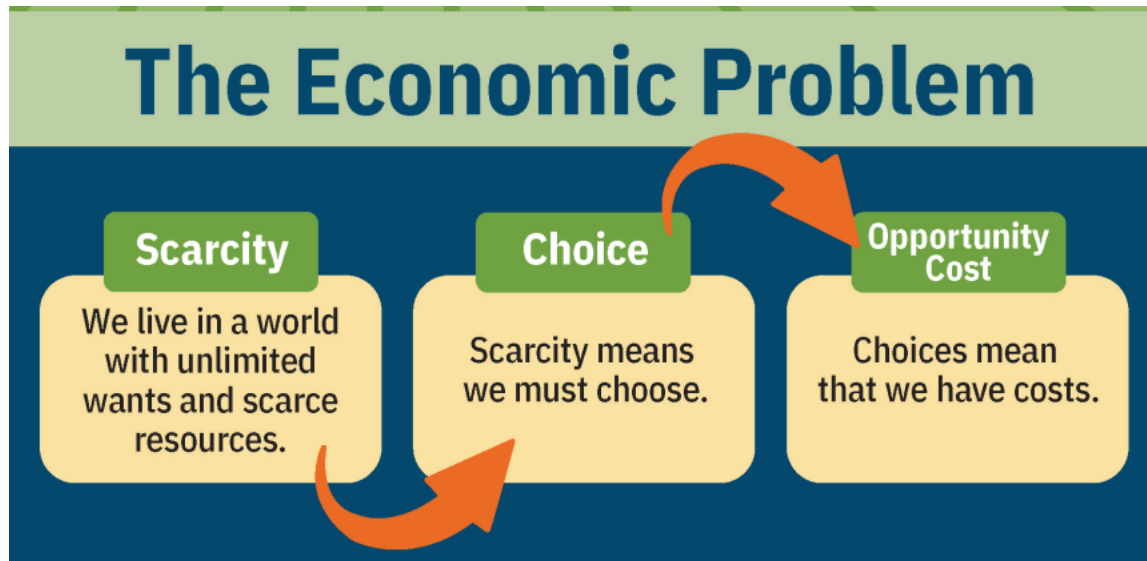
Closure

14. Display [Visual 1](#) and review the following key terms by discussing the following:
- What is **scarcity**? (***Scarcity** is a condition in the world that exists because there are not enough resources to meet everyone's unlimited wants.*)
 - What is **choice**? (***Scarcity** means that people must choose between their wants.*)
 - What is **opportunity cost**? (***Opportunity cost** is the value of the next best alternative when someone makes a **choice**.*)
 - What does it mean to **spend**? (*To **spend** means to use some or all your money to buy things you want now.*)
 - What does it mean to **save**? (*To **save** means to keep money to spend in the future.*)
 - How can you benefit from developing a **savings plan**? (*Having a schedule listing tasks that, when completed, allows a saver to reach a savings goal.*)
 - When you choose to **save**, what do you give up? (*You give up the immediate satisfaction from buying a good.*)
 - Give an example of an **opportunity cost**? (*Example response: I have \$15. I can either buy a movie ticket or buy a chicken sandwich combo at a fast-food restaurant. I choose to buy the movie ticket; my **opportunity cost** is the chicken sandwich combo.*)

Assessment

15. Distribute a copy of [Handout 3: Assessment](#) to each student. Allow time for the students to work. Review the answers.

Visual 1: The Economic Problem



Visual 2: Opportunity Cost

Opportunity Cost

Opportunity cost is the value of the next best alternative when someone makes a choice. The opportunity cost is what someone gives up.



Handout 1: Questions for Read-Aloud

Based on the book: *Rock, Brock, and the Savings Shock*

How did Brock and Rock use their income?
What did Gramps offer Brock and Rock as a savings plan?
How did Brock and Rock use their first dollar from Gramps?
The next week Gramps gave Brock and Rock another dollar. What does the quote on the wall “A penny saved is a penny earned” mean? What lesson is Gramps trying to teach Brock and Rock?
During the third week, why did Brock receive more money from Gramps than Rock?
Examine the pictures of the third week. Why are Brock and Rock satisfied? What did Brock give up or what was his opportunity cost? What did Rock give up or what was his opportunity cost?
During week four, why is Rock befuddled or confused? What choices could he have made so that he would not be in this situation?
During week five, what was Brock tempted to buy and how did Gramps reward him when he chose not to buy the good?
Rock bought many toys. Why did he feel doomed?
In the end, how did Brock encourage Rock to save?

Handout 2: Hot Seat—Rock, Brock, and Gramps

Directions: Divide students into three or four groups. Each student in a group will choose one card and, based on that card, will assume the role of a character in the story: Rock, Brock, or Gramps. (Any remaining cards will be set aside.) Then one by one, each student will read their card aloud and answer those questions while in character. The other students in the group will determine, using a thumbs up or thumbs down signal, whether each student correctly portrayed their respective character. If the group gives a thumbs down, group members must use evidence from the story to explain why an individual student's answer was out of character.

Rock Why did you buy toys with the money you earned?	Brock Why did you decide to save your income from Gramps?	Gramps What was the purpose of your savings plan? Were you shocked by Brock's and Rock's decisions?
Rock Describe how you felt when Brock received money from Gramps. Describe your feelings when you bought a new toy.	Brock When you saw Rock with all those toys, were you ever tempted to spend? Describe what happened.	Gramps In the end Brock saved \$512 and Rock saved one dollar. Is there anything that you could have done to encourage Rock to save more?
Rock What would you say to Gramps about his savings plan? Describe your feelings to his plan when you first got paid and how you feel about his plan now.	Brock How did you benefit from Gramps' saving plan? Describe other benefits besides the money.	Gramps If Brock bought the rocket on week four, he would have saved only \$64 instead of \$512. What lesson can we learn from Brock's decision?
Rock Your friend got a job cutting lawns. What advice would you give them about how to use their income? Why?	Brock Why did you open a bank account with Rock?	Gramps Brock and Rock saved and became millionaires in their old age. How does that make you feel?

Handout 3: Assessment

Directions: For each multiple-choice question, select the best possible answer.

1. Scarcity is:
 - a. a condition in the world that makes trading goods between countries more difficult.
 - b. a condition in the world that encourages people to save their money, so that they have money to buy goods in the future.
 - c. a condition in the world that exists because there are not enough resources to meet everyone's unlimited wants.
 - d. a condition in the world that makes it easier for people to buy everything that they want.
2. To save is:
 - a. to keep your money to spend in the future.
 - b. to understand the value of your next best alternative when you make a choice.
 - c. to use all or some of your money to buy what you want now.
 - d. to earn money for completing tasks to achieve a goal.
3. To spend is:
 - a. to keep your money to spend in the future.
 - b. to understand the value of your next best alternative when you make a choice.
 - c. to use all or some of your money to buy what you want now.
 - d. to earn money for completing tasks to achieve a goal.
4. Opportunity cost is:
 - a. the money you spend to buy what you want now.
 - b. the value of your next best alternative when you make a choice.
 - c. the choice you make to spend your money on what you want.
 - d. the value of the money you keep in your savings plan.
5. A savings plan is:
 - a. a list to identify the goods you want to buy now rather than waiting for the future.
 - b. a list of tasks that, when completed, allows a saver to reach a savings goal.
 - c. the value of your next best alternative when you make a choice.
 - d. a choice you make to select something from a list of alternative options.