LESSON PLAN - 5th & 6th Grades

"The Can Man" by Laura E. Williams

Lesson Plan: **Spending—What is the real cost?**

Grade Level: 5th-6th grades

Content Area: Personal Finance

Recommended Length/Duration: 1 hour

Essential Understanding: Making good money choices includes understanding what the costs and benefits are for each decision. The opportunity cost of a decision is the benefit, profit, or value of something that must be given up to acquire or achieve something else.

Learning Goals: The students will learn the concepts related to the costs and benefits of money decisions. Students will learn what an opportunity cost is. Students will be able to apply a cost/benefit evaluation to a personal spending decision.

VTDOE Standards: History & Social Studies, H&SS5-6:20

Description/Sequence:

What is a Cost? What is a Benefit?

(1) How many of you have ever spent your money on something and then later regretted it? ***Take responses.*** Most people have. Today, we're going to learn how to think about the costs and benefits of our money decisions. We'll read a story about a boy named Tim who had an unexpected decision to make about what he would do with his money. We'll also get the chance to practice our own money decision making skills.

Play the "Name that Price" game. Place the five product picture cards in front of the class. Make sure everyone understands what each item is. Next, show students the five price cards. Ask for a volunteer. Tell the volunteer student that he/she has 10 seconds to place the price card in front of the picture they think is correct. Ready...set...go! When the student has placed the cards tell the class how many are correct. (most likely not all will be correct) Ask for a second volunteer and again give that student 10 seconds to switch the cards around. Keep doing this until all of the prices match correctly. You may need to help students understand the cost of each item and guide the selection. See price answers on page 63.

Sometimes our buying things at the store is like this game. We see something we want and just buy it without thinking about the price. In this game, the cost of each item is the price. **The cost is the amount of money required to buy each item.** Let's now pretend that we only have $20 to spend at the store and we must select from these items ***Remove all items more than $20***. Which one should you choose? ***Have students tell you what their choice would be and why.***

Here's another way to look at cost: cost can be more than just the price of something, it can also be what you give up to buy something else. That's called OPPORTUNITY COST. **Opportunity cost is the benefit, profit, or value of something that must be given up to acquire or achieve something else.** What benefits does (name of student) get from buying this item? ***Discuss. Lead discussion to what the student gains from owning it.*** Does (student) get greater benefits from buying this item, instead of this item? ***Discuss.***

A benefit is something that helps us or something that we like. Let's see if we can identify the costs and benefits of buying a t-shirt.

Go to **http://econedlink.org/584** *and scroll down the page to the T-chart Activity link in the main text. Do the exercise.*

(2) When it comes to money, knowing the costs and benefits of our decisions can help us make good choices. I'm going to read you the story "The Can Man." As you listen, think about what Tim's decisions cost him and what benefits resulted from his choices.

Read the story.

Discussion questions:

- When our story started, what was Tim's problem? (His family could not afford to buy him a skateboard.)
- What did Tim decide to do? (Collect cans to earn money.)
- What were the costs to Tim of that decision? (Less time to play, had to work, had to compete with Mr. Peters for the cans—that might have made Tim feel bad.)
- What was Mr. Peters collecting cans for? (A new coat.)
- At the end of the story, Tim had collected enough cans to earn the money for the skateboard. What decision did Tim Have to make? (Keep the money and buy the skateboard or give the money to Mr. Peters.)
- Why do you think Tim decided to give the money to Mr. Peters? What did that decision cost Tim? What benefits did Tim receive from that decision? ***Discuss.*** (Point out that the benefit of feeling good about helping someone wouldn't go away regardless of whether he received a skateboard or not.)

(3) ***Distribute worksheets. Make and distribute copies of department store sale flyers or collect enough flyers for all students.*** Using these sales flyers, I want each of you to select two items to buy. I want you to pretend that you have $20 dollars. You'll then have to select between your two choices. I want you to list the benefits and costs for each item. You don't have to spend all of your money, but you can't spend more than $20.

Allow students time to complete the worksheets. You could make extra worksheets available for students who would like to follow the process with a real spending decision they plan to make.

Materials Needed:

1. ***The Can Man*** by Laura E. Williams
2. Five product cards found on pages 64-68
3. Five price cards made from the answer key below
4. One worksheet for each student, copied from enclosed master on page 69
5. Department story sales flyers
6. Access to the internet

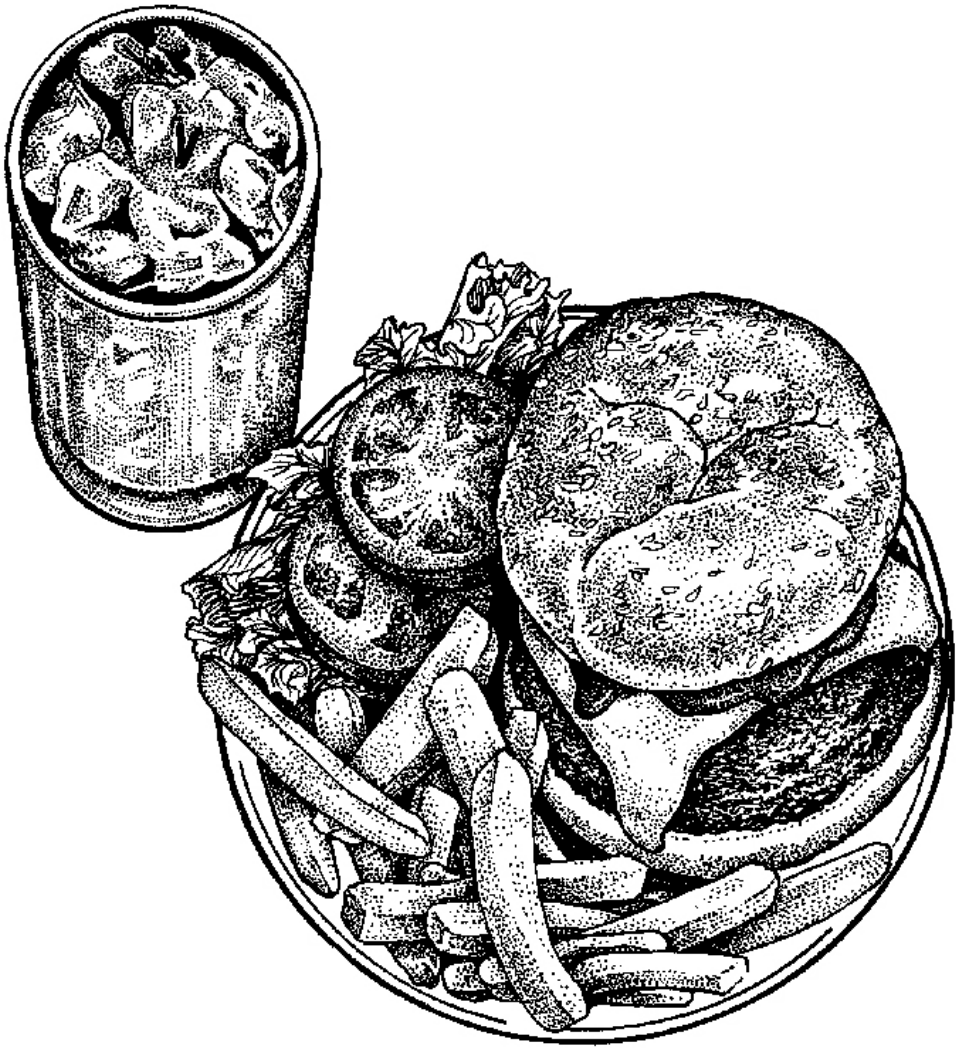
Answer Key for Product Cards:

23 in. Flat Screen TV:	**$230**
Just Dance 4 Game:	**$40**
Designer Sports Sweatshirt:	**$55**
Hamburger Meal:	**$7.50**
1 Adult Movie Ticket & 1 Medium Popcorn:	**$14.50 ($9.50 ticket and $5 popcorn)**

23 inch Flat Screen TV

Electronic Game

Designer Sweatshirt



Hamburger Meal

1 Movie Ticket & 1 Medium Popcorn

Cost - Benefit Worksheet

Like Tim in *The Can Man,* we have choices to make on how we spend our money. Looking at the costs and benefits of each of our choices will help us make good money decisions. Let's practice making money choices. Select two items you could purchase for $20 or less. Below, write down the costs and benefits of each choice. Which choice did you decide was best?

I have _____ dollars.

CHOICE 1:

BENEFITS OF THIS CHOICE:

COSTS OF THIS CHOICE:

CHOICE 2:

BENEFITS OF THIS CHOICE:

COSTS OF THIS CHOICE:

I choose to spend/save my money for: _____