

# What Does This Opportunity Cost?

## Overview

In pairs, students act out a simulation that focuses on making decisions to reach a financial goal.

## Objectives

Students will be able to:

- Explain the concept of opportunity costs.
- Make financial decisions that affect their ability to reach a goal.

## Preparation

Review the recommendations for working with students found on Page 10 of the Biz Kid\$ Educational Tools Overview. This document is available in the Educational Tools section of [www.bizkids.com](http://www.bizkids.com) under General Resources.

Become familiar with the Key Terms and financial concepts presented in this session.

Prior to the session, reproduce session materials as needed. Gather any necessary materials for conducting this lesson.

Cooperation is vital to this session's success. If necessary, seek assistance from the teacher to determine how best to pair students for this activity.

Review the *Taking Charge of Your Financial Future* episode of the television series *Biz Kid\$*. If possible, show the episode to the students. The information communicated in this episode will give students a foundation for this session's class discussion and activity.

If appropriate, have the students complete the Biz Kid\$ Viewing Guide Worksheet as they watch the episode. The Viewing Guide Worksheet and Explanation are available in

## Concepts

Financial goals  
Opportunity costs

## Skills

Decision-making  
Financial calculations  
Reading  
Working in pairs



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Episode: Taking Charge of Your Financial Future



the Educational Tools section of [www.bizkids.com](http://www.bizkids.com) under General Resources.

If possible, arrange for the technology needed to present the online video clips from the *Taking Charge of Your Financial Future* episode of *Biz Kid\$*. These video clips can be found in The Show section of [www.bizkids.com](http://www.bizkids.com).

Prior to starting this activity, arrange the student desks into eight stations and place a Station Label at each. Also, place the four appropriate Opportunity Cards—those containing a graphic that matches the Station Label—face down at each station. If presenting this material as a volunteer, ask for the teacher’s assistance in setting up the classroom for this activity.

If possible, post Key Terms and student responses in a visible place. Consider providing a personal example for each term.

## **Recommended Time**

This activity typically takes 45 minutes to complete. If presenting this material as a volunteer, ask the teacher to help you keep track of the time.

## **Materials**

- Table Tents (optional)
- 1 Set of Station Labels
- 1 Set of Opportunity Cards
- Financial Goal Cards (1 per student pair)
- Money Tracker Worksheet (1 per student pair)
- Opportunity Costs Worksheet (1 per student pair)
- Pencils
- Calculators (optional)

# Presentation

## Introduction

If presenting this material as a volunteer, greet the students and distribute the Table Tents. Ask the students to write their names on the Table Tents.

If this is the first session you are conducting, tell the students your name, describe your job, and provide some information about your background. Explain that you are a volunteer with Junior Achievement, an organization with a mission to inspire and prepare young people to succeed in a global economy.

If appropriate, provide a brief overview of *Biz Kid\$*. Explain that this is a program that students can watch in their homes on public television. It is designed to help students explore the concepts of financial literacy, work readiness, and entrepreneurship in a fun and memorable format. *Biz Kid\$* inspires students by presenting stories about children and young adults who participate in the United States' economy by founding and operating their own businesses.

This episode, *Taking Charge of Your Financial Future*, introduces students to the topic of financial goal-setting and attainment. Through entertaining skits and informational segments, the students become familiar with the concepts of **financial goals**, **opportunity**, and **opportunity costs**.

Conduct a brief discussion to explore the students' personal financial goals. Define a financial goal as a statement of something a person wants or needs to do with his or her money. If possible, show the *S.M.A.R.T. Financial Goals* online video clip from the *Taking Charge of Your Financial Future* episode of *Biz Kid\$*. If this is not possible, explain that when setting financial goals it is important that your goals are:

## Introduction Time

15 minutes

## Teaching Tip

Post Key Terms in a visible place in the classroom. Key Terms in the Guide are highlighted in boldface on first reference.

## Key Terms

**Financial goal:** A statement of something a person wants or needs to do with his or her money.

**Opportunity:** A financial activity or goal that is presented to a person.

**Opportunity cost:** The cost associated with passing up a secondary option when making a financial decision.

**S** = Specific  
**M** = Measurable  
**A** = Achievable  
**R** = Realistic  
**T** = Timely (assign a time for the goal's completion)

Continue the discussion by introducing the concept of opportunity costs to the students. Introduce the term opportunity as a financial activity or goal that is presented to a person. Provide at least one example of an opportunity, such as buying the latest MP3 player or new sneakers. Explain to the students that throughout life they will have many opportunities presented to them, but sometimes they will not be able to take advantage of those opportunities. If possible, show the *Opportunity* online video clip from the *Taking Charge of Your Financial Future* episode of *Biz Kid\$*.

Remind the students of the financial goals that they mentioned earlier in this session. Ask them how they would reach those financial goals. Mention that sometimes attaining a goal means having to pass up another opportunity. Define opportunity cost as the cost associated with passing up a secondary option when making a financial decision.

Provide the example that a student is saving money for a new car. He is invited to go to a movie and out for pizza with friends, which would be an opportunity. If he chooses to pass up this opportunity and save his money instead, the opportunity cost is that he will not be able to have fun with his friends.

## Activity Time

25 minutes

### Activity

Explain that during the remainder of the session, students will work in pairs to make decisions related to reaching a financial goal. Explain that each pair will have a chance to earn money that will help them reach their goal. Each pair also will be faced with many opportunities that they need to consider.



Separate the students into pairs. Distribute one Financial Goal Card to each pair. Direct the pairs to quietly read the Financial Goal Card. Each card provides a scenario and includes information about a financial goal and a savings account starting balance. Ask for volunteers to share aloud their financial goals.

Note that, at the bottom of the Financial Goal Cards, there are instructions about where each pair should start. Direct the students' attention to the various stations set up throughout the room. Explain that at each station there are four Opportunity Cards placed face down. Each card presents the pair with a different opportunity.

Student pairs will visit the stations and select one of the Opportunity Cards to flip over and read. The students will decide whether or not to pursue the opportunity described, and return the card to its original face-down position. Point out that during the course of the activity, pairs must choose to take at least two of the opportunities presented, but may choose to take more.

Distribute one Money Tracker Worksheet to each pair. If the students choose to take the opportunity presented on the Opportunity Card, they must subtract that cost from the account balance on their Money Tracker Worksheet.

Explain that throughout the activity, you will ring a bell every two or three minutes to signal the students to freeze at their station. You then will read a description to the class that relates to the students' allowance. The students will add this allowance to the account balance on their Money Tracker Worksheet.

Distribute one Opportunity Costs Worksheet to each pair. If the students do not take the opportunity presented on the Opportunity Card, they must respond to the two questions on the Opportunity Costs Worksheet.

Direct the students to examine their Financial Goal Card once again to determine at which station they will begin.

## Teaching Tip

The activity will need to be demonstrated for the students.

## Teaching Tip

Two minutes prior to the end of the time period, give the students a warning that this will be their final station visit.

## Summary and Review Time

5 minutes

Allow the students to rotate through the stations for approximately 15-20 minutes, making decisions as they go.

Read each of the following allowance announcements at 2-3 minute intervals throughout the activity:

- You raked the yard without being asked. You earned \$6 for your allowance this week.
- You forgot to do all of your chores. You earned only \$2 for your allowance this week.
- You set and cleared the dinner table all week. You earned \$5 for your allowance this week.
- You helped your little brother with his chores. You earned \$7 for your allowance this week.
- You babysat your sister. You earned \$10 for your allowance this week.

At the end of the activity, the students will determine their final account balance on the Money Tracker Worksheets to see if they have met their savings goal.

## Summary and Review

Review the Opportunity Costs activity as a class. Ask the students if they were able to take advantage of all of the possible opportunities and still reach their financial goal. Ask them to describe some of the opportunity costs they encountered along the way. Was it difficult to choose whether or not to pursue those opportunities?

Ask the students if they have ever had to make difficult choices when spending their money. Have them describe those choices, and identify the opportunity cost of their decision.

Thank the students for their participation in today's session.



## Session Outline

### Introduction

- (If volunteering) Greet the students and introduce yourself.
- (If volunteering) Distribute the Table Tents.
- Provide a brief overview of Biz Kid\$.
- Define and establish a basic understanding of financial goals.
- Show the S.M.A.R.T. Financial Goals video clip.
- Define and establish a basic understanding of opportunities.
- Show the Opportunity video clip.
- Define and discuss the concept of opportunity costs.

### Activity

- Organize the students into pairs.
- Distribute the Financial Goal Cards, the Money Tracker, and the Opportunity Costs Worksheets.
- Explain the simulation activity and model appropriate behaviors to the students.
- Allow the students time to complete the simulation activity.

### Summary and Review

- Discuss the students' thoughts on opportunity costs associated with reaching financial goals.
- Thank the students for their participation.

## Extended Learning Opportunity

Invite the students to write and illustrate a children's book about reaching a financial goal and encountering opportunities along the way. Encourage the students to include math calculations in their stories to demonstrate whether the main character is getting closer to or farther from achieving his or her financial goal.