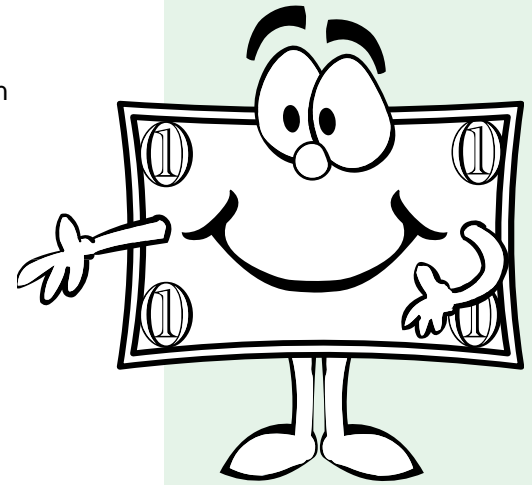




Lesson plan provided courtesy of
2008 Wisconsin Bankers Association
Reading Raises Interest kit.

Making Choices



Overview

Students share the book *Alexander, Who Used to Be Rich Last Sunday*, by Judith Viorst, to learn about opportunity cost, goods and services, incentives, and saving. They complete worksheets on decision making and choice and play a sorting game with goods and services.

Prerequisite Skills

Students should be able to count coins up to \$1.00.

Lesson Objectives

Students will be able to:

- Demonstrate making choices based on cost and wants
- Define and compare goods and services
- Differentiate positive and negative incentives

Materials List

1. Book: *Alexander, Who Used to Be Rich Last Sunday*, by Judith Viorst (MacMillan, 1988)
2. Toy catalogs (easily gathered around Christmas)
3. Blank drawing paper
4. Glue, paste, or tape
5. Crayons
6. Play money: dollar bills (enough for each student in a small group to have about eight)
7. Handouts:
 - **Making Choices** worksheet (two pages)
 - **Goods and Services** sorting cards

Content Standards

The activities in this lesson correlate to national standards in economics, math, and language arts. See the end of this lesson for content standards information.

Vocabulary

choice
cost
decision making
goods
incentive
savings
services
wants

Large-Group Activity

Materials

- Book: *Alexander, Who Used to Be Rich Last Sunday*
- Chart paper or chalkboard
- Handout: **Making Choices** worksheet (two pages)
- Crayons

1. Gather students in the reading corner to share the book *Alexander, Who Used to Be Rich Last Sunday*.

- Say:

Today we're going to be talking about using money wisely. How many of you have had your own money to spend? Was the money an allowance or a gift, like money given in your birthday card?

Allow students to share their experiences with owning money.

I'm going to read a book about a boy who had some money, but didn't spend it wisely. It's called *Alexander, Who Used to Be Rich Last Sunday*, and it was written by Judith Viorst. Have any of you read a book by this author?

Viorst also wrote *Alexander and the Terrible, Horrible, No Good, Very Bad Day*.

Let's see what happens to Alexander in this story.

Read the book aloud to the class. Be sure to allow the entire class time to see each picture.

2. Discuss the book with the class, using the chart paper or chalkboard to record Alexander's money problems step-by-step.

- **How rich was Alexander last Sunday?**

Alexander's grandparents gave him a dollar. Write \$1.00 on the chart paper or chalkboard, leaving plenty of room to continue a multi-step subtraction problem as the story is discussed.

- **What did Alexander plan to do with his dollar?**

He planned to save his money to buy a walkie-talkie (ninth page of the story).

- **Did Alexander save his dollar?**

No.

- **What did he do first?**

He went to the drug store and bought bubble gum.

- Reread the tenth page aloud, slowly. Ask students: **How many pieces of bubble gum did Alexander buy?**

Three pieces.

- **What did it cost?**

Fifteen cents. Write 0.15 below the \$1.00 on the chart paper and subtract it for the class.

○ **How much does Alexander have left?**

Eighty-five cents.

○ **What did Alexander bet his family?**

He bet Anthony that he could hold his breath until he counted to 300. He bet Nicky that he could jump from the stoop and land on his feet. He bet his mom that she couldn't guess which hand his purple marble was hidden in.

○ **Did he win?**

No.

○ **How much did he lose this time?**

Fifteen cents. Subtract this on the chart.

○ **How much does Alexander have left?**

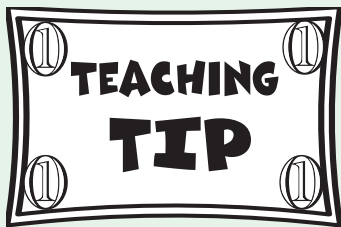
Seventy cents. Continue naming Alexander's money losses, subtracting them from the total, and allowing the class to keep track of the remainder:

- **Rent Eddie's snake for an hour:** Twelve cents. Alexander's total: **58 cents.**
- **Using a bad word when each of his brothers teased him:** A dime (10 cents). Alexander's total: **48 cents.**
- **Flushed down the toilet:** 3 cents. **Lost in the crack:** 5 cents. Total: **40 cents.**
- **Pay for Anthony's chocolate bar after he ate it:** 11 cents. Total: **29 cents.**
- **Lost in Nick's magic trick:** 4 cents. Total: **25 cents.**
- **Kicking something when his brothers teased him:** 5 cents. Total: **20 cents.**
- **Bought three things at a yard sale:** 20 cents. Total: **zero.**

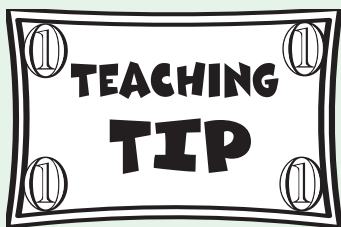
○ **Alexander tried to earn more money. What were some of the things he tried?**

- Make a tooth fall out
- Looked in phone booths
- Cash in non-refundable bottles (You may need to explain this obsolete custom to the students.)
- NOTE: In an illustration we also see Alexander printing a sign to try to rent his toys. It isn't mentioned in the story, but some students may have noticed it.

○ **Do you think Alexander used his money wisely? What should he have done?**



The term “opportunity cost” is shortened to simply “cost” for students at this level.



Another example:

You watched your favorite show instead of studying for a spelling test. Name the **choice** and **cost**.

Hopefully your students will mention that Alexander should have thought about his purchases more carefully, should have remembered the walkie-talkie that he really wanted, or should have taken better care of his money. If not, don't bring it up now. The activities in the rest of the lesson should make the point.

3. Discuss today's economic concepts: wants, opportunity cost, and decision making.

- *Wants, Cost, and Decision Making*

Alexander really wanted a walkie-talkie. He also wanted some gum, some chocolate, and some items at a garage sale. He wanted to rent his friend's snake, and he wanted to make bets with his family. All of these things are called **wants**—the things you want that you have to give something up for. What did Alexander give up?

Money.

Sometimes we give up things other than money. Let's say you're invited to a birthday party and a baseball game next Saturday. You can't go to both of them; they're at the same time. Which would you choose?

Allow students to declare their preferences.

The thing you don't go to is what you gave up. If you chose the birthday party, you could say that going to the party **cost** you a baseball game.

Did Alexander have enough money to do and buy all of his economic wants?

No.

Nobody ever has enough money to buy and do everything they want. I don't have enough money, your parents don't, your teacher doesn't, and even the President of the United States doesn't have enough money to do and buy everything.

That's why it's important to decide what you want the **most**. Did Alexander stop and think about what he wanted the most? No, he spent his money as soon as he thought of something he wanted right then. He didn't plan for the future, and he didn't think. That meant he gave up the walkie-talkie, the thing he really wanted the most. When he was careless with his money, it **cost** him the walkie-talkie.

Hold up the first page of the **Making Choices** worksheet.

Now you're going to get a chance to make your own decisions about choosing what you want the most. This worksheet is divided into four sections. Each section shows a some money, along with several items for sale. You can only buy items that can be paid for with the money in that section. Each time, you must **choose which item you want the most**.

First, count the money and write the amount on the line. Then color all the objects that are for sale. Last, draw a circle around the item you choose to buy.

Allow students to work on this worksheet while you work with individual groups in the following small-group activities. After small-group work you might want to discuss the choices students made on this worksheet.

Small-Group Activity One: Goods and Services

Concepts Taught

Goods and Services

Materials

- Book: *Alexander, Who Used to Be Rich Last Sunday*
- Chart paper or chalkboard
- **Goods and Services** flashcards, colored and cut apart (**NOTE: You might want to laminate the cards for durability.**)

1. Discuss goods in *Alexander, Who Used to Be Rich Last Sunday*.
 - **Let's talk again about the things Alexander spent his money on. Who can name something Alexander bought or rented?**

Write items down as they're mentioned. Possible answers are:

- Three pieces of bubble gum
- Half-melted candle
- A bear with one eye
- A deck of cards missing a seven and a two
- A snake (for one hour)

Tell students:

These are all economic wants that you can touch. They are called goods.

Write the word "goods" above the list of items Alexander bought or rented.

2. Discuss the concept of "services" with the group.
 - **There is another type of economic want that people spend money on. These aren't objects you can touch. Do you remember when Alexander's brother Nick put on a magic show? Do you think Alexander would have paid money to get to see Nick's show? If he did, Alexander would have been paying for a service, something that he wanted, but not an object he could touch. A service is an action that you pay for. Can you name other services?**

Write the word "services" on the chart paper and list students' suggestions below it. Possible answers are:

- Taking clothes to the dry cleaners
- Washing the car
- Taking bus, taxi, plane, or boat rides
- Keeping your money in a bank



Have students name some household chores. Explain that these are services because they are **actions**, things they do for others.

3. Begin the Goods and Services Sorting Activity (non-competitive).

- Show the students one card from the deck of sorting cards. Ask:

What is this? Is it a good or a service? How can you tell?

Students should be able to state that a good is an object that you might want to pay for, and a service is an action you might want to pay for.

Repeat the concept after some students give their answers:

Goods and services are both economic wants you might pay for, but a good is an object you can touch, and a service is an action someone does for you.

Shuffle the sorting cards and lay them out face down in an array (four by four). Have one student turn over a card and tell if it is a good or a service. Leave the card face up in place. Have the second student turn over another card and tell if it is a good or a service. If the types of the cards match (both goods or both services), remove the two cards and place them together face up in front of you. If they don't match, turn the cards over. Have the third student select another card and continue the play until all the cards have been sorted and are in two groups in front of you.

Small-Group Activity Two: Rewards and Punishments

Concepts Taught

Positive and Negative Incentives and Saving

Materials

- Book: *Alexander, Who Used to Be Rich Last Sunday*
- Chart paper or chalkboard
- Play money—eight dollar bills for each student in the group
- Toy catalogs (easily gathered around Christmas)
- Blank paper
- Glue, paste, or tape
- Crayons

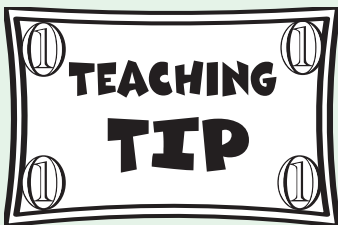
1. Discuss rewards and penalties.

- Say:

We've talked about how Alexander spent his money on goods like a melted candle and a one-eyed bear. But Alexander didn't spend all of his dollar bill on goods. What are some other things that happened to his money?

Students might mention:

- Bets with his brothers and his mom
- The money he lost in the toilet and in a crack in the floor
- Fines he paid to his father for using bad words and kicking



The term "incentive" isn't used with students at this level. "Reward" and "Penalty" are used instead.

We won't be talking about the money Alexander lost in the toilet and the crack in the floor this time. Those are examples of bad luck or accidents. Let's talk about the bets and the fines.

Divide the chart paper into two sections by drawing a line down the middle. Label one side "Reward" and the other "Penalty."

Some of Alexander's money was lost because of a **penalty. A penalty is something that leaves you worse off than you were before. People try to avoid penalties. When Alexander used bad language and kicked his brother, he knew there would be a penalty.**

Write "Fine for bad words" and "Fine for kicking" on the chart paper under "Penalty."

Why do you think he did those things anyway?

Allow students to speculate on why we do things even when we know we'll be punished.

Say:

Why do you think Alexander made the three bets in the story?

Students should speculate that Alexander thought he would win.

If Alexander had won the bets, he would have made more money. This is called a reward—something you get that makes you better off than you were before. Alexander *thought* he would be better off if he made the bets and won.

Write "Bet with Anthony," "Bet with Nicky," and "Bet with Mom" under "Reward" on the chart paper.

2. Discuss positive incentives and saving.

- **If Alexander had saved his dollar, and kept saving any other money that he received, what would his reward have been?**

He could have saved enough money to buy the walkie-talkie.

He didn't save his money, though, so what would you say was the penalty?

The penalty was that he didn't get the walkie-talkie.

What might Alexander have done instead? How could he have saved his money?

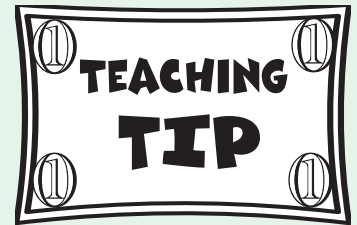
Accept suggestions like: put the money in a piggy bank, ask his parents to hold his money for him, put the money in a "real" bank, and so on.

3. Introduce the activity: Savings Plan.

- Place the toy catalogs, glue or tape, and crayons in the center of the table. Give each student a sheet of blank paper. Say:

I want each of you to pick out one item you'd like to have.

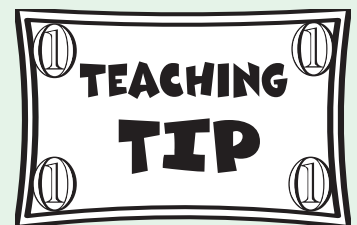
Glue (or tape) the item to the top of your paper. Let's say that all of the toys we've picked out cost eight dollars. Write \$8.00 below your picture. Show them how to write \$8.00 if necessary.



Remind students that bets are rewards because of the reason Alexander made them, not the result—he expected to win.



If students guess "fines," ask them what was the biggest penalty—the thing Alexander *really* didn't want to give up?



To save time try tearing out one or two pages from the toy catalogs to reduce students' choices.

Now we're going to make a savings plan to get the item. Give each student eight one-dollar bills from the play money.

If you want to save enough money for your toy in eight weeks, how much do you need to save each week? Lay out your money in eight equal stacks.

Help students lay out the bills in eight equal stacks.

Right, you would need to save one dollar each week. What if you wanted to get your toy sooner—maybe in four weeks? How much would you have to save each week? Help students lay out their money in four equal stacks. They would have to save two dollars each week.

How much would you have to save if you wanted your toy in two weeks?

Four dollars each week.

Which plan is easiest? Saving one dollar a week. Which plan gets you the toy the soonest? The two-week plan.

On your paper, write down the savings plan you think you can follow to get the toy. Write the three choices on the chart paper. Help each student to choose one plan and copy it on his or her paper:

- $\$1.00 \times 8 \text{ weeks} = \8.00
- $\$2.00 \times 4 \text{ weeks} = \8.00
- $\$4.00 \times 2 \text{ weeks} = \8.00

Assessment

Check students' understanding by listening carefully to the responses they give during group discussions. Use the **Making Choices** worksheet to determine how well they can count money. If time allows, you may wish to have students create "Goods and Services" collages from magazine and catalog pictures. This can be done individually, in pairs, or can even be assembled into a classroom bulletin board.

Suggested Online Activity

NOTE: Teachers should preview all sites to ensure they are age-appropriate for their students. At the time of publication, all URLs listed here were valid. In addition, some Web sites provide lessons via pop-up screens, so you may have to disable your computer's pop-up blocker software to access them.

How SMART Are You With Money?

Shel Silverstein's poem, "Smart," from his classic book of poetry, *Where the Sidewalk Ends*, will tickle your students' funny bones and teach lessons about the value of money at the same time. This lesson plan from the Franklin Institute provides a PDF version of the poem with additional activities to enhance the lesson: sln.fi.edu/pieces/knox/smart.htm.

National Standards Correlations

Economics

The activities in this lesson correlate to the following Voluntary National Content Standards in Economics, as determined by the National Council on Economics Education, found at: www.ncee.net/ea/standards.

Standard 1: Scarcity

Students will understand that: productive resources are limited. Therefore, people cannot have all the goods and services they want; as a result, they must choose some things and give up others.

K–4 Grade Benchmarks:

- People make choices because they can't have everything they want.
- Economic wants are desires that can be satisfied by consuming a good, service, or leisure activity.
- Goods are objects that can satisfy people's wants.
- Services are actions that can satisfy people's wants.
- Whenever a choice is made, something is given up.

Standard 2: Marginal Cost/Benefit

Students will understand that: effective decision making requires comparing the additional costs of alternatives with the additional benefits. Most choices involve doing a little more or a little less of something; few choices are “all-or-nothing” decisions.

K–4 Benchmarks:

- A cost is what you give up when you decide to do something.

Standard 4: Role of Incentives

People respond predictably to positive and negative incentives.

K–4 Benchmarks

- Rewards are positive incentives that make people better off.
- Penalties are negative incentives that make people worse off.
- Both positive and negative incentives affect people's choices and behavior.

Mathematics

In addition to economics, the activities in this lesson also correlate to the following *Principles and Standards for School Mathematics*, from the National Council of Teachers of Mathematics, found at: standards.nctm.org/document/index.htm.

Numbers and Operations Standards

Understand numbers, ways of representing numbers, relationships among numbers, and number systems.

PreK–2 Benchmarks:

- Count with understanding and recognize “how many” in sets of objects.

Algebra Standards

Represent and analyze mathematical situations and structures using algebraic symbols.

- Use concrete, pictorial, and verbal representations to develop an understanding of invented and conventional symbolic notations.
- Use mathematical models to represent and understand quantitative relationships.
- Model situations that involve the addition and subtraction of whole numbers, using objects, pictures, and symbols.

Language Arts

This lesson, based on the children's book *Alexander, Who Used to Be Rich Last Sunday* by Judith Viorst, also correlates to the following *Standards for the English Language Arts*, from the National Council of Teachers of English, found at:

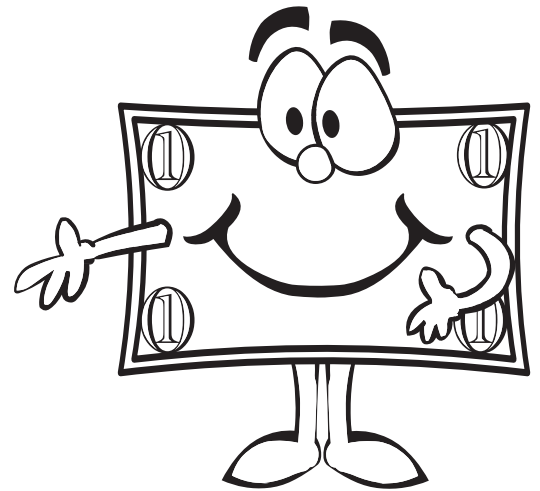
www.ncte.org/print.asp?id=110846&node=204.

1. Students read a wide range of print and non-print texts to build an understanding of texts, of themselves, and of the cultures of the United States and the world; to acquire new information; to respond to the needs and demands of society and the workplace; and for personal fulfillment. Among these texts are fiction and nonfiction, classic and contemporary works.
3. Students apply a wide range of strategies to comprehend, interpret, evaluate, and appreciate texts. They draw on their prior experience, their interactions with other readers and writers, their knowledge of word meaning and of other texts, their word identification strategies, and their understanding of textual features (e.g., sound-letter correspondence, sentence structure, context, graphics).

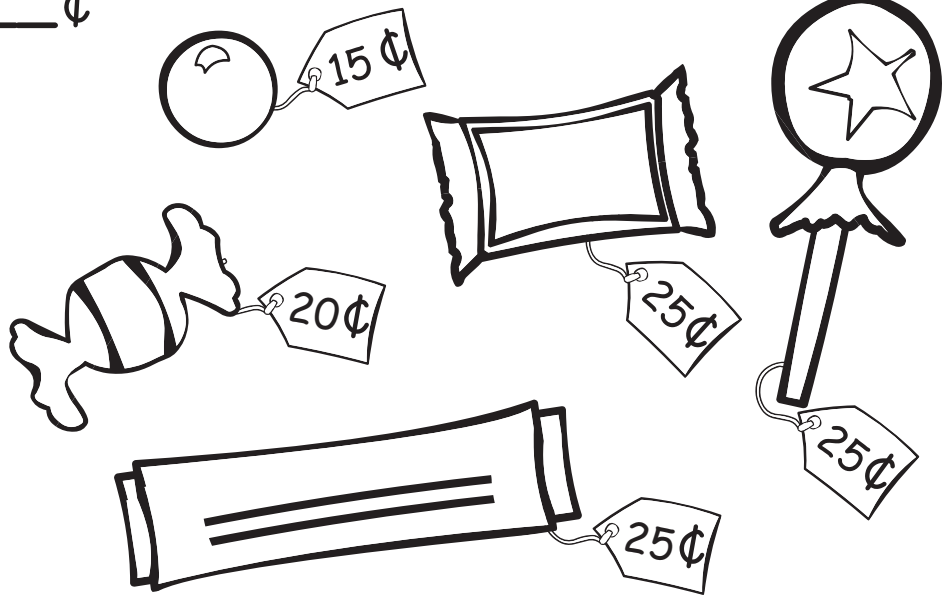
Making Choices

Name _____

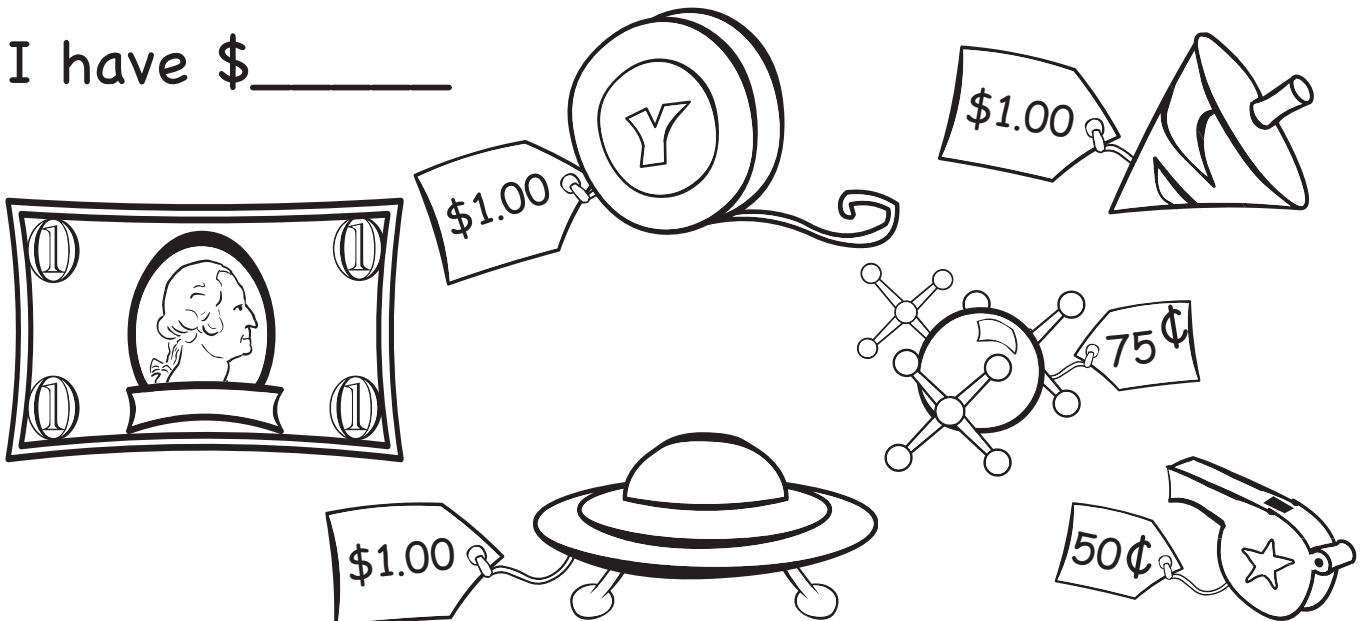
Write your money amount on the line.
Circle what you would buy with that amount.

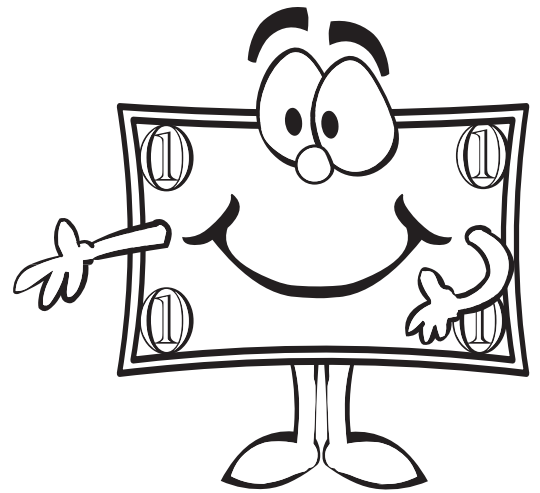


I have _____ ¢

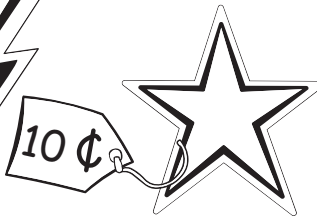
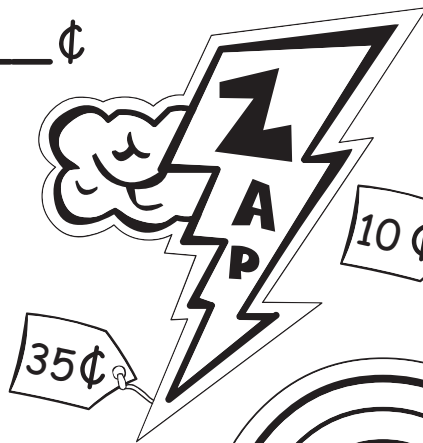


I have \$ _____

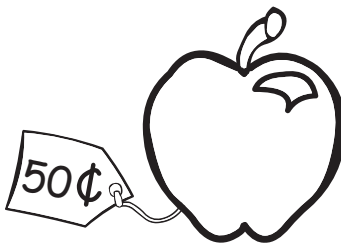
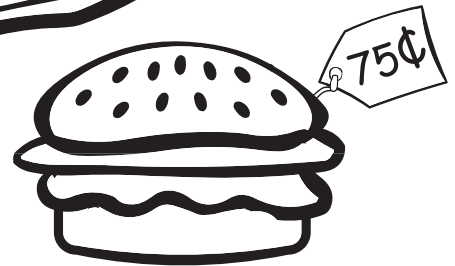
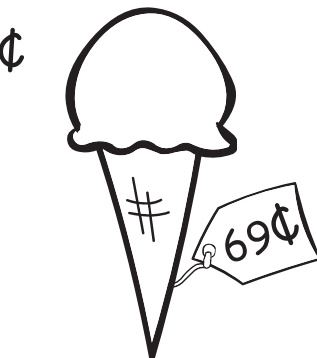




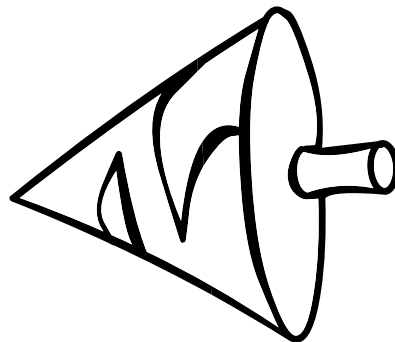
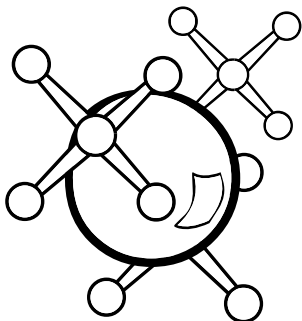
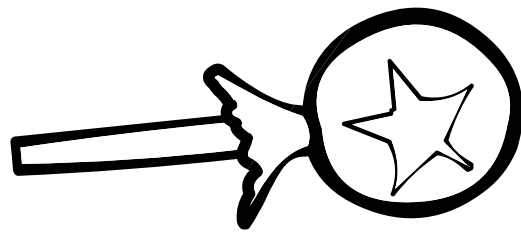
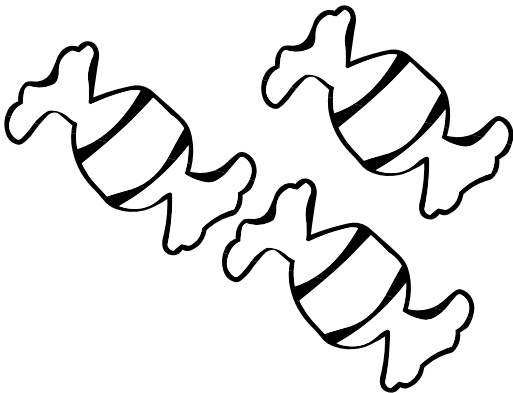
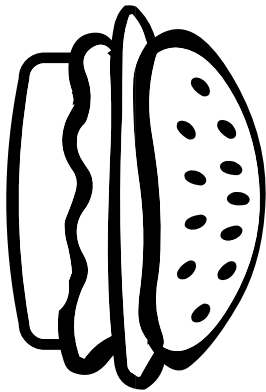
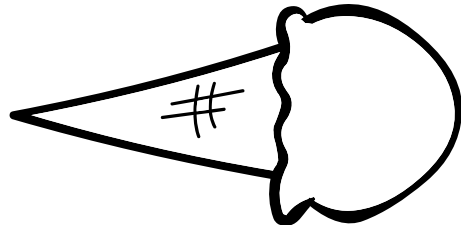
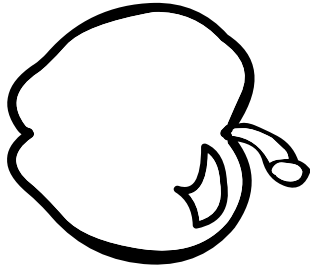
I have _____ ¢



I have _____ ¢



Goods and Services Sorting Cards



Goods and Services Sorting Cards

