

# Something Special For Me

By Vera B. Williams/ISBN-13: 978-0-688-06526-3

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## Lesson by

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## Lesson Description

In this lesson, students learn about the act of saving and how the accumulation of money saved is termed savings. They are read a story about a family that saves and how savings can be used to make a large purchase the family would not ordinarily be able to make. They recognize that there is an opportunity cost to saving, as well as an opportunity cost to spending.

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## Age Level

Grades 1-3

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## Content Standards

### National Standards in Economics

- **Standard 1:** Students will understand that productive resources are limited. Therefore, people can not have all the goods and services they want; as a result, they must choose some things and give up others.
  - Benchmark 1, Grade 4: People make choices because they can't have everything they want.
  - Benchmark 5, Grade 4: The opportunity cost of an activity is the value of the best alternative that would have been chosen instead. It includes what would have been done with the money spent and the time and other resources used in undertaking the activity.
- **Standard 10:** Students will understand that institutions evolve and are created to help individuals and groups accomplish their goals. Banks, labor unions, markets, corporations, legal systems, and not-for-profit organizations are examples of important institutions. A different kind of institution, clearly defined and enforced property rights, is essential to a market economy.
  - Benchmark 1, Grade 4: Banks are institutions where people save money and earn interest, and where other people borrow money and pay interest.
  - Benchmark 2, Grade 4: Saving is the part of income not spent on taxes or consumption.

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## National Standards in Personal Finance

Financial Responsibility and Decision Making Overall Competency: Apply reliable information and systematic decision making to personal financial decisions.

- **Standard 4:** Make financial decisions by systematically considering alternatives and consequences.
  - Benchmark 1, Grade 4: People make choices because they have limited financial resources and cannot have everything they want.
  - Benchmark 6, Grade 4: Every spending decision has an opportunity cost.

Saving and Investing Overall Competency: Implement a diversified strategy that is compatible with personal goals.

- **Standard 1:** Discuss how saving contributes to financial well-being.
  - Benchmark 1, Grade 4: People save for future financial goals.
  - Benchmark 2, Grade 4: Every saving decision has an opportunity cost.

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## Concepts

Saving  
Savings  
Opportunity cost

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## Objectives

Students will:

1. Define opportunity cost and give examples.
2. Define savings and saving.
3. Explain why people save

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## Time Required

40 minutes

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## Materials

- A small box labeled (Savings)
- 8 quarters
- *Something Special for Me* by Vera B. Williams
- Handout 1

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## Procedures

1. Tell students you will read a story about a little girl named Rosa whose birthday is only three days away. Her family has agreed to use their savings to buy her a birthday present. Savings is all of the money someone has saved. Ask students the following questions.
  - Do you have savings? (*Answers will vary.*)
  - Where did your savings come from? (*Answers will vary but students should state that they contribute to their savings when they get money for allowance or special occasions.*)
  - Is it difficult to save? Why or why not? (*Most students likely find it difficult to save because it means that they have to forego spending on things they want.*)
2. Explain the family has savings because they have been saving their money. Saving is not spending money now and keeping that money to use in the future. People save money so that they can buy big things in the future, like a house, a car, or furniture. They also save so that they have money in case they need money in an emergency, such as a sudden car repair.
3. Help students understand the distinction between savings and saving by displaying the box you have labeled "Savings." Place quarters in the box repeatedly, each time stating that you are saving \$.25. Explain that saving is an action word (verb) and every time you place money in the box you are saving. Show the students all of the quarters accumulated in the box and explain that savings is a thing (noun). It is all of the money you save.
4. Empty the coins from the box and invite a student to come forward and "save" the quarters. If the student is unsure, prompt him to place the quarters in the box and reinforce the ACTION. When he is finished, ask him to display the savings to the class. If he is unsure, prompt him to hold the box up to show his savings.

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5. Read *Something Special for Me* and discuss:

- How did the family save money? (*The whole family saved their change.*)
- Where did the family place their savings? (*In a jar on a shelf.*)
- Why would a jar on a shelf be an unsafe place to save money? (*It could break and get broken glass in the money, it could be stolen, the family could take money from it and spend the money on little things like candy bars and pop.*)
- Can you think of a safer place to put your savings? (*Students may not have experience with banks. Guide them to recognize that the safest place to keep their money is in a bank. It won't get stolen in a bank. They won't be tempted to take money from their savings if it's in a bank.*)
- When Rosa's mom put \$2.00 into the savings jar, what was she giving up? (*She was giving up something she could have purchased with the \$2.00.*)
- Why was Rosa's mom willing to save money rather than spending it on something she wanted now? (*She wanted to be able to buy something big in the future.*)
- In the story, what was Rosa's problem? (*She wanted several things.*)
- Why didn't Rosa buy all of the things she wanted? (*She had only enough money for one of those things.*)
- What were Rosa's choices? (*roller skates, dress and shoes, red tent and sleeping bag, accordion*)
- What was special about the skates? (*Her friends already had skates so Rosa could skate with them.*)
- What was special about the clothes? (*It was a pretty outfit to wear on her birthday.*)
- What was special about the tent and sleeping bag? (*She could use them when she went camping with her friends and her aunt and uncle.*)
- What was special about the accordion? (*She could play music for her friends and perhaps on stage in the park like her grandmother had.*)
- The story never states that Rosa's family did not have much money. What clues in the story help you know this? (*Rosa's mom, grandmother, Rosa, and even her aunt and uncle put money in a jar to save for special items.*)
- Why did Rosa find it so difficult to make a choice? (*Since Rosa's family did not have a lot of money, it was important that she choose carefully.*)
- What did Rosa choose? (*the accordion*)

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6. Explain that when Rosa chose the accordion, she had to give something up. Rosa had an opportunity cost. Opportunity cost is what is given up when a choice is made. Ask the following questions.
  - If Rosa had not chosen the accordion, would she have been able to have the sleeping bag and tent? *(yes)*
  - If Rosa had not chosen the accordion, would she have been able to have the skates? *(yes)*
  - If Rosa had not chosen the accordion, would she have been able to have the skates and the sleeping bag and the tent? Why not? *(There was not enough money to buy all of those things.)*
  
7. Distribute a copy of *Handout 1: Priorities* to each student and instruct them to number the four items as they think Rosa might have wanted them. The accordion is already numbered with a 1 because this is the item she chose. Explain that the item the student marked with a 2 is the next best item. It is the item Rosa would have chosen had she not chosen the accordion. The "number 2" item is Rosa's opportunity cost.
  
8. Instruct student to turn the page over and make a list of four items they would like to have. Have them number the items with 1 being the item they want the most and 4 being the item they want the least. Ask students to report their choice (1) and their opportunity cost (2).
  
9. Explain that saving has an opportunity cost too. Repeat the question asked earlier: When Rosa's mom put \$2.00 into the savings jar, what was she giving up? *(She was giving up something should could have purchased with \$2.00 now.)* Discuss this using the following questions.
  - What could Rosa's mom have purchased with \$2.00? *(a cup of coffee, candy, a newspaper; accept any reasonable answer)*
  - What do we call the item that Rosa's mom gave up? *(her opportunity cost)*
  - Do you think Rosa's mom was happy with her decision to save instead of spend? *(Answers will vary but students will probably recognize that she was happy to have the savings.)*

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10. Distribute a copy of *Handout 2: Rosa's Story* to each student and have them place the sentences in the correct order to tell the story.

Rosa's family saved money.

Rosa's family put their savings in a jar.

Rosa's mom asked Grandma if it would be okay to spend the savings in the jar for Rosa's birthday present.

Rosa saw white skates with orange wheels.

Rosa saw a polka dot dress with its own jacket and blue shoes with crisscross straps.

Rosa saw a red tent and a blue sleeping bag.

Rosa bought an accordion.

Rosa had an opportunity cost.

The family began saving over again with one dime in the jar.

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## Closure

11. When students have completed the handout, ask the following questions.
- What is opportunity cost? (*Opportunity cost is what is given up when a choice is made.*)
  - What was Rosa's family's opportunity cost when they saved money? (*something they could have purchased with that money now*)
  - What is savings? (*It is all of the money someone has saved; it is a thing—a noun.*)
  - What is saving? (*Saving is not spending money now and keeping that money to use in the future; it is an action word—a verb.*)
  - Why do people save money? (*to buy big items or to have money available in an emergency*)
  - Is there a better place to save money than in a jar? (*in a bank*)
  - Why is a bank a safe place to save money? (*The money can't be lost or stolen. The saver isn't tempted to take money out of savings.*)
  - What was Rosa's problem? (*she had to choose a birthday gift*)

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- What was Rosa's opportunity cost when she chose the accordion? (*one of the other things she could have purchased*)

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### Assessment

12. Instruct students to draw a picture of themselves saving. Instruct them to label their savings. On the other side of the paper, instruct them to draw two things they would like as a birthday present. They should choose the present they want by circling it, and show the opportunity cost by drawing an X through it.

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## Handout 1: Priorities

  1      Accordion

\_\_\_\_\_    Sleeping bag and tent

\_\_\_\_\_    Skates with orange wheels

\_\_\_\_\_    Polka dot dress with its own jacket and  
            blue shoes with crisscross straps

### Handout 2: Rosa's Story

Rosa's story is below, but it is out of order. Number the sentences to tell the story in the correct order.

- \_\_\_\_\_ Rosa's family saved money.
- \_\_\_\_\_ Rosa saw a red tent and a blue sleeping bag.
- \_\_\_\_\_ The family began saving over again with one dime in the jar.
- \_\_\_\_\_ Rosa saw white skates with orange wheels.
- \_\_\_\_\_ Rosa's mom asked Grandma if it would be okay to spend the savings in the jar for Rosa's birthday present.
- \_\_\_\_\_ Rosa's family put their savings in a jar.
- \_\_\_\_\_ Rosa bought an accordion.
- \_\_\_\_\_ Rosa had an opportunity cost.
- \_\_\_\_\_ Rosa saw a polka dot dress with its own jacket and blue shoes with crisscross straps.