

## Tarantula Shoes

by Tom Birdseye

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### Description:

Students read a book about Ryan O'Keefe, a young man who wants a pair of basketball shoes promoted by a basketball star. They learn about spending, saving, opportunity cost, and trade-offs as they study Ryan's decisions throughout the book. Students keep a diary of expenses to track their spending and examine their opportunity costs.

### Personal Finance Concepts:

Spending, saving, earning, opportunity cost, trade-offs

### Related Subject Areas:

Mathematics

### Instructional Objectives:

Students will be able to:

- Define spending, saving, earning, opportunity cost, and trade-offs.
- Analyze trade-offs of various spending and saving decisions.
- Identify the opportunity cost of numerous spending and saving decisions

### Time Required:

Two class periods

### Materials Required:

- Copy of *Tarantula Shoes* by Tom Birdseye
- Numerous copies of newspaper advertisements, flyers, and catalogs for athletic shoes
- Copy of Activities 1 and 2 for each student

### Procedure:

1. Ask students for examples of items they have wanted and an adult has said that they could not have because the items were too expensive. (*athletic shoes, CD players, computer games*)
2. Pose the question, "Why did the adults think the item cost too much?" (*possible answers: Similar items cost less; item was overpriced because of a logo or endorsement; the adult thought it wasn't essential; item was a fad; adult thought there were better uses for the money.*)
3. Tell students you will read them a book, *Tarantula Shoes* by Tom Birdseye, which

is about a young man, Ryan O'Keefe, who has a similar problem. He wants a pair of basketball shoes that an NBA All-Star promotes, but his parents think the price is too high.

4. After reading the book, tell students that **spending** means using income to buy goods and services today. Discuss the following.
  - a. How much did Ryan want his parents to spend on a pair of Slam Dunk Sky Jumpers? (*\$124.99 plus 6% sales tax*)
  - b. With the tax, what was the total amount Ryan needed? (*\$132.49*)
  - c. Why did Ryan's parents refuse to buy him the shoes? (*The shoes were too expensive. They worked hard for the income they earned and were careful how they spent it.*)
  - d. What were his parents willing to spend on new athletic shoes? (*\$40*)
  - e. Why was Ryan so determined to have a pair of Sky Jumpers? (*He thought it would improve his basketball game. He also was starting a new school and wanted to be like the other junior high boys he had met who already had Sky Jumpers.*)

5. When the Sky Jumpers go on sale for \$99.99 plus tax, Ryan is determined to purchase a pair. Discuss the following.

- a. How does he plan to obtain the money needed to purchase the shoes? (*from parents, from savings, and by earning it*)
- b. Why did his parents agree to contribute \$42.40 and not the original amount of \$40? (*Ryan reasoned they would have to pay the sales tax on the \$40 shoes which would be \$2.40.*)
- c. How much money did Ryan have in his piggy bank? (*\$21.45*)
- d. What was the total price for the shoes including 6% tax? (*\$105.99*)

6. Review how Ryan determined the amount he had to earn to reach his goal. List the amounts on the board as follows, asking students to complete the computations.

\$105.99	sale price, including 6% sales tax
<u>-42.40</u>	parents' contribution including 6% sales tax
63.59	difference
<u>-21.45</u>	Ryan's savings
\$ 42.14	amount Ryan had to earn

7. Ryan felt his father was always lecturing him on how earning money required hard work. Ryan was tired of hearing this. Tell students that **earning** means receiving income in the form of wages or a salary for work performed. Discuss the following.
  - a. What was Ryan's experience when he had to earn the \$42.14 he needed? (*Earning money was hard work.*)
  - b. What were the jobs Ryan had to complete to reach his goal? (*clean the*

*basement, wash the car, scrub under the sink, work in the garden)*

8. To reach his goal of \$105.99, Ryan had to save all his earnings. Explain that **saving** is income that people don't spend on goods and services. When Ryan saved all his income to buy his shoes, he couldn't spend his earnings on goods and services now.
9. Write the term "opportunity cost" on the board. Define **opportunity cost** as the next best alternative given up when a choice is made. Ask students the following.
  - a. What was Ryan's opportunity cost of saving his earnings? (*He couldn't purchase things he wanted now.*)
  - b. What were some of Ryan's opportunity costs? (*pop, candy bars, baseball cards, sausage burger at Ernie's Eatery*)
10. Ask students for examples of spending decisions they have made and have them state the opportunity cost of each. Point out considering their opportunity cost, what they give up, before making a choice can help them make better spending and saving decisions.
11. After his hard work earning the money to buy the shoes, Ryan learns that the store no longer has the shoe in his size at the sale price. Discuss the following.
  - a. How much money does Ryan have? (*\$106.60*)
  - b. How much will Ryan need to purchase the shoes at the regular price? (*\$132.49 including tax*)
  - c. How much additional money will Ryan need to earn in order to purchase the shoes? (*\$25.89*)
  - d. How does Ryan earn this money? (*He charges people 25¢ to see his pet tarantula, Fang, perform tricks.*)
  - e. What problems did he have? (*Ryan advertised Fang as the largest spider in captivity and as very dangerous. Neither of these claims was true. To avoid giving money back, at one point he became a human basketball. He eventually discovers that he can make Fang rear up on his hind legs and look as if he were fighting. Neighborhood children are willing to pay to see this trick.*)
12. Remind students that Ryan's mother felt he wanted the Sky Jumpers because of brand name and peer pressure. Ask students the following questions.
  - a. What does this mean? (*Brand name: Consumers buy a product because it is made by a well-known producer. Peer pressure: Consumers buy a product so they are like their peers who already own it.*)
  - b. When have you been influenced by a brand name or peer pressure when buying a good or service? (*Answers will vary.*)
13. Once Ryan has \$132.49 he asks permission from his parents to purchase the shoes. Discuss the following:
  - a. How do you know his mother wishes he would spend the money on less expensive shoes? (*Mom shook her head and let out a big sigh. Then she*

said "If that's how you really want to spend what you've earned, then go ahead.")

- b. What lesson did Ryan learn from his earning and spending experience? (*Buying the shoes took almost every penny he had. He said, "Money may be hard to come by, but it sure goes fast."*)
- c. By spending all his earnings and his savings on the shoes, Ryan has nothing left. How might this be a problem? (*He had nothing saved for emergencies or for other items he might want to buy.*)
- d. Do you think Ryan made a good spending decision? Support your answer. (*Answers will vary.*)
- e. What might have been an alternative spending decision Ryan could have made and still have had new athletic shoes for school? (*He could have spent his earnings on a less expensive pair of shoes and still had money to spend on other goods and services.*)

14. Write the term "trade-offs" on the board. Define trade-offs as giving up some of one thing to get some of another thing. Review the following examples with students:

- a. Helen has enough money to purchase three new CDs or two new shirts for school. She can spend it all on CDs, all on shirts, or make a trade-off. She could buy two CDs and one shirt. Her trade-off is giving up one CD to get one shirt.
- b. Juan has \$10 to spend. He wants to buy five crazy pencils at \$1.99 each. He decides to buy three crazy pencils and save the remaining money. What is Juan's trade-off? (*He gave up some pencils to have some savings.*)

15. Divide the class into groups of four students. Distribute to each group several advertisements for athletic shoes and a copy of Activity 1 for each student.

16. Tell students to select an alternative athletic shoe for Ryan and answer the questions for Activity 1.

17. Review students' answers.

1. The other things he would have done with the \$132.49.
2. Answers will vary depending on the price of the alternative shoe chosen.
3. He could spend it, save it, or do some of both.
4. Point out that if they decided to buy a less expensive brand of shoe, they were trading-off the more expensive shoe for some money to either save or spend on other goods and services.
5. Answers will vary.

**Closure:**

Discuss the following.

1. Review definitions of spending, earning, saving, trade-offs and opportunity cost.
2. What spending decision did Ryan make? (*He decided to spend all his earnings on the Sky Jumpers.*)
3. What was the opportunity cost for Ryan of saving all his earnings for the shoes? (*He couldn't spend his earnings on things he wanted immediately.*) What did he give up? (*pop, candy, baseball cards, and sausage burgers*)
4. What trade-off might Ryan have made and still have had a new pair of athletic shoes for school? (*He could have purchased a less expensive pair and have had some of his savings left to use to purchase other items for school or to purchase something in the future.*)
5. What lesson did Ryan learn from his earning and spending experience? (*Earning money is hard work, and spending it is easy.*)
6. What advice would you give Ryan about spending his hard-earned money? (*He should think about his alternatives and what he is giving up to get the shoes.*)
7. What are some examples of spending and saving decisions you have made? (*Answers will vary.*) What was the opportunity cost of your decisions? (*Answers will vary.*) What trade-offs could you have made? (*Answers will vary.*)

### Assessment:

Distribute a copy of Activity 2 to each student. Have students complete Part 1 by keeping a record of their spending and saving decisions for one week.

At the end of the week, have students analyze their decisions by answering the questions in Part 2 of the activity.

Discuss the following:

1. What expenditures could you do without? (*Answers will vary.*)
2. Why did you purchase these items which, on reflection, you have decided you could do without? (*didn't give decision much thought, habit, pressure of others, desire for brand name product*)
3. What was the opportunity cost of each of your spending decisions? (*what they gave up, their second choice*)
4. What trade-offs could you have made with your money? (*give up some of the items on the list to get other items or to save for future purchases*)
5. How can an understanding of opportunity cost and trade-offs help you make better spending decisions in the future? (*Considering my opportunity cost will help me to see what I must give up to get my choice and determine if that is really what I want to spend my income on. Thinking about trade-offs can result in me buying less of one thing to get more of something else or have money to save.*)

### Extension:

1. Use the lesson, "To Choose Is To Refuse," in *Smart Spending and Saving*, National Council on Economic Education, 1996, <http://www.economicamerica.org>
2. Teach a lesson on how advertising affects consumers decisions. *Tarantula Shoes* mentions advertising strategies for selling the Sky Jumpers and tickets to Ryan's performance with his tarantula, Fang. Two recommended lessons are "Advertising Influences Spending Decisions," in *Pocketwise*, National Council on Economic Education, 1996, and "Why Do I Want All This Stuff," in *Smart Spending and Saving*, National Council on Economic Education, 1996, <http://www.economicamerica.org>

**Tarantula Shoes**  
**Activity 1: Trade-offs for Ryan .**

Ryan had \$132.49 to spend on Slam Dunk Sky Jumper basketball shoes. Study the advertisements for athletic shoes. Select an alternative shoe for Ryan to buy. Record your choice and the price below.

	<b>Ryan's Choice</b>	<b>Your Choice</b>
Name/style	Sky Jumper	
Price:	\$132.49	

1. If Ryan buys the Sky Jumper shoes, what is his opportunity cost?
2. If Ryan buys your alternative shoe, how much money will he have left?
3. What might Ryan do with the money he has left?
4. What would be the trade-off of this decision?
5. Which pair of basketball shoes do you think Ryan should choose? Defend your answer.

**Tarantula Shoes**  
**Activity 2: Spending and Saving Diary**

**Part 1:**

For the next seven days, keep a diary of all your spending and saving decisions. Using the diary below, record your decisions with the dollar amount you either spent or saved.

**Spending and Saving Diary**

Day/Date	Spending Decisions		Saving Decisions
	Item	Amount	Amount
Day 1			
Day 2			
Day 3			
Day 4			
Day 5			

Day 6			
Day 7			

**Part 2:**

1. Circle all the expenditures you made for the last week that you consider essential.
2. Of the expenditures not circled, which could you do without?
3. Why did you purchase these items which, on reflection, you have decided you could do without?
4. What was the opportunity cost of each of your spending decisions?
5. How much were you able to save?
6. What trade-offs could you have made with your spending and saving decisions?
7. How can an understanding of opportunity cost and trade-offs help you make better spending and saving decisions in the future?