

Yard Sale

by James Stevenson

Lesson plan by Sheryl Szot Gallaher

Source: www.moneymanagement.org

Printed from

www.choicebank.com

Financial Literacy Library

Description:

After the teacher reads *Yard Sale*, the class discusses spending decision of the animals in the story. Students learn a decision-making process and how to identify their opportunity cost.

Personal Finance Concepts:

Spending, goods, services, price, advertising, choice, alternatives, criteria and opportunity cost.

Related Subject Areas:

Language arts, math and social studies.

Instructional Objectives:

Students will be able to:

- Define goods as objects that satisfy people's wants.
- Explain that spending occurs when people buy goods and services.
- Compare choices and alternatives.
- Define opportunity cost as the next best alternative given up when a choice is made.

Time Required:

Two to three class periods.

Materials Required:

- Copy of *Yard Sale*
- Copy of Activities 1- 5 for each student
- Transparency of Activity 2 and Visual 1

Procedure:

1. Ask students if they have ever been to a garage sale or a yard sale. Ask what kinds of things are sold at such sales. (*old toys, bikes, tools, games, clothing, kitchen gadgets, books*) List the items on the chalkboard as students suggest them. Discuss the following:
 - a. Why would someone want an old book? (*to read, to give to a friend, to learn something new, to add to a collection*)
 - b. Why would someone want an old toy? (*to play with, to give to someone as a gift*)

2. Explain that the things listed on the board are called goods. Write the word "goods" above the list in large letters. Define **goods** as objects that satisfy people's wants. Explain that if people want to enjoy a story, a book can satisfy that want. If someone wants to play, a toy can satisfy that want. Ask the following questions:
 - a. Which goods could satisfy me if I wanted something sweet and chewy? (*gum, candy*)
 - b. Which goods could satisfy me if I wanted to hear music? (*cassette tape, CD, radio, piano*)
 - c. How do people pay for the goods that they buy at a garage or yard sale? (*They use money.*)

3. Explain that people spend money to buy goods. Have students name some goods for which their families have spent money in the past week.
4. Tell students that you will read a story about a very special yard sale. They must listen carefully so they can name all goods that were sold for money at the sale. Distribute a copy of Activity 1 to each student. As students listen to the story, they should circle each good that is brought to the yard sale.
5. Define **price** as the amount of money people pay for a unit of a good. Tell students that if a price is mentioned in the story, they should write the price under the name of the good.
6. Read *Yard Sale* to the class, pausing after each item is named so that students can locate it on their activity sheets. [*red chair, accordion (50¢), cooking pot, picture frames, cracked tea cup, old book, alarm clock (50¢; later returned for a 25¢ refund), neckties, hockey stick, green comb (15¢), orange footstool (bought for 5¢ and resold for 10¢), peanut butter sandwich (5¢)*]
7. Discuss the following:
 - a. Which goods brought to the yard sale were broken or damaged? (*alarm clock, hockey stick*)
 - b. According to Crocker, who would want a broken hockey stick? (*a small hockey player*)
 - c. How did Crocker convince Henry to buy the broken alarm clock? (*He told Henry that it was silent so it would not annoy him with a nasty, noisy alarm; if it had hands, it would have a higher price; it did not need a key because it was pre-wound; and it did not have numbers because Henry already knew where the numbers should be.*)

8. Explain that Crocker was calling Henry's attention to some things about the clock. Crocker was advertising the clock so that Henry would want to buy it. Display some magazine advertisements and ask what the advertiser is trying to say about the product. (*It's pretty, comfortable, inexpensive, tasty, etc.*)
9. Have students name some advertising or commercials they have seen in magazines, newspaper, or on TV. Ask them to identify what qualities of the products are being brought to their attention. Discuss the following:
 - a. Why was Crocker being dishonest with Henry about the qualities of the clock? (*The clock was broken, but Crocker wanted to sell it for 50¢.*)
 - b. Did Henry make a good choice when he spent 50¢ for a broken clock? (*Answers may vary, but most students will agree that Henry's choice was perhaps not the best one.*)

10. Explain that Henry might have made a better decision if he had used a plan about how to spend his money. Tell students that they will learn to use a chart to help them make better decisions than Henry.
11. Show three different alarm clocks to the class. Ask students how they would decide which one to buy. (*size, sound, name brand, price*) Distribute a copy of Activity 2 to each student and display the transparency. Explain that the **alternatives** are the items from which to choose - the choices. List the names of the three clocks in the first column, having students do the same.
12. Explain that **criteria** are the desired features/qualities. For example, if they think that a large size is more appealing, the criterion should be "large size." (*possible criteria: pleasant alarm, attractive, lights up, digital, quiet*) Write criteria that students suggest in the first row.
13. Explain that students will now evaluate each clock according to their criteria. They should write Y (yes) in the appropriate box if the clock meets a criterion. If it doesn't meet the criterion, they should write N (no). Complete the grid with class participation.
14. Remind students that Henry should have thought more carefully about his choice to buy the alarm clock at the yard sale. Discuss the following:
 - a. What else could Henry have bought for 50¢? (Students may name the accordion, another item that they think might have a price of 50¢, or a set of items that add up to 50¢.)
 - b. Why couldn't Henry buy the alarm clock AND the accordion? (He had only 50¢.)
15. Explain that Henry had to make a choice because he didn't have enough money. He could have spent 50¢ for the alarm clock, or he could have shopped around and bought the accordion. His choice was to spend 50¢ on the clock, so he gave up the accordion. Explain that the accordion was Henry's opportunity cost. **Opportunity cost** is the next best alternative given up when a choice is made.
16. Distribute a copy of Activity 3 to each student, and read the directions aloud. Divide the class into groups of three. Distribute a copy of Activity 4 to each group. Each group receives the set of six charts. Demonstrate how a chart is completed, using "Musical Instruments" as an example. Have one student in each group complete the "Musical Instruments" chart as you demonstrate:
 - a. Point out that the first column tells them that they have \$6.00 to spend.
 - b. Tell students to find the three musical instruments in the list on Activity 3 and to enter their names and prices on the chart.
 - c. Tell students to put an X in the second column next to the instrument that is too expensive. (*horn*)
 - d. Tell them to choose either the guitar or drum to buy. Next, they should write "CHOICE" in the second column and "OPPORTUNITY COST" next to the item they do not choose.
 - e. Tell them to answer the question in the last column, putting the answer in the row next to the choice. (See example below.)

Instrument	Choice?	Price	Change?
guitar	CHOICE	\$5.50	50¢
horn	X	\$6.10	
drum	OPP. COST	\$5.72	

17. Tell the groups to complete the remaining five charts. When they are finished, discuss the answers. (*musical instruments - drum, horn, guitar; kitchen gadgets - cups, bowls, pans; supplies - pencils, markers, notebook; sporting goods - baseball, basketball, football; choices, opportunity costs, and change will vary.*)
18. Explain that Simsbury chose to spend something other than money. He spent time looking in his attic for goods to sell. His opportunity cost was that he missed the sale. Discuss the following:
- Name some things that Simsbury had in his attic. (*bicycle, picture postcards, old guitar*)
 - If Simsbury had taken the bike to the yard sale to sell, what price do you think he could charge? (*Answers will vary.*)
19. Explain that Simsbury had a choice. He could choose to keep the bike, or he could choose to sell it. If he chose to keep it, his opportunity cost would be the money he could have received as payment. If he chose to sell it, his opportunity cost would be the enjoyment of using the bike. Discuss the following:
- In the story, Naomi chose to spend 15¢ **now** for a green comb. What was Naomi's opportunity cost? (*something she could have bought for 15¢ later*)
 - When Matthew chose to spend 5¢ **now** for the orange footstool, what was Matthew's opportunity cost? (*something he could have bought for 5¢ later*)
 - When Leo chose to spend 5¢ **now** for the peanut butter sandwich, what was Leo's opportunity cost? (*something he could have bought for 5¢ later*)
 - What did Simsbury finally choose to take to the yard sale? (*a hat*)
 - Did he sell the hat? Why or why not? (*No. The yard sale was over by the time he got there.*)
 - What did Simsbury decide to do then? (*He wore his hat to the party.*)
20. Remind students that Myrna and Nick played the accordion at the party so that the other animals could dance. Explain that making music is a service. Define **service** as an activity that can satisfy people's wants. Discuss the following:
- What kinds of wants are satisfied by music? (*People want to enjoy themselves by dancing; they might want to relax; they want to be entertained.*)
 - Name some services for which your families have bought in the past few weeks. (*Answers will vary, but may include haircut, dry cleaning, car wash, doctor exam, and so forth.*)
21. Explain that families spend money to buy goods and services. When families choose to spend money on one type of service, their opportunity cost is the next best choice they could have made. Discuss the following:
- If you spent \$5 to see a movie, what might your opportunity cost be? (*Answers will vary, but should include something else that could be purchased for \$5 or something else that could have been done at the time the movie was being watched.*)
 - If your dad or mom had to decide whether to spend \$100 for new glasses or \$100 for a car repair, which would he or she choose? What would be

the opportunity cost? (*Answers will vary, but the opportunity cost is the alternative to the choice.*)

22. Conclude the lesson by reminding students that when they decide to spend money, they should think about their choices and their opportunity costs. Explain that if they spent money now, they give up the opportunity to spend it at a later time. If they choose not to spend their money now, they give up the enjoyment of the goods/services they could have bought with their money.

Closure:

Discuss the following:

1. What are goods? (*objects that satisfy people's wants*)
2. What is spending? (*using income to buy goods and services*)
3. What are services? (*activities that people do for us*)
4. What is the opportunity cost of a decision? (*the next best alternative that is given up*)

Assessment:

Have students use the decision-making grid presented in Activity 2 to decide on something to buy with \$25. They must list alternatives, state criteria, evaluate the alternatives on the basis of each criterion, and make a decision. Have them circle the choice and draw a box around the opportunity cost.

Extension:

Distribute a copy of Activity 5 to each student. Tell students to read each story and make a choice. In the lines after each story, they should write their choice and their opportunity cost. Remind them to write in complete sentences.

Yard Sale
Activity 1: Goods Sold at the Yard Sale

Directions:

Circle the goods that are mentioned in the story. If a price is given, write the price on the line below the name of the good.

1. cracked tea cup price_____	2. blue dishes price_____
3. picture frames price_____	4. accordion price_____
5. red chair price_____	6. orange footstool price_____
7. tools price_____	8. cooking pot price_____
9. hockey stick price_____	10. old book price_____
11. peanut butter sandwich price_____	12. green comb price_____
13. neckties price_____	14. alarm clock price_____

Yard Sale
Activity 2: Spending Money to Buy an Alarm Clock



Criteria →				
Alternatives ↓				

Yard Sale
Activity 3: Opportunity Cost at a Yard Sale

Directions:

The list below contains the names and prices of goods you might want to buy at a yard sale. You can't buy them all because you don't have enough money.

guitar	\$5.50	bowls	\$2.35	notebook	\$1.24
baseball	\$3.28	shirt	\$5.43	saw	\$3.30
jeans	\$5.50	horn	\$6.10	football	\$3.93
pans	\$2.24	hammer	\$3.25	jacket	\$5.75
cups	\$2.13	drum	\$5.72	pencils	\$1.15
markers	\$1.35	basketball	\$3.30	screwdriver	\$3.50

Yard Sale
Activity 4: Opportunity Cost at a Yard Sale

Directions:

The list below contains the names and prices of goods you might want to buy at a yard sale. You can't buy them all because you don't have enough money.

Musical Instruments (You have \$6.00.)	CHOICE, OPPORTUNITY COST, OR "X"	PRICE	How much change will you get if you buy your first choice?

Kitchen Gadgets (You have \$2.30.)	CHOICE, OPPORTUNITY COST, OR "X"	PRICE	How much change will you get if you buy your first choice?

School Supplies (You have \$1.30.)	CHOICE, OPPORTUNITY COST, OR "X"	PRICE	How much change will you get if you buy your first choice?

Sporting Goods (You have \$3.75.)	CHOICE, OPPORTUNITY COST, OR "X"	PRICE	How much change will you get if you buy your first choice?

Clothes (You have \$5.60.)	CHOICE, OPPORTUNITY COST, OR "X"	PRICE	How much change will you get if you buy your first choice?

Tools (You have \$3.40.)	CHOICE, OPPORTUNITY COST, OR "X"	PRICE	How much change will you get if you buy your first choice?

Yard Sale
Activity 5: To Spend or Not To Spend?

Directions:

Read each story below and decide whether to spend your money. Then answer the questions on the lines after each story. Be sure to write your answers in complete sentences, such as "I decided to buy the apple because I love apples. My opportunity is the snack I won't be able to buy next week."

1. You received \$10 from your grandmother for getting a good report card. You could spend your money to buy a game you saw at the store, but you also want to go horseback riding next week. The price of the game is \$10, and so is the price of horseback riding. What will you choose to do? What is your opportunity cost?

2. You cleaned your uncle's attic and garage, and he paid you \$25. You could choose to spend the money to buy a computer game, or you could put it in your drawer for later. Which will you choose? What is your opportunity cost?

Yard Sale
Activity 5: To Spend or Not To Spend?

Directions:

Read each story below and decide whether to spend your money. Then answer the questions on the lines after each story. Be sure to write your answers in complete sentences, such as "I decided to buy the apple because I love apples. My opportunity is the snack I won't be able to buy next week."

Musical Instruments (You have \$6.00.)	CHOICE, OPPORTUNITY COST, OR "X"	PRICE	How much change will you get if you buy your first choice?