



Junior Achievement *Save, USA*

Budgeting

Elementary Lesson

Should I buy a video game or a new sweater?
Should I spend spring break snorkeling in Cancun or working at the Burger Palace?
Should I study for my history exam, hang out at the mall or go to a basketball game?

Life is full of choices. Some don't matter much (ham or turkey sandwich); some can be life-changing (to smoke or not to smoke). But important or not, a decision always means giving something up. Economists use the term "opportunity cost" to describe the next-best alternative given up when you make a choice.

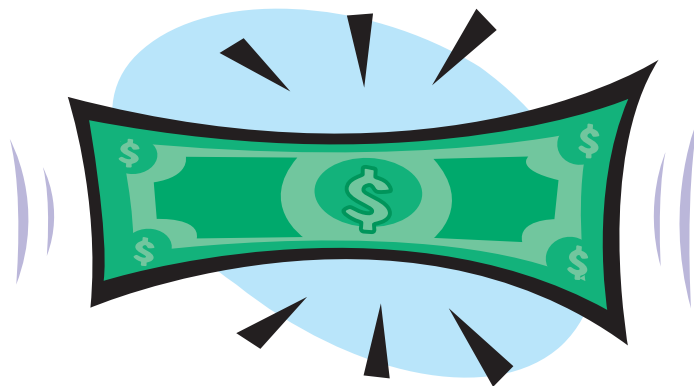
If you buy the video game, your opportunity cost is the new sweater. By purchasing the game, you give up the opportunity to buy the sweater. If you study for your exam, you give up going to the basketball game.

We live in a world of scarcity—a world of unlimited wants and limited resources. Because of scarcity, we can't have everything we want. So we have to make choices about what to do, where to go and how to spend. Sometimes making spending choices is easier if we have a clear view of our finances. That's where a budget comes in handy.

A budget is simply a record of your income and expenses. The best rules anyone can follow about budgeting are these:

Spend Less
Than You Earn

Save Part of
Every Paycheck



Elementary Grades Activity

Anna has saved \$20.00 in her piggy bank. On Saturday, she's going to a garage sale to spend her money.

1. Circle five items that Anna can buy without going over \$20.
2. Circle four items she can buy and spend **exactly** \$20.
3. If she buys the craft kit and the doll, how much will she have left?

Doll	\$6.50
Building blocks	\$3.75
Coloring book	\$1.25
DVD	\$5.00
Puppet	\$4.50
Craft kit	\$11.75
Scooter	\$10.00
Roller skates	\$5.25



\$11.75



\$5.00



\$6.50



\$4.50



\$10.00



\$3.75



\$1.25



\$5.25

Answers
1: blocks, coloring book, DVD, puppet, skates
2: blocks, coloring book, DVD, scooter
3: \$1.75



About JA Worldwide® (Junior Achievement)
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