



“Rock, Brock and the Savings Shock” by Sheila Bair

Twin brothers Rock and Brock accept a challenge from their grandpa. He will give them each a dollar in the next ten weeks and will double the total each brother is able to save. This exercise provides the opportunity to:

1. Illustrate the impact of spending versus saving;
2. Teach students how to consider the opportunity costs related to money decisions;
3. Introduce students to interest and compound interest;
4. Challenge students to examine their own saving and spending habits.

Time Limit: 35-40 minutes

Supplies Needed:

- *Rock, Brock and the Savings Shock* by Sheila Bair
- A \$5 bill, a quarter and a penny to illustrate money values
- Three small items of comparable value
- Three index cards
- White board and markers



Opportunity Costs

Today, I’m going to read you a story about two twins--Rock and Brock and a challenge they accept from their grandpa. It’s going to get us thinking about how we spend and save our money. *Point to a white board in front of the class. Draw a line down the middle and write Brock and Rock at the top of each column.*

As I read the story, we’re going to track some of the ways the twins used their money. *Read the story. Stop reading the story on page 15 when Brock decides not to buy the rocket. Make some quick notes on the white board. Under Brock, simply write SAVED. Under Rock, write giant fly, hair goo, candy. Continue reading story. Stop the story on page 23 after Brock places the rest of his money in a bank account. More quick notes -- under Brock, write telescope, book, shirt, robe, bank account. Under Rock, write gum, yard sale toys, clown ears, and more! Finish reading the story. Review the notes on the white board.*

<u>BROCK</u>	<u>ROCK</u>
Saved!	giant fly
telescope	hair goo
book	candy
shirt	gum
robe	yard sale toys
bank account	clown ears
	...and more!



Let's examine the two lists. *For young readers, you may need to read what you just wrote on the white board.* Let's look at just the things Brock and Rock bought with their money. Which item do you think was the best? *Guide the conversation so that at least one of the more expensive items on Brock's list is chosen. Circle the item on Brock's list chosen by the students.* How much did this item cost? *Consult book.*

How was Brock able to buy something that cost so much? (saved, thought ahead) Did the things Rock buy cost a lot? (not by themselves, however, it adds up) Just totaling up the money Rock spent on items, we have \$10. *Write \$10 at the end of the list.* However, because Brock kept saving and Gramps kept matching, Brock ended up with \$512. *Write \$512 at the end of Brock's list.*

Because Brock saved his money, he could buy things that were more valuable and, in this case, more useful. He was able to grow his money because Gramps matched his savings. You may not have a grandpa who will match your savings, but you can put your money in places that will allow you to earn something called interest. Can anyone tell me what an interest payment is? *Take responses.*

Interest is a payment made by a bank or other financial institution for the use of money deposited in an account. If you put your money in a savings account, they will pay you a small amount to keep it there. As we saw with Brock, the way to make your money grow is to leave it in the account and not remove it. *Put five dollars on the table in front of you. As you talk, show students the actual money amount you are referring to.* Let's pretend your bank or credit union is going to pay you 5% interest on your money. You would earn 25 cents in interest over time as you keep your \$5 in the account. And, as you keep saving both your \$5 and the 25 cents you just earned, you will then earn an interest payment on the entire amount of \$5.25. The next time they pay you interest, it will be for the \$5.25 in your account and your interest payment would be a little higher than last time. Now it will be 26 cents. That's an example of compound interest -- earning an interest payment on your interest! The bottomline is: your money is slowly growing!

Now, back to our story.

Rock was disappointed near the end of the book when he saw the nicer things that Brock was able to buy because he saved his money. I think Brock knew something that Rock didn't know. I think Brock understood what an opportunity cost is.

Place three different items of equal value on a table in front of the students. Don't tell them how much they cost. A suggestion would be soda - of a size or quantity to compare in price to the other items, a hairbrush, and a toy.

I need a volunteer. I would like you to place these items in order starting with the thing you think costs the most, followed by the next most expensive item, and finally the item you think is the cheapest. *Let student arrange the items. If you can tell some students would arrange the items differently, have one of them come up and rearrange the items.*

Point to the item chosen by most students as the most expensive. Why do you think this is worth more than the other two items? *Take answers.* You will be surprised to learn that all of these items costs almost the same. *On an index card, write the price of each item in advance. Now, just prop the card up against each object.*



Remember I told you that Brock knew something Rock didn't know? I think he knew about opportunity cost. Opportunity cost is a benefit, profit, or value of something that must be given up to acquire or achieve something else. For example, let's say I had \$5. My \$5 would buy any one of these items before you. I need to ask myself, "What am I giving up if I buy the soda instead of the hairbrush?"

Well, I might not be able to keep my hair neat and I might look bad. However, if I buy the soda I won't be thirsty any longer. What if I bought the (toy) instead of the soda? I could have a lot of fun with the toy, but I would be thirsty.

Do you think Rock would have spent his money differently if he had considered the opportunity cost of buying the small inexpensive items he choose? *Discuss. Compare owning the nice telescope versus the stack of cheap toys.* I think Rock would have chosen differently. We saw at the end of the story that he started to be a saver too.

Place a bank next to the three items of equal value. Let's say you are Brock and in addition to buying one of these items, you could also save your money. What would you do? (Answer: save) You might go get a drink of water instead of buying a soda. You might use a comb or an older brush instead of buying a new one. You might play with toys you already have, instead of buying a new toy.

The next time you receive or earn any money, I want to challenge you to think about the opportunity cost of spending that money. Saving allows you to put money aside for the future. *Put the \$5 in the bank in front of the students.* Remember Brock and Rock. Decide if you would rather manage your money like Brock, and think carefully about your choices, or be like Rock and spend your money with no thought at all.

Just an IDEA!

Go to the page, "Sheila's Six Savings Tricks" located at the back of the book. Review the savings tips with your students. Get their ideas for saving money. Share some of your experience in saving for something.