

THEME 2

LESSON

4

The Grasshopper and the Ant



Fitness Focus

LESSON DESCRIPTION AND BACKGROUND

In this lesson, children use an adaptation of Aesop's fable, "The Grasshopper and the Ant," to learn about the trade-off between satisfying wants today and planning for the future. Children use the fable to examine their own behaviors and decisions about saving. They learn how interest provides an incentive to save. Writing their own fable provides the children with a creative way to express their ideas about the importance of consuming and saving decisions.

"You can't have your cake and eat it, too" is an old and familiar saying. If people could have everything they want, whenever they want it, life would be very different. People wouldn't worry about choices, and they certainly wouldn't worry about their future wants. However, resources and incomes are limited, so choices must be made in order for people to obtain the most from available resources.

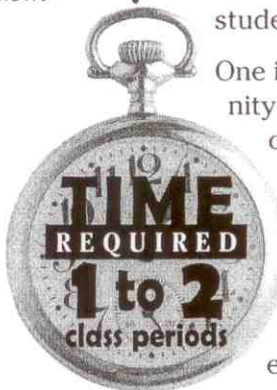
Understanding the concept of opportunity cost is critical for good decision making. The ability to identify the opportunity cost, the highest-valued alternative that must be forgone because another option is chosen, helps students learn the relative values of their alternatives.

One important decision enhanced through an understanding of opportunity cost is saving. Saving is a way to spread the use of today's income over a longer period of time. For most children, the future is very abstract. They tend to think only about things they want right now. Saving for the future is the farthest thing from their minds. Giving up some of today's consumption to save for tomorrow's consumption is a foreign idea to many students.

This lesson correlates with the national English language arts, mathematics, and economics standards and with the personal finance

EQUIPMENT & GETTING READY

- ✓ Transparency of Exercise 4.2
- ✓ Exercise 4.1—*The Grasshopper and the Ant: A Fable About Saving: Steps to Financial Fitness Student Workouts*
- ✓ Exercise 4.2—*Plot Diagram: Steps to Financial Fitness Student Workouts*
- ✓ Exercise 4.3—*The Grasshopper and the Ant: Chapter 2: Steps to Financial Fitness Student Workouts*





ECONOMIC AND PERSONAL FINANCE CONCEPTS

Opportunity cost, trade-offs, saving, interest

Workout

WARM-UP

1. Ask the students for examples of **fables** they have read or heard. (*Answers will vary.*)
2. Explain that fables are found worldwide. For centuries they have been handed down from one generation to another — first orally, and later through writing.

A **fable** is a fictitious narrative intended to teach some moral truth or precept, in which animals or inanimate objects may be represented as speakers or actors.

If students are unfamiliar with fables, they might read an “Aesop’s Fables” version of “The Grasshopper and the Ant.” The adapted story, which appears later in this lesson, may then be easier to discuss.

3. Have the students consider fables they have heard or read and discuss some of the characteristics of fables.
 - a. **Fables are fiction; what is fiction?** (*Something that didn’t really happen.*)
 - b. **How do you know that the fables you have read or heard are fiction?** (*Answers will vary.*)

EXERCISE

1. Write “You can’t have your cake and eat it, too” on the board. Discuss the following.

- c. **In fables, animals or inanimate objects may be represented as speakers and actors. Were animals or inanimate objects characters in the fables that you have read or heard?** (*Yes.*)
- d. **Usually, fables have a moral; what is a moral?** (*A lesson about life taught in the story.*)
- e. **What were the morals of the fables you have read or heard?** (*Answers will vary.*)

- a. **What does this expression mean?** (*If you eat your cake, you won’t have it to eat later. If*

Student Objectives

At the end of this lesson, the student will be able to:

- ✓ Define opportunity cost and interest.
- ✓ Analyze the trade-offs and opportunity cost of a saving decision.
- ✓ Identify reasons to save.
- ✓ Explain how savings can be used to satisfy future wants.
- ✓ Use the concept of opportunity cost to compare the advantages and disadvantages of saving and to make informed saving decisions.
- ✓ Explain how interest serves as an incentive to save.



you save your cake for later, you can't eat it now.)

b. Describe some times when you had to choose between two economic wants; tell what you decided. *(List answers on the board, such as choosing whether to play soccer or basketball at recess, choosing whether to buy a comic book or a snack, choosing whether to watch television or study for the math test, or choosing whether to save allowance to buy a compact disk or to spend the allowance now.)*

2. Explain that if the students chose the thing they wanted most, they had to give up having the other thing. The item they gave up was their opportunity cost. **Opportunity cost** is the best alternative not chosen.

An **economic want** is a desire that can be satisfied by consuming a good or service.

Opportunity cost is the best alternative given up.

3. Have the students review the examples using the term “opportunity cost.” For example,

- ▲ “If I choose to play soccer during recess, my opportunity cost is the chance to play basketball.”
- ▲ “If I buy a comic book, my opportunity cost is the snack I would have purchased with the same amount of money.”
- ▲ “If I use my time to watch television, my opportunity cost is studying for my math test.”
- ▲ “If I save my allowance to purchase a new compact disk, my opportunity cost is the thing(s) I would have bought with the same amount of money.”

4. When you made these choices, why did you choose one alternative over another? What factors influenced your choices? *(Answers will vary, but they might include examples such as: I chose to play soccer because my friends wanted to play soccer; I chose to watch television because I would have missed my favorite shows.)*

Spending is buying goods and services.

Saving is income not spent on current consumption, money not spent on goods and services; this money is set aside to spend later.

5. Tell the students they will read a fable about a grasshopper and an ant who make different choices. Assign Exercise 4.1 in *Student Workouts*. Tell the students to read the story and think about its message.

6. When the students are finished reading, discuss the following.

a. What is spending? *(Buying things.)*

b. What is saving? *(Not buying now; keeping money to spend later.)*

c. What was the ant's message or the “moral” of the story? *(If you do nothing but play today, you may have nothing for tomorrow.)*

d. What does this message mean? *(The fable illustrates the concept of opportunity cost. Spending all your money today means that you do not have money for something you may want tomorrow. The opportunity cost of spending today might be saving to buy something you want tomorrow. The opportunity cost of saving for the future is what you might have bought today if you had not chosen to save.)*

e. How did the ant earn the money she was putting in the bank? *(By working.)*

f. Give an example of a choice you've made—and like the grasshopper—later wished that you hadn't made. *(Answers will vary.)*

7. Explain that the ant worked to earn income. She spent some of her income and she saved some of her income. That's what most people do with the income they earn. Discuss the following.

a. Where did the ant save her money? Why? *(She saved in the bank. The bank paid interest.)*

b. How did the ant explain “interest” to the grasshopper? (*Interest is extra money the bank pays her for saving.*)

c. Why didn’t the grasshopper understand what the ant was saying about interest? (*He thought she meant that the bank was interested in her savings, and that she found saving to be interesting. He wasn’t listening carefully.*)

8. Point out that the ant was right. Banks pay interest. **Interest** is money people receive for allowing the bank or someone else to use their money.

9. Explain that people might be better off by choosing to save. When people choose to save, there is a trade-off between short-term (present) goals and long-term (future) goals. In order to have money for long-term (future) spending, people give up some short-term (present) spending. This is a trade-off. Define **trade-off** as giving up some of one thing to get some of another thing.

10. Remind the students of the expression, “You can’t have your cake and eat it, too.” Explain that you can’t eat your cake and have it to eat in the future. But you could make a trade-off — eating some cake now and saving some for the future. The grasshopper could have made a trade-off by saving some money and spending some money. Ask the students for examples of trade-offs they have made. (*Answers will vary.*)

11. Explain that the plot of a story is made up of a series of events. It begins with the introduction of the characters and the conflict or problem they face. The action builds to a high point or climax. Then a conclusion is reached. Display a transparency of Exercise 4.2 in *Student Workouts* to demonstrate how to complete a plot diagram.

Interest is money people receive for allowing the bank or someone else to use their money.

A **trade-off** is giving up some of one thing to get some of another thing.

a. Who were the characters in the story? (*Ant, grasshopper.*)

b. What problem does the grasshopper have in the story? (*The grasshopper spends all his money all the time.*)

c. What action occurs as a result of the problem? (*The grasshopper tries to borrow money from the ant. The ant says that he should learn to save and explains the benefits of saving.*)

d. What was the climax or high point of the story? (*The grasshopper sees the ant getting money from the bank to go to the movies, and he doesn’t have any money.*)

e. What was the conclusion? (*The grasshopper realizes that he’s not having fun anymore, so he should change some of his choices.*)

12. Have the students complete the plot diagram in Exercise 4.2 in preparation for writing a second chapter to the grasshopper and the ant story. They should use the completed plot diagram to guide their writing. They may add characters if they wish. The chapter they write should focus on what the grasshopper has learned from the ant about saving, interest, and opportunity cost. Review what the grasshopper learned about saving with the following questions.

a. What did the ant say we give up when we spend? (*Something we could have in the future.*)

b. What did the ant call the best alternative that is given up when a choice is made? (*Opportunity cost.*)

c. Why did the ant say the bank pays her to save? (*The bank pays interest.*)

d. What is interest? (*Extra money that the bank give to savers.*)

13. Refer the students to Exercise 4.3 and have them write chapter 2. Allow time for the students to share their plot diagrams and to explain what the grasshopper would do and why.

14. Tell the students to describe how their spending and saving decisions might be



better because of their knowledge of trade-offs and opportunity cost. Have them give examples from their own experiences that show behavior like the behavior of the grasshopper or the ant. For example:

- ▲ “I was like the ant when I decided to save for our vacation.”

- ▲ “I was like the grasshopper when I spent all of my vacation money the first day.”

15. After each example, ask the students to suggest how the concept of opportunity cost could have been used to make the best possible choice in each situation.

Checkup

- ✓ At the end of the lessons for each theme, student assessments are found in *Student Workouts*. Choose the questions that are most appropriate for your class. Answers are found in the Appendix of this book.

incentive to save. Banks and other financial institutions pay interest on savings.)

8. **What is the moral of a story?** (A lesson about life taught in the story.)



COOL DOWN

1. **What is saving?** (*Income not spent on goods and services now.*)
2. **When people save, what do they give up?** (*Goods and services now.*)
3. **When people spend, what do they give up?** (*Saving for goods and services in the future.*)
4. **What do we call what we give up when we make choices?** (*Opportunity cost.*)
5. **What is a trade-off?** (*Giving up some of one thing to get some of another thing.*)
6. **What is interest?** (*Payment for using someone else's money.*)
7. **When might you earn interest and why is it important?** (*When you save money in a bank, you can earn interest. Interest is an*

Crosstraining

Crosstraining can be done in many ways. One example is given here. Others may be found on our web site, www.ncee.net.

Internet Connection:

Visit the Wise Pockets Clubhouse at www.wisepockets.com. Students may read the story, “Will Saves for the Stars,” about a boy who saves for a telescope.

Other Training Equipment

An annotated list of children’s books related to this topic may be found on our web site, www.ncee.net or in *The Parents’ Guide to Steps to Financial Fitness*.

4.1



The Grasshopper and the Ant: A Fable About Saving

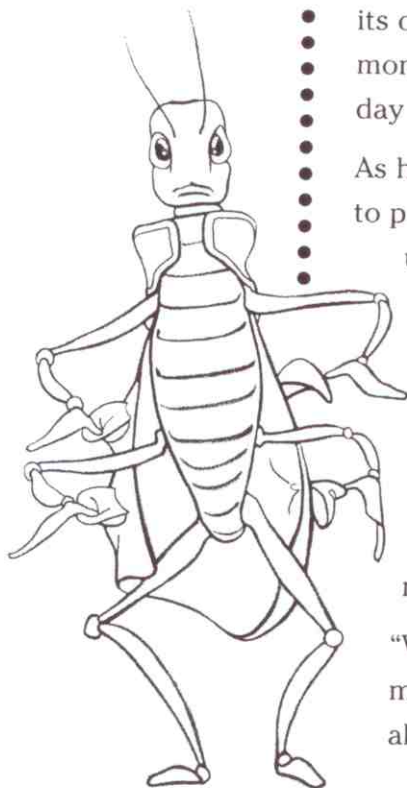
One wondrously sunny day just before the beginning of the new school year, Sam, a very happy grasshopper, was frolicking through the neighborhood. He came upon some ants who were busily carrying pennies, nickels, and dimes to the corner bank.

It looked like backbreaking work — each ant carrying a load 10 times its own size. “Wow!” said Sam, as he stopped to see if he had enough money to play a video game, “Why would anybody spend such a great day working so hard?”

As he watched the industrious ants, he reached deep into his pocket to pull out his last shiny quarter. He dropped it in the slot and continued his daily quest to break the scoring record. Video games were his passion. Sometimes he played three times a day.

“Rats!” he exclaimed as the video character met an untimely demise at the hands of the alien creature. “Where can I get another quarter? I’ll bet I can borrow one from Sandra the ant. She’s just putting it in the bank and doesn’t need it. Hey, Sandra, old buddy, can I borrow 25 cents? I’ll pay you back next week.”

“Where did all your money go?” asked Sandra as she deposited more money into the Automatic Teller Machine. “You seem to always spend your money on fun and games. Why should I think



that you can save your money to repay me next week? Have you saved any money you earned this summer?"



"Hey, I've had the greatest summer ever! I didn't work much, went to the amusement park six times, played video games every day, and stuffed myself with candy all summer. You guys work too hard and don't have much fun. I'm too young to worry about saving money. I get whatever I want. That's what being a kid is all about. What's so great about saving, anyway? It just means you can't have the things you want now."

"I'm saving" Sandra said, "so that I can buy some great new school clothes, have enough for a fun holiday vacation, and do things on the weekends during the winter when I don't have time to work and earn money. I can tell you what is really great about saving — INTEREST."

"Wait a minute," said Sam. "You think it's interesting to put money in the ATM machine? Well, that may be what interests you, but it doesn't interest me. Having fun interests me, buying stuff interests me, going to the movies with my friends interests me."

"You don't seem to care much about the future," said Sandra. "Have you even thought about saving for college? By the way, I didn't mean that saving interests me. I meant that I earn interest from the bank."

"Are you nuts?" asked the grasshopper. "I'm too young to save," he added. "Oh, of course, the bank is interested in your money. Why wouldn't they be? They get to keep it and use it, and you can't spend it."

"Don't you think about all the other things that you could do with the money you spend?" asked the ant. "Do you buy the first thing you see, or do you think about what you give up? And, for your information, I didn't say the bank was interested, I said the bank PAYS interest to me."

"You don't know what you're talking about. When I buy stuff, I'm not giving up anything. I'm getting things," replied the grasshopper. "I don't think you know what you're talking about with that interest stuff either. Maybe you better look that word up in the dictionary."

"When you buy things, you are giving things up," said Sandra. "When you spend a dollar, you don't have that dollar for something else. When you spend a dollar, you don't have that dollar for something you might want in the future. Every choice you make has an opportunity cost. When I save, I know that I'm giving up something that I could have today for something in the future. I also know

that when I save the bank pays me interest. I don't have to look that word up in the dictionary because I know exactly what it means. The bank pays me extra money to keep my savings in the bank. That means I'm getting paid for saving. That's what interest is. Maybe you better visit a bank and learn something besides how to put quarters into video games. I can't chat anymore, I have work to do," said the ant.

As the ant walked away, Sam could be heard mumbling, "Sure, the bank pays you for saving, and grasshoppers turn into butterflies. Opportunity cost, what's that all about?"

A few months later, Sam was again walking through the neighborhood when he spotted the ant making another trip to the bank. "Hey, Sandra, what are you doing now?" he asked.

"I'm withdrawing some of my savings to go to the movies with my friends this weekend," she replied. "What are you doing?"

"Nothing, I guess," the grasshopper said, longingly eyeing the video game he had no money to play. "I don't have much fun these days. Now, I think I know what you meant about opportunity lost."

"You mean opportunity cost?" asked the ant.

"Yeah, that's it, I guess I got the term wrong. I was hoping that you could tell me some more about saving and interest, too. You talked about those the last time we were together, but I really didn't understand."

"Well, you were close. When you give something up, it's like losing an opportunity," said the ant. "I'd be happy to help you learn about saving and interest. Keep in mind that if you only play today, you may have nothing for tomorrow."

1. What did the ant mean with her advice?

2. What does the moral of the story mean?

ADMIT ONE

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EXERCISE

4.2

Plot Diagram

Name: _____

1. Characters

2. Problem

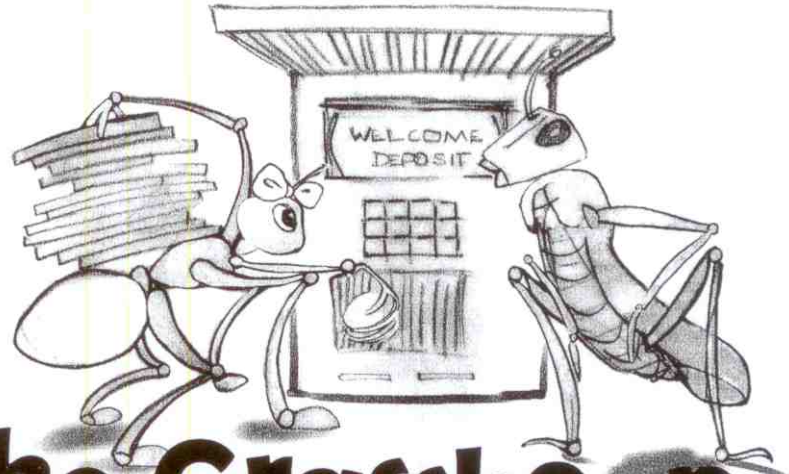
3. Action

4. Climax

5. Conclusion

EXERCISE

4.3



The Grasshopper and the Ant: Chapter 2

The next August, the ant was busily carrying her savings to deposit in the bank when she met the grasshopper. “Well, how are you? Did my tutoring help you?” she asked.

What did the grasshopper say?

Write the second chapter to The Grasshopper and the Ant below. Use your plot diagram from Exercise 4.2.

