

Name: _____ Date: _____

Answer Key: Wrangle Your Wealth: A 3rd Grade Personal Finance Challenge

Evaluate how to maximize limited resources by comparing opportunity costs and prioritizing essential needs over luxury wants in complex scenarios.

1. Maya has \$10. She wants a new book for \$8 and a soccer ball for \$7. If she chooses the book, what is her 'opportunity cost'?

Answer: B) The fun she would have had with the soccer ball

Opportunity cost is the specific alternative you give up when you make a choice. Since she couldn't afford both, the soccer ball experience is what she sacrificed.

2. When a local bakery decides to put money into a new, faster oven to bake more bread, they are making an _____.

Answer: B) Investment

An investment involves putting money into something (like tools or equipment) with the expectation that it will help earn more money in the future.

3. True or False: If you borrow \$50 from a bank to buy a bike and pay it back over a year, you will usually end up paying the bank more than \$50.

Answer: A) True

This is due to interest. Banks charge a fee for letting you use their money, so the total repayment is the original amount plus interest.

4. Sam is creating a budget. Which of these items should be labeled as a 'Fixed Expense' (an amount that stays the same every month)?

Answer: C) Monthly rent for an apartment

Fixed expenses are costs that don't change month-to-month, making them easier to plan for in a budget than variable costs like snacks.

5. A person who starts a new business, taking a risk to sell a new invention, is known as an _____.

Answer: B) Entrepreneur

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Entrepreneurs organize and operate businesses, taking on financial risks in hopes of creating a successful product or service.

6. True or False: Using a credit card is exactly the same as using a gift card because both allow you to buy things without using paper cash.

Answer: B) False

A gift card uses money already paid, while a credit card is a loan that must be paid back later, often with added interest.

7. If the price of lemonade goes up from \$1.00 to \$5.00 a cup because of a lemon shortage, what will likely happen to the 'demand'?

Answer: C) Fewer people will want to buy it

In economics, as the price of an item increases, the quantity demanded by consumers typically decreases because it is less affordable.

8. Instead of spending his allowance on candy, Leo puts it in the bank to earn extra money called _____.

Answer: C) Interest

Interest is money paid to you by a bank for keeping your savings there, helping your total wealth grow over time.

9. Which of the following is the best example of 'Scarcity' in a school cafeteria?

Answer: B) There are only 10 cookies left but 30 students want one

Scarcity occurs when there are limited resources (10 cookies) to meet unlimited or high wants (30 students).

10. True or False: A smart financial plan involves paying for your 'needs' (like healthy food) before you spend money on your 'wants' (like video games).

Answer: A) True

Prioritizing needs ensures survival and health, while wants are items that are nice to have but not necessary for living.