

Name: \_\_\_\_\_ Date: \_\_\_\_\_

## Answer Key: Outsmarting the Rainy Day: A Kindergarten Financial Strategy Challenge

Young economists weigh immediate gratification against long-term security by analyzing trade-offs and predicting the consequences of spending vs. saving in complex scenarios.

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**1. Imagine you have 5 tokens. You can buy a shiny sticker now, or wait until tomorrow to get a rare toy. If you choose the sticker, what are you giving up?**

**Answer:** B) The chance to get the rare toy later

This demonstrates the concept of opportunity cost; choosing one thing means giving up the next best alternative.

**2. If you spend all your allowance on candy today, you will still have money left to fix your broken bicycle tomorrow.**

**Answer:** B) False

Money is a finite resource; once it is spent, it is unavailable for future emergencies or repairs.

**3. Sam puts money in a jar every week to buy a gift for a friend next month. This is an example of \_\_\_\_\_.**

**Answer:** C) Saving

Saving is the act of setting aside current income for future use rather than spending it immediately.

**4. Why might a person choose to put their money in a bank instead of keeping it in a pocket?**

**Answer:** C) To keep it safe and help it grow

Banks provide security against loss and often offer interest, which helps wealth grow over time.

**5. If you don't have enough money for a ball, but your friend lets you use their money if you promise to pay it back, you are \_\_\_\_\_.**

**Answer:** B) Borrowing

Borrowing involves receiving something now with the legal or moral obligation to return it or its equivalent later.

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**6. A 'Need' is something you must have to stay healthy, like water, while a 'Want' is something that is just fun to have.**

**Answer:** A) True

Distinguishing between needs (essentials) and wants (desires) is a foundational step in prioritizing spending.

**7. You have \$1. A juice box costs \$1 and a toy car costs \$1. You buy the juice because you are very thirsty. What was your 'Need' in this story?**

**Answer:** C) The juice box

In this scenario, thirst makes the juice a physical necessity (need), whereas the car is a luxury (want).

**8. When you work hard raking leaves to get money, the money you receive is called \_\_\_\_\_.**

**Answer:** B) Income

Income is money received, especially on a regular basis, for work or through investments.

**9. If you borrow a friend's crayon and break it, you have a 'debt' because you owe them a new crayon.**

**Answer:** A) True

Debt is something, typically money, that is owed or due. In this case, it is the value of the broken item.

**10. There are only two apples left at the store, but ten people want them. What will likely happen to the price of the apples?**

**Answer:** A) The price will go up

When supply is low and demand is high, prices typically rise. This introduces the concept of scarcity.