

Name _____

Opportunity Cost

1. It's your birthday, and your Grandma gives you \$500. List below **at least five** things you could do with the money. Be specific about what you would buy. The items on each line must add up to \$500. (For example: \$200 on books, \$250 to take my friends to Laser Quest, and \$50 on candy.)

- a. _____
- b. _____
- c. _____
- d. _____
- e. _____
- f. _____
- g. _____

2. Now take the same items you listed above, and put them in order, with the first one being what you are most likely to do with your money, and so on. You can "shorten" your choices (For example: "books, DVDs and candy" on one line.)

- a. _____
- b. _____
- c. _____
- d. _____
- e. _____
- f. _____
- g. _____

3. Assume you spend the money on your first choice. What is your opportunity cost?

4. Why is that (your answer to number 3) your opportunity cost? _____
