

Chapter 10 Personal Financial Planning

Economics and You: Opportunity Cost

Directions Identify the opportunity costs in each of the following scenarios. What does one give up if another option is selected? Then answer the questions.

Scenario	Option 1 Opportunity Cost	Option 2 Opportunity Cost
Earned \$150 – Option 1 – save the money toward college; Option 2 – spend it on a new winter jacket		
Option 1 – go to the high school basketball game; Option 2 – go to the mall with friends		
Option 1 – give donation to the American Red Cross; Option 2 – buy a nicer gift for a friend’s birthday		
Business must reduce expenses Option 1 – cut the manager’s salary; Option 2 – fire three part-time employees		
School budget did not pass Option 1 – Reduce staff; Option 2 – Cut two sports programs		

