



Lesson One

Making Decisions



decision-making vocabulary

Making decisions means thinking about choices and predicting consequences. Sometimes it means taking risks and giving up things we want.

- **alternatives**

- **consequences**

- **risk**

- **opportunity cost**

- **?**

You are trying to choose between two alternatives. Should you buy a CD or go out for pizza? You have enough money to do only one. The enjoyment you get from a CD might last longer than the enjoyment of eating pizza. You decide to give up going out for pizza. What is the cost of your decision called?



the decision-making process

What is the problem?

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What do I know about this problem?

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-
-

What are my alternative choices for solving this problem?

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-
-

What are the consequences of each of my choices?

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-
-
-

What is the best choice?

-

Did I make a good choice? How do I know?

-



the facts of the matter

We live in an information age. There are many places to find advice and information. Where would YOU go for help?

- **people**

- **agencies**

- **magazines and books**

- **other publications**

- **internet**



common decision-making strategies

There are many ways to make a decision. Some strategies work better than others. Which of these do you use?

- **spontaneity**

- **compliance**

- **procrastination**

- **agonizing**

- **desire**

- **avoidance**

- **security**

- **synthesis**

- **?**

Candy and magazines are often on display at the supermarket checkout. What decision-making strategy does the store hope you will use?



economic influences on decision-making

Before you make a decision about money, what do you need to know about our economy?

- **consumer prices**

- **inflation**

- **consumer spending**

- **interest rates**

- **unemployment rate**

- **?**

You don't have enough money to buy a CD player you want. Should you cash the birthday check that your grandmother gave you? Your parents want you to put that check into a savings account. What economic conditions should you think about before you make this decision?



decision-making risks

BEWARE: making choices about money can be risky! What are some risks that you should think about before you make a final decision?

- **personal risks**

- **inflation risk**

- **interest-rate risk**

- **income risk**

- **?**

You worked hard over the past year and earned about half of the money that you'll need to buy a used car.

- Should you put your money in a savings account?
- Should you keep working until you've saved the full amount?
- Should you take out a loan and buy the car now?
- What risks might there be?