

Section 1—General Personal Financial Literacy**Title of Lesson/Subject: *Making Decisions***

Source: Practical Money Skills for Life www.practicalmoneyskills.com

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Time Allotment: Two- 55 minute class periods

Grade Level or Target Audience: 9th grade, Family & Consumer Science I

ND Standards Competencies:**2.0 CONSUMER AND FAMILY RESOURCES**

Evaluate management practices related to the human, economic, and environmental resources.

2.4 Describe interrelationships between consumer actions and the economic system.

Key Economic Concepts:

- Choices- Decision Making
- Opportunity Costs

Brief Description: Lesson One Overview:

As decision-making skills are used and improved, a person's quality of life is enhanced. Wiser choices result in better use of time, money, and other resources.

This introductory lesson provides students with an opportunity to learn more about decision making. The lesson starts with an overview of the decision-making process followed by a discussion of various internal and external factors that affect decisions.

People are usually not aware of economic influences that can affect decision making. These economic factors include inflation, interest rates, and the unemployment rate. Also, common risks associated with decision making are often not considered. Students should also be aware of opportunity cost -- what a person gives up when a decision is made.

Finally, the lesson concludes with strategies for analyzing the results of decision making. Students are encouraged to consider their past experiences in order to improve the quality of future decisions.

Lesson Goal:

Provide an understanding and an awareness of the factors that can influence decisions, introduce basic decision-making methodologies, and provide structured practice in analyzing a problem, identifying options, and making a decision.

Learner Objectives:

- Identify the steps in the decision-making process
- Identify and explain factors that can affect the decision-making process, and give examples of decisions that have been influenced by one or more of these factors
- Analyze influences on personal and financial decisions
- Identify risks and opportunity costs associated with personal and financial decisions
- Practice making decisions using a decision-making diagram

Introduction:

Have written on the board, “Where am I going to live after I graduate from high school?”

Gather ideas from students and list them on the board. (*The list will be used when you practice the decision making model later in the lesson.*)

Each day, we all make many decisions. Most decisions are simple, such as "What should I wear?" or "What should I eat?" Other decisions are more complex, such as "Should I buy a new or used car?"

“How do we make smart or wise choices about our futures?”

Materials Needed:

- Chalk board
- Overhead or computer for PowerPoint
- Hand outs of the decision making process

Audio/Visual Equipment Needed:

- Projector or computer for PowerPoint

Lesson Outline:

1. The decision-making process (*work an example*)
2. What are you trying to decide? (*identify decisions teens are making*)
3. Factors that can influence a decision (*list & discuss*)
4. Common decision-making strategies (*list examples*)
5. Economic factors and decision making
6. Analyze a decision

Resources:

www.practicalmoneyskills.com

Lesson One module has all handouts, overheads or PowerPoint presentation.

Activities:**What Are You Trying to Decide?**

- Have students identify two decisions they are trying to make (e.g., going to a party, moving away from home, buying a car, buying a home, calling in sick to work, etc.)
- Have them use the decision-making process sheet to work through one of the decisions they have identified.

A. Decision Making Process

1. Identify the problem or goal.
 - Where to live when you graduate from high school/college
2. Obtain information and think about possible courses of action or possible alternatives.
 - Live at home
 - Live at home and pay rent to parents
 - Rent an apartment
 - Live alone
 - Share an apartment
 - Live in college dorm

- Live in fraternity or sorority house
 - Live in trailer park or mobile home
3. Consider the consequences of each choice (action) and evaluate the alternatives.
 4. Select the best course of action.
 5. Evaluate the results

B. What Decision-Making Strategies Have You Used?

- As a class, have students identify and role-play the various decision-making strategies they've used
- Discuss how well they think their strategies have worked
- Discuss what factors might have influenced their choice of strategies

Factors that can influence a decision:

1. Age
2. Budget
3. Culture
4. Family opinions
5. Feelings
6. Habits
7. Peers
8. Risks and consequences
9. Time
10. Values

Common decision-making strategies:

For each strategy, discuss what it is, what recent decisions have been made in that manner, and what factors influenced the decisions to use that strategy.

- Spontaneity
- Compliance
- Procrastination
- Agonizing
- Intention
- Desire
- Avoidance
- Security
- Synthesis

C. How Do Economic Conditions Affect Decision Making?

- Research and determine possible effects on personal and financial decisions
- Discuss what actions might be taken based on various economic conditions

Economic factors and decision making:

1. Higher prices result in more expensive goods and services and lower buying power of the dollar.
2. Lower interest rates encourage consumer spending; higher rates are likely to encourage saving and less borrowing.
3. A higher money supply will usually result in lower interest rates. A lower money supply will likely result in higher interest rates and reduced consumer spending.
4. Unemployment reduces consumer spending and results in fewer job opportunities.

D. Can You Analyze a Decision?

- Ask students to volunteer to videotape one or more of their favorite television programs
 - Using the videotaped television programs, have students identify the decision-making strategies being used by the main characters
 - Have students document the decision-making process using the sheet provided
 - Discuss how well each strategy worked
- Note: If possible, use videotaped programs.*
- Have students identify the decision-making strategies being used by one or more of the main characters.
 - Have students document the decision-making process using a decision chart.
 - Discuss how well each strategy worked

Evaluation Plan:

- Lesson One Quiz:
www.practicalmoneyskills.com
Lesson One: Making Decisions
- Class Discussion
- Evaluation of practice sheets