

Student Activities



Lesson One

Making Decisions



what are you trying to decide?

Identify the problem

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Gather information and list possible alternatives

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Consider the consequences of each alternative

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Select the best course of action

-

Evaluate the results

-



what decision-making strategies have you used?

directions

As a class, identify and role-play the various decision-making strategies you've used, then answer the questions below.

1. Have the strategies you've used worked? Please explain.

2. What factors do you think might have influenced your choice of strategies?



how do economic decisions affect decision-making?

Changing economic factors affect the decisions we make. Using *The Wall Street Journal*, internet, or other sources of economic news, obtain information about current economic trends that influence various saving, investing, spending, and borrowing decisions. For example, higher interest rates make borrowing more expensive; however, higher interest rates make saving more attractive.

| economic factor | recent trends | possible influences on personal and financial decisions |
|-----------------|---------------|---|
| Interest rates | | |
| Consumer prices | | |
| Other | | |
| Other | | |



can you analyze a decision?

Identify the problem

-

Gather information and list possible alternatives

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Consider the consequences of each alternative

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-

-

Select the best course of action

-

Evaluate the results

-



lesson one quiz: making decisions

true-false

1. ____ The decision-making process starts with gathering information.
2. ____ Procrastination is an example of an economic influence on decision-making.
3. ____ Higher interest rates result in higher costs of borrowing money.
4. ____ Rising prices causing lower buying power is referred to as an inflation risk.
5. ____ Interest earned on savings may be referred to as the “time value of money.”

multiple choice

6. ____ The final step of the decision-making process is:
A. evaluating the results
B. gathering information
C. identifying the problem
D. selecting the best course of action
7. ____ Changes in the buying power of the dollar are measured by:
A. the unemployment rate
B. the money supply
C. the consumer price index
D. interest rates
8. ____ Consumer spending is likely to rise when:
A. unemployment is high
B. interest rates are low
C. taxes rise
D. people are putting more money into savings accounts
9. ____ Investments that may be difficult to convert to cash quickly have a high _____ risk.
A. inflation
B. economic
C. income
D. liquidity
10. ____ What a person gives up when making a decision is commonly called:
A. the time value of money
B. a personal risk
C. an opportunity cost
D. spontaneity

case application

In recent weeks, Richard and Fran Jones have considered moving to another city with additional job opportunities. Discuss the personal and economic factors they might consider in this situation. What risks are associated with this decision?