

Warm Up Conversation

Directions: Answer the following questions using complete sentences. Be ready to share out with the class.

1. Do you use your phone or tablet to shop?
2. How many apps can you think of that help you shop smarter?
3. What other ways do you save money or check the quality of products when you are shopping?
4. List examples of customer loyalty programs.
5. Have you ever spent more money than you planned to earn points or rewards?

DECIDE to succeed

Making decisions about money can be hard. Sometimes you have to sacrifice what you want to have now for what you really need—but can't have—until later. Sometimes the best choice for you will disappoint a friend. And if you're in a relationship, your spending priorities might change so you put off focusing on your own goals. There's rarely a perfect solution.

And when you can't count on a steady income stream, making decisions about money can be even harder.

All you can do is make the best decision you can with the information you have at the time.

There's a simple process to help you make the best possible decision. You may be using it already, without even being aware of it. But once you knowingly put that process into use, you'll find it even easier to make better decisions.

Let's walk through the process using a fairly easy decision. It's time for Selena to upgrade her cellphone. How does she DECIDE on upgrades? She fills out the following chart:

Action Steps	Selena's Results
1. Define your goal. What do you want to achieve?	<i>Upgrade to a new cellphone this week and spend less than \$100.</i>
2. Establish your criteria. What are the features you absolutely must have? And which ones would you like to have?	<i>It must be the same wireless network I use now and have a camera and slide-out keyboard. I want it to be blue. I want to be able to download a lot of apps.</i>
3. Choose two to three good options. Eliminate any options without your must-haves and choose a couple of the remaining options.	<i>After eliminating a bunch of models, there are three I like that either are blue or have a lot of apps.</i>
4. Identify the pros and cons. If you have a lot of criteria and options, you may want to make a chart to quickly compare the features of each option.	<i>The blue one has the fewest number of apps available, and I can't change that. But I could buy a blue case for it. Of the other two, the less expensive one actually has better consumer ratings.</i>
5. Decide what's best. Which option best matches your criteria?	<i>I'm going with the less expensive, higher-rated black phone with a lot of apps!</i>
6. Evaluate the results. Afterward, note what you do and don't like about your choice so you can add that to your criteria for next time.	<i>Love it! (But next time, I'd really love a blue one)</i>

One decision will spark a chain of additional decisions to be made. For Selena and her cellphone, the other decisions might include where to buy it and which accessories to get. For each new decision, you simply start the DECIDE process all over again.

Selena's decision was fairly easy because she was choosing between similar items. Economists call what you give up the **opportunity cost** of the decision. For Selena, all she gave up was the phone's color, which she realized she could take steps to fix. Decisions are tougher when the choice involves giving up something more important.

Michael also needs a new cellphone. His carrier will give him a \$50 credit toward a new model. If he wants a more expensive phone, he has to pay the difference. He's torn between an OK phone for \$49 and the one he really wants, which costs \$150.

He has the cash because he just got \$100 for his birthday. But he'd like to spend that money on some new clothes. If he puts aside \$25 every other week, it will take two months for him to save up \$100 for the more expensive phone.

Should Michael buy the nicer cellphone or new clothes? Or are there other alternatives?

Lets try to DECIDE

Directions:

In groups of 4 use the DECIDE process to help Selena make her decision.

Scenario: Selena's parents asked her to research options for a family cellphone plan to cover all four family members. Her older brother attends an in-state college. He has agreed to contribute \$30 a month to the cost of the family plan if he can get unlimited talk and text minutes along with a data plan.

Questions you must answer:

- What is Selena's goal?
- What do you think Selena's criteria should be for selecting a family cellphone plan?
- What are the best options for Selena if her phone carrier is Verizon, Tmobile or Sprint?
- Identify the pros and cons of each option.
- Decide which choice makes the most sense for Selena. If she asked you, what would you tell her to do?
- How would she evaluate the results?

Task: DECIDE on a car

Directions:

In groups of 2 or 3 devise a real or invented reason to purchase a new or used car. Perhaps your family is planning to buy a car, or you need reliable transportation to get to work or class at another school campus. Practice using the D-E-C-I-D-E steps to work through the process of choosing a car that will best meet the needs for the situation. You may use different web sites to help you shop. Here are a few examples:

- Kelly Blue Book (www.kbb.com)
- Edmonds (www.edmonds.com)
 - Cars.com (www.cars.com)

1. Define your goal

2. **E**stablish your criteria. What are the features you absolutely must have? And which ones would you like to have?

To get you started, check the criteria below that the car “must have” and underline any criterion that you “would like to have.” List additional criteria that will help you compare options.

- new or used
- 2-door (sporty) or 4-door (family)
- compact vehicle/better gas mileage or larger capacity vehicle/lower gas mileage
- manual or automatic transmission
- minimal sound system (radio/cd player/basic speakers/ CarPlay Android Auto/Bluethooth)
or enhanced sound system (satellite dio/cd changer/high quality speakers)
- basic warranty or extended warranty (100,000 miles or 10 years)
- high trade-in value or doesn't matter
- top price you would pay for a car: \$_____

any additional options (heated seats, automatic starter, sunroof, integrated car seats, etc.):

3. **C** Choose two to three good options. Eliminate any options without your “must haves” and choose three remaining options.

Option	A	B	C
Description			
Cost			
Features			

4. **I**dentify the pros and cons. Now compare three options that best meet your criteria listed in Step 2. If you have a long list of criteria and options, you may want to make a chart to quickly compare the features of each option to narrow down your options.

Option	A	B	C
Pros			
Cons			

5. **D**ecide what's best. Based on this data, what would be your number one choice that best matches your established criteria?

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6. Evaluate the results. Note what you particularly do and don't like about your choice.

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Challenge 1-B: My Decision

All of this knowledge means nothing if we do not apply it to our lives. I will now ask you to use the DECIDE steps to make a spending decision about a major purchase you or your family are considering within the next six months.

1. **D**efine your goal

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2. **E**stablish your criteria. What are the features you absolutely must have? And which ones would you like to have?

3. **C** Choose two to three good options. Eliminate any options without your “must have” and choose three remaining options.

Option	A	B	C
Description			
Cost			
Features			

4. **I**dentify the pros and cons. Now compare three options that best meet your criteria listed in Step 2. If you have a long list of criteria and options, you may want to make a chart to quickly compare the features of each option to narrow down your options.

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