Lesson One
Making Decisions
researching current economic conditions

Our economy affects the decisions we make about money. Use the Internet or other sources of economic news to collect information about current economic conditions.

How do these trends influence your choices about:
- saving?
- spending?
- borrowing?

<table>
<thead>
<tr>
<th>economic factor</th>
<th>recent trends</th>
<th>how they might affect your decisions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest rates</td>
<td></td>
<td></td>
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<tr>
<td>Consumer prices</td>
<td></td>
<td></td>
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<tr>
<td>Other</td>
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</tbody>
</table>
Read all the answers first. Choose the best one to complete the sentences:

1. ______ You take a chance and buy a lottery ticket. The possibility that you’ll lose your money is called:
   a. an alternative.
   b. a consequence.
   c. a risk.
   d. an opportunity cost.

2. ______ There are several different ways you could solve a problem. Your choices are called:
   a. alternatives.
   b. consequences.
   c. risks.
   d. opportunity costs.

3. ______ Whenever you make a decision, you have to be willing to accept the results. The results of your actions are called:
   a. alternatives.
   b. consequences.
   c. risks.
   d. opportunity costs.

4. ______ You give up something because you want something else more. What you give up is called:
   a. an alternative.
   b. a consequence.
   c. a risk.
   d. an opportunity cost.

5. ______ Joe forgot to mail in his car payment on time. As a result, he has to pay a late fee. This late fee is:
   a. an alternative.
   b. a consequence.
   c. a risk.
   d. an opportunity cost.

6. Sarah decides to watch a movie instead of doing her math homework. What are some possible consequences of her decision?
why I make the choices I do

What is the problem?

What do I know about this problem?

What are my alternative choices for solving this problem?

What are the consequences of each of my choices?

What is the best choice?

Did I make a good choice? How do I know?
lesson 1 quiz: decision-making process

multiple choice

1. ___ The first step of the decision-making process is:
   a. listing your choices.
   b. stating the problem.
   c. evaluating the results of your choice.
   d. getting information.

2. ___ The last step of the decision-making process is:
   a. listing your choices.
   b. stating the problem.
   c. evaluating the results of your choice.
   d. getting information.

case application

Matt is one of the friendliest students at school. He is always talking to someone about sports or movies. He thinks he needs a cell phone. His parents say a cell phone is too expensive. Can you help Matt decide if he should buy a cell phone?

What are two kinds of information that Matt needs to make his decision?

1. ________________________________________________________________

2. ________________________________________________________________

If Matt decides not to buy a cell phone, what is an alternative choice he can make?

_______________________________________________________________
case application

John makes minimum wage working at a restaurant. He says that it is no fun washing dishes there. His friend Amy works at a bookstore. She tells John that her store manager wants to hire another worker. Should John quit his job at the restaurant and work at the bookstore? He'd better get more information first.

1. Who are two people that could give John more information?
   1. 
   2. 

2. What are two questions that John could ask those people?
   1. 
   2. 

3. Where else could John look for more information or advice?
   
   ____________________________________________________________
decision role-playing

directions
What decision have you made lately? Was it easy or difficult? Role-play the decision making strategy you used. Then answer the questions below.

1. Do you think your strategy worked well? Please explain.

2. What do you think influenced your decision-making strategy?
lesson 1 quiz: decision-making strategies

multiple choice
Identify the decision-making strategy described:

1. _____ You do what everyone else is doing.
   a. synthesis
   b. compliance
   c. procrastination
   d. agonizing

2. _____ You choose the first thing that you think of.
   a. procrastination
   b. agonizing
   c. spontaneity
   d. avoidance

3. _____ You wait too long to decide.
   a. compliance
   b. procrastination
   c. spontaneity
   d. desire

4. _____ You are confused by too much information.
   a. agonizing
   b. security
   c. synthesis
   d. desire

5. _____ You choose a safe, less risky option.
   a. security
   b. spontaneity
   c. desire
   d. synthesis
lesson 1 quiz: economic terms

multiple choice

1. People paying money for goods and services is called:
   a. the unemployment rate.
   b. consumer spending.
   c. income risk.
   d. interest rates.

2. When prices go up, it is called:
   a. personal risk.
   b. income risk.
   c. inflation.
   d. consumer spending.

3. The number of people out of work is called:
   a. inflation.
   b. interest-rate risk.
   c. consumer prices.
   d. the unemployment rate.

4. The amount you pay to borrow money is called:
   a. income risk.
   b. consumer spending.
   c. interest rate.
   d. personal risk.

5. The chance that you might earn less money is called:
   a. consumer prices.
   b. inflation risk.
   c. interest-rate risk.
   d. income risk.