

Making Financial Decisions

MODULE 1



PACIFIC NW
FEDERAL CREDIT UNION

Questions?
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Financial Decision Making

Making decisions can be hard – but each decision, big or small, shapes who we are. Similarly, each of our spending decisions shapes our financial wellbeing. Making decisions about money can be hard! Sometimes you must sacrifice what you *want* now to get what you *need* later. Sometimes your financial decisions can leave a friend disappointed. Other times, the needs of your family come before your own and your hard-earned money is given to those who need it more. When it comes to money, there is rarely a perfect decision and we simply can't have it all (even the richest of us, no one can buy the whole world!). Let's work on a decision-making process that will allow us to make the most of our finances.

Learning Outcomes:

In this lesson you will apply strategies that will help you be mindful about your spending decisions.

- We will discuss what influences your spending decisions/habits.
- Identify tools and strategies you can use to better manage your spending habits.
- Demonstrate how to make criteria-based purchases.

Use what you learn to make the wisest decision for you for major life purchases.

Stop and Discuss – Jot down a few notes for each question. Then find someone to discuss each one with. Add to your notes if someone shares a valuable idea with you.

1. Share ways you intentionally save money.

2. Share ways you make informed purchases.

3. How do businesses tempt customers to spend money? Can you think of a time you were persuaded to buy something? Were you happy with your purchase?

4. What advice would you give to a friend who was thinking about making a large/expensive purchase?

5. How do you differentiate between a want and a need when making a purchase?

D.E.C.I.D.E.

Directions: You have been working all summer to buy a car to take with you to college. You were able to save \$12,000 – enough to buy a reliable used car! OR you can choose to finance a new car and make payments while you are away at college. Practice using the DECIDE steps to make a purchase that is right for you.

DECIDE Steps

<p>1. Define Your Goal</p>																					
<p>2. Establish Your Criteria – What are the features you <i>must</i> have? What features would you like to have? Use the criteria below to help narrow down your decision:</p> <table style="width: 100%; border: none;"> <tr> <td><input type="checkbox"/> New</td> <td><input type="checkbox"/> Sound System</td> <td><input type="checkbox"/> Other _____</td> </tr> <tr> <td><input type="checkbox"/> Used</td> <td><input type="checkbox"/> Extended Warranty</td> <td><input type="checkbox"/> _____</td> </tr> <tr> <td><input type="checkbox"/> Gas Efficient</td> <td><input type="checkbox"/> Resale Value</td> <td><input type="checkbox"/> _____</td> </tr> <tr> <td><input type="checkbox"/> Electric</td> <td><input type="checkbox"/> Manual</td> <td><input type="checkbox"/> _____</td> </tr> <tr> <td><input type="checkbox"/> 2 Door</td> <td><input type="checkbox"/> Automatic</td> <td><input type="checkbox"/> _____</td> </tr> <tr> <td><input type="checkbox"/> 4 Door</td> <td><input type="checkbox"/> Price \$ _____</td> <td><input type="checkbox"/> _____</td> </tr> </table>				<input type="checkbox"/> New	<input type="checkbox"/> Sound System	<input type="checkbox"/> Other _____	<input type="checkbox"/> Used	<input type="checkbox"/> Extended Warranty	<input type="checkbox"/> _____	<input type="checkbox"/> Gas Efficient	<input type="checkbox"/> Resale Value	<input type="checkbox"/> _____	<input type="checkbox"/> Electric	<input type="checkbox"/> Manual	<input type="checkbox"/> _____	<input type="checkbox"/> 2 Door	<input type="checkbox"/> Automatic	<input type="checkbox"/> _____	<input type="checkbox"/> 4 Door	<input type="checkbox"/> Price \$ _____	<input type="checkbox"/> _____
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<p>3. Choose 2-3 Options (research 3 options that are real possibilities)</p> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr style="background-color: #cccccc;"> <th style="width: 15%;">Option</th> <th style="width: 25%;">Option A</th> <th style="width: 25%;">Option B</th> <th style="width: 35%;">Option C</th> </tr> </thead> <tbody> <tr> <td style="text-align: left;">Description</td> <td></td> <td></td> <td></td> </tr> <tr> <td style="text-align: left;">Cost</td> <td></td> <td></td> <td></td> </tr> <tr> <td style="text-align: left;">Features</td> <td></td> <td></td> <td></td> </tr> </tbody> </table>				Option	Option A	Option B	Option C	Description				Cost				Features					
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<p>4. Identify the Pros and Cons – Now compare 3 options that meet your step 2 criteria. If you have a long list of criteria, you may want to make a chart for easy comparisons.</p> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr style="background-color: #cccccc;"> <th style="width: 15%;">Option</th> <th style="width: 25%;">A</th> <th style="width: 25%;">B</th> <th style="width: 35%;">C</th> </tr> </thead> <tbody> <tr> <td style="text-align: left;">Pros</td> <td></td> <td></td> <td></td> </tr> <tr> <td style="text-align: left;">Cons</td> <td></td> <td></td> <td></td> </tr> </tbody> </table>				Option	A	B	C	Pros				Cons									
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<p>5. Decide What is Best – Based on this data, what would be your number one choice that also meets your criteria.</p>																					
<p>6. Evaluate the Decision – Note what you do and do not like about the choice you made. Fill this part in after you make your purchase.</p>																					

Name _____ Date _____

Create an App

Directions: Pitch an idea for an app that would help shoppers be savvy about their spending. What features must it have to be valuable to you? Use the outline below to guide the development of your app.

App Name _____

Description of App: Add a short description that allows people to know how your app will benefit them if they decide to download your app.

Must Haves: What are the features your app must have to help consumers make wise decisions?

User Research: Find several friends or family members to interview about what would be most important to them in an app that will help them make wise financial decisions.

1. **Person 1** _____

Notes:

2. **Person 2** _____

Notes:

3. **Person 3** _____

Notes:

Name _____ Date _____

Doodle: Draw the home page of your app on the phone. Consider each section the app needs to fully support your customers.

Number each feature and add a description of each feature in the space below:

1.

2.

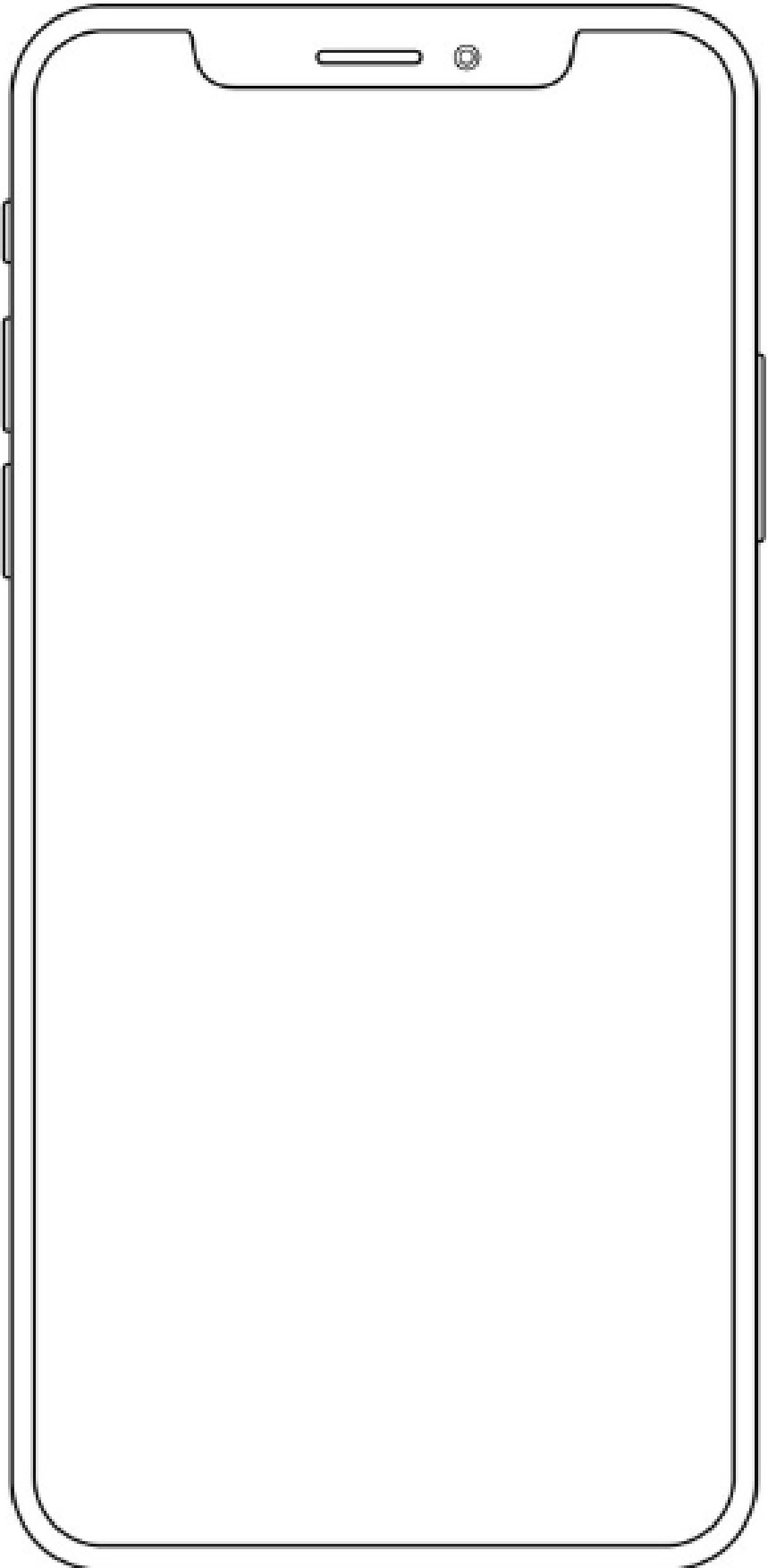
3.

4.

5.

6.

7.



Name _____ Date _____

Optional: Home Learning Extension

What is a major decision your family is facing right now? Fix the old car or invest in a new one? Upgrade to a “green” product to save money in the future and get a tax credit? Adopt a pet? Go on a trip? Go out for a fancy dinner? Eat out or cook at home? All of these are financial decisions – each with pros and cons to consider. Walk your family through the D.E.C.I.D.E. method to make a decision that will benefit you most.

DECIDE Steps

1. Define Your Goal			
2. Establish Your Criteria			
<input type="checkbox"/> Max Price \$ _____	<input type="checkbox"/> _____	<input type="checkbox"/> _____	
<input type="checkbox"/> _____	<input type="checkbox"/> _____	<input type="checkbox"/> _____	
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