Financial Decisions

Advanced Level
What contributes to the decisions you make?

Financial Decisions

- Values
- Needs
- Wants
What is a Value?

**Value** - a fundamental belief or practice about what is desirable, worthwhile, and important to an individual

What do you value?
Everyone has different values

- Family
- Financial Security
- Education
- Honesty
- Helping others
- ?
What influences your values?

- Family
- Friends/Peers
- Teachers
- Culture
- Media
- ?

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Needs and Wants

**Needs** – goods or services that are required for survival

**Wants** – the desire for goods and services that can increase our quality of life but are not absolutely necessary for our survival
What are your needs and wants?

Perception of needs versus wants is dependent on personal values

Move towards the arrow indicating whether you feel each item is a need or a want
What are your needs and wants?

Needs
- Name brand clothing
- A daily soda or coffee beverage
- A personal automobile
- Downloading music
- A refrigerator
- At least three meals per day
- Shoes
- Watching or participating in athletic activities

Wants
- A computer
- A warm and safe place to live
- A television
Why do needs and wants matter?

Will help you decide what to spend and not spend your money on

Use trade-offs and opportunity costs to help you make these decisions

Trade-off - giving up one thing for another

Opportunity cost - the value of the next best alternative that must be forgone as a result of a decision

Is the trade-off to your decision a need or a want?

What is the value (opportunity cost) of that trade-off to you?
Shelbi’s Decisions

Help Shelbi identify her trade-offs and opportunity costs
Making Financial Decisions

Analyzing trade-offs and opportunity cost will help you make decisions.

Financial Decisions
Why is it important to understand what influences your decisions?

Understanding what influences your financial decisions

Decisions that create high well-being
Needs, Wants, and Cupcakes

Icing and decorations represent **wants**, the extra items that make our lives interesting and enjoyable.

The cake part of a cupcake represents our **needs**. They must be present and addressed before considering any icing or decorations (wants).

When making spending decisions, consider if your needs are met before spending on any of your wants. What you determine to be a need versus a want will depend on your personal **values**, just like your preference for different types of cupcakes.