

# Financial Decisions

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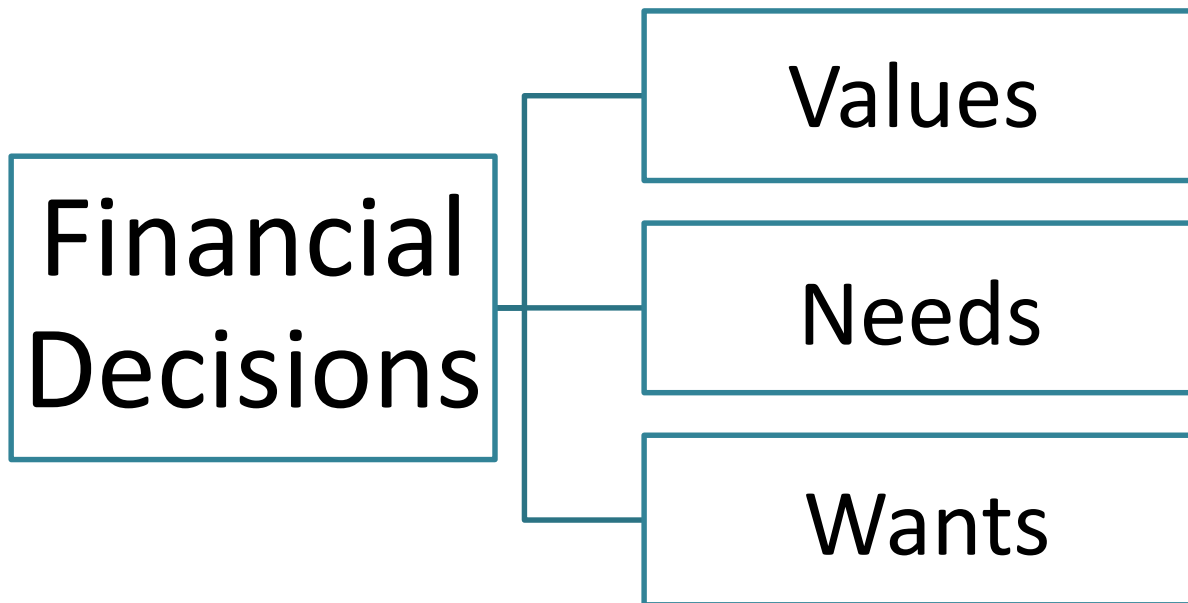
Advanced Level





# What contributes to the decisions you make?

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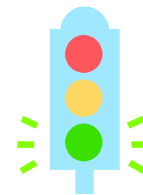


# What is a Value?

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

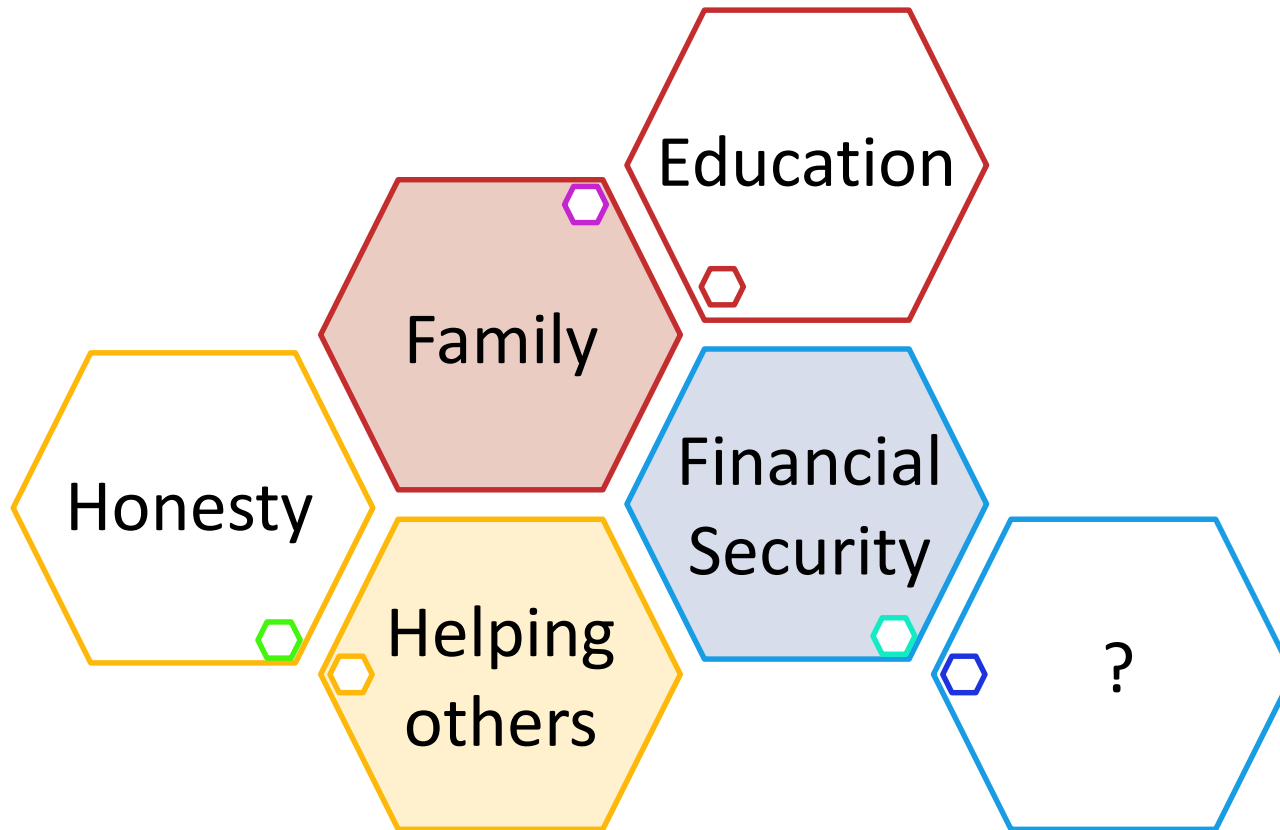
What do you value?





# Everyone has different values

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# What influences your values?

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Family

Friends/  
Peers

Teachers

Culture

Media

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# Needs and Wants

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

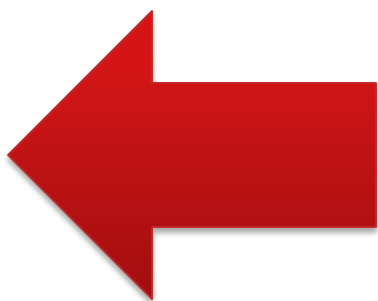
**Wants**– the desire for goods and services that can increase our quality of life but are not absolutely necessary for our survival



# What are your needs and wants?

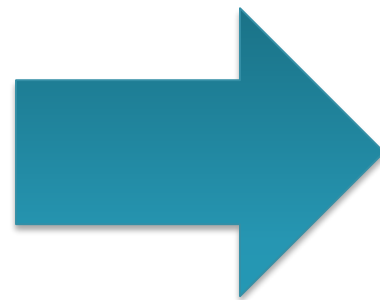
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Perception of needs versus wants is dependent on personal values



Needs

Wants



Move towards the arrow indicating whether you feel each item is a need or a want

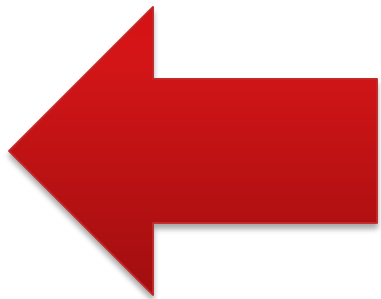




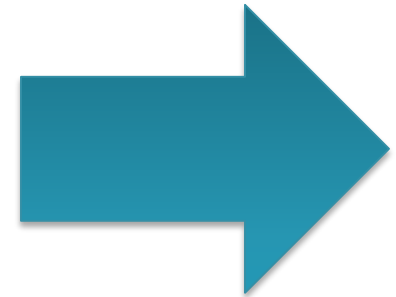
# What are your needs and wants?



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- 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
  - A computer
  - A warm and safe place to live
  - A television



Needs



Wants





# 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

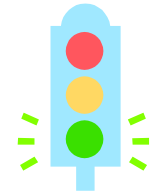


**Opportunity cost** – the value of the next best alternative that must be forgone as a result of a decision

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

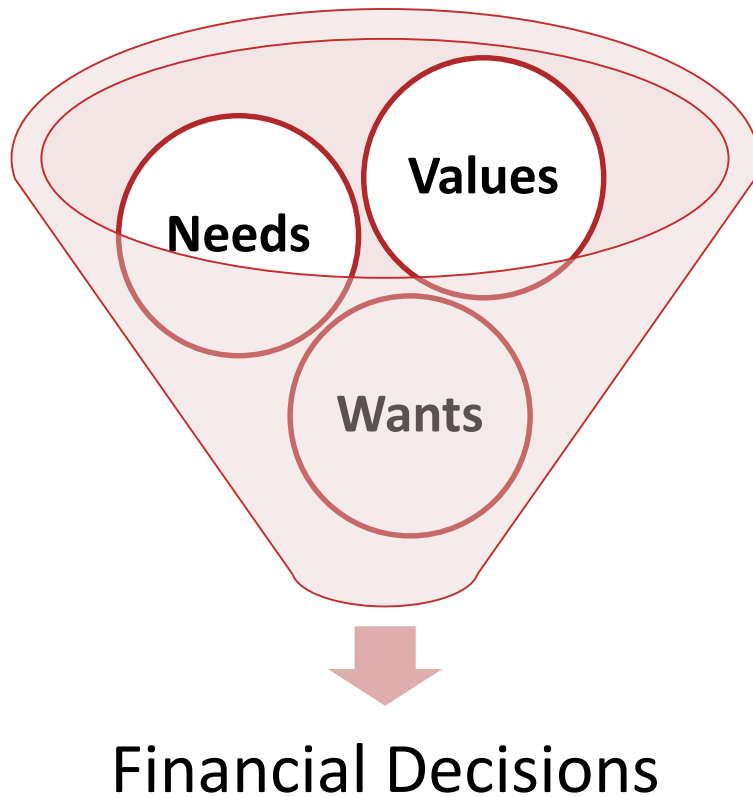


Help Shelbi identify her trade-offs and opportunity costs



# Making Financial Decisions

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



# Why is it important to understand what influences your decisions?

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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.