**The decision-making process**

* Identify the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and list possible alternatives
* Consider \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_of each alternative
* Select the best course of \_\_\_\_\_\_\_\_\_\_\_\_\_\_
* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ the results

**Factors that can influence a decision**

E. **Family**

F. **Risks and consequences**

G. **Age**

1. **Values**
2. **Peers**
3. **Habits**
4. **Feelings (love, anger, frustration, ambivalence, rejection)**

**Common decision-making strategies**

1. **Spontaneity:** Choosing the \_\_\_\_\_\_\_ option that comes to mind; giving little or no consideration to the consequences of the \_\_\_\_\_\_\_\_.
2. **Compliance:** Going along with\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_or peer expectations.
3. **Procrastination:** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_thought and action until options are limited.
4. **Agonizing:** Accumulating so much information that analyzing the options becomes \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.
5. **Intention: \_\_**\_\_\_\_\_\_\_\_\_\_\_\_\_ an option that will be both intellectually and emotionally \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

**Economic influences on decision-making**

1. **consumer prices**: changes in the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ power of the dollar, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.
2. **consumer spending**: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_for goods and services.
3. **gross domestic product (GDP):** total \_\_\_\_\_\_\_\_\_\_\_\_\_\_of goods and services \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_within the country.
4. **housing starts**: the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ of new homes being built
5. **interest rates**: the cost of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ money
6. **money supply**: funds available for spending in the economy
7. **stock market index**: (such as the Dow Jones) indicate general \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ in the value of U.S. \_\_\_\_\_\_\_\_\_\_\_\_.
8. **unemployment**: the number of people without \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_who are willing to work.

**Risks associated with decision-making**

1. **personal risks**: May be in the form of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, embarrassment, safety, or health concerns.
2. **inflation risk**: rising prices cause \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ buying power. Buying an item later may mean a \_\_\_\_\_\_\_\_\_\_\_\_ price.
3. **interest-rate risk**: changing interest rates affect\_\_\_\_\_\_\_\_\_(when borrowing) and \_\_\_\_\_\_\_\_\_\_\_ (when saving or investing).
4. **income risk**: changing jobs or reduced spending by consumers can result in a lower income or loss of one’s \_\_\_\_\_\_\_\_\_\_\_.
5. **liquidity risk**: certain types of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (certificates of deposit) and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (real estate) may be difficult to convert to cash quickly.

**Opportunity costs and the time value of money**

1. **opportunity cost:** refers to what a person gives up when a decision is made. This cost, also called a \_\_\_\_\_\_\_\_\_\_\_-\_\_\_\_\_\_, may involve one or more of your resources (time, money, and effort).
2. **time value of money:** can be used to measure \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ opportunity costs using interest calculations.