Take Charge Today
Introductory Level

Making Wise Decisions

Are you going to read or not?

A decision is a choice that is made about things that affect a person's life. Choosing to read will have consequences but is it a major or routine decision? Since you are now reading the third sentence you must value learning. Decisions are divided into two major categories:

- **Routine** - They are made on a daily basis and don't require a lot of time to think through.

- **Major** - They have long-term effects on a person's life. They should be made very carefully and with a lot of thought.

A very important type of major decision is a **financial decision**. A **financial decision** involves money and impacts an individual's or family's **well-being**. **Well-being** is the state of being happy, healthy and prosperous. Making wise financial decisions contributes to well-being.

Add your own examples:

ROUTINE	MAJOR
• What to wear in the morning • Where to sit on the school bus • •	• Which college to attend • How much to spend on a new car • •

Circle the above that are financial decisions.

Decision Making Process

The **decision-making process** is used when making a **major decision**. It guides individuals to think through all components of making a good decision. Can you think of a time when you didn't use this process and then regretted your choice?

1. Identify the Problem—know the problem or question before searching for an answer.
2. Identify Alternatives—determine all the choices you have.
3. Decide (Choose from Alternatives)—make the best choice after thinking about all of the consequences.
4. Evaluate the Results—this will help in making better decisions in the future.

Decisions are guided by individual **values**, or fundamental beliefs or practices about what is desirable, worthwhile, and important. People have different values that influence the decisions they make, so in many situations there is not a definite right or wrong solution to a problem. An individual must use the decision-making process to identify their personal values and develop the best solution to their problem.

Why is it important to consider the consequences of different alternatives?

TAKE CHARGE TODAY
Financial Education for a Better Future

THE UNIVERSITY OF ARIZONA
Center for the Philosophy of Freedom