Personal Finance IS Economics!

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Presenters

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Special thanks to Chris Cannon with the Georgia Council on Economic Education for his idea and sharing his resources. He is currently working on this as a resource and we are piloting it for him.

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Session Goals

- Analyze and discuss ways to help teachers view personal finance as an application of economics
- Have fun

EVERYDAY ECONOMICS FOR SOCIAL STUDIES

SCARCITY...

FORCES PEOPLE TO MAKE CHOICES THAT INCUR COSTS.

INCENTIVES...

MATTER AND PEOPLE TYPICALLY RESPOND TO THEM PREDICTABLY.

TRADE...

BENEFITS SOCIETY WHEN IT'S VOLUNTARY AND NON-FRAUDULENT.

SYSTEMS...

INFLUENCE ECONOMIC GOALS, SOCIAL GOALS, AND PUBLIC POLICIES.

INVESTMENT...

IN HUMAN AND PHYSICAL CAPITAL INCREASES STANDARDS OF LIVING.

INTERDEPENDENCE...

BRINGS PEOPLE AND NATIONS CLOSER TOGETHER WHILE CREATING CONSEQUENCES FOR EVERYONE.

SCARCITY…

FORCES PEOPLE TO MAKE CHOICES THAT INCUR COSTS.

INCENTIVES…

MATTER AND PEOPLE TYPICALLY RESPOND TO THEM <u>PREDICTABLY</u>.

*As long as the incentives are meaningful and connected to the behavior

SYSTEMS...

INFLUENCE ECONOMIC GOALS, SOCIAL GOALS, AND PUBLIC POLICIES.

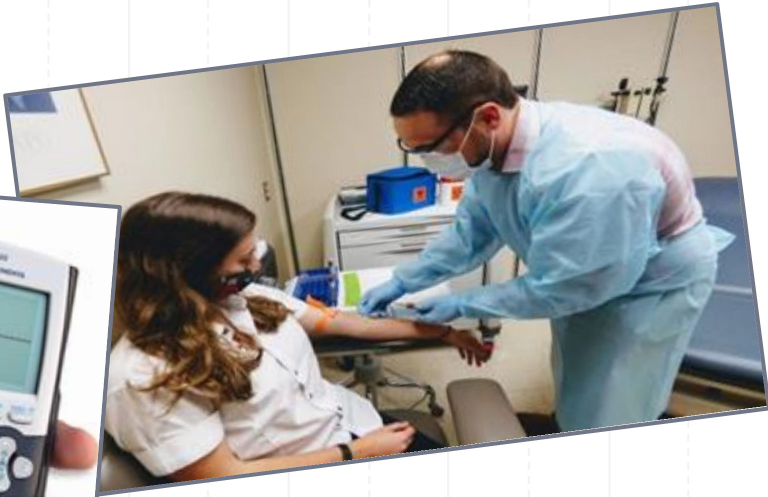
Georgia Department of Education

GHSA

JC Booth Middle School Warriors

INVESTMENT...

IN HUMAN AND PHYSICAL CAPITAL INCREASES STANDARDS OF LIVING.



INTERDEPENDENCE...

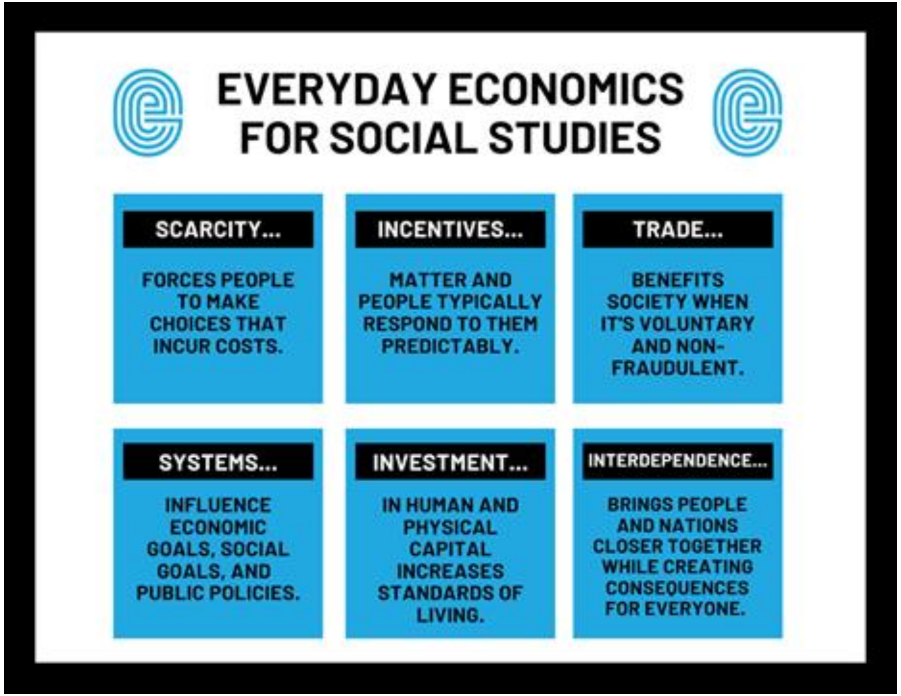
BRINGS PEOPLE
AND NATIONS
CLOSER
TOGETHER WHILE
CREATING
CONSEQUENCES
FOR EVERYONE.

TRADE...

BENEFITS SOCIETY WHEN IT'S VOLUNTARY AND NON-FRAUDULENT.

Your standard of living is higher because of specialization and trade!

Personal Finance is **Economics** at Work



- Using your list of personal finance standards and statements, group them under the economics “theme” you feel they best represent

Debriefing questions

- **Where do you already see these personal finance concepts show up in your econ lessons?**

- **Which theme do you naturally lean on the most when teaching personal finance? Which shows up less often?**

- **How do these themes help students connect personal choices to what's happening beyond their own household?**

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Econ-Personal Finance Speed Dating Game (Content Connections)

- **Half the room has an econon concept card**
- **Half the room has a personal finance behavior**
- **8 minutes to "speed date"**
  - **Econ statements stay put, PF statements rotate on my cue**
  - **Introduce yourselves and discuss ways you match OR ways you don't quite go together**
- **After the 8 minutes we'll choose our matches and discuss**

Econ-Personal Finance Speed Dating Game (Content Connections)

- **Discuss matches**
- **Who had multiple matches?**
- **Who found it more difficult?**
- **Realizations/takeaways**

Why does it matter?

- **Economic themes repeat in life**
- **Personal finance sometimes seems "age bound" and more like rules to follow**
- **Understand choices beyond their own experiences**
- **Helps with general transfer of knowledge**

FRE | FEDERAL RESERVE EDUCATION

Pretzel Decisions *Using the PACED Decision-Making Model*

Princeton Williams

princeton.williams@atl.frb.org

Federal Reserve Bank of Atlanta

The opinions expressed are those of the presenter and not necessarily those of the Atlanta Fed or the Federal Reserve System.

Please complete this short registration form.

Link to Lesson Plan

https://www.federalreserveeducation.org/teaching-resources/economics/decision-making/paced-decision-making-and-pretzels

What do you think about when you hear “economics”?

The Economic Problem

- We live in a world with unlimited wants and scarce resources.

Scarcity

Choice

- Scarcity means we must choose.

- Choices mean that we have costs.

Opportunity Cost

Making a Decision

PACED Decision-Making Process

P State the **P**roblem.

A List **A**lternatives.

C Identify Criteria.

E **E**valuate alternatives based on criteria.

D Make a **D**ecision.

PACED Decision-Making Process

Pretzel Decision-Making

Criteria → / ↓ Alternatives					Totals
A					
B					
C					

If not pretzels, then…
which breakfast is best?

Drew Goes to College

CLEMSON UNIVERSITY

OU

Rhodes College
1848

MERCER BEARS

	Cost	Campus Life	Distance from home	D1	Total
Clemson	1	1	3	4	9
Rhodes	3	2	2	1	8
Oklahoma	2	1	1	4	8
Mercer	4	3	4	3	14


#MERCERBOUND
MERCER

VANDERBILT
UNIVERSITY

What should the town do with undeveloped land?

					Total
Baseball field					
Green space					
Skate Park					
Mixed-use development					

VOCAB

- **Alternatives:** Options to be considered when making a decision.
- **Cost/benefit analysis:** Comparing advantages and disadvantages in order to make a decision.
- **Criteria:** Measures or requirements by which alternatives are judged.
- **Opportunity cost:** The next-best alternative that is given up when a choice is made.
- **Trade-off:** Giving up a little of one thing in order to get a little more of something else.

Check out FRE.org for free, ready-to-use economics and personal finance resources!

Allocate Your Life:

Where Economics Meets Personal Finance

Your groups has:

Allocation

- $2,000 monthly income
- One identity
- Six spending categories

Your challenge:

Allocate every dollar. No leftovers.

What happened while making these decisions?

Scarcity

Tradeoffs

Opportunity Cost

Life Happens...

Each group is going to draw **TWO** "life happens" cards.

Based on the **TWO** cards, re-adjust your allocation.

MARKET UPDATE!

Inflation has **increased** grocery prices to by **20%**.

You must increase your food allocation by $100 immediately. No additional income.

GO!

Did anyone have to cut into their savings?

Did everyone's budget look the same?

Needs differ.

Constraints differ.

Incentives differ.

THIS IS ECONOMICS!

Where did you SEE economics happening in this activity?

Orange = Scarcity
Blue = Incentives
Green = Opportunity Cost
Pink = Tradeoffs

Debrief

Would anyone's budget be considered wrong?

Economics doesn't tell us what to choose.

It gives us a framework for making better choices!

Wrap Up

Personal finance isn't an alternative to economics.

Personal finance is economics applied to everyday life!

THANK YOU!

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