Unit 7: Behavioral Economics

Content Area: **Business**
Course(s): **Generic Course**
Time Period: **Semester 1 & 2**
Length: **2 weeks**
Status: **Published**

Enduring Understanding

Students will understand that financial decisions around things like investments are greatly influenced by human emotion and unconscious biases.

Standards

PFL.9.1.12.D.4	Assess factors that influence financial planning.
PFL.9.1.12.E.2	Analyze and apply multiple sources of financial information when prioritizing financial decisions.
PFL.9.1.12.E.3	Determine how objective, accurate, and current financial information affects the prioritization of financial decisions.
PFL.9.1.12.E.4	Evaluate how media, bias, purpose, and validity affect the prioritization of consumer decisions and spending.

Essential Questions

- Are you really in control of your decisions? (cognitive biases)
- Why don’t we always choose the best option when making a decision? (cognitive biases)
- How can I make decisions for myself, no matter what others are doing? (FOMO)
- Why do we spend money as soon as we get it? (hedonic adaptation)
- Why do we hold onto things when we shouldn’t? (endowment effect and sunk costs)
- How do our biases affect our financial decisions?

Knowledge and Skills

Students will be able to:

- Explain what cognitive bias is and how it can impact decision making

- Learn how to overcome loss aversion
- Discuss how the endowment effect and sunk costs are connected to our personal finances
- Explain how herd mentality and FOMO impact our personal finances
- Identify practical steps someone can take to combat the influence of herd mentality and FOMO
- Understand how confirmation bias and overconfidence can influence decision making
- Explore strategies to avoid confirmation bias and overconfidence

Transfer Goal

Students will be able to discern the significance of economic, market and world news events as it relates to their own finances.

Students will apply their knowledge of investing fundamentals to meet their future life goals.

Students will understand that some impulse decisions have lasting consequences.

Resources

Curriculum is based on resources from NexGen Personal Finance (NGPF), along with online resources such as Yahoo Finance, Investopedia, The Stock Market Game, and How The Market Works.