

The Impact of Daily Decisions ^(1/2)

In this activity, you will evaluate the opportunity cost of your daily spending choices.

- » **Opportunity cost:** Refers to the financial opportunity that is given up because you choose to do something else with your money

Directions

- ❶ Fill in the missing blanks by computing the daily and monthly cost of each item listed (use 30 days in a month).
- ❷ Add two of your frequent expenses and compute the daily and monthly cost.
- ❸ Use the formula for compound interest or the financial calculator located on foundationsU.com to figure out the future value of your expenses if you invested that money for 30 years.
- ❹ How much would you have if you stopped contributing at the end of 30 years, but left the money invested for an additional 30 years?

Expense	Cost Per Day	Cost Per Month	Opportunity Cost: If Invested at 12% From	
			Age 16–46	Age 16–76
Gourmet Coffee (5 days/week)	\$6	\$120		
Vending Machine Soda (5 days/week)	\$1.50	\$30		
Eating Out (2 days/week)				

The Impact of Daily Decisions (2/2)

Discussion Questions

1 How does seeing the opportunity cost of small, daily spending choices change your view of your own spending habits?

2 What are some other opportunity costs of small, daily purchases?

3 Is there any way to enjoy some small daily purchases and also make wise, long-term decisions when it comes to spending and saving? If so, how?

4 What are some skills you have learned so far in this class that will help you both enjoy some spending and also be a good saver?
