

CHAPTER 7

Section 1-
Designing a
Buying Plan

RESPONSIBLE SHOPPER

- **Systematic Decision Making**
 - The process of making choices that reflect your goals
 - Considering pros and cons along with costs
 - Requires you to be financially responsible

FINANCIAL RESPONSIBILITY

- This occurs when you plan your earning, spending, and savings to meet your financial goals.
- People who are financially responsible can:
 - Live comfortably
 - Provide for wants and needs
 - Enjoy vacations and leisure time
 - Save money for unknown events
 - Pursue hobbies and interests
 - Have financial independence
 - Being able to pay for your own way in life
- Financially responsible people understand the deeply rewarding feeling of being independent and able to take care of themselves
- Doesn't mean life will be easy.

BEING FINANCIALLY RESPONSIBLE...

- Means that....
 - Able to take care of yourself
 - Buy goods and services responsibly
 - Your paychecks last the whole month
 - You don't owe money to others
 - You don't have to borrow money every time something unexpected happens
 - You are content with your lifestyle
 - You make payments on debts and honor your financial commitments

FINANCIAL IRRESPONSIBILITY

- Failing to live up to your financial obligations to meet goals and needs
- Signs of financial irresponsibility...
 - Bills are not paid on time
 - Inadequate food, clothing and shelter to live a comfortable lifestyle
 - Money spent on luxury items...basic needs are not met
 - Monthly paychecks do not last the entire month
 - Borrowed money is not repaid in a timely manner or at all
 - Unable to sustain your lifestyle

FINANCIAL IRRESPONSIBILITY

- **Costs of financial irresponsibility**
 - Unhealthy lifestyle
 - Poor health
 - Poor family relationships
 - Stress and pressure
 - Lack of recreational activities
 - Unable to afford vacations

A BUYING PLAN

- What is a buying plan?
 - An organized method of making a good buying decision
 - It outlines what it is you hope to achieve
- What is the purpose of a buying plan?
 - Helps prevent buyer's remorse
 - Helps stretch limited resources
 - Buyer's remorse: Regret over a buying decision you have made
- Buying Plan should include:
 - Criteria: Standards or rules by which something can be judged
 - Timeline: the time frame for making your decision
 - Spending Limit: Maximum amount you are willing to spend

STEPS OF A BUYING PLAN

- Define your need/want
 - Determine if the item is a want or a need
 - Consider the opportunity cost of the item (value of what you are giving up when you make a choice)
 - Determine how the item meets your needs or goals you have set in your budget
- Choose the item to buy
 - Find items that will meet your needs
 - Evaluate both new, used, high, medium, and low end choices
 - Consider renting instead of buying
- Define the Criteria
 - What is the item's purpose
 - What features do you need

STEPS OF A BUYING PLAN

- **Set a Timeline-helps prioritize your purchases**
 - How soon do you want to buy the item?
 - How soon do you need the item?
- **Set a Spending Limit**
 - Set the maximum amount of money you are willing to spend
 - Helps prevent you from being tempted to spend more money

IMPLEMENTING A BUYING PLAN

- **Comparison Shopping**
 - Comparing prices between several places for the same product
 - Leads to better buying decisions
 - Check several sources to find data on prices and features
 - Internet is useful for research
- **Rebate**
 - A refund of part of the purchase price of an item
- **Warranty**
 - Protects you against product defects-offered by manufacturer
- **Extended Warranty**
 - Additional coverage that you can buy to pay for repairs and replacements needed beyond the original warranty period
- **Payment methods**
 - Cash, check, credit or debit card
 - **Financing options**-ways to pay for an item other than cash, check, debit or credit card
 - Usually offered by the business selling the item-store credit

IMPLEMENTING A BUYING PLAN

- Making the purchase
 - Check item carefully to make sure it is in good condition
 - If item is in a box, check to make sure it is sealed
 - Ask about warranties
 - Return policies—know the time period within which a product can be exchanged or returned should you find something wrong with it
 - If a large item, find out about delivery costs—is it cheaper if you pick it up
- Evaluating the Purchase
 - Once you get the product-try it out
 - Ask yourself if you are satisfied with the purchase
 - Did you get good value for money spent?
 - Does it meet your needs?