



Name:

Students will be able to:

- Explain what a cognitive bias is and how it can cause someone to make irrational decisions, particularly around money
- Explore and experience a variety of cognitive biases

NOTE: Vocabulary for this unit can be found in the [NGPF Personal Finance Dictionary](#)



QUESTION OF THE DAY: What percentage of people make purchases due to FOMO?

Answer the question on the first slide in the space below. Then, compare your answer to the answer on the second slide. Finally, follow your teacher's directions on how to answer the follow-up questions on the last slide.

1. What percentage of people make purchases due to FOMO?

About 60% of people report making purchases because of FOMO (fear of missing out).



VIDEO: FOMO: Our Relationship with Social Media

The previous Question of the Day showed the power of FOMO, or the fear of missing out, and how it can influence our decisions around money. Watch this video to learn more about how FOMO can show up when we use social media, and what we can do to curb its impact on our choices. Then, answer the questions.

1. Describe a time FOMO has influenced a financial decision of yours. Were you happy with the decision? Explain.

FOMO influenced me when I bought something because I saw friends or influencers posting about it online. After buying it, I realized I didn't really need it and felt that the money could have been saved instead.



2. **Sam regularly uses social media and posts to his accounts multiple times a day. He realized he experiences a lot of FOMO while scrolling through his feeds and wants to try quitting social media overnight. What advice would you give to Sam? Explain.**

REFERENCE: [What is Cognitive Bias?](#)

LIST: [List of Cognitive Biases](#)

So far, we've learned a lot about FOMO, which is a *cognitive bias*. So what exactly IS a cognitive bias? Review these slides to find out and skim through the list of biases to see just how many there are. Finally, answer the questions.

1. **Use the definition on the slide to explain what makes FOMO a cognitive bias.**
2. **If cognitive biases can cause us to make irrational decisions, why do they exist?**
3. **Skim through the list of biases. Does it surprise you that there are so many of them? Why or why not? (Note: there are many other biases that are not listed here!)**



ACTIVITY: PLAY: Dollar Auction Game

As you saw from the list, there are a LOT of cognitive biases that can lead us to make irrational decisions! In this game, you'll experience a couple of these cognitive biases and how they can impact your choices. Follow your teacher's instructions to complete this activity.



LEARN IT

VIDEO: [5 Ways People Are Dumb with Money](#)

Now that you've learned about - and experienced - a few cognitive biases, let's explore how these biases can impact our decisions specifically around *money*. Watch this video and then answer the questions.

- 1. How do behavioral economists view people differently than traditional economists?**
- 2. How might businesses use cognitive biases to their advantage?**
- 3. How do you think being aware of the various biases we have can empower us to make better decisions around money?**

EXIT TICKET

Follow your teacher's directions to complete the Exit Ticket.