In the business world, cost-benefit analysis is a process used to determine the merits of a project or idea by quantifying its expected costs and benefits. As the name suggests, companies add up the costs (expenses) of taking a particular course of action and weigh them against the expected benefits that will occur. Cost-benefit analysis is a widely used tool for deciding whether or not to make a change. Since businesses exist to make a profit, there must be a clear indication of a “payoff” for taking an action.

Cost-benefit analysis can also be a tool when deciding whether or not to take action to improve your health and increase your wealth. Researchers who study behavior change refer to the process of weighing the pros and cons of changing behavior as “decisional balance.” The decision to take action to change is based upon the relative weight given to pros (advantages of changing behavior) and cons (negative aspects of changing behavior; i.e., obstacles to change).

Decisional balance can be visualized as a scale, with the negative aspects of changing (costs) on one side and the positive aspects of changing (benefits) on the other. If the sides are equally balanced, the scale will not “move” (i.e., make a change). On the other hand, if you add more weight (e.g., new information or experiences) to either side, an imbalance will occur and the side with the most weight (i.e., changing behavior or not making a change) will drop down and determine future action.

Behavior Change Stages
According to a well-tested theory, there are five stages of readiness to change: precontemplation (no intention to change behavior in the next 6 months), contemplation (intention to change in the next 6 months), preparation (intention to change in the next 30 days), action (change made less than 6 months ago), and maintenance (change made more than 6 months ago). In the pre-contemplation stage, people do not recognize a need to change. As they become aware of advantages of changing in the contemplation and preparation stages, the pros of changing increase in importance and eventually outweigh the cons prior to taking action.
Health and Wealth Action Steps This Week

**Health**

Research recommended health behaviors to learn about the positive aspects (pros) of changing.

Read about or talk to someone who has made the same health change you are considering to learn more about it.

**Wealth**

Research recommended financial behaviors to learn about the positive aspects (pros) of changing.

Read about or talk to someone who has made the same financial change you are considering to learn more about it.

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**Tips of the Day**

Do just one new positive thing every day. For example, eat one more serving of fruit and save $1.

Make time for physical activity. Build it into your daily schedule.

Contribute as much as you can to an IRA or employer retirement savings account.

Make home improvement with a high cost-benefit ratio such as landscaping and kitchen upgrades.

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**Use the worksheets below to identify pros and cons of making health and financial behavior changes.**

### Proposed Health & Wealth Behavior Changes

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<thead>
<tr>
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<th>Changing Behavior</th>
<th>Not Changing Behavior</th>
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<tbody>
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<td>Health Benefits</td>
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<td>Wealth Costs</td>
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**What are the positive and negative consequences of making a change to improve your health and personal finances?**

**What are the consequences of making a personal behavior change on other people (e.g., family and friends)?**

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Cooperating Agencies: Rutgers, The State University of New Jersey, U.S. Department of Agriculture, and County Boards of Chosen Freeholders. Rutgers Cooperative Extension, a unit of the Rutgers New Jersey Agricultural Experiment Station, is an equal opportunity program provider and employer.