

Needs and Wants

What is the difference between something you need and something you want?

Needs	Wants
A need is...	A want is...

Before you spend, ask yourself:

- Can I afford it?
- Do I need it?
- How long will I use it?
- Am I buying it to impress others?



What Should I Buy?

A **need** is something you cannot live without. A **want** is something you would like to have, but can live without.

Directions: Read each money situation below. Answer the questions to decide whether the items are needs or wants. Use that information to make the best buying decision.

Situation A:

Maya has \$25 saved. Here are the things she would like to buy:

\$15 - a magnet science kit. Maya loves science.

\$8 - the latest book by her favorite author. She can't wait to read it.

\$20 - a new backpack for school. Her old backpack is badly damaged.

1. Is the science kit a need or a want? Why do you think that?
2. Is the book a need or a want? Why do you think that?
3. Is the backpack a need or want? Why do you think that?
4. Which item is the most important to buy?
5. How should Maya spend her money? Explain why she should spend her money that way, and draw a diagram to show how much money she will have left.

What Should I Buy?

How much money do you have to spend? \$ _____

What are some things that you want/need to buy and how much do they cost?

Cost	Item	Need or Want (circle one)
		Need or Want
		Need or Want
		Need or Want
		Need or Want

1. Do you have enough money to buy all of the items?

2. Which item/items should you buy first and why?

Wrap Up Discussion

1. When have you had to make a choice with your money that included a trade-off?
2. What did you choose and what did you give up?
3. How did you decide what to choose?
4. How did you feel about your decision?

Additional Activities to Try

MORE AT HOME ACTIVITIES

Have your child make a list—or create a collage from catalog or magazine photos—of five to ten things they would like to get and mark whether it’s a want or a need. Then prioritize the list. Explain that we can’t get everything we want because we have limited money. But if we figure out which wants are most important, we can make better spending decisions. For instance, saving for a new bike that you’ll ride for years may be worth spending your money on rather than buying a new expensive shirt that you may wear for a month, and then will sit in your closet. (From Warren Buffett’s Secret Millionaires Club)

IN THE REAL WORLD

Next time you are shopping, have your child classify objects as wants or needs; check similar items for differences in price, and discuss why they have different prices.

Go on a shopping trip with your child so that they can make a spending decision using the questions in the video (below). If possible, have them use their own money to make the purchase. Even if you know they will be disappointed by the purchase, let them buy the item. This will be a sticky lesson for them that things that aren't always as advertised.

- Can I afford it?
- Do I need it?
- How long will I use it?
- Am I buying it to impress others?

MORE CONVERSATION STARTERS

- Talk over what else is important to consider before making a spending decision.
- What do you have at home that is a need? What do you have at home that is a want?
- What makes you “want” certain things?
- Discuss the powers of advertisement and peer pressure by sharing a personal experience.
- Discuss how wants and needs might differ depending on a person’s age, where one lives, or time of year.