



Raising financially savvy kids

Building blocks: Learning the difference between needs and wants

Learning the difference between needs and wants can be an important early money lesson for parents and kids to work through together. Let's go over the basic differences between these concepts before we test your knowledge with two fun exercises!



What is a need?

A need is usually an item that falls under the category of food, shelter, or clothing—essential things without which your family can't live. For example, your weekly grocery visit qualifies as a need.



What is a want?

On the other hand, a want typically is an item that may be fun or desirable but isn't always necessary. For example, a new car may qualify as a want if the old one still works perfectly well.

Exercise 1: The needs vs. wants quick check

Instructions: Now that you have some criteria for identifying needs and wants, let's apply your knowledge to the list of items below. Parents and kids should each review the list of daily/household items. Using a separate sheet of paper, write down whether you think each item qualifies as a need or a want. Don't share your results as you work through the list! Once you've both completed the activity, compare and discuss your responses.

	NEED	WANT
1. The latest version of the iPhone, even though yours still works	<input type="checkbox"/>	<input type="checkbox"/>
2. A tank of gas for your family's car	<input type="checkbox"/>	<input type="checkbox"/>
3. A latte from your local coffee shop	<input type="checkbox"/>	<input type="checkbox"/>
4. Money to pay the monthly electric bill for your family's home	<input type="checkbox"/>	<input type="checkbox"/>
5. A manicure at the local nail salon	<input type="checkbox"/>	<input type="checkbox"/>
6. A new winter jacket, because your old one doesn't fit anymore	<input type="checkbox"/>	<input type="checkbox"/>
7. A new pair of trendy designer shoes	<input type="checkbox"/>	<input type="checkbox"/>
8. Money to pay the water bill for your family's home	<input type="checkbox"/>	<input type="checkbox"/>
9. A trip to the movies, instead of watching a movie at home	<input type="checkbox"/>	<input type="checkbox"/>
10. Medicine from the doctor when a family member is sick	<input type="checkbox"/>	<input type="checkbox"/>

Exercise 2: Needs and wants for your family

Instructions: After discussing your answers from the first exercise, kids and parents should be on the same page about how to differentiate between needs and wants in everyday life. For this exercise, let's think about the important purchases your family makes on a regular basis. Read the following questions and work as a team to come up with responses. Try to be as specific as possible.

1. List three things your family buys on a weekly or monthly basis that count as needs.

2. List three things your family has bought in the past six months that count as wants.

Great job working together to complete both exercises! Learning the difference between needs and wants is an important first step on the road to financial literacy. Now that you've started laying a foundation, you're ready to continue building your financial wellness skills with topics like budgeting and goal setting. You can continue expanding your knowledge by completing our other worksheet, Learning the Basics of Budgeting.



If you'd like more information about financial wellness and budgeting, consider speaking to a financial professional.

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