



Managing Money: Needs Vs. Wants

Nicole, 11, likes to save her money for “something big or expensive that won't go into my ‘not important’ pile. Something I will use often and be glad I have.”

Sierra, 10, spends \$1.00 or \$2.00 a week at the Dollar Store, but saves the rest for things she really wants, like video games or clothes. And **Jo, 10**, is planning for the future. “I like to save my money in the bank for things when I'm older, like drums, drum lessons, a car, and a snowboard,” she said.

Saving means setting aside a certain amount of money each time you get paid. Say you got \$5.00 a week and saved \$3.00 of it each week. After a month you'd have \$12.00, after two months you'd have \$24.00, and after six months you'd have \$72.00.

Sometimes there's no getting around it — you have to spend money on things that you need right away, like lunch, or socks, or a new tire for your bike. Other times you might spend money on something you really want, like an MP3 player or a GameBoy. In order to know when to spend and when to save, it helps to know the difference between **needs** and **wants**.

You've probably heard people say, “I *have to have* that pair of jeans” or “I *need to see* that movie.” Maybe you've even said those things yourself. But what does it mean? Will something horrible happen if you don't have those jeans or need to see that movie? Probably not!

Needs are things that we truly can't be without, such as:

- Nutritious food
- A place to live
- A warm winter coat
- A good pair of shoes
- Transportation

Wants are things you'd like to have, but if you don't, you'll still survive (in fact, you'll be just fine). Like:

- Designer jeans
- Toys
- Candy
- Video games
- A snowboard

But there are times when wants become needs. For example, say you lived on the tip-top of a steep hill and needed to get to school, which was at the very bottom of the hill. Every winter, the snow makes it too difficult to drive, ride, or even walk down. But a snowboard would be the perfect mode of transportation for you to get to school, so the snowboard goes from being a want to being a need.

Figure out your needs and wants

When trying to figure out your own needs and wants, ask yourself the following questions:

- What items do I need in order to get ready in the morning? Maybe a toothbrush, towel, shampoo, and/or a hairdryer?
- How about my clothes? Do I need shoes, socks, pants, and a sweater?
- How do I get to school? Do I need bus fare, a bike, a skateboard, or good walking shoes?
- Are there things I need for school? Books? Backpack? Binders? Pencils?
- How about things to help me study? Do I need a desk, chair, and/or a computer?
- Do I have any sports or hobbies that need equipment? Like tennis rackets, cleats, riding gear, or scrapbooking supplies?

Other things to consider when trying to figure out a need vs. a want:

- Will this item help me get ready faster? Maybe a new hairdryer that works better *will* help you to school on time. However, if it's just that you have a green hairdryer and you like a new blue one better, that's not going to speed up your morning routine.
- I need a new sweater for winter, but is it necessary for me to have the designer version that costs \$50.00 more than another brand — even though both will keep me warm?
- I need a bike to get to school, but do I need a mountain bike with 21 speeds and the best shocks?
- I need a good backpack to keep my stuff in, but do I need the most expensive one?

Think about what things are necessary for your day-to-day existence. Write a list of them. Why do you feel these things are necessary? What things do you want? Write them down. Why do you want these things? Are any of your wants also needs?