

## Needs vs Wants Lesson Plan

### Overview

This lesson plan is an introduction to needs and wants, and how we use that distinction to make decisions throughout the day. The class activities aim to bridge the gap between these basic concepts and how to integrate them into the foundations of budgeting.

### Objectives

By the end of the lesson, students will:

- Understand the difference between needs and wants.
- Apply the concepts of money to their personal needs and wants.
- Understand how needs and wants relate to opportunity cost in their everyday decisions.
- Begin to explore the concepts of budgets and spending plans.

### Vocabulary

- A **need** is something that you cannot live without (i.e. water, food, or fuel for warmth).
- A **want** is something that is a luxury. Without it, you will still manage to survive (i.e. tennis racket, new purse, wrist watch, etc.).
- An **opportunity cost** is the cost of choosing one thing over another.

### Standards

This listing is based on the Jump\$tart National Standards for Personal Finance.

To see how this lesson aligns with other standards (including for your state), visit:

<https://www.personalfinancelab.com/standards-alignment/>











#### Spending and Saving

- Standard 1. Develop a plan for spending and saving.
- Standard 4. Apply consumer skills to spending and saving decisions.










#### Financial Decision Making

- Standard 1: Recognize the responsibilities associated with personal financial decisions.
- Standard 4: Make criterion-based financial decisions by systematically considering alternatives and consequences.
- Standard 8: Use a personal financial plan.

### Lesson Plan Includes

	Direct Instruction		Presentations
	Class Discussion		Technology-Based Activity
	Full Class Activities		Worksheets
	Small Group Activities		Assessments
	Individual Activities		External Resources

### Activity Summary

- Introduction   
Time: 5 mins
- PFL Budget Game   
◦ Time: 20 mins.
- 'Budgeting'   
◦ Time: 9 mins.
- 'Spending and Savings Plans'   
◦ Time: 18 mins.
- Needs and Wants Worksheet   
◦ Time: 15 mins.
- Plane Wreck Survivors   
◦ Time: 30 mins.
- Lost At Sea   
◦ Time: 30 mins.
- Post-It Discussion   
◦ Time: 15 mins.
- List Guess   
◦ Time 5 mins.

## Introduction

Explain to students that today they will be learning about needs and wants. The foundation of understanding budgeting and spending plans.

Ask the students to raise their hand and give you the definition of a want or a need.

Explain to them that:

- A **need** is something that you cannot live without, i.e. water, food, or fuel for warmth.
- A **want** is something that is a luxury. Without it, you will still manage to survive.

After students are introduced to the concepts of needs and wants, lessons start to build the foundations of budgeting and spending plans.

## Independent Activities

Activities designed for students to learn independently, either in class or as homework. Some activities include presentations if you prefer to use them for direct instruction instead of independent study.

### Independent Activities Include:

1. PersonalFinanceLab Budget Game.....**Time: 20 Minutes**
2. 'Budgeting' Lesson.....**Time: 9 Minutes**
3. 'Spending and Savings Plans' Lesson.....**Time: 18 Minutes**
4. Needs vs Wants Worksheet.....**Time: 15 Minutes**



## 1. PersonalFinanceLab Budget Game

Have students complete 20 minutes of the PersonalFinanceLab.com Budget Game. For each decision they make through the month, have them record their action, with a sentence explaining why. Collect this sheet as an assessment.

**Time:** 20 Minutes

**Type:**  Technology-Based Activity

**Required Resources:** PersonalFinanceLab.com site license & computer access.

 Individual Activity/Homework

 Class Discussion

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### Resource Links

[Budget Game - PersonalFinanceLab](#)

### How to Play the Budget Game

[Tutorial Video](#)

### Getting Started

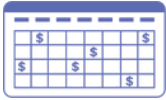
1. Either as a class, or individually, students can watch the [How to Play the Budget Game](#).
2. If your students need more help, there are [Tutorial Videos](#) on every aspect of the Budget Game.
3. The Budget Game can be [accessed from the main menu](#), and their progress saves as they go.

### Discussion Questions

- How did you prioritize which scenarios you would spend money on?
- Do you think you spend more money on needs or wants?
- What are some scenarios you didn't face in the game but you face in real life?

### Key Takeaways

- Managing a personal budget involves controlling expenses through recognizing the difference between needs and wants.
- Focus on spending on **needs** like housing, utilities, clothing, healthy food.
- Question the necessity of expensive clothes, extra TV channels, expensive coffee.
- Avoid the temptation of buying things you don't need by unsubscribing from retailers' emails or making a list of what you need before going to any store.
- Value spending choices that improve quality of life, such as time with loved ones and occasional luxuries.
- Spending on unnecessary things can cost a significant amount of money and time.
- **Remember** that it is your earned money and you decide if you want it in your bank account or someone else's!








## 2. 'Budgeting' Lesson

Assign your students the 'Budgeting' lesson on PersonalFinanceLab.com. This lesson explains the difference between needs and wants, and how it fits into building a personal budget. Students will be required to complete the quiz at the end as an assessment. If used as homework, follow up the next day with discussion questions.

**Time:** 9 Minutes

**Required Resources:** PersonalFinanceLab.com site license & computer access.

**Type:**  Technology-Based Activity  Presentation  
 Individual Activity/Homework  Assessment  
 Class Discussion

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### Resource Links

[Budgeting\\_\(personalfinancelab.com\)](https://personalfinancelab.com)

### Presentation

[All About Budgeting GoogleSlides Presentation](#)

### Discussion Questions

1. What do you understand by the term budget?
2. How might a budget help you with your financial goals?
3. How can you relate opportunity cost to budgets?
4. How would comparison shopping help with your budget?
5. If you Pay Yourself First, are you more likely to make smarter money decisions with the money that is left and why?

### Key Takeaways

- A **Budget** is a tool that tracks income and expenses and helps set goals and make plans for the future. It is personalized and based on individual goals.
- **Needs** are necessary expenses, while **Wants** are items that are nonessential luxuries.
- **Fixed Expenses** have a consistent cost each month, while **Variable Expenses** change from month to month.
- **Financial Records** should be gathered and analyzed to understand current spending habits.
- **Income** should be balanced against **Expenses** to determine if adjustments need to be made.
- **Pay Yourself First** means prioritizing your savings goals by setting aside money before paying bills or expenses.
- An **Emergency Fund** is savings set aside for unexpected expenses to avoid breaking your budget, usually including 3-6 months worth of expenses.








### 3. 'Spending and Savings Plans' Lesson

Assign your students the 'Spending and Savings Plans' lesson on PersonalFinanceLab.com. This lesson continues to show how to plan out personal spending by identifying the specifics of what students *need* to spend, what they *should* spend, and what they *want* to spend, and how to include each in their personal plan. Students will be required to complete the quiz at the end as an assessment. If used as homework, follow up with discussion questions the next day.

**Time:** 18 Minutes

**Required Resources:** PersonalFinanceLab.com site license & computer access.

**Type:**  Technology-Based Activity  Presentation  
 Individual Activity/Homework  Assessment  
 Class Discussion

#### Resource Links

[Spending and Savings Plans \(personalfinancelab.com\)](https://personalfinancelab.com)

#### Presentation

[Spending Plans GoogleSlides Presentation](#)

#### Discussion Questions

1. What is the difference between a budget and spending plan?
2. How does marketing affect your spending? Does it influence your wants or needs more? How?
3. What is one thing that you could do to increase your savings other than stop spending money
4. Suppose your friend got her first job and she wants to save for a new car. Explain how having a spending plan would help her reach that goal.
5. Why is it important that you review your spending plan regularly?
6. What are three life events that could impact your spending plan? For each event, explain how you would adjust your plan.
7. Explain the relationship between a spending plan and building wealth.

#### Key Takeaways

- A **Spending Plan** is a plan on how you will be spending your money each month.
- Your spending plan includes both your **Fixed and Variable Expenses**.
- A budget has strict allowances while a spending plan allows for **Discretionary Income**.
- Savings and investing can be part of your spending plan.
- Marketing and life changes can influence your spending plan.





## 4. Needs and Wants Worksheet

Students will complete the worksheet at the end of this lesson plan that asks them to classify items in their bedroom at home. They'll analyze whether each item is a need or a want, the level of its usage, and compare it to similar alternatives.

**Time:** 15 Minutes

**Required Resources:** Worksheet

**Type:**  Individual Activity/Homework  
 Worksheet

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### Resource

[Needs and Wants Worksheet](#)

### Instructions

1. Print the Needs and Wants Worksheet (pages 8-9).
2. Have the students complete the worksheet asking them to classify items in their bedroom at home as wants or needs, along with the approximate cost.
3. Next, have them consider next-best alternatives to each item, and compare the cost of those alternatives.
4. Finally, students are asked if, given the choice, would they buy the same items again or were they a waste of money?
5. This activity begins to pair the concepts of “Needs vs Wants” with “Opportunity Cost”.
6. Collect the worksheets, and evaluate as an assessment.

### Key Takeaways

- **Opportunity Cost** refers to the potential value of the alternative option or choices that are forgone when a decision is made.
- **Product Alternatives** are different options or choices available for purchase that fulfill a similar purpose or need.
- The value of an item should not solely be based on its initial cost, but also on how often it will be used and the benefits it provides.

## Needs And Wants

Write a list of 10 items that you have in your bedroom and complete the table below.

For each of the items:

- Give the name/basic description of the item.
- The approximate cost of the item.
- Would you classify each item as a need or want?
- How often did you use the item when you first purchased it? Was the usage low, medium or high?
- Are there any alternatives on the market to what you bought?
- What is the cost of the alternative?
- Do you feel you got value for the money with this purchase? (Yes or No)

#	Description	Cost (\$)	Need or Want	Usage (L,M,H)	Alternative	Alternative Cost	Value for Money (Y or N)
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
	<b>TOTAL</b>				<b>TOTAL</b>		



## Needs And Wants

Which of these items would you definitely buy again? Explain why.

Which items do you think were a waste of money? Explain why you originally acquired them.

## Full Class & Small Group Activities

Small Group Activities are designed for small groups of 3-4 students. These resources are best used after full-class direct instruction and activities.

### Small Group Activities Include:

- 5. Plane Wreck Survivors.....**Time: 30 Minutes**
- 6. Lost at Sea.....**Time: 30 Minutes**

Full Class Activities are designed for whole-class participation. These are best used along with the direct instruction portion of the lesson.

### Full Class Activities Include:

- 7. Post-It Discussion.....**Time: 15 Minutes**
- 8. List Guess.....**Time: 5 Minutes**



## 5. Plane Wreck Survivors

This activity puts students in the shoes of plane wreck survivors who must decide what items they need to survive. As well as being a fun exercise, this will also give team members the chance to see what type of role they naturally take within a group.

**Time:** 30 Minutes

**Required Resources:** worksheet

**Type:**  Small Group Activity

 External Resource

 Worksheet

 Class Discussion

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### Resource Links

[Stranded on a Mountain - the team building survival game](#)

### Instructions

- Divide the class into small groups and provide each group with a worksheet.
- First each student has five minutes to consider their own individual list of what the team should have, without consulting with other members of the group.
  - Students should keep this list after presenting it briefly to the group.
- Then students have 15 minutes as a group to discuss and agree on a combined list.
- Each team nominates a spokesperson to present this new list to the class.
- Afterwards, discuss with the class the benefits of discussion, teamwork, collective expertise, group communication skills, etc.

### Discussion Questions

1. How did you work as a team to make the list?
2. Did any one have to sacrifice an item for the betterment of the team?
3. What was the one thing that everyone has on their list? (water) Would that be a need or a want?

### Key Takeaways

- Students learn the value of teamwork and collective expertise in achieving a common goal.
- Effective communication and compromise are essential skills for successful teamwork, as demonstrated by the need to discuss and agree on a combined list of essential items.
- Prioritizing needs over wants is crucial for survival, and this activity teaches students to distinguish between essential items and luxury items in a challenging situation.



## 6. Lost at Sea

This activity puts students in the shoes of shipwreck survivors who must decide a ranking system of what items they need to survive. Since the students are ranking the items, they must prioritize the needs or necessities over the wants or luxury items.

**Time:** 30 Minutes

**Required Resources:** worksheet



Small Group Activity



Worksheet



External Resource



Class Discussion

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### External Resource

[Insight by Grahame Knox](#)

### Instructions

- Provide a 'lost at sea ranking chart' to every student
- Ask each student to take 10 minutes to decide their own rankings, and record the choices in the left-hand Step 1 column.
- Invite students to get into teams of 3/4.
- Encourage the groups to discuss their individual choices and work together to agree on a collaborative list.
  - Allow 20 minutes for this section.
  - Record the group rankings in the second column (team rankings).
- The correct answers were suggested by the US Coastguard.
  - Display the 'expert' rankings on a PowerPoint presentation, whiteboard or photocopy.
  - Compare student and group answers with the correct answers and determine a score.
- For each item, students should mark the number of points that their score differs from the Coastguard ranking and then add up all the points.
  - Disregard plus or minus differences. The lower the total, the better your score.
- As the groups work together, sharing thoughts and ideas, this should produce an improved score over the individual results.

### Discussion Questions

1. Discuss with your group why the scores were different?
2. What changed their minds?
3. Were these changes enough to survive?

### Key Takeaways

- Students will develop critical thinking skills, recognizing that the ability to adapt and prioritize needs over wants is essential for overcoming challenges and achieving success in uncertain situations.



## 7. Post-It Discussion

This class activity uses Post-It notes to get students to list their own needs and wants. Then, during a class discussion students will learn there are an infinite possibility of wants, but a limited set of needs that all people share.

**Time:** 15 Minutes

**Required Resources:** · 10 Post-It notes (2 colors, 5 of each color) for every student



Full Class Activity



Class Discussion

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### Instructions

1. Give students 10 Post-It notes (5 of each color).
2. Have the students write 5 wants one color and 5 needs on the other that they have in their own life within the week.
3. Have the students bring the Post-It notes to the board and put wants on one side and needs on the other side.
4. Once all the students have finished reading and putting Post-It notes on the board, read a few of the needs and wants out loud.
  - a. Try to group by type or category (e.g. food, water, technology, leisure...)
5. Then follow-up by leading a class discussion.

### Discussion Questions

1. Why are specific items wants or needs?
  - a. For example: water, make up, candy, cell phone
2. Is there an alternative for the wants or needs?
3. Why are there so many items in the leisure category but only one option in the water category?
4. Did anyone see an item that was either a want or a need that was different from what they wrote?
5. What would be the effects if you did not have “Item X” (a want item) or “Item Y” (a need item)?
6. Which is more important your wants or your needs?
7. How different do you think the board would look if I did this activity with your parents?
  - a. Would the wants be the same or different? What about the needs?
8. Ask them to put the definition of needs and wants into their own words.

### Key Takeaway

- Needs are essential requirements for human survival and well-being, while wants are discretionary desires that can be fulfilled with varying levels of importance and priority.



## 8. List Guess

In this class activity students will be walking to the front or back of the class depending on whether they think an item read aloud is a need or a want.

**Time:** 5 Minutes

**Required Resources:** list of needs & wants



Full Class Activity



Class Discussion

### Instructions

1. Use the list of different wants and needs below.
2. Read one of the words out loud.
3. If the students think that it is a **need**, they walk to the **front** of the classroom.
4. If the students think it is a **want**, they walk to the **back** of the classroom.
5. Repeat this process with 7 to 10 words.
6. After students decide if an item is a want or need have one student raise their hand and explain why they chose their side.

### Needs

- Rent/mortgage
- Electricity
- Water
- Heating
- Groceries
- Transportation
  - Car payment, gas, public transportation
- Health insurance
- Prescription medications
- Basic clothing
- Education expenses
  - Tuition, school supplies
- Home insurance
- Taxes

### Wants

- Eating out at restaurants
- Movies
- Concerts
- Museum or gallery visits
- Travel and vacations
- High-end clothing and fashion accessories
- Electronics
  - Smartphones, tablets, gaming consoles)
- Cable/satellite TV subscriptions
- Streaming services
  - Netflix, Hulu
- Gym memberships
- Home decor and improvements
- Luxury items or experiences

### Key Takeaway

- Students develop a framework for evaluating and managing their own needs and wants in a way that promotes overall well-being and financial responsibility.

## Conclusion

Conclude the lesson with a last class discussion that connects their needs and wants with the concepts of budgeting and spending plans. Ideally have this discussion the day after assigning one or more of the individual activities as homework.

Remind students that:

- A **need** is something that you cannot live without (i.e. water, food, or fuel for warmth).
- A **want** is something that is a luxury. Without it, you will still manage to survive. (i.e. tennis racket, new purse, wrist watch, etc.).

This lesson is best followed by our lessons plans on Opportunity Cost and Budgeting.