

MONEY AND YOUR KIDS

A NEWSLETTER FOR PARENTS

October

Wants vs. Needs



In our society, money is earned and exchanged for the majority of goods and services we need and want. Money decisions make a big difference in our lives.

Children are not born with “money sense.” Money management skills must be learned. Whether you realize it or not, what children see and hear at home highly influences their attitudes and values about money. The ways parents insure themselves, discuss money, spend, borrow, save, share and invest will affect a child’s value system concerning money.

Preteens begin to realize that money itself has no value, but that it is needed to buy things they want. Fifth-graders are “collectors.” They want to save for specific things, usually one thing at a time. With continued practice, your fifth-grader will be able to save for bigger goals in the near future.

But how do you nurture that process at home? Be a good role model.

Effective money management is based on a realistic evaluation of individual and family needs, wants, values, goals and resources.

A “need” is something that is necessary, such as food, clothing or shelter. A “want” is something you would like to have.

Do you catch yourself saying, “But I need that new magazine”? Do you need or want it? To be effective money managers, you must meet your needs before satisfying your wants.

Go through the activity on the front page with your child. Keep these points in mind:

- Guide and supervise rather than dictate.
- Praise positive points.
- Help your child learn through mistakes as well as successes.
- Be consistent.
- Be flexible and realistic.
- Be patient.
- Respect the child’s individuality.

For more information, the following publications are available at your county office of the NDSU Extension Service:

FE-274, “What to Do When Your Income Drops”

FE-440, “How Much Should We Spend?”

FS-591, “Financial Values, Attitudes and Goals”

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Brought to you by the NDSU Extension Service and your local extension office.

See your extension agent for more money management information and other family economics programs.