

FACS: Busted (ECON)

Summary

Students identify between needs and wants.

Main Core Tie

FCS 6th Grade

[Strand 3 Standard 1](#)

Time Frame

1 class periods of 45 minutes each

Materials

Busted worksheets and calculators

Background for Teachers

Economics is a critical part of family life. As students are able to focus their resources on needs rather than wants they will begin developing habits that will aid them in their present home and future families.

Through the activity the teacher should continue to ask students to think about how they are using the "Big 5 of Economics".

- Peoples needs and wants are unlimited.

- When resources are limited, people have to make choices.

- Choices involve costs and benefits.

- Choices can affect ourselves and others.

- Consequences of choices may be immediate or lie in the future.

Student Prior Knowledge

General cost of items they would want to have/buy.

Intended Learning Outcomes

Improve the student's ability to identify between needs and wants.

Instructional Procedures

Complete "BUSTED" worksheet:

- Each student has \$500 to spend any way they want. They must have a minimum of four different places/items/choices. All money must be accounted for.

- Avoid giving suggestions at this time. Try not to influence their choices. To be most effective they need to be honest in what they would do with the money.

- Identify if each item is a need (N) or a want (W). If saved, invested, given to a charity (not a present to someone) it is exempt (X).

- Total needs and wants, place at bottom. Determine the percentage of the \$500 spent on needs and wants.

- Many students will have all or a high percentage of their money spent on wants. This is setting them up for future financial frustrations as they develop poor spending habits.

Diagnosis based on percentage spent on wants:

Great! less than 20%

Okay 20-25%

Scary 26-30%

Out of control greater than 30%

Call a few students up and have the class decide if their needs really are needs. Vote with thumbs up or down, majority rules. If decide it was not a need, class yells out BUSTED! Student must refigure their percentages.

Note: Food always comes up as a need, but realistically most food items kids this age purchase fall into the wants. When they list "clothes" it's generally a want but if they list specific items then it could be seen as a need. Again, the student can present their case but the class gets to decide.

Discuss how the choices we make on how we spend our money can affect the entire family.

Adapted from Chad Foster's Financial Literacy for Teens curriculum.

Summary:

It is okay to get some wants, that is often the motivator for hard work, but the need to keep it low and in balance is critical to future financial success.

People who do not understand the differences between needs and wants usually struggle with financial problems.

An example of a need is a place to live. A want would be a mansion.

An example of opportunity cost is not buying the designer clothes so you can invest more of your money.

Most financially successful people understand the difference between needs and wants.

Authors

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