Talk to young people about wants, needs and opportunity costs

Source: Kim Leger, 4-H youth development specialist

The COVID-19 pandemic has strained many families’ finances. If your budget has recently tightened, it’s important to communicate with all your family members about the new financial realities. This includes young people. Talking to young people about money may be difficult and uncomfortable, but it is an important conversation to have to make sure everyone understands the situation.

While they may not be financial contributors, young people do influence the family’s budget with their needs and wants, and many times, they have an unrealistic view of their family’s financial situation.

You can approach conversations about family finances in age-appropriate ways. Perhaps one of the simplest ways to explain budget tightening is to talk with your young person about the difference between a want and a need.

A need is an item that is necessary for survival. Food, clothing, shelter and medical services are all needs. Most people’s basic needs are the same.

In contrast, a want is not a necessity but something you feel could add comfort and happiness to your life. Wants will differ among people depending upon their interests, tastes and lifestyle.

After explaining to young people about wants and needs, talk to them about opportunity costs. Also known as tradeoffs, opportunity costs are things you give up in order to have something else. As many families tighten their budgets, parents can explain to their children how it is important to put some of their wants on hold and focus on the family’s needs for now.

 4-H offers many programs and activities to help young people become more financially savvy. For more information on helping young people understand basic financial principles, contact the (COUNTY NAME) office of the University of Kentucky Cooperative Extension Service.

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