Name _____ Date _____

Needs, Wants and Trade-Offs

Directions: For the questions about Imani's costs, use the table together with the facts about her life described in its caption, since whether something is a need depends on her particular situation. When an answer is a number, type it in dollars without a dollar sign or comma.

1. These four words come up constantly whenever people plan their spending carefully; match each one with the meaning that describes it.

Write the letter of the matching answer on each line.

1. _____ Need
2. _____ Want
3. _____ Opportunity cost
4. _____ Budget

Choices for question 1

A. Something a person must have to stay healthy and safe or to keep getting to work or school

B. Extra money a bank adds to a savings account over time

C. The best option a person passes up when choosing something else

D. Something a person would enjoy having but could get along without

E. A plan for how the money coming in during a set period will be spent and saved

Imani's Costs This Month

Imani's expected costs for this month. Imani is 19, shares an apartment with a roommate, works at a grocery store and takes home $1,400 this month, has no car and depends on the bus to get to work, and her manager sends her weekly work schedule by text message. Her current phone works perfectly well, but she has been considering buying a newer model with monthly payments.

Item	Cost this month (dollars)
Her share of the rent	650
Basic groceries	260
Monthly bus pass	60
Phone service	35
Streaming subscription	15
Concert ticket	85
First payment on a newer phone	40

2. Considering the facts about Imani's situation in the caption, which four of these costs are genuine needs for her this month?

☐ A. Her share of the rent
☐ B. The monthly bus pass
☐ C. Basic groceries
☐ D. Phone service
☐ E. The concert ticket
☐ F. The streaming subscription
☐ G. The first payment on a newer phone

3. After paying for her share of the rent, basic groceries, the bus pass and phone service, how much of her $1,400 take-home pay does Imani have remaining this month?

_____ dollars

4. If Imani decided to pay for all seven costs listed in the table this month, how much of her $1,400 take-home pay would remain?

_____ dollars

5. Imani decides to skip the concert this month so she can put its $85 into her emergency savings instead; which statement best describes her choice?

A. She is losing $85, because money moved into savings is gone.

B. She is making a trade-off, giving up a want this month to build her savings.

C. She is breaking her budget, since a budget has no room for savings.

D. She is turning the concert ticket into a need by skipping it.

6. Owen lives in a small town without any buses and drives 25 miles to his job, while Imani lives near a bus line and rides it to work. Which statement best explains why a car could be a necessity for Owen but only a want for Imani?

A. Owen has no other practical way to reach his job, while Imani can get to work by bus.

B. Owen probably earns more money than Imani does.

C. Cars are needs for every adult who has a job.

D. Cars are always wants, no matter where someone lives.

7. Imani has one free Saturday, and her top two choices are working an additional shift or attending a friend's birthday party. If she chooses the party, what is her opportunity cost?

A. Every other thing she could possibly have done that Saturday

B. The party itself, since that is what she chose

C. The additional shift and the pay she would have earned from it

D. Nothing, because the party is free to attend

8. Imani's additional shift would have lasted 6 hours at a pay rate of $16 an hour. How much pay does she give up by choosing the party instead?

_____ dollars

9. For the next 6 months, Imani could continue buying the $60 monthly bus pass, or she could make a one-time purchase of a $250 used bicycle and a $30 lock and ride to work instead. Counting only these costs, which option costs less over the 6 months, and by how much?

A. The bicycle, by $110

B. The bus pass, by $80

C. Both options cost the same amount

D. The bicycle, by $80

10. Which statement about including wants in a personal budget is accurate?

A. Anything that costs less than $20 counts as a need.

B. Wants should be paid before needs so they are not forgotten.

C. Wants can have a place in a budget once needs are paid and savings goals are planned for.

D. A budget should never include any wants at all.