

## Wants vs. Needs



Knowing the difference between "wants" and "needs" is an important part of learning to manage money. It is easy to spend money. What is not so easy is spending money wisely. One way to help with this is to separate needs from wants and spend money primarily on needs.

<u>Needs</u> are the essentials or the basics of life one must have in order to survive: shelter, food, clothing, etc. Some expenses, such as transportation costs to get to and from work and health care coverage, are also needs.

Wants are items that are nice to have, but are not essentials to living: eating out, going to the movies, etc.

Before purchasing an item, ask yourself "Do I need this, or do I just want it?" Surprisingly, there may be a lot more "wants" than you think.

In the space below, list some of your needs. Think of immediate needs as well as things you will need over the next several months. Next, write down some wants. Are there wants that you could do without to help save money?

WANTS	NEEDS

## Wants or Needs?

- 1) Decide if you really need or just want everything on the list. Are some "needs" actually "wants"? Cross off the "wants" that are least important to you.
- 2) Put stars next to the items that are particularly important to you.
- 3) What was most surprising about this activity?

Adapted from National Endowment for Financial Education, 2009, smartaboutmoney.org