COMPARE: Needs vs. Wants

Although online resources and financial gurus will tell you that it's pretty clear cut for what qualifies as a need versus a want, in real life it's often not that clear. For example, if you decide to live in Cleveland while your family lives in Phoenix and visiting them is a priority for you, then you might consider 4 flights a year a necessity. On the other hand, your extreme love of scuba diving might make 4 flights a year to Hawaii or Florida seem like a need, when it's possibly more of a want.

Part I: Assess Your Values

Assuming that your fundamental needs of housing, clothing, and food have been met and you already have a savings plan in place, your budget may allow you to spend on a few extras.

1. Review the list below, putting a:
   - **1** next to those that are needs for you,
   - a **2** next to high priority wants, and
   - a **3** next to low priority wants.
   - You can leave some blank if they don't fit into your lifestyle at all
   - Fill in the empty boxes with items you value that we haven't included

#	ITEM
	Trendy clothing
	Non-essential beauty/hygiene or grooming items/services
	Subscriptions (Netflix, Hulu, Spotify, etc)
	Ride-sharing or mobility apps (Uber, Lyft, Bird, Jump)
	Vacation/travel
	Electronics (video games, phones, etc.)
	Out-of-home entertainment (amusement parks, movies, bowling,

#	ITEM
	Personal hobbies (membership fees, equipment, uniforms, clubs or teams, etc)
	Professional expenses (employment resources, online course subscriptions, membership fees, conference attendance, etc)
	Holiday and other gift giving
	Charitable or religious donations
	Transportation costs (maintenance, car payments, insurance, public transportation)
	Cell phone plan
	Dining out

	etc)			
	Contributing to family income / Giving money to family			Gym membership

Part II: Plan Your Discretionary Spending

2. Let's pretend you have roughly $900 per month to divide among the categories above. Reflect on the priorities you've set above, and create a budget for the needs and wants you'd like to be able to fulfill each month.

ITEM	AMOUNT YOU'LL SPEND
TOTAL	**$900**

Using your “wants” budget above, answer these questions:

3. Which of those items would be <u>easiest</u> to give up, if your life circumstances forced you to?

4. Which of those items would be <u>hardest</u> to give up? Why?

5. How do your values inform your spending decisions in this category?

Part III: Consider This Example

Your cousin graduated from college and got an intro-level job in human resources at a large company in Washington, DC. Leftover from college, they have one nice suit, a few business appropriate shirts and pants, and one professional pair of shoes. Your cousin’s job requires them to be in business attire every day for work.

6. Would you consider your cousin’s desire to upgrade their wardrobe a need or a want? Explain why you feel as you do.

7. Assume that your cousin decides they need a wardrobe update. What would you feel is an appropriate amount of business clothing for your cousin to own in order to succeed at their job?

8. What should be your cousin’s approach to purchasing their wardrobe updates?