Wants vs. Needs Worksheet

Knowing the difference between "wants" and "needs" is an important part of learning to manage money, especially in tough economic times.

It's easy to spend money. What's not so easy is spending money wisely. One way to help you spend wisely is to separate your needs from your wants, and spend money primarily on your needs.

Wants are nice to have but are not essentials: eating out, going to movies, text messaging, or getting the newest cell phone and ring tones.

Needs are the essentials, the basics of life that you must have to survive: food, housing, clothing. Some expenses that relate to your job (that is, your ability to pay for the basics) also are needs, such as transportation to and from work, and health care coverage to keep you well enough to go to work.

Before you buy something, ask yourself, "Do I need this item, or do I just want it?" You may be surprised at how many things are actually "wants."

List some of your needs in the spaces below. Try to think of needs that are immediate, as well as things you'll need in the next several of months. Then, write down some wants. Are you starting to see the difference? Are there wants that you could do without?

WORKSHEET: WANTS OR NEEDS

WANTS	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 the least important to you.
2. Put stars next to the items that are particularly important to you.
3. Decide if each item makes sense. You may need a car to get to and from school or work, but you may want a brand-new sports car. You can meet this "need" by buying a fuel-efficient used car rather than a sports car.

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