

Needs vs Wants

An important part of managing your money is understanding the difference between needs and wants. Needs are things you must have to survive. A place to live, water, food, and medicine are all examples of things you need. Wants are things we do not have to have, but would like to have. Video games, expensive clothes, jewelry, cell phones, and eating out are all examples of wants. You need to make sure you have enough money for all the things you need before you spend it on things that you want.

There are some things that can be a want and a need. You need food, but not pop or candy. Eating in restaurants is something you like to do, but do not need to do. You need clothing, but many people have more clothes than they actually need.

Make decisions about how to spend your money to make sure your needs are taken care of first. Another reason you need to make sure you don't spend too much on wants is that you also need to save some of your money. There are many reasons to save money. We save for needs like clothes and healthy food. We save for wants like vacations, gifts, or video games.

Sometimes it is easy to spend money on wants before saving money for more important things in the future. It is sometimes hard to tell yourself "no" when you see a new shirt or game you want to buy, or when a friend asks you to go out to the movies. You should always know how much money you need each week or each month for your needs.

You might want more things than you can actually buy, so think about which of your wants is most important to you and spend money on those things first. If we aren't careful we might be planning to save our extra money for a night out for pizza and movies with friends over the weekend, but before that happens end up spending it on candy at a basketball game and buying a new shirt. Even more important than saving for our wants is saving for things like fixing or replacing items when they break.

What are some things you need to spend money on? What are things you want to buy? Make sure you are spending your money on the things that are most important to you. Enjoy the journey!

