Module 8 Exercise – Spending Analysis

1. How much did you spend on "needs" vs. "wants"? You don't need to tell me the actual amounts; instead you can provide a ratio, such as "I spent half as much on my wants as I did on my needs."

Needs: Budgeted to actual ratio = 1:1.2 (Over by about 20%)

Wants: Budgeted to actual ratio = 1:1.05 (Over by about 5%)

1. Were you surprised by how much you spent in either of the categories? If so, what surprised you?

Wasn’t surprised at the actual total of purchases for “need” (over by about 20%) because I thought I was too conservative with my budget for food and left out some of my living expenses out of my budget such as dental floss or toothpaste.

While the “want” category, I was surprised not because of the relatively small 5 percent overage I have for my discretionary expenses, but because I realized how conservative I was budgeting for this category and it actually worked!

1. Choose one of the "wants" on your list and multiply the monthly spending for that item by 12 in order to get an estimate on how much you spend on that item per year. Then consider alternative things that you could do with that money, such as using it for a "need," a different "want," or your savings goal. What is the "want" you selected? Are you satisfied with your spending on this particular "want"? Why or why not? (Again, you don't need to tell me the actual amount you spent on the "want" if you'd prefer not to - just your thoughts or feelings about it.)

My Spotify music streaming monthly subscription can be put into my savings instead. I don’t necessarily use this in my day to day basis and there are other cheaper or free alternatives for music streaming out there.

1. How did your overall actual spending compare to your budget? Do you seem to be on track for the month or not?

It’s only been 2 weeks since I have been closely tracking my budget. So far, I have been doing well with keeping my budget on track and minimizing my spending especially with the “want” category, with the exception of the “need” category for being too conservative.

1. Were there any items that you found difficult to categorize as a "need" or a "want"? If so, please provide an example and why you decided to categorize it the way that you did.

I have a sweet tooth and I buy chocolates and candies very often. I have a strong feeling that this is supposed to be in the “want” category since this is an emotional purchase and I don’t exactly need sweets all the times. But a part of my feels like I need it because its one of the things I look forwards to and sometimes I reward myself with chocolates after working or studying for long periods of time. Besides we all have to pick the lesser of all the evils and this is mine, the cheapest in my options.

1. How did you feel while collecting the data for this exercise in your notebook or phone? Did collecting the data make you more mindful of your spending or influence you to change your behavior in any way?

I did not rigorously collect data with pen and paper since every transaction I made recently was online or through credit card. But the idea or the challenge I have for myself to only spend within the allotted money for every category kept me mindful of my spending subliminally. It feels like having a budget police over my shoulder every purchase I make.

1. How did you feel while totaling up and analyzing the "needs" and "wants" categories? Did this part of the exercise change your overall thoughts about your spending in any way?

It feels great that I have been keeping up with my budget so far, although I have underbudgeted in some of the categories in both living and discretionary expenses, it turned out to be a good thing because it forced me to be extra careful with my purchases and to think through before buying something I don’t really need.