



NEEDS vs WANTS

OPPORTUNITY COSTS

Are the things you want, the things you need?

What happens when you buy the things you want vs the things you need?

A need is something needed to survive while a want is something that people desire to have. You need a place to live, clothes to wear, food, and a car or money for transportation to work or school, money for medicine, doctor or dentist, money for glasses, and more. Wants are cellphone, internet, expensive clothes and shoes, latest gaming and technology, expensive cars, homes, and more.

“Too many people spend money they earned..to buy things they don't want..to impress people that they don't like.” - Will Rogers

Does eating an expensive meal at a high-end restaurant qualify as a need? Or what about clothes? Do you have to stick with generic sneakers or can you splurge on a pair of expensive Yeezy Boost shoes by Adidas? Ultimately, it's all about perspective and how you choose to manage your money. It is ok to have expensive taste but you need to afford it!

Please complete this worksheet on needs vs wants.

“You must gain control over your money or the lack of it will forever control you.” - Dave Ramsey

Opportunity cost is what you lose based on the decision you make between the choices in front of you. Considering opportunity costs when you are making choices especially between needs and wants can guide you to more profitable decision-making. You must assess the loss between the choices and the potential benefits from those same choices. Please complete this worksheet on opportunity costs.

Example: I can buy a cup of coffee for \$5.00 which will keep me awake all night and I spend \$5 or I can buy a sandwich for \$3.50 which will fill me up for longer and save me \$1.50.

Each decision you make has an opportunity cost. Should I spend \$25 for this shirt that I think is cute or go out with my friends later to see a movie and buy some popcorn? Opportunity cost also affects your time. Should I go to see the movie with my friends or make sure that I am prepared for school and my test tomorrow?