

Step 4: Needs vs. Wants

After you have compiled your list of expenses, separate each item out by **needs** (food, shelter, utilities, clothing, and transportation) and **wants** (entertainment, eating out). What do these things cost you?

Note: This is an individualized exercise – what you may perceive as a *want* may be a *need* for another person.

Needs	Annual Cost	Wants	Annual Cost
	\$		\$
	\$		\$
	\$		\$
	\$		\$
	\$		\$
	\$		\$
	\$		\$
	\$		\$
	\$		\$
	\$		\$
Total	\$	Total	\$

Are there areas or items under either column you could cut down to save money?

Examples of this might include reducing your utility bills by conserving electricity and water, buying used furniture or clothing, or bringing your lunch to work instead of eating out.