

## Understanding Wants versus Needs

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We've all found ourselves in a situation in which we thought we needed something, when in reality it was something we wanted. Many consumers today confuse wants with needs. We are a society that is constantly bombarded with advertising, which tries to get us to think we need what is being advertised. We have instant gratification. We want it and often finance it, leading to household debt. In the difference between wants and needs, it may help to review what each is. Needs are those things that we cannot live without, such as basic housing and clothing. Wants are the things that make our life richer and more exciting, but we could live without them.

Wants tend to be those things we purchase impulsively or to make

purchase things to impress others or to make others happy. We also purchase things to keep up with others, such as purchasing the latest model of something because "everyone else has it". Some people experience buyer's remorse after purchasing something and either return the item or leave it to sit unused in their home. Analyzing our purchases before we make them can help to avoid this.

Here are some things to think about before you purchase something you want:

First consider if you have the extra money to purchase it now or will it negatively affect the amount of money you have available to pay your bills? If you have to use a credit card to purchase it, will the length of time to pay off the debt outlast the use of what you're buying? Put off the purchase for a couple of days or weeks. If after this amount of time you find that you could still use that item, then it may be a good purchase for you. Can you borrow the item from someone else? Can I purchase the item used? Can I split the cost with someone else?

If your money is spread thin, take a close look at your purchases. Chances are you'll find several purchases that fall under the category of wants that can be reduced or eliminated to save you money.



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