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## Needs vs. Wants

1. True or False? The 50/30/20 Rule is the preferred and recommended way that you should think about your monthly budget.
  - a. True
  - b. False
2. Use the following terms to complete the question: WANTS, SAVINGS, NEEDS  
According to the 50/30/20 Rule for Budgeting, 50% of your budget should be contributed to [needs] , 30% of your budget can go toward [wants] , and 20% of your budget should go toward [savings] .
3. Aaron realizes he has a budget deficit of roughly \$175 at the end of two months in a row. Which of these options makes the most sense for him to fix his problem?
  - a. Cancel his cable TV subscription and go out to dinner three fewer times each month with friends.
  - b. Contribute \$100 less to savings each month and \$75 less to his retirement fund.
  - c. Start paying just the minimum monthly payment on his student loan and credit card debt, instead of the extra he's been contributing.
  - d. Sell his current car and get a less expensive vehicle.
4. True or False? Needs can be defined as basic shelter, basic clothing, and basic food. All the things outside those categories are wants.
  - a. True
  - b. False

5. Samantha has difficulty understanding the difference between wants and needs - as everything is a need! What are some questions that could be useful to her to help her cut her spending?

Yes	No	Statement
		How much do I want this item right now?
		How am I going to pay for this purchase? If I have to charge it or take out a loan, will I be able to afford the monthly payment?
		Is there a less expensive version or can I buy it used?
		How many hours of work would it take me to pay for this item?

6. In your personal budget, what does discretionary spending refer to?
- The money that you spend on impulse while at the shops.
  - Money that is specifically put aside to pay for essential items such as rent, tax, basic food requirements, basic clothing requirements.
  - Money left over (or budgeted) once all essential items have been taken care of.
  - There is no place for discretionary spending in a personal budget.
7. For the average American, in what category do they spend the highest percentage of their income?
- Housing
  - Food
  - Transport
  - Travel
8. True or False: The MINIMUM amount you have to pay on loans and credit cards is a need, not a want.
- True
  - False

9. The following are wants, not needs (select all that apply):

Select	Statement
	Unlimited data plan for your smartphone
	Monthly subscription for Cable TV
	A replacement jacket for the one that you have worn for 10 years and is in need of repair
	Grooming products and cosmetics

10. Which of the following is a sign that you are making a purchasing decision based on emotion, and not a need?

Yes	No	Statement
		I need to boost my spirits.
		I deserve a reward for my hard work.
		I have to pay the minimum monthly balance for my credit card and student loans.
		My friends and family would be disappointed if I did not get this.
		I can't stand having an outdated model, even if it works.
		I have to pay my electricity bill this month.