Your Spending Priorities
Needs, Wants, and Obligations Worksheet

This worksheet will help you go through your spending habits by clearly defining and categorizing where your money goes.

Part 1: Definitions and Core Concepts

Before you budget, take some time to get to know the difference between the three types of spending:

Category	Definition	Key Characteristics
Need	Items or services essential for survival, health, and safety.	Required for basic living; non-negotiable.
Want	Items or services that increase your quality of life, comfort, or enjoyment, but are not necessary for survival.	Discretionary; can be eliminated or reduced without serious consequences.
Obligation	A fixed financial commitment or required payment, often related to paying down debt or fulfilling a contract.	Usually non-negotiable and recurring; missing payment often results in penalties or legal issues.

The Overlap

Sometimes, a **Need** can become an **Obligation**, or a **Want** might be disguised as a **Need**.

- **Example 1: Housing.** Basic shelter is a **Need**, but the monthly rent or mortgage payment is an **Obligation**.
- **Example 2: Transportation.** Having a way to get to work is a **Need**, but the monthly car loan/ lease payment is an **Obligation**. Buying a luxury car instead of an affordable used sedan or Metrocard is a **Want**.

Part 2: Expense Categorization Exercise

For each item below, determine if it is a **Need (N)**, a **Want (W)**, or an **Obligation (O)**.

Expense Item	Category (N, W, or O)	Justification/Notes
1. Monthly Student Loan Payment		
2. Basic Groceries (rice, beans, produce)		
3. High-Speed Internet for School/Work		
4. Subscription for a Premium Video Streaming Service		
5. Basic Utilities (Electricity, Water)		
6. Eating Lunch at a Restaurant		
7. A New Pair of Designer Sneakers		
8. Required Health Insurance Premium		
9. Annual Vacation Travel Budget		
10. Minimum Monthly Credit Card Payment		

Part 3: Personal Financial Reflection

List three items you currently spend money on (or plan to spend money on) and categorize them. Use this exercise to see how accurately you perceive your own spending.

Your Personal Expense	Category (N, W, or O)	Could this be reduced or eliminated?
1.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		

Discussion Questions

1. What is one **Want** you could easily cut out of your current spending to free up money?

2. Describe an expense that starts as a **Need** but has a **Want** built into it (e.g., needing food vs. wanting expensive takeout). How can you separate the two?

3. Why is it dangerous to treat a **Want** as an **Obligation** when planning a budget?