



Real solutions for real business

This month's Wire is taken from one of the many articles found on our website. The article **"Budgeting Basics: Wants, Needs, Goals"** relates to the January Webinar topic, **"Financial Fitness: Living Within a Realistic Budget"**.

To access this article, log-on to www.caresworklivesolutions.co and click on the World Icon and enter your unique company password. (If you do not have a company password, contact CARE's *WorkLife* Solutions to request a temporary password.) Next, click on the Site Search tab on the right, type in **Budgeting Basics: Wants, Needs, Goals**. This will bring up this and many other related articles that you may find informative and useful.

Budgeting Basics: Wants, Needs, Goals

Everyone has basic *needs* in life—shelter, clothing, and food. Each person in the family has additional needs that cost money. There is a difference between needs and *wants*. A want is something you would like to have but could live without. It is important to discuss with your family what their wants and needs are, and how they fit into the family's financial plans.

A car may be a need for the family, but a new car probably is a want. Would you consider a radio in the car a need or a want? What would you consider a CD player? A phone in the house may be a need for your family, but a cell phone could be a need or a want. Have each family member write down five needs. Then ask each person to write down five wants. Read the lists aloud. Discuss how you could include the needs in your budget and plan to save for the wants of family members.

Goals

What is really important to you and your family? Do you have goals? What goals do you plan to work toward? A *goal* is a broad, general statement of what you want to achieve. Goals provide direction for your plans and actions.

Goal setting is more than deciding what is important to you. To help write your goals, ask yourself these questions:

What do I want to do with my money?

How much will it cost?

How long will it take to get that much money?

Write down your *immediate*, *short-term*, and *long-term* goals. Immediate goals are those things you want to get done in the next week, month, or 3 months. Short-term goals are things you want to do or accomplish in 6 months to 1 year. Long-term goals are goals you want to reach in 1-5 years or longer.

You may have more goals in one category than another. You need not have all three types.

As you list your goals, decide which ones you want to use your money for first. Set dates to reach your goals. Ask yourself which are the most important and which are the least important. Although a goal is short- or long-term, it may be just as important to save for it as the immediate goal. Ask yourself these questions:

How important is this goal to my family and me? Is it something I want, but could do without?

How urgent is this goal? If you have to buy a new car tag and pay personal property taxes in two months (or you will get a ticket), saving to pay that bill is an immediate goal.

What will happen if I don't work on this goal? Will your bills continue to grow with interest charges, or will your credit rating be affected? How will you store food if you can't replace your old refrigerator?

How much will I have to save each payday to reach this goal?

Goals are important to successful money management. Goals guide you to use your money for the things that are really important to you and your family. Don't let setting goals be just an exercise.