

STREETWISE FINANCE



“To provide basic financial literacy (‘be streetwise’) to the people of South Africa, one group at a time; thereby creating a broader, more financially literate community and nation.”

Module 1

Needs vs wants and budgeting

Hollard.

This booklet will help you gain an understanding about needs, wants and budgeting



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Needs vs wants

Let us take a look at the difference between a need and a want.



What is a want?

A want is a wish for something which may not be necessary but which may be seen as making your life better.

Examples of wants include:

- Soccer tickets
- Label clothing, eg. Levi's/Polo
- Fancy cell phone
- Take-aways



What is a need?

Needs are the most important requirements in life that you need in order to survive.

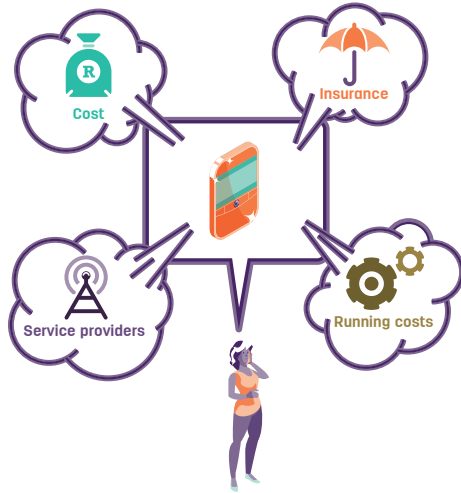
Examples of needs include:

- Water
- Shelter
- Food
- Clothing



How to plan for needs and wants

We have just looked at needs and wants. The secret in getting everything you need and want is to plan for it so you know when you are in a position to afford it.

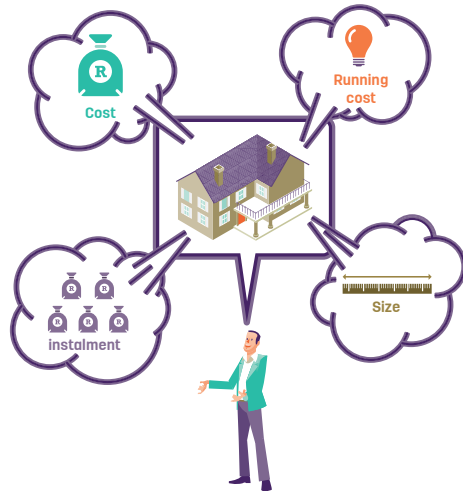


Short-term goals (12 months)



Medium term goals (2 - 5 years)

How to plan for needs and wants (continued)



Long-term goals (5 - 10 years)

Goals must always be (SMART):

- Specific:** Can your goal be broken down into smaller steps?
- Measurable:** You must be able to measure how you are doing.
- Attainable:** Is your goal within your reach? Goals that are too far out of reach will probably not be achieved.
- Realistic:** It must be do-able.
- Timely:** You must have a clear target date; for example 6 months, 5 years, 10 years.

Personal goals and objectives



Finance



Health



Education



Career



Pleasure



Spiritual



Relationships



Family

Calculating income and expenses



Each month you receive income from an employer, your business or a grant. At the beginning of the month there are usually a number of things that you have to pay for using your income.

For example:

- Electricity payments or recharge vouchers
- Groceries and food
- School fees
- Medical expenses (visit to a doctor)
- Clothing for the family
- Public transport (taxi/bus fare)
- Account payments (clothing/lay-by accounts)
- Insurance payment

Once you have paid for all these you are left with an amount that you can spend on anything you choose. You have the choice to spend it or save it.

What goes into a budget?

	R
	R
Total income	R

Total income

minus Total expenses

**Extra money/
shortfall**

R
R
R

Expenses

Needs

	R
	R
	R
	R
	R
	R
	R
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Wants

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	R
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	R
	R
	R
Total expenses	R

	R
	R
	R
	R
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	R
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	R
	R
	R
	R
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	R
	R
	R
	R

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