

DECISION FRAMEWORK · SPENDING

Major Purchase Evaluation Tool

Structured framework for deciding on significant expenses
like homes, vehicles, or education

8 steps · with space for your answers

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Distinguish Need vs. Want

KEY QUESTIONS

- Is this a true need or a want?
- What specific problem does this purchase solve?
- What happens if you don't make this purchase?
- Are there alternatives that address the same need?

Considerations. Be honest about motivation. Wants are valid, but they require different financial consideration than true needs.

YOUR NOTES

Calculate True Total Cost

KEY QUESTIONS

- What is the purchase price?
- What are financing costs (interest, fees)?
- What are ongoing costs (maintenance, insurance, taxes)?
- What are hidden costs (accessories, training, upgrades)?

Considerations. The purchase price is often just the beginning. Calculate the 5-year total cost of ownership.

YOUR NOTES

Assess Affordability

KEY QUESTIONS

- Can you pay cash, or will you need to finance?
- Does this fit within your current budget?
- How will this impact your savings rate?
- What would you give up to afford this?

Considerations. A general rule: if you can't afford to pay cash for a depreciating asset, reconsider the purchase or choose a less expensive option.

YOUR NOTES

Evaluate Timing

KEY QUESTIONS

- Is now the optimal time to buy?
- Are there seasonal discounts or sales cycles?
- Can you wait 30 days and still feel the same way?
- Will waiting improve your negotiating position?

Considerations. Urgency is often manufactured. Most major purchases benefit from waiting, researching, and negotiating.

YOUR NOTES

Research and Compare

KEY QUESTIONS

- Have you compared at least 3 alternatives?
- What do reviews and ratings indicate?
- Have you considered used or refurbished options?
- What is the resale value if circumstances change?

Considerations. Thorough research prevents regret. Spend time proportional to the size of the purchase.

YOUR NOTES

Analyze Financing Options

KEY QUESTIONS

- What interest rate can you qualify for?
- What is the total cost with financing vs. cash?
- Are there 0% financing options available?
- What are the terms and conditions?

Considerations. If financing, calculate the total paid including interest. Sometimes waiting and saving is cheaper than financing now.

YOUR NOTES

Consider Opportunity Cost

KEY QUESTIONS

- What else could this money do?
- What is the investment growth potential of this money?
- Could this accelerate other financial goals?
- What is the impact on your financial independence timeline?

Considerations. Every dollar spent is a dollar not invested. A \$30,000 car could be \$100,000+ in retirement savings over 20 years.

YOUR NOTES

Make Your Final Decision

KEY QUESTIONS

- Have you slept on this decision?
- Does this align with your values and priorities?
- Are you comfortable explaining this to your future self?
- What is your gut telling you?

Considerations. Use a scoring system: assign weights to factors, score each option, and let the math guide your decision.

YOUR NOTES

Decision summary

My decision:

Why, in one sentence:

Date to revisit:
