Prevention has been suggested as the preferred food waste management solution compared to alternatives such as conversion to animal fodder or to energy. In this study we used societal life-cycle costing, as a welfare economic assessment, and environmental life-cycle costing, as a financial assessment combined with life-cycle assessment, to evaluate food waste management. Both life-cycle costing assessments included direct and indirect effects. The latter are related to income effects, accounting for the marginal consumption induced when alternative scenarios lead to different household expenses, and the land-use-changes effect, associated with food production. The results highlighted that prevention, while providing the highest welfare gains as more services/goods could be consumed with the same income, could also incur the highest environmental impacts if the monetary savings from unpurchased food commodities were spent on goods/services with a more environmentally damaging production than that of the (prevented) food. This was not the case when savings were used, e.g., for health care, education, and insurances. This study demonstrates that income effects, although uncertain, should be included whenever alternative scenarios incur different financial costs. Furthermore, it highlights that food prevention measures should not only demote the purchase of un consumed food but also promote a low-impact use of the savings generated.