

RATU NAVULA COLLEGE

WEEK 8 HOME RESOURCE PACKAGE

LESSONS 61 – 64 NOTES AND ACTIVITIES

School: Ratu Navula College

Year / Level: 10

Subject: Commercial Studies

Lesson 61

Strand: Personal Finance II

Sub-strand: Personal Finance Management

Content Learning Outcome: Classify the expenditures and prioritize needs.

Expenditure for Different Events For a Family

| | |
|-------------------------------|--|
| 1. Payment of Bills | 2. Insurance |
| 3. Purchase of Groceries | 4. Traveling |
| 5. Hire Purchase Installments | 6. Celebrations like birthdays, weddings |
| 7. Town rates | 8. Entertainment |
| 9. Ground Rent/ Lease | 10. Death |
| 11. Clothes | 12. Social Gathering |
| 13. Medical | 14. Soli / Religious contributions |

Prioritize Needs

-Making wise decisions

- Improvising on available needs and wants

- Avoid being materialistic and an impulsive buyer

Activity

1. State one way of maximizing income for an individual.
2. Describe a way on how income contributes to well-being
3. State one social factor faced by individuals when managing their personal savings.
4. Describe one challenge faced by your family in managing personal finance
5. Based on your knowledge on finance management, discuss two solutions to the above challenge

Lesson : 62

Strand: Personal Finance II

Sub-strand: Personal Finance Management

Content Learning Outcome: State the Principles of Good Financial Management.

.Principles of Good Financial Management

Organise Your Finance

Organising finance is the initial stage before any wealth accumulation. Once your mode of payments or spending is organised then creating it won't take much time as your short term and long term goals will be well ironed out.

Spend Less Than You Earn

It will always be good to prepare and follow the budget strictly so that there is clear tracking of your income and expenses. The budget will always work like warning siren if you start overspending. Budget will also aid you in achieving your long term goals.

Put Your Money to Work

Always look for opportunities for growth and take advantage of the time value of money from an early age. In building strong values of savings and investment from an early age.

Limit Debt to Income

Producing Assets Always think of spending at such places whereby the expenditure turns out to more income generating rather than incurring expenses or losses. For example debt on education or real estate will normally retain their value overtime.

Continuously Educate Yourself

Keeping yourself updated on financial activities is a secret recipe for progress and growth. Knowledge is a valuable weapon in any business thus understanding the purpose of investment and then executing the plan with perfection is essential. So “you will strike when the iron is hot”

Understand Risk

Uncertainty or risk is involved in any investment. The key factor is to understand the risk in order to be a number one player in the fields of investment. The greater understanding one has on risk the percentage of losing tends to be lowered. Thus financial management is a need.

Diversification

Is Not Just for Investments As a sound manager of your finance you should always look for creative ways to maximize your income. Enterprise your skill or talent into money making opportunity. You never know how this skill and extra income could change your financial profile.

Maximize Your Employment Benefits

As an employee try to take advantage of any employment benefit that may be given to you whereby you can save to the maximum.

Pay Attention to Taxes

Any investment or enterprise activity will not be spared from tax. Therefore, either investment where you have tax free returns or learn about legal requirements so that penalties do not tend to be harsh ones.

Plan for the Unexpected

Always be prepared for the unexpected. Know the risks and the protection against these risks for example buying of insurance covers. Unexpected events should not deter you from achieving your long term goal.

Activity

- a. List some of the challenges faced by your family in managing personal savings.
- b. State at least 5 [five] challenges faced by you as a student in managing personal savings.

Lesson : 63

Strand: Personal Finance II

Sub-strand: Personal Finance Management

Content Learning Outcome: State ways to finance needs.

Ways to Finance Needs

- Savings from an early age
- Casual jobs
- Skill enterprising – farming, handicraft, making sweets etc
- Firewood sales
- Prepare a plan and strictly follow it

Ways of Maximizing Income for a Family or For an Individual

- Sale of farm produce
- Grass cutting
- Baby Sitting
- Tutoring
- Investing (eg fixed deposit, buying of shares etc)
- Flower arrangement

-Decoration Planner

-Car Wash

-Baking

-Catering

Contributions of Money to Well- Being

-Better Education → Better jobs → Better Salary

-Able to satisfy the luxury goods and service

-Planning for investment and rewards

-Forego public transportation and have your own vehicle

-Improves a person's standard of living

- Able to afford your own home if renting or been staying with extended families

-Having comfortable life style example having a house maid

Benefits and Costs of Non-Financial Nature

Benefits

-Family Reunion

-More entertainment

-Able to compete with friends and relatives

-Advance Planning and Buying saves from hassle and inflation

Costs

- Savings is used on the non- financial event

-It becomes a waste of time and effort

- At times allocated money is not forwarded to the next year's occasion

-Failure to organise current year with previous year's style

-Get to remain cautious – “Don't count your chicks before they are hatched”

Activity

“Personal finance is only 20% head knowledge. It's 80% behaviour.” – Dave Ramsey

With reference to the above statement:

- state one economic factor that affects your personal financial management.

-explain one way to overcome the economic factor mentioned above.

-explain one principle of good financial management.

Lesson : 64

Strand: Personal Finance II

Sub-strand: Managing Credit

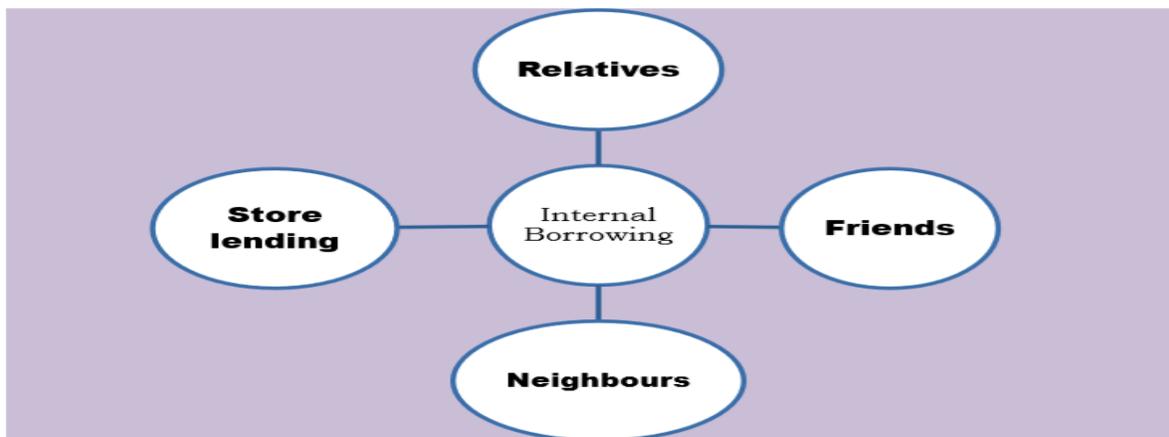
Content Learning Outcome: identify the different sources of borrowing.

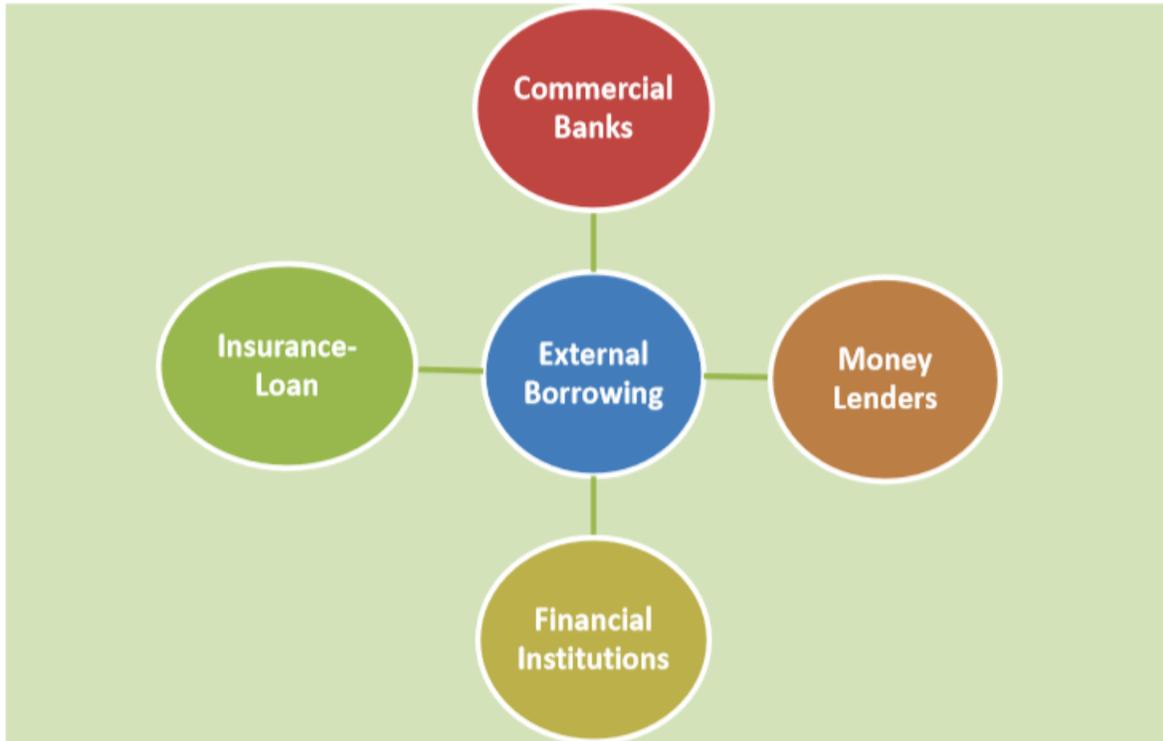
MANAGING CREDIT

Borrowing:

is an act of obtaining / taking money from someone and intending to pay back in a given time frame / certain date.

Sources of Borrowing





Activity

Write a paragraph in between 75-100 words on the given question below.

Borrowing is an illness with no cure. Discuss the above statement with reference to the following:

- Definition of borrowing
- Describe one need for borrowing and two impact of borrowing
- Describe the impact of borrowing on future spending and savings

WEEK 8 WORKSHEETQuestionsPersonal Financial Management

1. Describe one challenge faced by your family in managing personal finance.
2. Based on your knowledge on finance management, discuss two solutions to the above challenge.

3. Multiple-Choice Questions

Circle the letter of the best answer in your Answer Booklet.

1. The best way of maximizing income for an individual is to
 - A. borrow from friends.
 - B. open a Facebook account.
 - C. engage in impulse buying.
 - D. invest in a financial institution.
2. Income contribution to well-being can be in the form of
 - A. begging on the street.
 - B. having uncomfortable lifestyle.
 - C. improvement in standard of living.
 - D. not being able to satisfy your needs and wants.
3. An internal source of borrowing would be from a
 - A. bank.
 - B. family member.
 - C. financial institution.
 - D. insurance company.
4. A negative impact of borrowing on an individual would be
 - A. heavy interest.
 - B. building a house.
 - C. travelling overseas.
 - D. more money at hand

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