CHAPTER 10: CONSUMER MATHEMATICS — FINANCIAL MANAGEMENT

Personal Financial Plans | The SMART Concept | Financial Management Process

Student Name: ______________________ **Class:** ____________ **Date:** ____________
School: ______________________ **Teacher:** ____________ **Score:** ____________

PART 1: THE FINANCIAL MANAGEMENT PROCESS

Task A: Sequential Ordering

Arrange the five steps of the financial management process in the correct order by writing numbers **1 to 5** in the brackets provided.

[ ]	Carrying out the financial plan
[ ]	Evaluating financial status
[ ]	Setting financial goals
[ ]	Reviewing and revising the progress
[ ]	Creating a financial plan

Task B: Multiple Choice Questions

Select the correct answer (A, B, C, or D).

1. Financial management involves managing money from income sources into which key components?

A. Savings, expenses, protection, and investment
B. Luxuries, shopping, debts, and entertainment
C. Bank loans, liabilities, credit cards, and cash
D. Assets, taxes, penalties, and interest

2. Why is it important to review and revise the progress of a financial plan regularly?

A. To ensure total monthly expenses always exceed passive income
B. To check whether the cash flow remains positive and adjust unrealistic goals
C. To convert all fixed expenses into passive income
D. To eliminate the need for an emergency fund

PART 2: THE SMART CONCEPT & FINANCIAL GOALS

Task A: Line Matching

Match each letter of the **SMART** concept to its corresponding description by writing A, B, C, D, or E in the brackets.

SMART Component	Answer	Description
1. S — Specific	[ ]	**A.** The goal can be calculated and quantified in monetary terms.
2. M — Measurable	[ ]	**B.** The goal has a clear time limit or deadline.
3. A — Attainable	[ ]	**C.** The goal is clear and focused on a specific outcome.
4. R — Realistic	[ ]	**D.** The goal can be achieved through monthly savings from income.
5. T — Time-bound	[ ]	**E.** The goal is practical and reasonable based on financial capacity.

Task B: Short-Term vs. Long-Term Classification

Categorise each financial goal as **Short-Term Goal** (< 1 year) or **Long-Term Goal** (> 5 years).

1. Saving RM3,000 in 10 months to purchase a laptop: ______________________________
2. Saving RM150,000 over 15 years for children's tertiary education fund: ________________
3. Saving RM7,500 within 1 year for a car down payment: ____________________________
4. Accumulating RM1,000,000 over 30 years for retirement: ___________________________

PART 3: CASH INFLOWS & CASH OUTFLOWS

Classify each item below into: **Active Income**, **Passive Income**, **Fixed Expenses**, or **Variable Expenses**.

Item	Category	Item	Category
1. Monthly net salary	[ ]	5. Sales commission	[ ]
2. House rental received	[ ]	6. Insurance premium	[ ]
3. Housing loan instalment	[ ]	7. Electricity & water	[ ]
4. Groceries & food	[ ]	8. Unit trust dividends	[ ]

PART 4: FINANCIAL PLAN CALCULATIONS

Scenario: Encik Nabil's Monthly Budget

Encik Nabil works as an engineer with a monthly net salary of **RM3,800**. He also earns a sales commission of **RM450** and receives **RM600** per month from renting a house. He saves **10%** of his total monthly income.

Expenses: Housing Loan 1 (RM800), Housing Loan 2 (RM500), Insurance (RM350), Food (RM900), Utilities (RM150), Petrol (RM200), Internet (RM100), Luxury Dining (RM400).

Income & Expenditure Items	Amount (RM)
Active Income: Net Salary (3,800) + Commission (450)	4,250
Passive Income: Rental Income	600
(1) Total Monthly Income	**RM [ ]**
Minus: Fixed Monthly Savings (10% of Total Income)	RM [ ]
(2) Income Balance (Total Income – Savings)	**RM [ ]**
Fixed Monthly Expenses: Housing Loans (800+500) + Insurance (350)	1,650
(3) Total Fixed Monthly Expenses	**RM [ ]**
Variable Monthly Expenses: Food (900) + Utilities (150) + Petrol (200) + Internet (100) + Dining (400)	1,750
(4) Total Variable Monthly Expenses	**RM [ ]**
(5) Total Monthly Expenses (Fixed + Variable)	**RM [ ]**
(6) Monthly Cash Flow (Income Balance – Total Expenses)	**RM [ ]**
(7) Cash Flow Status (Circle one: SURPLUS / DEFICIT)	**[ ]**

PART 5: STRUCTURED CASE STUDY & GOAL EVALUATION

Case Study: Puan Aminah's Car Purchase Goal

Puan Aminah plans to buy a new car worth **RM50,000** within **1 year**. To do this, she needs to save a down payment of **RM7,500**. Her combined family net income is **RM6,500** per month.

Question 1: Evaluate Puan Aminah's financial goal using the SMART concept.

SMART Element	Analysis & Evaluation
Specific	Goal is to ____
Measurable	Target down payment amount = **RM** ________________________________
Attainable	Can be achieved by saving monthly from family income of **RM** ________________
Realistic	Monthly savings of RM625 is approximately ______% of total monthly family income.
Time-bound	Target duration to achieve the goal is ______________________________

Question 2: Calculations & Feasibility Analysis

(a) Calculate the minimum monthly savings required to accumulate RM7,500 in 12 months:

Calculation Working:

Required Monthly Savings = ____

(b) If Puan Aminah saves 10% of her family income (RM6,500) each month, will she achieve her goal? Justify your answer.

Monthly Savings (10%): 10% × RM6,500 = **RM** ______________

Total Savings in 12 Months: ____

Conclusion & Justification: [ ] YES [ ] NO

Because ____

____

TEACHER'S ANSWER KEY & COMPLETE SOLUTIONS

This section contains complete step-by-step solutions for grading or self-assessment.

Part 1: The Financial Management Process Solutions

- **Task A Order:** 1. Setting financial goals | 2. Evaluating financial status | 3. Creating a financial plan | 4. Carrying out the plan | 5. Reviewing & revising progress
- **Task B MCQs:** 1. **A** (Savings, expenses, protection, investment) | 2. **B** (To check positive cash flow & adjust goals)

Part 2: SMART Concept & Goals Solutions

- **Task A Matching:** 1. S → **C** (Clear outcome) | 2. M → **A** (Quantified) | 3. A → **D** (Monthly savings) | 4. R → **E** (Capacity) | 5. T → **B** (Deadline)
- **Task B Classification:** 1. Laptop: **Short-Term Goal** | 2. Education Fund: **Long-Term Goal** | 3. Down Payment: **Short-Term Goal** | 4. Retirement: **Long-Term Goal**

Part 3: Cash Inflows & Outflows Solutions

- 1. Salary: **Active Income** | 2. Rental: **Passive Income** | 3. Housing loan: **Fixed Expense** | 4. Groceries: **Variable Expense**
- 5. Commission: **Active Income** | 6. Insurance: **Fixed Expense** | 7. Utilities: **Variable Expense** | 8. Dividends: **Passive Income**

Part 4: Financial Plan Calculations Solutions (Encik Nabil)

Calculation Item	Formula & Working	Final Value
(1) Total Monthly Income	Active (4,250) + Passive (600)	**RM 4,850**
Fixed Monthly Savings (10%)	10% × RM4,850	**RM 485**
(2) Income Balance	Total Income (4,850) – Savings (485)	**RM 4,365**
(3) Total Fixed Expenses	800 + 500 + 350	**RM 1,650**
(4) Total Variable Expenses	900 + 150 + 200 + 100 + 400	**RM 1,750**
(5) Total Monthly Expenses	Fixed (1,650) + Variable (1,750)	**RM 3,400**
(6) Monthly Cash Flow	Income Balance (4,365) – Total Expenses (3,400)	**+ RM 965**
(7) Cash Flow Status	Positive Cash Flow > 0	**SURPLUS**

Part 5: Structured Case Study Solutions (Puan Aminah)

1. SMART Evaluation:

- **Specific:** Buy a car worth RM50,000 | - **Measurable:** Save RM7,500 down payment | - **Attainable:** Save from family income
- **Realistic:** RM625/month is ~9.6% of family income | - **Time-bound:** 1 year (12 months)

2. Calculations & Feasibility:

(a) Required monthly savings = RM7,500 ÷ 12 months = **RM625 / month**.
(b) 10% of monthly income = 10% × RM6,500 = **RM650 / month**. Total savings in 12 months = RM650 × 12 = **RM7,800**.
Conclusion: YES, Puan Aminah will achieve her goal because RM7,800 exceeds her target down payment of RM7,500 by **RM300**.