

**Part 5**

Questions 33 to 40 are based on the following texts.

Read the texts carefully and answer the questions that follow.

**Main Components to Build Financial Literacy****A – Interest**

Regardless of whether you are earning it or paying it, interest can have a big impact on finance. If you have a loan, the interest is calculated based on the balance of the loan plus interest that has increased since the last payment. As a result, it is important to try to avoid high-interest debt and try to invest money early and often.

**B – Budgeting**

Budgeting helps you to map out how you want to spend your money. To create a budget, start by calculating the average monthly income over the past few months. Write out all the expenses and categorise them, to identify where the money has been spent. Once this information is found, you can track where you can cut back and reallocate those funds towards goals that are more important.

**C – Debt Management**

For many, debt is the biggest obstacle to reaching their financial goals. Certain types of debt can be a financial burden. Learn which debts to pay off first and how to achieve that goal. The process of paying off loans and credit cards can take a few months to several years, so it can be easy to get discouraged.

**D – Identity Theft Protection**

Identity theft can occur when someone manages to steal personal information, such as Identification Card number, login information for online accounts, or credit card details. Certain forms of identity theft are easy to clean up. However, if someone uses this information to open credit accounts in your name or file false health insurance claims or tax returns, it can take months or even years to recover.

**E – Savings**

Savings should be made a priority. First in line is the emergency savings. Financial experts typically recommend having 3 to 6 months' worth of living expenses set aside in a savings account. Retirement savings are also crucial. Including savings in the budget is important to achieving financial goals.

**F – Financial Goals**

Everyone wants to achieve financial security, but it can be challenging to make progress toward it without clear goals. This can include short-term goals like emergency savings; mid-terms goals, such as saving for a down payment on a house; or long-term goals such as retirement plans and education savings. You may need to re-evaluate your financial goals from time to time.

**Questions 33 to 36**

Using the information given, which text (A to F) describes the following components of financial literacy?  
For each question, mark your answer on the answer sheet.

Statement	Paragraph
33 Ahmad wants to learn to plan and track his spending.	_____
34 Asyikin learns that financial goals can change from time to time.	_____
35 Dishonest individuals may use our own personal information to get a credit card for themselves	_____
36 We should draw up a strategy to gradually pay off our debts.	_____

**Questions 37 to 40**

Using words from the text, complete the summary below. Choose no more than one word for each blank. Write your answer on the answer sheet.

### Achieving Financial Literacy

Financial literacy is the ability to understand and implement certain financial skills that can improve money management. Developing a strong foundation of financial literacy can make it easier for people to achieve their financial goals and avoid certain traps that can harm their financial well-being. Many people find that debt is one of the most challenging (37) \_\_\_\_\_ to help them achieve their financial goals. Thus, one needs to plan his or her budget to help clear off the debts. This can be done by listing down the (38) \_\_\_\_\_. Furthermore, it is important to set aside (39) \_\_\_\_\_ savings. Finally, you need to have (40) \_\_\_\_\_ goals to help you gain financial security.