READING COMPREHENSION – PROCEDURE TEXT

TOPIC: FINANCIAL LITERACY

Passage 1: Understanding Budgeting

Budgeting is a plan that helps people use their money wisely by balancing income, expenses, and savings. It teaches that managing money is not only about earning more but also about spending and saving carefully.

Income is the money a person receives, and **expenses** are the costs of daily life. Expenses can be divided into **fixed expenses**, such as rent or bills that stay the same each month, and **variable expenses**, such as food or entertainment, which may change. Understanding this helps people plan their spending better.

Needs are essential things like food, transportation, and housing, while wants are non-essential items such as gadgets or eating out. Recognizing this difference helps people avoid unnecessary spending and manage their budget effectively.

The video also emphasizes the importance of **saving money**. Saving should be a regular habit and can be used for future goals or unexpected expenses, also known as an emergency fund. By saving and planning expenses, people can avoid financial problems and achieve their goals.

In conclusion, budgeting helps people control their spending, save money, and develop responsible money habits. It is a useful skill for everyone, especially students and young people, to prepare for the future and make wise financial decisions.

1. What is the main idea of the passage?
   A. Budgeting is only about earning more money
   B. Budgeting helps people manage money wisely through planning income, expenses, and savings
   C. Budgeting is difficult for students and young people
   D. Budgeting focuses mainly on spending money
2. According to the passage, what is income?
   A. Money spent on daily needs
   B. Money saved for emergencies

LIVEWORKSHEETS

C. Money a person receives

D. Money used for entertainment

3. Which of the following is an example of a fixed expense?

   A. Food

   B. Entertainment

   C. Rent

   D. Shopping

4. Variable expenses are expenses that _____.

   A. stay the same every month

   B. are always expensive

   C. may change from time to time

   D. are not important

5. What are considered *needs* according to the text?

   A. Gadgets and eating out

   B. Food, transportation, and housing

   C. Entertainment and hobbies

   D. Luxury items

6. Why is saving money important according to the passage?

   A. To spend more freely

   B. To buy non-essential items

   C. To prepare for future goals and unexpected expenses

   D. To increase monthly expenses

7. From the passage, we can infer that people who do not budget properly may _____.

   A. have more income

   B. face financial problems

   C. save more money

   D. reduce their expenses easily

8. The passage suggests that budgeting is especially important for students because _____.

   A. students earn a lot of money

   B. students have many fixed expenses

LIVEWORKSHEETS

C. budgeting helps them prepare for their future financial decisions

D. students do not need to save money

9. In the sentence *"Understanding this helps people plan their spending better,"* the word **"this"** refers to _____.

   A. earning more money

   B. the difference between needs and wants

   C. the explanation of income and types of expenses

   D. saving money regularly

10. In the sentence *"It is a useful skill for everyone,"* the word **"It"** refers to _____.

    A. saving money

    B. budgeting

    C. spending money

    D. earning income

Write **T (True)** or **F (False)** based on the text.

1. Budgeting helps people balance income, expenses, and savings.
2. Managing money only focuses on earning more money.
3. Income refers to the money a person spends on daily needs.
4. Fixed expenses usually stay the same each month.
5. Variable expenses include rent and monthly bills.
6. Needs are essential things that people must have to live.
7. Wants are items that are not necessary, such as gadgets or eating out.
8. Saving money should only be done when there is extra income.
9. An emergency fund is used for unexpected expenses.
10. Budgeting is useful only for adults, not for students or young people.

LIVEWORKSHEETS

Passage 2: Formula to Save Money

Saving money can be done by using a simple budgeting formula. The basic formula is **income minus expenses equals savings**. This means that after receiving money, people should calculate how much they spend and see how much money is left to save. If expenses are too high, saving will be difficult, so it is important to control spending.

The video also explains that a good way to save money is by saving first before spending. This method is called **"pay yourself first."** In this formula, people decide the amount of money to save as soon as they receive their income. After that, the remaining money is used for daily expenses.

To apply this formula, people should first list their total income. Next, they list all expenses and separate them into needs and wants. Needs are important things such as food, transportation, and bills, while wants are things that are not necessary. By reducing unnecessary spending, people can increase their savings.

In conclusion, saving money does not depend on how much money someone earns, but on how well they manage their money. Using a simple budgeting formula helps people develop good financial habits and prepare for the future.

1. What is the main idea of the passage?
   A. Saving money depends on earning a lot of income
   B. Using a simple budgeting formula helps people save money and manage it well
   C. People should spend first before saving money
   D. Saving money is only for people with high income
2. What is the basic formula for saving money according to the passage?
   A. Income plus expenses equals savings
   B. Income minus expenses equals savings
   C. Expenses minus income equals savings
   D. Income times expenses equals savings
3. What does the "pay yourself first" method mean?
   A. Spending all your income before saving
   B. Saving a portion of your income before using it for daily expenses
   C. Only saving money when expenses are low
   D. Borrowing money for savings

LIVEWORKSHEETS

4. Which of the following is considered a **need**?

   A. Eating out at restaurants

   B. Buying new gadgets

   C. Food, transportation, and bills

   D. Going on vacations

5. According to the passage, what should people do after listing their income?

   A. Spend as much as they want

   B. List all expenses and separate them into needs and wants

   C. Save only the remaining money after spending

   D. Borrow money to increase savings

6. Why is it important to reduce unnecessary spending?

   A. To have more money for wants

   B. To increase savings

   C. To spend less on needs

   D. To make budgeting more complicated

7. We can infer from the passage that people who manage their money well will _____.

   A. always earn more than others

   B. have better financial habits and more savings

   C. spend more on unnecessary items

   D. avoid budgeting altogether

8. The passage suggests that someone can save money even if _____.

   A. their income is very small

   B. their expenses are higher than income

   C. they do not list their expenses

   D. they do not separate needs and wants

LIVEWORKSHEETS

9. In the sentence *"This means that after receiving money, people should calculate how much they spend and see how much money is left to save,"* the word **"This"** refers to _____.

   A. the importance of reducing expenses

   B. the basic formula: income minus expenses equals savings

   C. the "pay yourself first" method

   D. listing needs and wants

10. In the sentence *"Using a simple budgeting formula helps people develop good financial habits and prepare for the future,"* the word **"Using"** refers to _____.

    A. applying the budgeting formula

    B. spending money wisely

    C. listing expenses

    D. paying for needs first

LIVEWORKSHEETS