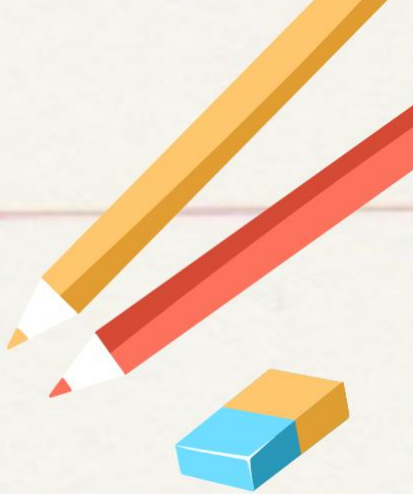






E-BOOK OF PERSONAL FINANCIAL MANAGEMENT

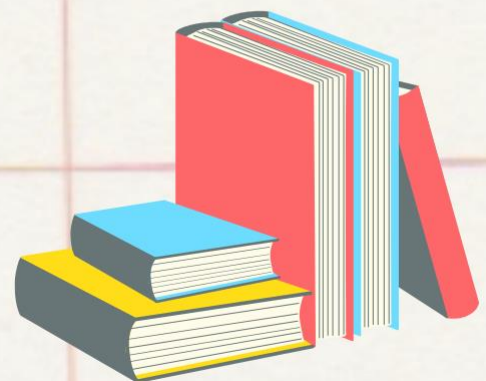
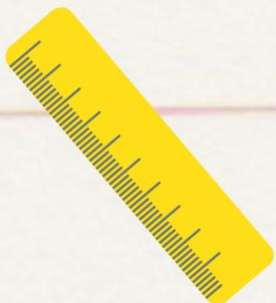

**NOORLAILI BT MOHD KASSIM
NURUL AQILAH BT AZMI
AILAH SYAMIMI BT HEDZIR
NURSYAZWANI BT AMAT AJIS
NUR SYAZWANI BT MOHD HASSAN**



E-BOOK OF PERSONAL FINANCIAL MANAGEMENT



**NOORLAILI BT MOHD KASSIM
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E-BOOK OF PERSONAL FINANCIAL MANAGEMENT

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E-BOOK OF PERSONAL
FINANCIAL MANAGEMENT

Preface

Personal Financial Management at its most basic level, entails acquiring a thorough grasp of your financial condition to maximize your assets in both day-to-day life and long-term planning. There is an increase on online classes due to Covid19 in 2020 onwards, as the number of online classes grew, students starting lost interest in learning by simply listening to the lecturer's teaching. The main objective of this project is to simplify and improve the overall learning experience in order to make studying more interesting and engaging. Moreover, it can also relieve lecturer's workload of creating new teaching materials hence familiarizing students with new technology. Pre and post-test forms are distributed to students and according to the results of the survey form, most students are satisfied with the e-book that will be established because it will make it easier for them to obtain various materials from a single source. This project is develop using the Addie Model in order to generate an e-book that provides an interactive and attractive platform for students. This e-book is more user-friendly since it includes animation, video, interactive exercises, quizzes, riddles, and other elements. Students will be intrigued to learn if this e-book is included into teaching and learning activities. It is creatin specifically for Polytechnic students studying Personal Finance Management.

Keywords: Electronic Book, Personal Financial Management, Interactive

NOORLAILI BINTI MOHD KASSIM

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First and foremost, we would like to express our gratitude to the divine, Allah SWT, for allowing us to complete this e-book in the time allotted. We would like to thank Dr. Mohd Zahari bin Ismail, the director of Politeknik Sultan Salahuddin Abdul Aziz Shah, for providing us with the opportunity to hone our talents in mobilising ideas and creativity through this e-book and publishing e-book for reference to all students and lecturers at Politeknik Sultan Salahuddin Abdul Aziz Shah and at other institutions for current and future lessons.

Apart from that, we would like to express our gratitude and thanks to our supervisor, Pn. Norlaili Binti Mohd Kassim, for guiding us to build this e-book until the full complete syllabus with knowledge and exercises for use as a reference in the lesson, and also for being willing to give us all the guidance, as a lecturer of Politeknik Sultan Salahuddin Abdul Aziz Shah, throughout the e-book is being published. Not to mention our parents, who never stopped praying and providing moral and physical support, as well as the other family members involved.

Last but not least, our heartfelt gratitude goes out to everyone involved, including parents, lecturers, and all of our partners who worked tirelessly to ensure that this e-book was completed on time. Hopefully, the e-book that we completed as a result of our hard work will serve as a reference for the next generation to gain knowledge.



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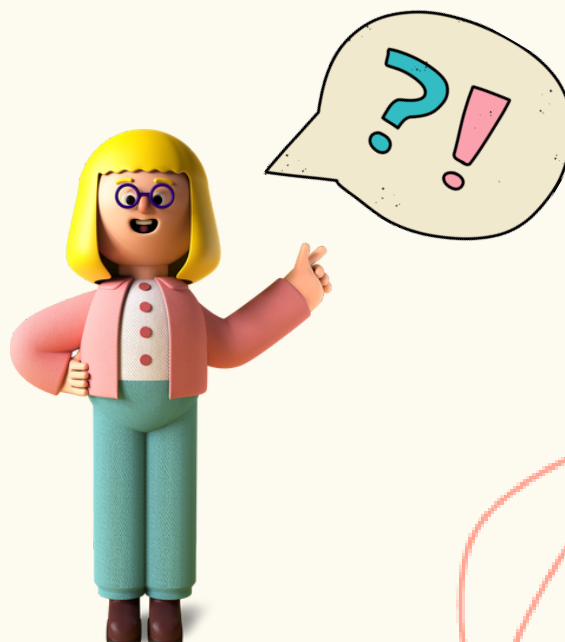
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Chapter 1

OVERVIEW OF FINANCIAL MANAGEMENT

CONTENT

1. Steps in financial planning and its benefit
2. Life stages with financial goals that affect financial planning
3. Explain the importance of the time value of money
4. Illustrate the power of compound interest



OVERVIEW ABOUT FINANCIAL PLANNING

About Financial Planning



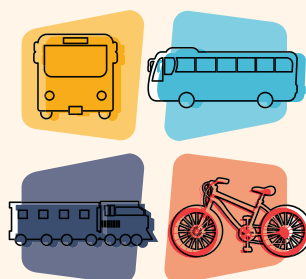
- What do you do when you want to get somewhere?



- **You probably ask yourself** – What is the best way to get there? Will there be traffic jams?

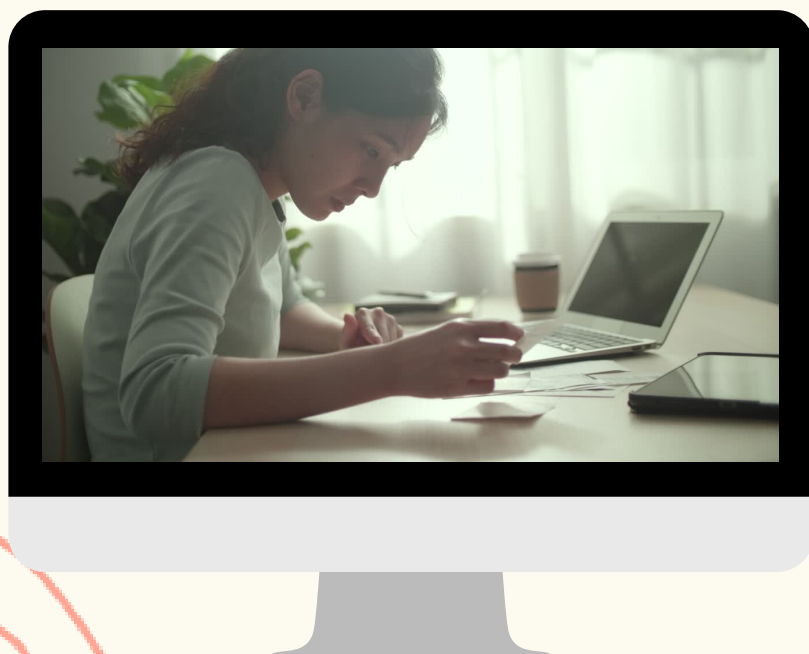


- Is it better to take the LRT or bus, or should I get someone to drive me there instead?



TO GET THE BEST OPTION

- Evaluate the ones available to you.
- Think about what you need to do, ask yourself questions and then make your decision.
- These are steps in the process
- That is known as planning. Planning can be for the short-term, medium-term or long-term.



- Financial planning involves asking questions about your **future, your dreams and goals.**
- It is thinking about what you want to do in your life, such as **getting married, buying a car or a house, having children and planning for their education.**
- In financial planning, you look at how you will be **budgeting, saving and spending your money over time.**



STEPS IN FINANCIAL PLANNING

There are five steps in financial planning:



1. Assessing where you are now in financial terms

The first step to creating your financial plan is to understand your current financial situation. This means taking an inventory of all of your debt, income, and expenses.

A second, equally important measure is looking at your income and expenses. Comparing your income and expenses provides your cash flow and insight into where your money is going.





2. Setting Goals

The second part in the financial planning process is to set your financial goals. Your financial goals should be unique to your financial situation and reflective of where you want to be in the future.

The next step is to determine the importance and priority of each of your financial goals and how long each goal is expected to take. Finally, think about how much money is required to achieve each goal. For some, this process can seem daunting.





3. Creating Financial Plan

You know where you stand financially and where you would like to be financial. The third step in the financial planning process is to create a plan for achieving each of your financial goals. For each of your financial goals, think about what it will take for you to achieve that goal.





4. Implementing The Plan

Implementing your financial plan may mean a lot of things, like changing how you spend your money, new pension or investment strategies, a change in your debt provider, changes or additions to your insurance, and/or adjustments to your income and expenditures.



5. Monitoring and reassessing

it's important to remember that financial planning is not a set-in-stone kind of thing—it's dynamic, ongoing, and may need revisions and updates as your financial and/or life circumstances evolve.



2. LIFE STAGES AND FINANCIAL GOALS

In your adult life, you will go through various stages

- Starting a career to retiring
- From being single to getting married
- Having children and sometimes being single again



Life stages with financial goals that affect financial planning

- At various phases in your life, you have different priorities, responsibilities, and financial goals.



- Each stage of your life presents different investment opportunities and challenges.

- Discipline and perseverance play a key role in maintaining a reliable financial strategy.



– As your life changes, so do your needs and goals. Sound financial planning can prepare you to meet them successfully.



– When you are in your 20s, you will be looking at money and spending it differently from when you get into your 50s.

For example:

When you are single,

Want to have enough money

To make a down payment for a car

Go on a holiday with your friends

After getting married and later having children,

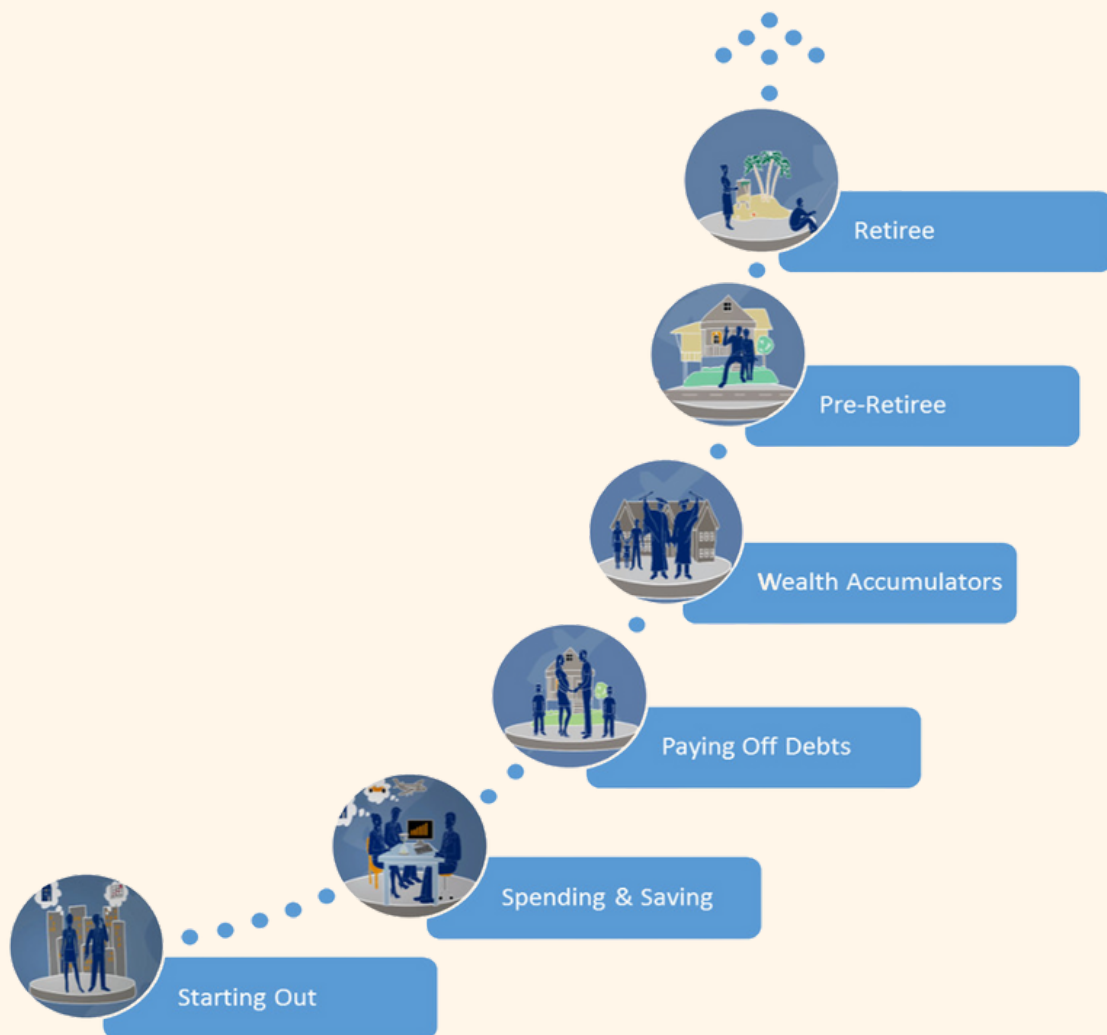
Buy a house

Plan for their education

Start a retirement fund



Example of life stages for an individual



3. IMPORTANCE OF THE TIME VALUE OF MONEY

Time value of money

1

Imagine that you are offered a sum of money and asked to choose whether you want the money now or one year later?

2

What could RM 1 buy you in 1990, what could it buy you today and what would it be able to buy you in the future?



3

Now would you choose the money now or money later?

4

Instinctively, you would know that money you have now, i.e. at the present time, is worth more than the same amount in the future.





- This is a key principle of economics that states as long as money can earn interest, any amount of money is worth more the sooner it is received.

- This concept illustrates the time value of money, also known as 'present discounted value'.



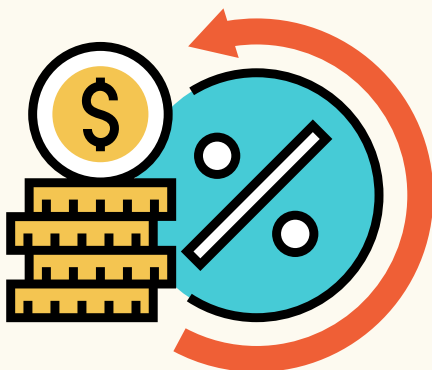


For example:

- You deposit money into an interest bearing savings account at a 5% interest rate, RM1,000 saved today will be worth RM1,050 in one year ($\text{RM1,000} \times 1.05$).
- On the other hand, RM1,000 received one year from now is only worth RM952.38 today (RM1,000 divided by 1.05).



- Here multiplication is used when the ringgit amount is deposited in an interest bearing account.
- This is because from now to a given time in future it would continually yield interest.



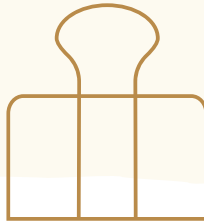
4. THE POWER OF COMPOUND INTEREST

How important is it to begin putting aside money for savings right now, instead of some time later?

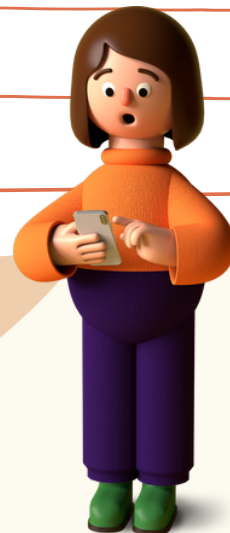


Ahmad, Siti and Zainal. Each of them consistently invests the same amount of money, i.e. RM3,000, which earns the same interest return of 10% per year. But they start investing at different ages – Ahmad at age 18, Siti at age 22 and Zainal at age 30.

When all three retire at age 55, Ahmad has more money than Siti and Zainal. He has RM467,913, whereas Siti has RM449,773 and Zainal has RM360,300.



Ahmad has not only more money at age 55, he has also invested the least amount of money, i.e. RM15,000, compared to Siti who invested RM24,000 and Zainal who invested RM75,000.



How compound interest works - annually and monthly



- If you put RM10,000 in the bank that draws 5% interest per annum, you will have RM10,500 at the end of the year.



- If you leave the entire amount in the bank for another year, you will then have RM11,025.



- In the second year, not only will you get interest on the original investment, you also receive interest on the interest you earned the prior year. This is called compounded interest



- Therefore, you will gain more if you invest in an investment that pays interest on a monthly instead of yearly compounded basis.
- Compound interest can be what we call a double-edged sword.





ADVANTAGE

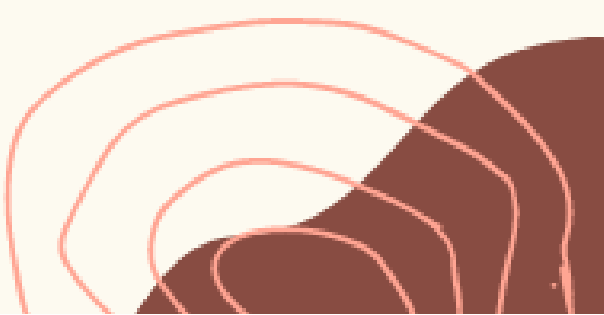
- It can help give you more return on your investment as the benefit of compounding interest
- You will earn more interest income the longer you keep your money invested.

DISADVANTAGE

- If you have a loan or credit card debt, you can end up paying more interest
- If these debts are calculated on a compounded interest rate.



QUESTIONS

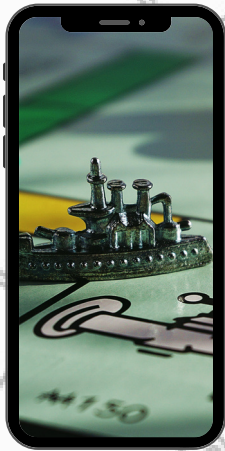
1. What is financial planning?
 2. How do life stages with Financial Goals give affect Financial Planning?
 3. Explain what compound interest is and give an example
- 

For more

**INTERESTING
GAMES**

[CLICK HERE](#)

TRY THE QUIZ AND GAME BELOW TO REFRESH WHAT YOU LEARN!





Chapter 2


POWER FROM YOUR MONEY



CONTENT

1. Discuss personal financial goals
2. Identify the importance of setting personal financial goals
3. Elaborate on how to know one's personal net worth
4. Describe the personal net worth
5. Discuss the steps to derive personal net worth
6. Prepare a personal budget
7. Identify the importance of preparing a spending plan and managing cash flow
8. Practice a personal budget
9. Identify the importance of living within one's financial means
10. Determine the importance of the saving habit and how to do it
11. Outline a good financial management

Personal Financial Goals



Your financial goals will help you determine where your money will come from and what it will go towards.

- Pay attention to what you value and believe in life

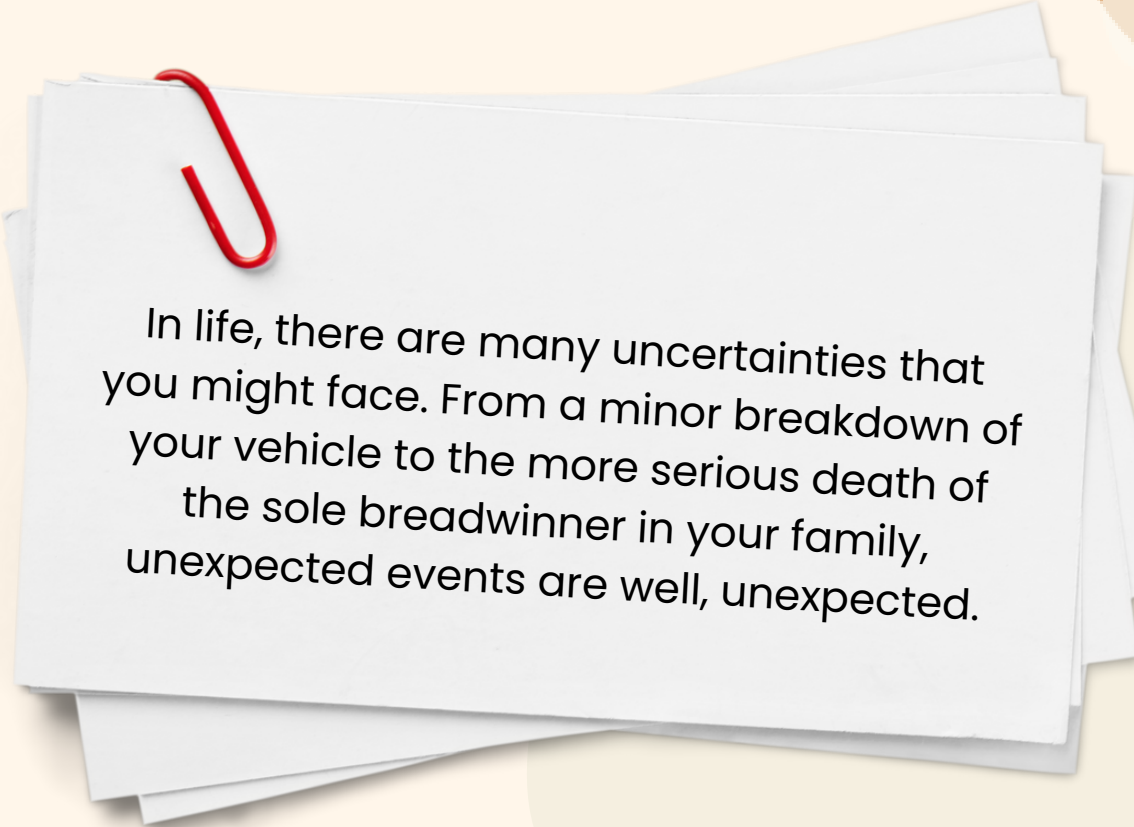
- Understand what your values and beliefs are,

- Writing down financial goals


- Your financial goals must be as specific as possible

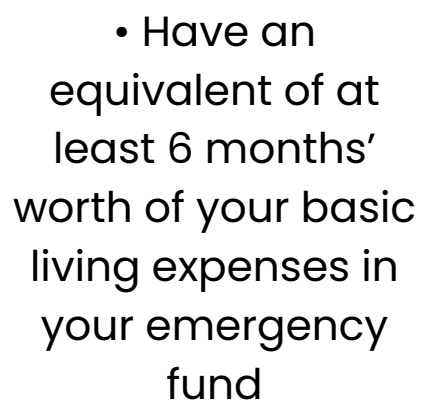
- Break down your goals into those that are short-term, medium-term and long-term.

Importance Of Setting Personal Financial Goals



In life, there are many uncertainties that you might face. From a minor breakdown of your vehicle to the more serious death of the sole breadwinner in your family, unexpected events are well, unexpected.

- 
- Saving for an emergency funds

- 
- Have an equivalent of at least 6 months' worth of your basic living expenses in your emergency fund

Assets and Liabilities: What You Own And Owe



What you owe (liabilities)

- Include all types of loans, whether to your bank, family or friends, credit card debt and payments that are due, such as house rental and utility bills

What you own (assets)

- Include items such as cash, savings, real estate, unit trusts or shares in companies.

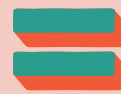


Knowing Your Net Worth

TOTAL
ASSET



TOTAL
LIABILITIES



NET
WORTH

- Positive net worth if **you own more than what you owe**. (This means that you are in a healthy financial position)

- Negative net worth if **you owe more than you own**. (You are actually in financial trouble and maybe made a bankrupt)

- So how is it possible for someone with a positive net worth to get into problems? **Assets that are not liquid!** When assets are not liquid (easily converted into cash) there could be potential problems looming ahead.

Steps To Derive Personal Net Worth

1

- List the things of value that you own

- Total up your assets

2

3

- List the things that you owe to others

- Total up your liabilities

4

5

- Assets – Liabilities



Personal Budget

Page 32



- Refer to your financial goals. Compare your budget to your financial goals to see whether or not you are achieving them.

- Estimate your income for the budget period

- Put aside at least 10% of your income for your savings (20-30% of your income as savings will be better)

- Put aside some money for your emergency fund

- Estimate fixed expenses for the budget period. Include house rental and etc

- Also estimate variable expenses for the period

- Aside from that, estimate your discretionary expenses



Importance Of Preparing A Spending Plan And Managing Cash Flow

•Total cash
received
during time
period



•Total cash
outflows
during time
period



CASH SURPLUS
or
CASH DEFICIT

CASH SURPLUS

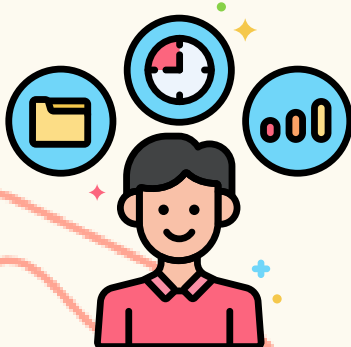


•That is fantastic! Put the money away in your savings.

CASH DEFICIT



•Try postponing any purchases or payments for the time being.
•Try not to use your emergency fund unless it is absolutely necessary



Importance Of Living Within One's Financial Means

Knowing your needs and wants

Wants

- A want is something you would like to have, which is not absolutely necessary
- E.g. Jewelry



Needs

- A need is something you must have, that you cannot do without.
- E.g. food.

Importance Of The Saving Habit And How To Do It

When you want to buy something, ask yourself –
Is it something that I need?

Can I afford the money to buy it?

- Check if you have previously allocated to spend on this item or have already overspent your cash for that month.
- If it is a want, consider not buying so that you can put more into your savings..
- Making sensible purchasing choices and spending wisely will prevent you from creating financial difficulties.

What Is The Outline For A Good Financial Management



“
•Setting financial goals are important to achieve security and financial freedom.

•Saving for an emergency fund should be one of your financial goals.

”
•Preparing a budget and tracking your cash flow is part of an ongoing process that requires patience, discipline and flexibility.



QUESTIONS

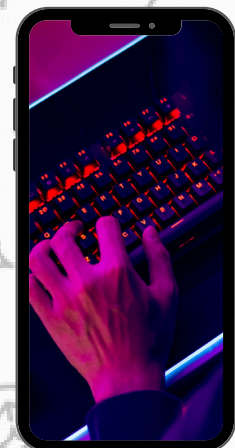
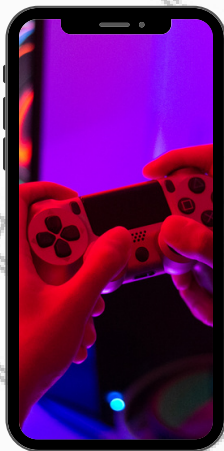
1. What do you need to know when setting your Financial Planning?
 2. Importance of Setting Personal Financial Goals.
 3. What are cash surplus and cash deficit?
 4. What is good financial management?
- 
- 

For more

**INTERESTING
GAMES**

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TRY THE QUIZ AND GAME BELOW TO REFRESH WHAT YOU LEARN!



Chapter 3

FINANCIAL PRODUCTS AND SERVICES

CONTENTS

- 1** Figure out banking facilities, products and services in Malaysia
- 2** Classify the needs and wants
- 3** Discuss the types of banking services available in Malaysia
- 4** Explain the function of Malaysia Deposit Insurance Corporation a [PIDM]] and Financial Mediation Bureau
- 5** Explain Islamic Banking and how it differs from conventional banking
- 6** Discuss Internet Banking in Malaysia

BANK FACILITIES



Bank Negara Malaysia (BNM) has produced a series of informative pamphlets on banking products and services.



These pamphlets are available in any bank branches around the country. If you cannot get them at a bank branch near you, log on to BNM's website at www.bankinginfo.com.my



BASIC BANKING SERVICE

All banking institutions offer basic savings accounts (BSA) and basic current accounts (BCA) to Malaysians and permanent residents.

These accounts can be operated under individual or joint names.

They operate in the same way as ordinary savings or current accounts do, the difference is you can only perform basic transactions with these accounts at a minimal cost or for free

You are only allowed to open one BSA and one BCA per bank.

BANKING SERVICES AVAILABLE TO YOU WITH A BSA OR BCA

Over the counter

Account enquiries, deposits and withdrawals, fund transfers within the same bank and bill payments

ATM

Balance enquiries, withdrawals and fund transfers within the same bank.

Deposit machine

Cheque and cash deposits

Interbank GIRO

Interbank fund transfer

Internet banking

Account enquires, bill payments and fund transfers.



SAVING ACCOUNT

A savings account (SA) allows you to deposit your money into an account and receive certain interest with no stated maturity.

Some of the common transactions you can perform are:

Cash or cheque deposits

Withdrawals

Account enquiries

Fund transfer within the same banking institution

Online banking

Bill payments

Interbank transfer (GIRO)

CURRENT ACCOUNT

- A current account (CA) is a deposit account that can be used for either personal or business purposes.
- A CA allows you to use cheques to make payments.

Cheque payments

Cheque and cash deposit

Account enquires

Withdrawal

Fund transfers within the same banking institution

Bill payments

Interbank transfers (GIRO)

Online banking

THINGS TO REMEMBER WITH BOTH YOUR SA AND CA



1

Keep your account numbers and PINs confidential

2

Keep your account statements, passbook and ATM card in a safe and secure place

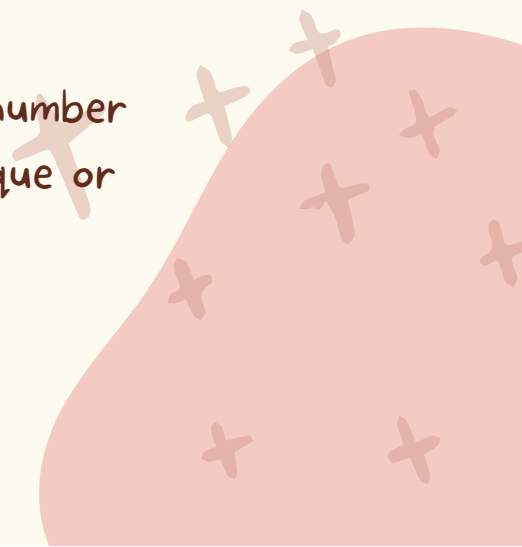
3

Destroy or shred cancelled cheques.

4

Immediately inform your bank if you have:

- changed your address or telephone number
- lost your ATM card, passbook, cheque or chequebook
- noticed any discrepancy in your bank statement





Perbadanan Insurans Deposit Malaysia
Protecting Your Insurance And Deposits In Malaysia

In September 2005, the Malaysian Government introduced the deposit insurance system, which is managed by PIDM.

This system protects depositors against the loss of their deposits if a member institution is unable to meet its obligations to depositors.

The deposit insurance is automatic, i.e. you as a depositor do not have to do anything for it to take effect. You also do not have to pay any fees for the deposit insurance.

The types of deposits covered include savings and current deposits, fixed deposits and investment deposits.



The Financial Mediation Bureau (FMB) is an independent body set up to settle complaints, disputes or claims between you and financial services providers, who are members of the FMB, as an alternative to going to court.

- The disputes may be related to: Financial, Banking, Insurance and Takaful



THE FOLLOWING MATTERS, HOWEVER, WILL NOT BE CONSIDERED:

General
pricing

Product
policies or
services of
the
members

Credit
decision
(approval,
rejection and
rescheduling
of loans

Cases that
have been
or are
referred
to the
court or
for
arbitration

Cases that
are time
barred for
more than
6 years

Fraud
cases

Click on www.fmb.org.my for more information

ISLAMIC BANKING



- Islamic banking is a banking system that follows Shariah (Islamic law) principles.
- Guided by Islamic economics, it prohibits:
 1. Riba (collection and payment of interest),
 2. Usury
 3. Rading in financial risk and haram (unlawful) business ventures

DIFFERENCES BETWEEN ISLAMIC BANKING AND CONVENTIONAL BANKING

The purpose of Islamic banking is similar to conventional banking, except that Islamic banking operates according to Shariah rules on transactions, known as Fiqh al-Muamalat.

Amongst the common Islamic concepts used in Islamic banking are profit-sharing (Mudharabah), safekeeping (Wadiah), joint-venture (Musharakah), cost-plus (Murabahah) and leasing (Ijarah).

The basic principles of Islamic banking are the sharing of profit and loss and the prohibition of riba.



INTERNET BANKING



- Internet or online banking refers to performing banking transactions over the computer through a bank's secure website.
- Internet banking has advantages for you as a customer.
- You can bank from the comfort of your home or office, during or outside of banking hours, and from anywhere you can get Internet access

THE SERVICE OFFERED THROUGH INTERNET BANKING ALLOW YOU TO:

1

Check your bank balances and statements.

2

Submit applications for new accounts, credit cards and loans.

3

Place fixed deposits.

4

Transfer funds between accounts (own and third party).

5

Pay bills, credit cards, loan instalments and insurance premiums

6

Create, change and cancel standing orders.

7

Request for cheque books and statements

8

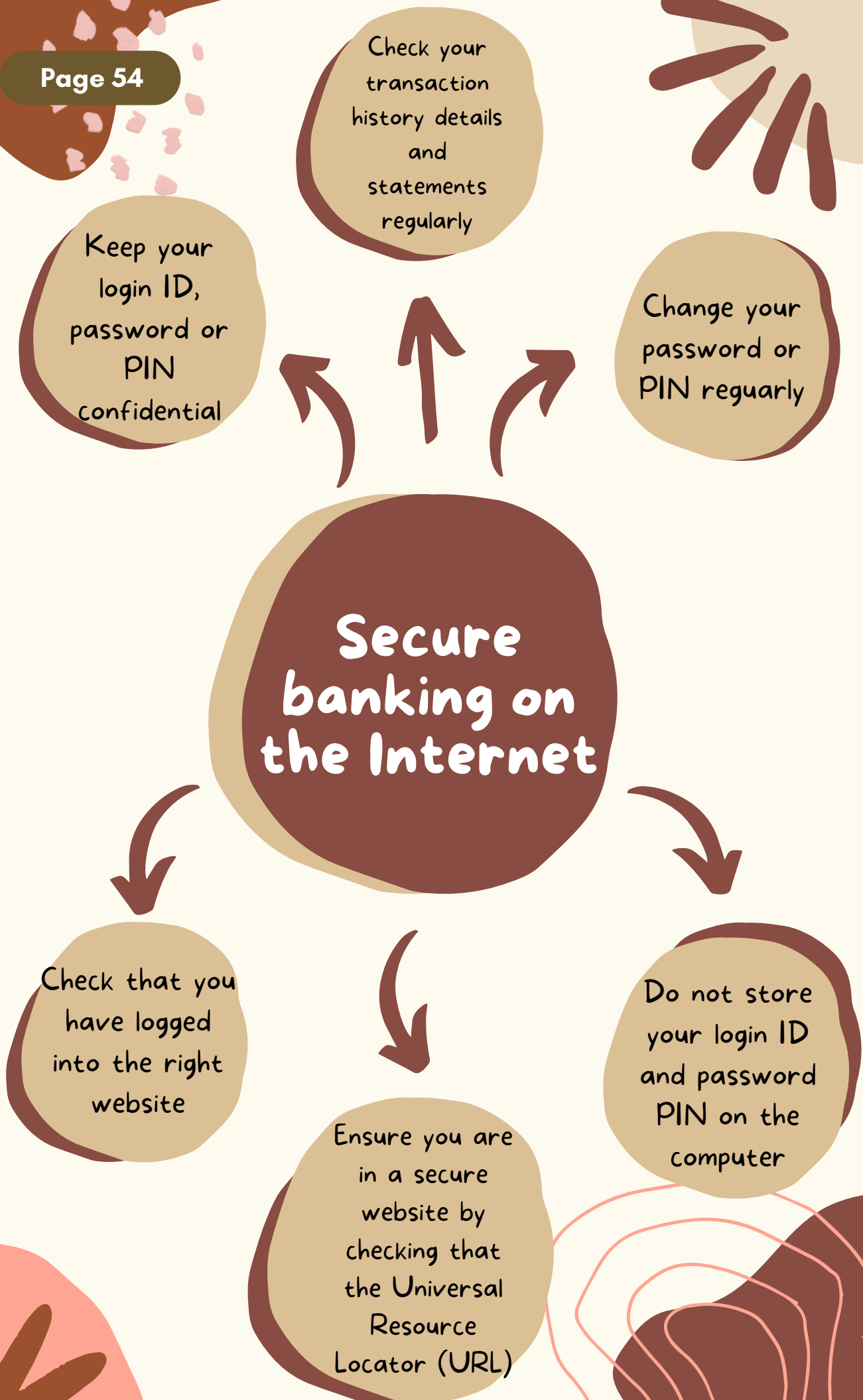
Check the status of your cheques.

9

Request for stop cheque payments.

10

Apply for banks drafts and telegraphic transfers.



Do not leave your computer unattended while connected to the Internet banking service

Always sign-off at the end of each session and clear the memory cache and history after logging out from the website.

Do not have other browser windows open while you are banking online

Secure banking on the Internet

Avoid using shared or public personal computers to conduct your Internet Banking transactions

Avoid downloading files or software from sites that you are unfamiliar with or click on hyperlinks sent to you by strangers.

Protect your personal computer from viruses and malicious programs by installing an up-to-date firewall and a reputable anti-virus program

Avoid sending any personal information, particularly your password or PIN, via ordinary e-mail.

EXERCISE

Try your best to answer the questions! Good luck!

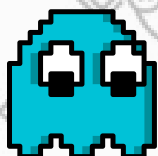
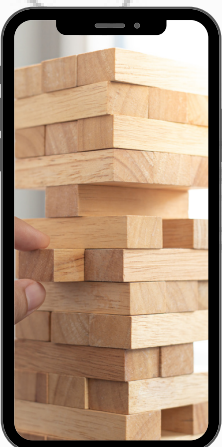
C C K I N T E R N E T G V G
I Q O G R T F L A B W H M V
I L G I J F J R C N X T Q W
H A Q I R T S S I I Q K Q B
S N G N Q O Q L M I F G Y O
E O W T U I A L A D X N V P
R I E E L D T T L M I I M K
V T E R I F H E S Y H K Q K
I N X B Q G M J I I T N S L
C E S A M H M N H A L A A M
E V X N J Q V H C G K B V G
C N W K Q N O G K H S A I J
Q O C U R R E N T X R I N T
X C A O D K J R K O K D G R

Answers:

1. CONVENTIONAL
2. INTERBANK
3. INTERNET
4. BANKING
5. SERVICE
6. CURRENT
7. ISLAMIC
8. SAVING

For more INTERESTING GAMES

p/s: Please wait until the game loads by itself. Enjoy!



Chapter 4

BUILDING YOUR WEALTH

CONTENT

- | | | | |
|-----------|---|-----------|--|
| 01 | Elaborate the importance of increasing personal net worth | 06 | Differentiate types of investment products |
| 02 | Explain how to set personal investment goal | 07 | Explain the importance of avoiding financial scams |
| 03 | Discuss the investment risk and return | 08 | Identify the types of financial scams |
| 04 | Identify the basic investment products available in Malaysia | 09 | Discuss concerning the danger of financial scams |
| 05 | Discuss concerning investing in different investment products as part of diversification to spread investment risks | | |



IMPORTANT OF INCREASING PERSONAL NET WORTH

- Your **net worth** is the amount by which your **assets** exceed your **liabilities**.
- Building wealth is about increasing your net worth.
- Increasing your assets through **savings** and **investments**.

TOTAL
ASSETS

—

TOTAL
LIABILITIES

=

NEW
WORTH

HOW TO SET PERSONAL INVESTMENT?

- Once you are saving on a regular basis, you will need to start making important decisions about how to invest your money.
- You can invest money sensibly by first stating your investment goals.
- There are some crucial questions you should think about when coming up with your investment goals:

What are your financial goals? Why do you need to save and invest your money?

How much money do you need to save and how much to invest to achieve your goals?

How long do you have to save or invest your money to achieve your goals?

How much risk are you willing to take?

How much return do you expect from your savings or investments?

What sort of sacrifices are you prepared to make to achieve these goals, e.g. changing your lifestyle and spending habits?



HOW TO SET PERSONAL INVESTMENT GOAL?



Look at your sources of income and see how much you can consistently save and invest. Your financial and investment goals should be **reasonable** and **achievable**.



THE INVESTMENT RISK AND RETURN

Keep in mind that although other form of investments can give you better returns, they also sometimes carry greater risks.

For instance, there is a greater chance of such investments losing their value.

For example, if you invest your money in the stock market, you face a greater risk of losing your money than if you were to keep it in a savings account

Share prices move up and down, depending on many factors.

You may have bought the shares of a company at RM5 per share, but this price can go up to RM7 or it can go down to RM2.

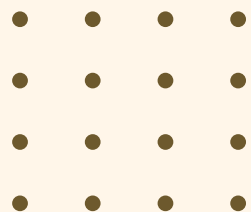
THE INVESTMENT RISK AND RETURN

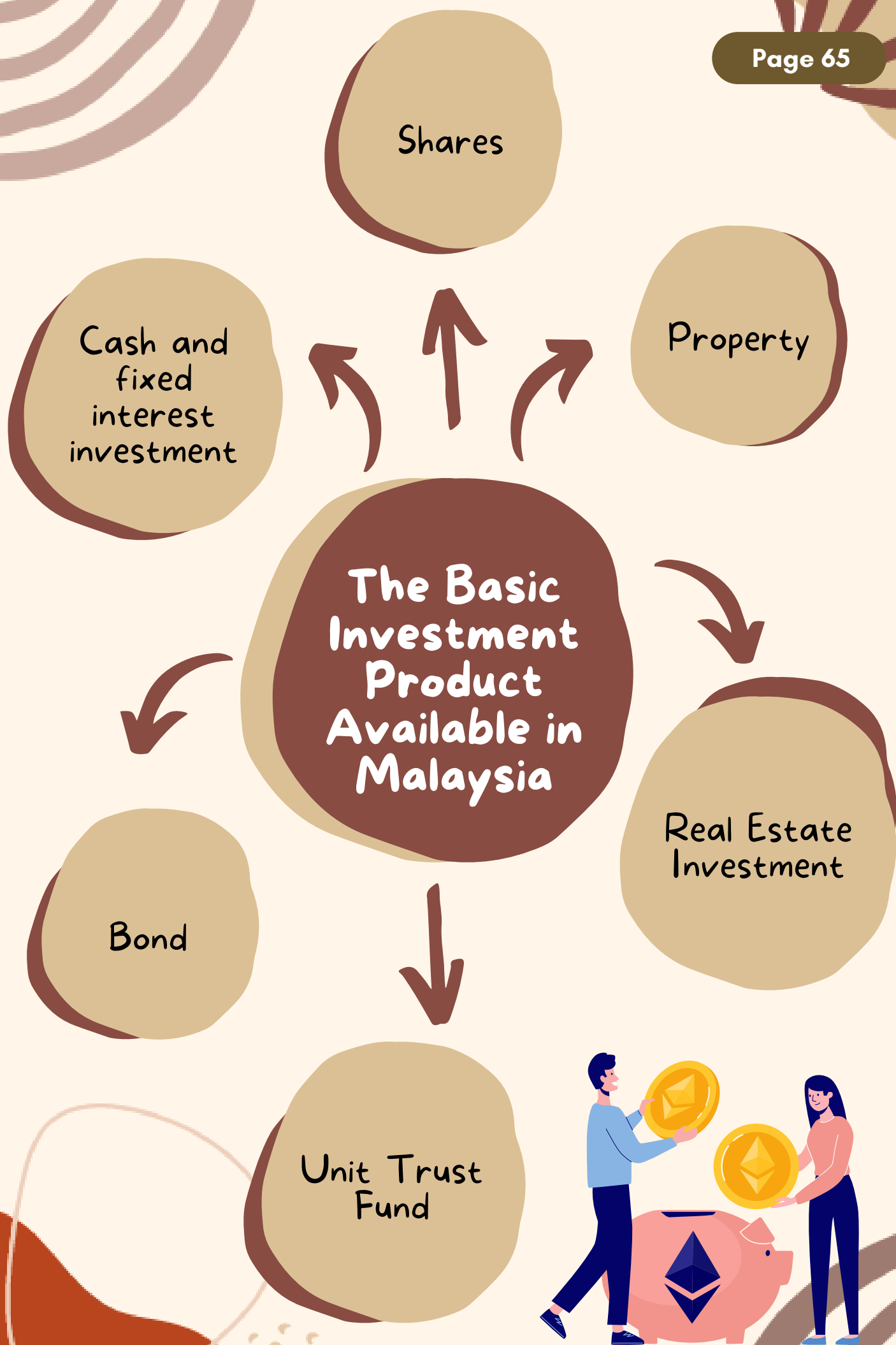
- When you invest your money, you expect to earn a return on that money.
- A return on an investment is usually stated as an annual percentage.

- If you buy shares at RM10 a share and the price goes up to RM10.80 after one year, then your rate of return is 8%.

- **REMEMBER!!!**

When choosing your investment, the **higher the return, the greater the risk.**





CONCERNING INVESTING IN DIFFERENT INVESTMENT PRODUCTS AS PART OF DIVERSIFICATION TO SPREAD INVESTMENT RISK

•When you invest your money, do not put it all into one type of investment.



•If something happens to that investment, you would lose all your money. It is important to diversify.



•It is smarter to put your money in different types of investment.



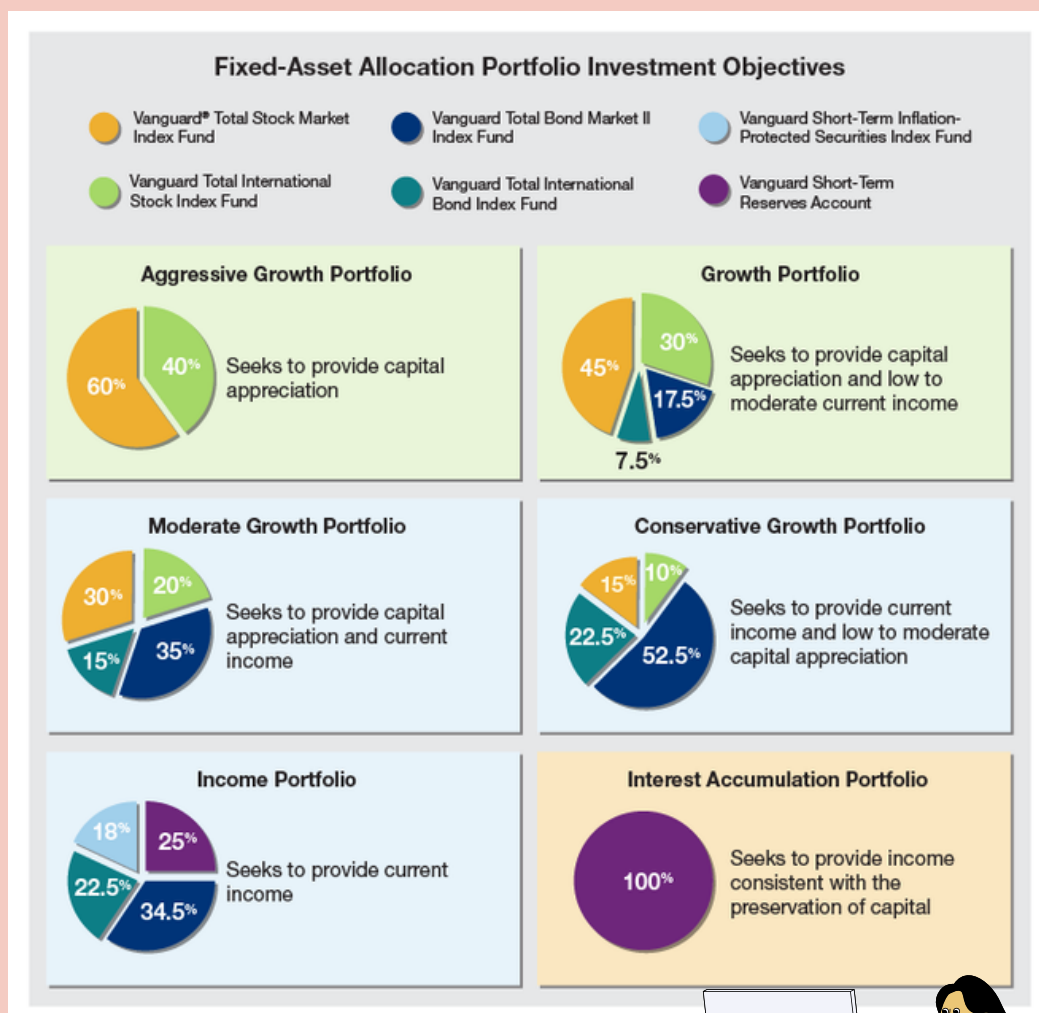
•Spreading your money across a variety of investments is the key to spreading your risks.



•When you do this, you are highly likely to benefit substantially from your investments while eliminating chances of financial losses.



CONCERNING INVESTING IN DIFFERENT INVESTMENT PRODUCTS AS PART OF DIVERSIFICATION TO SPREAD INVESTMENT RISK



CASH AND FIXED INTEREST INVESTMENTS



1

Covering products such as bank savings accounts and fixed deposits

2

Cash investments are the most common form of investment in Malaysia

3

Provide easy access to your money when you need it, and there is no chance you could lose any capital – so they are very secure.

4

Usually provide very little income and no capital growth

5

They can be quite risky in the long-term because inflation erodes the value of your investment.



CASH AND FIXED INTEREST INVESTMENTS

For most investors, cash and fixed interest products are suitable for:

Phase 1

Use as transaction account



Phase 2

Keeping cash on hand for short-term expenses and emergencies.



Phase 3

Short-term savings where they cannot afford any risk to their capital.



SHARES

DEFINITION

Shares (also known as equities or stocks) represent ownership in a company

EXAMPLE

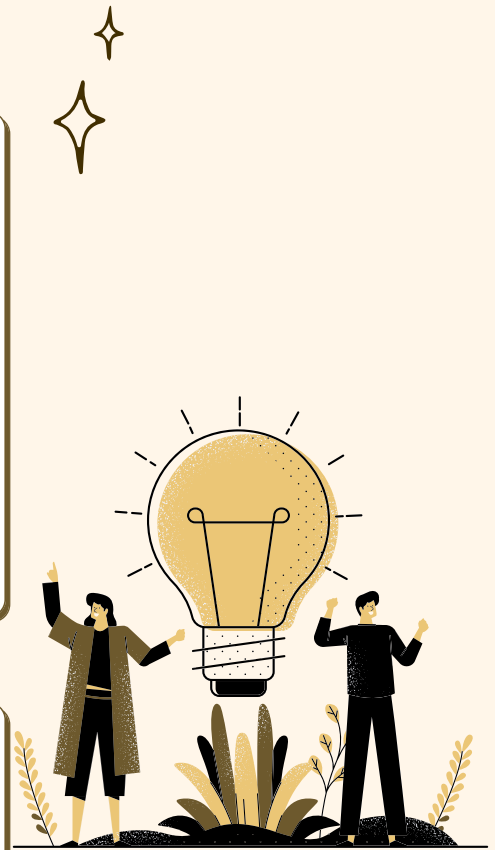
- When you buy a share, you become a part-owner in the company and become entitled to share in its future value and profits.
- Shares in a company offer growth to investors in two key ways:

KEY WAYS

As the overall value of the company increases, the value of the shares also increases

KEY WAYS

You can earn dividends when the company chooses to pay part of its profits to shareholders as income payment.



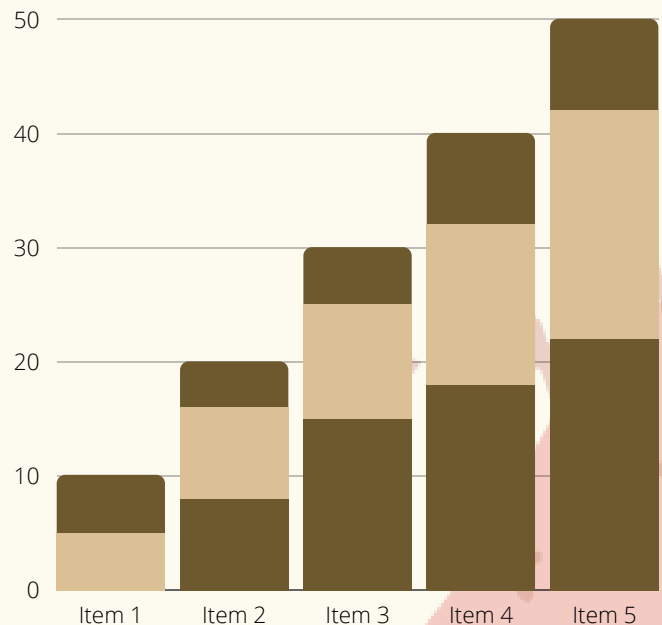


SHARES

Shares are generally suitable for investors who:

- Want to build a nest egg for medium and long-term financial goals.
- Have a longer investment time-frame

- Comfortable with some volatility in their investment value over the short-term, in exchange for higher returns in the long-term (in terms of dividend income and capital gain).



UNIT TRUST FUNDS

- In a unit trust, money from hundreds of individual investors are pooled together to buy a large number of different assets.
- Professional fund managers decide what percentage of the fund should be invested in each asset class, and also which countries, industries and companies have the best prospects for good returns.
- Unit trust funds are an ideal option for people who:



Are new to investing

Are happy to outsource the selection of investments to professional managers

Are seeking investment diversification to minimise risk.

Have a small initial amount to invest (with the option to make regular additional contributions).



PROPERTY

- Property is one asset class that most Malaysians are familiar with.
- Property investment offers value to investors in two ways:



Properties increase in capital value over time as house and land prices rise.

You can earn rental income from tenants



PROPERTY

Property is generally suitable for investors who:

Property

Do not require
'emergency' access to
their money

Property

Have a long-term
investment time-
frame.

Property

Have the ability to meet
mortgage repayments if
interest rates rise or if the
property is not being tenanted





BONDS

- When you buy a government or corporate bond, you are ‘lending’ your money for a certain period of time at a predetermined interest rate.

- In return, you receive a steady income stream through regular interest payments

ADVANTAGES AND DISADVANTAGES OF BONDS

Advantages



Receive income through the internet payments



Hold the bond to maturity and get as your principle back



You can profit if you resell the bond at a higher price



Bonds pay out lower return than stock



Companies can default on your bonds



Bond yields can fall

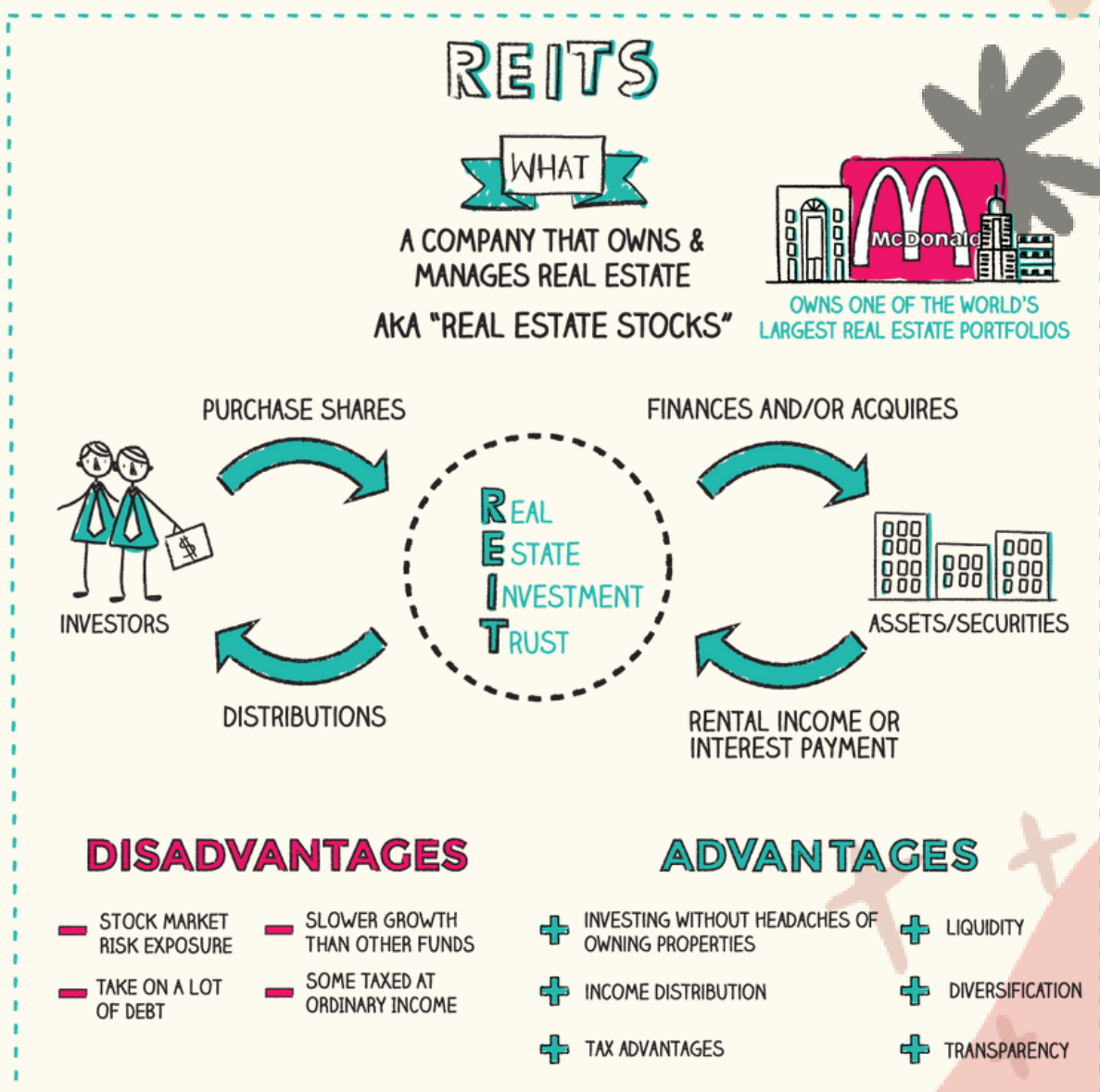
STOCK VS BONDS



An equity instrument carrying ownership interest	MEANING	A debt instrument with a promise to pay back the money with interest
Dividend	RETURN	Interest
No	RETURN GUARANTEE	Yes
Voting rights in the company	ADDITIONAL BENEFITS	Preferential treatment when bond matures

REAL ESTATE INVESTMENT TRUST (REIT)

- This is similar to a unit trust except that the investments are in property and real estate.
- The profits from such investments are passed on to investors in the form of dividends





FINANCIAL SCAMS



- 01 When investing your hard-earned money, be very careful of get-rich-quick schemes.
- 02 Such schemes promise that you will get very high return with little risk.
- 03 They also promise that little skill, time or effort is needed to get the high return, and that you can obtain wealth by working at home.
- 04 These get-rich-quick schemes are frequently advertised in:

- 01 Promise of high returns of 20-30% a month with little or no risk.
- 02 The offer is for a limited period only so you are asked to sign up immediately.
- 03 The scheme is in another country and you cannot check on its office or confirm its status from the website of any regulatory body.
- 04 You are asked to give confidential information such as your bank account number.

FAKE

SOME OF THE FEATURES OF THESE SCHEMES ARE:



FINANCIAL SCAMS

What must you do when you come across an attractive offer to make you rich?



The golden rule is do not be greedy and make instant decisions



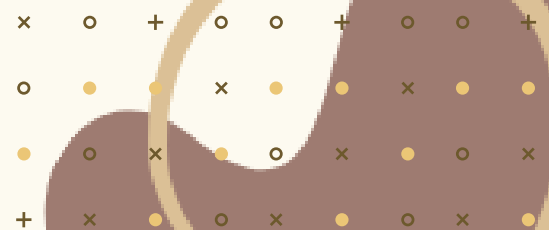
Find out more about the offer before you decide to invest



Even if the investment offer is being introduced or recommended by someone you know very well or a family member

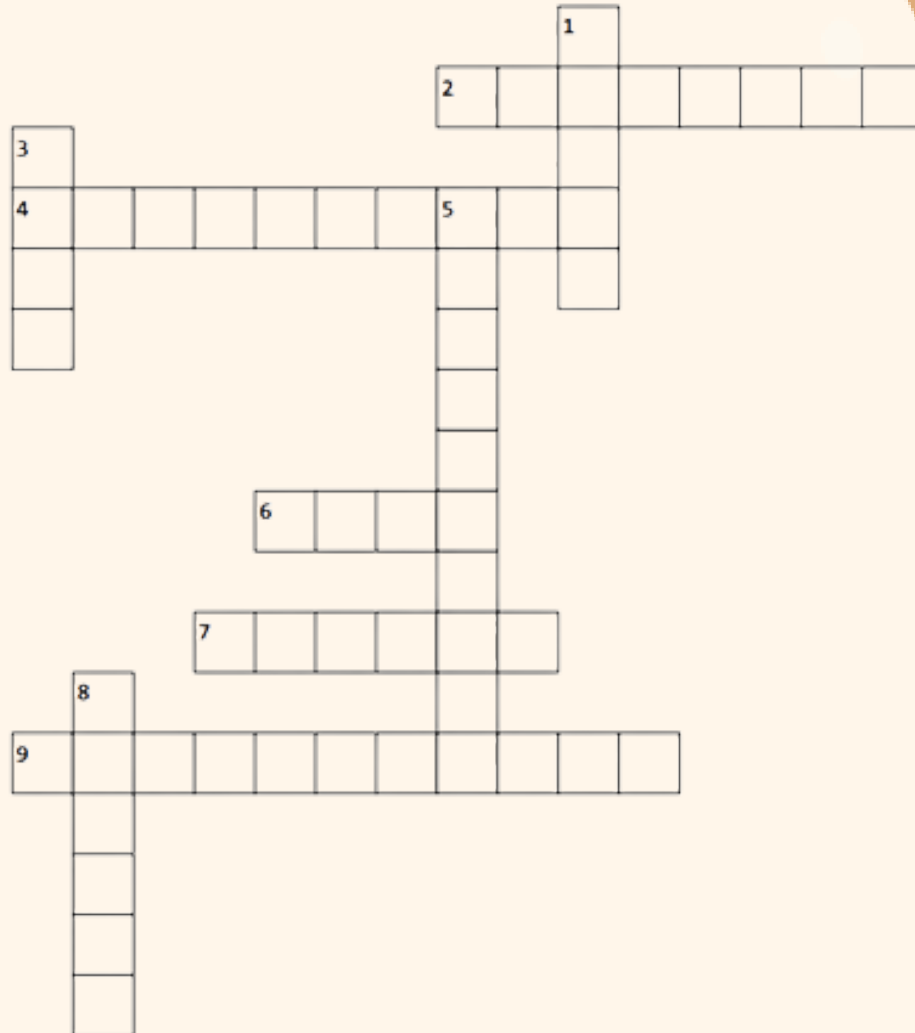


An investment that is not legal is not the type of investment that you want to make.



EXERCISE

Try your best to answer the questions! Good luck!



Across

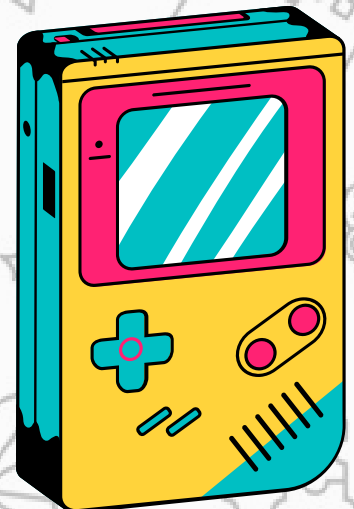
2. Tenants can provide rental income to _____ investors.
4. _____ investor is you might consider investing in more volatile investments such as shares.
6. Real Estate Investment Trust also stands as _____.
7. _____ suitable for investor who are comfortable and dare take the risk with some volatility in their investment value on the short term.
9. For net worth, the amount of your assets must be exceed your _____.

Down

1. When you invest your _____, do not put it all into one type of investment.
3. Never give confidential information such as account _____.
5. Your financial and _____ goals should be reasonable and achievable.
8. _____ return, greater risk

For more INTERESTING GAMES

p/s: Please wait until the game loads by itself. Enjoy!



Chapter 5

PLANNING FOR UNCERTAINTIES

CONTENTS

- Why you need insurance?
- Types of insurances
- Takaful
- How the way to buy insurance



WHY YOU NEED INSURANCE?

- What is insurance?
- Purpose of insurance
- How does insurance works?

What is Insurance?

- When you make a financial commitment, such as purchasing a house by borrowing money from the bank, you have locked part of your future income
- There is a financial instrument that you can purchase to protect you from such an eventuality – **INSURANCE**
- Means that's giving you a financial buffer or protection in case something happens to you, your family or your belongings



Purpose of Insurance



Pay for damages to your personal belongings or to replace items that had been stolen



Pay for medical bills when you or your family members are hospitalised



Take care of your monthly living expenses, debts and financial commitments when you are not able to work due to a serious illness or an accident



Provide some financial support to your family in the event of your disability, serious illness or death, particularly if you are the breadwinner of the family

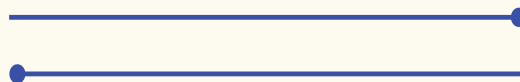
How does insurance works?

- Upon payment of a relatively small fee (known as a premium), a licensed insurance company will replace items lost or damaged due to an insured peril, such as fire, accidents and theft.
- However these incidences must occur during the insurance period up to the limit of the sum insured.



Insurer

Provide service, selling policies and liable for compensation



Paying premium



Insured

TYPES OF INSURANCE

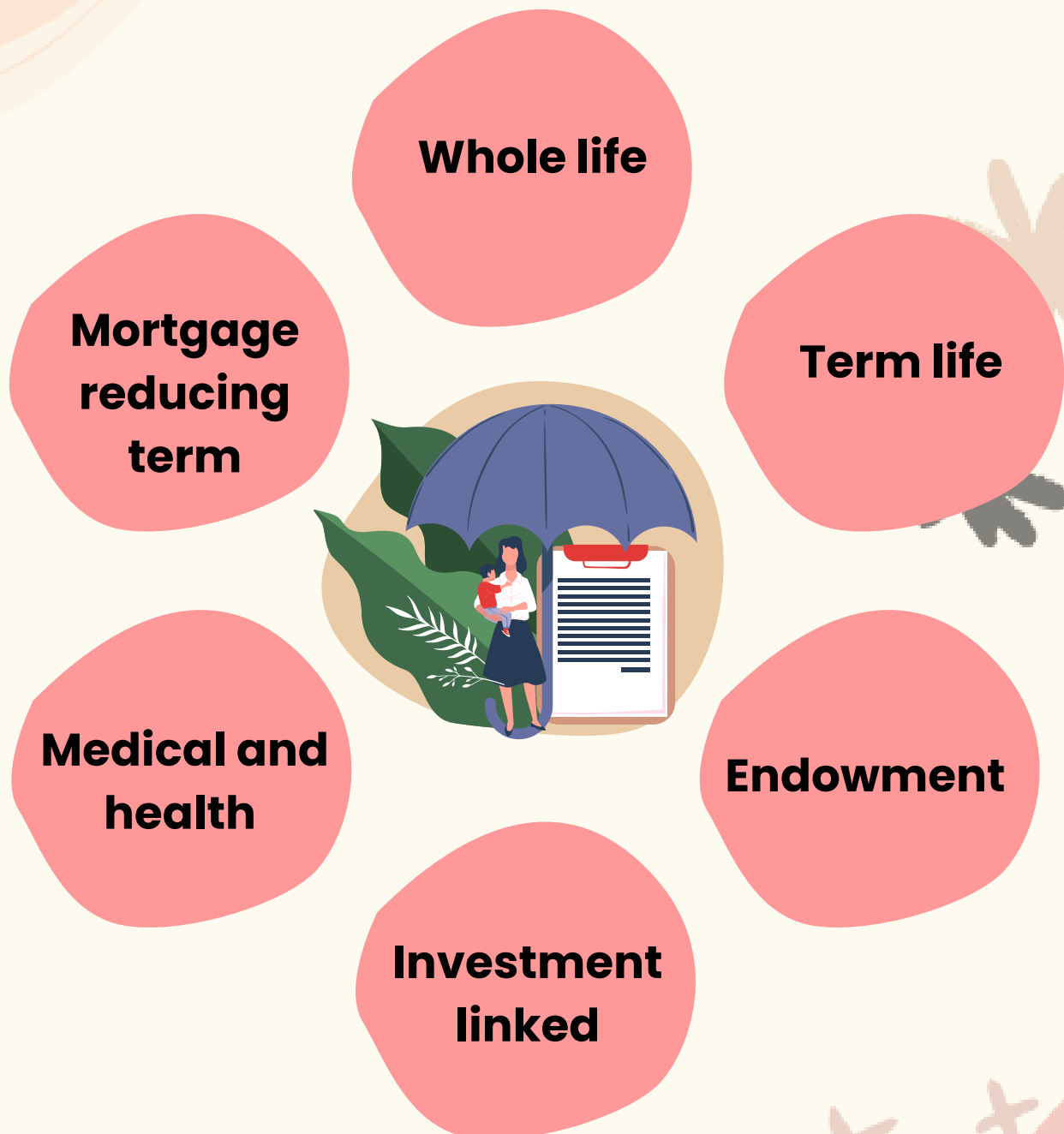
- Life Insurance
- General Insurance

A. Life Insurance

- A life insurance policy insures you and your life against risks such as premature death, illness, disability and hospitalisation.
- It is important to have if there are people depending on you, whether they are young children or aged parents.
- The coverage period is usually more than a year and have a choice of making premium payments monthly, quarterly, semi-annually or annually throughout the coverage period.



Main life insurance product



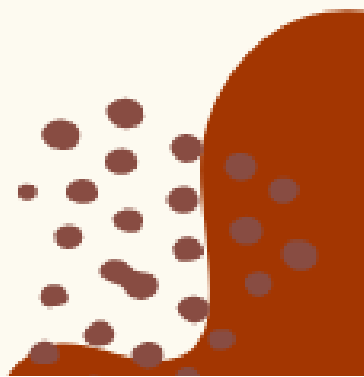
WHOLE LIFE	TERM LIFE	ENDOWMENT
This offers lifelong protection but you must pay premiums throughout your life	This offers protection for a limited period of time only	This combines protection and savings
The claim amount, including bonuses, will be paid upon death, total and permanent disability or critical illness	The money will be paid only upon death, total and permanent disability or critical illness during the term of the policy	This policy provides cash benefits at the end of a specific period or upon death or total and permanent disability during the same period
The premium is higher than for term insurance and it provides cash value during the term of policy	According to the amount agreed upon when buying the policy	The coverage period is determined by the buyer

INVESTMENT LINKED	MEDICAL AND HEALTH	MORTGAGE REDUCING TERM
This combines investment and protection	This helps to cover the cost of medical treatment, particularly in regard to hospitalisation and surgery	This is usually a single premium policy with the coverage amount matching the scheduled outstanding balance of the loan
You get to choose the type of investment fund you wish to place your investment and the amount of life insurance coverage you wish to have	-	In case you default on the payments due to illness/disability/upon premature death, the policy will settle the loan
The amount of premium is flexible	-	Bank will release the ownership of the house to you/your beneficiaries



B. GENERAL INSURANCE

- General insurance protects you against losses due to theft or damages to your personal belongings.
- It also covers you if you cause damage to a 3rd party, accidental death or injury as well as hospitalisation.
- The period covered is usually one year and you have to pay a one-time premium payment on an annual basis.



Main general insurance product

Motor



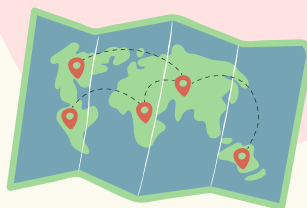
**Personal
Belonging**



House



Travel



3rd PARTY (also known as 3rd party Policy)	3rd PARTY FIRE & THEFT (sometimes known as 2nd party Policy)	COMPREHENSIVE (also known as 1st party Policy)	EXTENSION COVER / OPTIONAL BENEFITS TO COMPREHENSIVE POLICY (Subject to agreement by your Insurers and payment of additional premium)
Death or injury to other parties	Death or injury to other parties	Death or injury to other parties	Breakage of Windscreen only
Damage to other parties' property	Damage to other parties' property	Damage to other parties' property	Damage arising from flood, windstorm, landslide & other natural disasters
The premium is higher than for term insurance and it provides cash value during the term of policy.	Loss/damage to your vehicle caused by theft or fire	Loss/damage to your vehicle caused by theft or fire	Damage to your vehicle due to Malicious Damage/ Riot, Strike & Civil Commotion
-	-	Damage to your vehicle due to accident	Personal Accident and Medical Benefits for driver/ passengers
-	-	-	Liability to Passenger
-	-	-	Liability to 3rd party caused by Passenger



House

- Basic fire policy covers the building only against fire, lightning or explosion

HOUSE OWNER'S POLICY

- Coverage of the building to loss or damage due to **flood**, **burst pipes** and **other calamities** as well.

HOUSE HOLDER'S POLICY

- Coverage of the contents of the house, such as furniture, are covered against theft, flood and fire.



Travel

- It protects you against travel-related accidents, flight delays or interruptions, baggage lost in transit, medical and other expenses.



Personal Belongings

- This covers items such as computers, hand phones, notebooks and cameras against loss/theft.

TAKAFUL

- What is Takaful?
- Differences between conventional insurance and takaful.
- Takaful product.

WHAT IS TAKAFUL?

- Takaful is insurance protection based on *Shariah* principles
- You contribute a sum of money to a common takaful fund in the form of participative contribution.
- You undertake a contract (*aqad*) to become one of the participants by agreeing to mutually help each other, should any of the participants suffer a specified loss.
- 2 Takaful products available to consumer:

Family Takaful

General Takaful

1. FAMILY TAKAFUL

- Is a combination of protection and long-term savings and usually covers a period of more than a year



- It provides financial benefits if you suffer a tragedy as well as gives you investment profits



- Contribution payments can be paid monthly, quarterly, semi-annually or annually



- Basic types of family takaful include:



INDIVIDUAL FAMILY	RETIREME NT ANNUITY	INVESTMENT - LINKED	MEDICAL & HEALTH
Plans that include education, mortgage and health, you and your beneficiary will receive financial benefits arising from death or permanent disability	Plan that provides you with a regular income upon retirement	Combining investment and protection, part of your contribution is used to buy investment units	Covers the costs of medical treatment, including hospitalisation and surgery
Long-term savings	-	The balance goes towards providing coverage in the event of death or permanent disability	-
Investment profits are distributed upon claim, maturity or early surrender	-	-	-

2. GENERAL TAKAFUL

- This protects you on a short-term basis, usually for a 1 year period, for any loss/damage to your property/personal belongings



- You pay a one-time contribution on an annual basis



- Main types of general takaful are



HOME TAKAFUL	MOTOR TAKAFUL	PERSONAL ACCIDENTS
A house owner takaful covers your home against loss or damage caused by flood, fire and other similar perils	You are covered against loss/damage to your vehicle due to fire, or an accident as well as bodily injury or death of a 3rd party and loss or damage of a 3rd party's property	This provides you or your beneficiaries with compensation in the event of death, disablement or injuries arising from an accident
A house holder takaful covers loss/damage to the contents of your house	As with general motor insurance, the two types of cover are 3rd party and comprehensive	This plan is also available for a short duration, such as when traveling abroad
You may participate in either one or both	-	-





	CONVENTIONAL INSURANCE	TAKAFUL
Act/ Regulation	Insurance Act 1996 Financial Services Act 2013	Takaful Act 1984 Islamic Financial Services Act 2013
Purpose	Security and Profit	Security and Cooperation
Activity	Buying and Selling Product (<i>Commercial Factors</i>)	Mutual Cooperation (<i>Ta'awun</i>) and Donation (<i>Tabarru'</i>)
Ownership of Fund	Insurance Company	Participants
Risks	Transfer	Sharing
Business	No Restriction	Free from elements of Riba, Gharar and Maisir
Role	Sell Insurance product	Manage participant's fund
Payment	Premium	Contribution (Donation)



HOW THE WAY TO BUY INSURANCE

- Identify person needs to know before buying an insurance policy.
- The importance of servicing the policy by paying the premium.
- How to make insurance claims?

1. Identify person needs to know before buying an insurance policy

- The types of policies and plans that are available, especially their features and benefits



- The perils and risks covered



- The terms and conditions, including pre-existing conditions and exclusions that are not covered



- The amount of premiums that you must pay in relation to the sum insured, risks covered and period of coverage



- The situations that allow you to make a claim and how
- You can make such a claim



TAKAFUL IKHLAS BERHAD (593075 U)
IKHLAS Point, Tower 11A, Avenue 5, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.
tel: 03-2723 9999 fax: 03-2723 9998 website: www.takaful-ikhlaz.com.my
(A subsidiary of Malaysian National Reinsurance Berhad)
No. CBP/GST NO: 002064777216

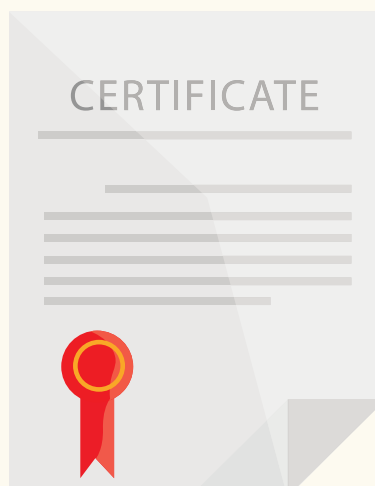
CERTIFICATE OF TAKAFUL

JPJ A1 MX1

Road Transport Act, 1987 (Malaysia)
Motor Vehicles (Third Party Risks) Rules, 1959 (Malaysia)
Motor Vehicles (Third Party Risks & Compensation) Act (Cap 189) Republic of Singapore
Motor Vehicles (Third Party Risks & Compensation) Rules 1960 (Republic of Singapore)
Motor Vehicles Insurance (Third Party Risks) Act (Cap 90) Negara Brunei Darussalam

Certificate No.: MV3786355	
1. Index Mark and Vehicle Registration No.	W1365E
2. Name of Participant	NOOR AZAM BIN MD ZAKI
3. IC No.	771011-08-6627
4. Effective date of Commencement of Takaful for the purposes of the Ordinance	30/11/2015
5. Date of Expiry of Takaful	29/11/2016
6. Persons or Classes of Person Entitled to Drive. *	
(a) The Participant	
(b) Any other person who is driving on the Participant's order or with his permission.	
Provided that the person driving is permitted in accordance with the licensing or other laws or regulations to drive the Motor Vehicle or has been so permitted and is not disqualified by order of a Court of Law or by reason of any enactment or regulation in that behalf from driving the Motor Vehicle.	
7. Limitation as to Use. *	
Use only for social, domestic and pleasure purposes and for the Policyholder's business.	
The Policy does not cover use for hire or reward, racing, pacemaking, reliability trial speed-testing, the carriage of goods other than samples in connection with any trade or business.	
*Limitation rendered inoperative by Section 95 of the Road Transport Act 1987 (Malaysia) or Section 8 of the Motor Vehicles (Third Party Risks and Compensation) Act (Cap 189) Republic of Singapore or Section 7 of the Motor Vehicles Insurance (Third Party Risks) Act (Cap 90) Negara Brunei Darussalam are not included under this heading.	

I/WE CERTIFY THAT THIS COVERING NOTE IS ISSUED IN ACCORDANCE WITH THE PROVISIONS OF PART IV OF THE ROAD TRANSPORT ACT, 1987 (MALAYSIA), MOTOR VEHICLES (THIRD PARTY RISKS & COMPENSATION) ACT (CAP 189) REPUBLIC OF SINGAPORE AND THE MOTOR VEHICLES INSURANCE (THIRD PARTY RISKS) ACT (CAP 90) NEGARA BRUNEI DARUSSALAM



- An insurance policy is a legal document that states all the terms and conditions between you and your insurance company.



For life insurance

- Premium depends upon a combination of factors, the main ones being your age and health



- The older you are when you purchase a life policy, the higher the premium you must pay



- It is because the insurance risk for your life is higher



- All insurance premiums are paid in the name of the insurance company and not in the name of the agent



- Always buy insurance that gives you the greatest coverage and meets your needs at the lowest premium cost

How much should you insure?

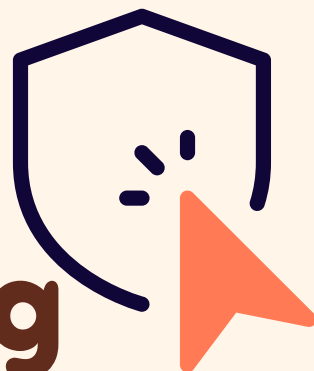
The amount you buy depends on how much money you need for such an eventuality, and how long it takes to pay for it.



If you are buying life insurance, you will have to decide on the amount of money your family will need to live without you.



Buying Insurance



- Buy only from insurance companies that are licensed by **BNM**
- When seeking advice, check that the insurance consultant or broker is licensed by BNM and is a member of the Malaysian Insurance and Takaful Brokers Association
- Life insurance agent to be appointed by a licensed life insurance company and registered with the Life Insurance Association of Malaysia
- General insurance agent to be appointed by a licensed life insurance company and registered with the Persatuan Insuran Am Malaysia

Making a claim

When making a claim:

Prove that the event you are insured against did happen

Be sure of the requirements of the insurance company.

For example, if an insured personal belonging has been stolen, one of the documents you will need to provide is a police report.

Making a claim

An illustration of a stack of papers, with the top sheet featuring horizontal lines representing text. The papers are slightly offset, showing multiple layers. The text is centered over the papers.

**Notify your insurer immediately
after the occurrence of the
accident.**

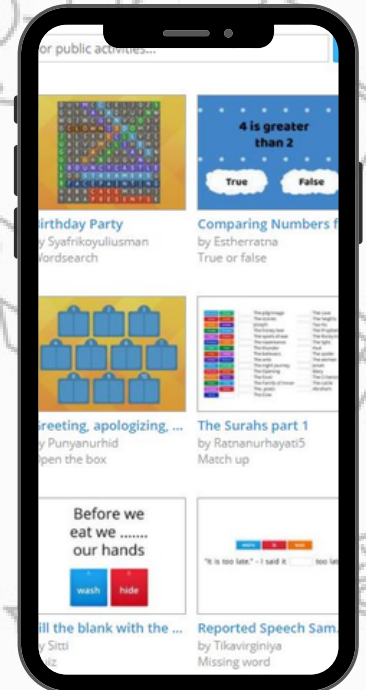
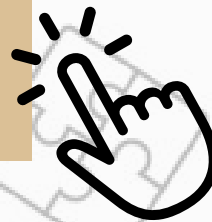
EXERCISE

1. How many insurances that we have?
2. Is Takaful is important for us and what is the reason/ give an example.



For more INTERESTING GAMES

CLICK HERE



Chapter 6

BORROWING & BASICS

CONTENTS

1

The importance of not over-committing on loans and purchases using credit cards

2

The types of loan products available in Malaysia

3

The types of credit cards, charge cards and other cards available in Malaysia

4

How to avoid the credit trap and default in loan repayment

THE IMPORTANCE OF NOT OVER-COMMITTING ON LOANS AND PURCHASES USING CREDIT CARDS

Justify the purpose of loan
and credit and the
important questions to ask
when applying for a
loan/credit card



THE PURPOSE OF LOAN AND CREDIT

These institutions offer you money and credit on loan so you can buy a house, a car, pay your bills or go on a holiday.

Before borrowing money, make sure you can manage debts.

Never use short-term loans, such as credit cards or overdrafts, to fund long-term assets like houses.



THE PURPOSE OF LOAN AND CREDIT

What you want to take a loan/use a credit card,
ask yourself these questions

Is the product or service you want to buy important? Is it necessary?

If it is important and you need to have it, can you afford to pay the instalments?

If it is a substantial purchase, such as a car or house, can you afford to put down a larger down payment?

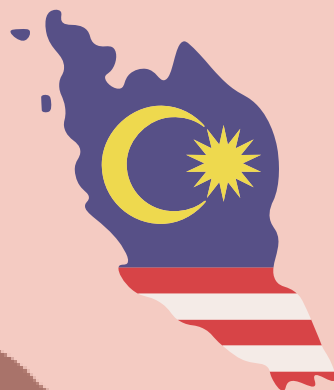
If it is something you desire, can you control the feeling and delay your decision to buy it since it is not that important?

If you decide to take a loan or use your credit card to buy something, have you worked out your cash flow to see if you are able to repay the money you borrowed?



THE TYPES OF LOAN PRODUCTS AVAILABLE IN MALAYSIA

- Discuss the licensed financial institutions & licensed money lenders.
- Differentiate the various types of loans:
 1. Student loan
 2. Personal loan
 3. Vehicle loan
 4. Housing loan



TYPES OF LOANS

1. STUDENTS LOAN

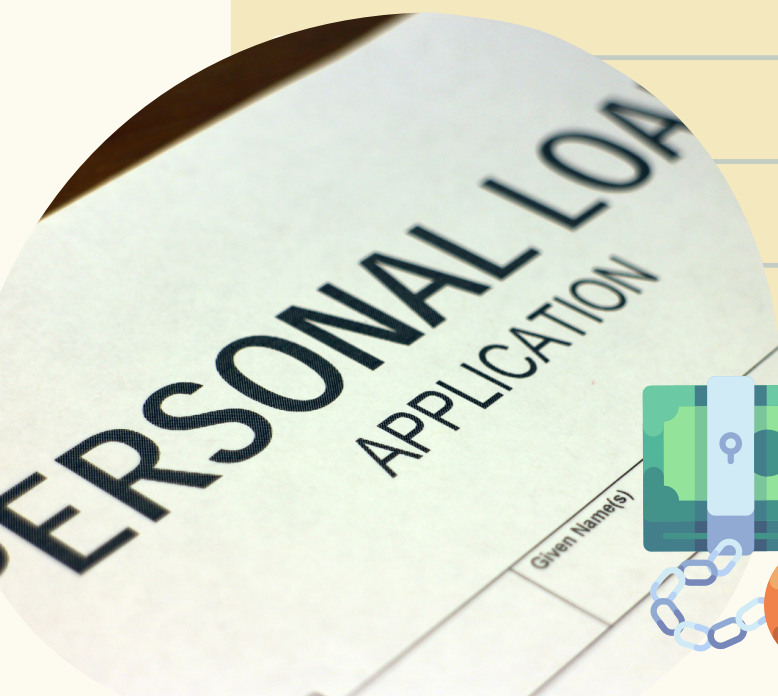
- Offered by private organisations, government agencies as well as the government to college or university students
- Loans are provided at a very low interest rate and become payable when the students gain employment
- There is a fixed amount of money in their fund and payments made by previous beneficiaries are used to help new applicants
- Graduates who do not pay back their student loans are, in fact, denying others from the same benefit
- E.G PTPTN



TYPES OF LOANS

2. PERSONAL LOANS

- Offered for your personal use, not for a large purchase
- It is tempting to apply for this type of loan because the application process is usually fast and easy
- Most banks do not require a guarantor or collateral
- Be clear about the purpose of application and whether you can afford to make the repayments



3. VEHICLE LOAN

- Usually buy a car using a loan (*also known as hire purchase or HP*).
- If you do so, you become the hirer of the car while the financial institution is the owner.
- As the hirer, you pay instalments to the financial institution based on their terms and conditions.
- You become the owner after completing all your payments.
- As a hirer:

1. Read all the fine print in the written agreement;
2. Check and ensure that the purchase price and HP terms in the agreement are as agreed
3. Know your rights under the Hire Purchase Act
4. Know your obligations as a hirer so that you do not do anything to breach the agreement
5. Keep all documents, such as the agreement and receipts, in a safe place
6. Make your payments to authorised persons only as identified by the financial institution



3. VEHICLE LOAN

Example of a RM50,000 loan at 5% interest per annum with a five-year tenure. The effective interest rate works out to be 9.15%.

Monthly installment	RM1,042
Total interest payment	RM12,500
Total loan + interest	RM62,500
Approximate effective rate per annum	9.15%



HIRE PURCHASE BASIC

Minimum deposit

This is about 10% of the cash value of the car but financial institutions can request for a higher deposit

Interest rate

This is a fixed rate and the maximum allowed is 10%

Effective interest rate

This is the actual interest that you pay after taking into account annual compound interest on the loan over its tenure

Late payment charges

You will be charged a penalty if you are late in paying your installments. This interest is charged on a daily basis

Guarantor

Financial institutions may require a guarantor who will be responsible for the unpaid portion of a loan including interest, if you default on your loan

Insurance

You must purchase insurance as a cover for your car. Financial institutions require a car owner to undertake a comprehensive insurance policy

Repossession

If you default on your payments, financial institutions can repossess your car as they are the legal owners



4. HOUSING LOAN

- Do shop around, get as much information as you can and compare items such as interest rates before deciding on the loan suitable for you
- As with other loan products, you can choose between a conventional or Islamic housing loan
- A housing loan is a large financial commitment, one that will stretch over many years



4. HOUSING LOAN

A housing loan can be paid:



Graduated payment

- Allows you to pay lower installment payments at the beginning of the loan



Partial prepayment of the outstanding loan

- Shorten the loan tenure by making partial prepayments with surplus savings/annual bonus.

AS A BORROWER

- 1 Read, understand and stick all the terms and conditions of the loan
- 2 Ask questions on all aspects of the loan to your satisfaction
- 3 Make payments on time
- 4 Check that you have accurate information on your loan account on a regular basis



BEING A GUARANTOR

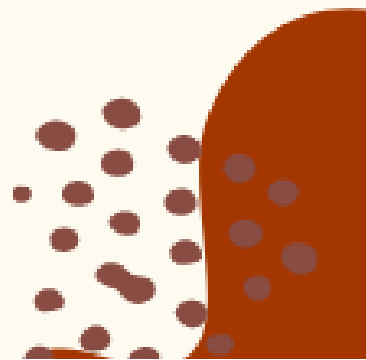
**You read and understand
the nature of the
guarantee and the
implications on you**

**You do not sign a blank or
partially filled document**



**You do not become a
guarantor to someone
whose integrity you are
doubtful of**

**You are aware of your
liabilities if variations are
made to the terms and
conditions of the loan**



THE TYPES OF CREDIT CARDS, CHARGE CARDS AND OTHER CARDS AVAILABLE IN MALAYSIA

The different features of credit card, debit card, prepaid card and charge card offered by financial institutions in Malaysia



CREDIT CARD

- You can use the statement to track your spending for budgeting purposes
- Some credit cards provide personal accident and travel insurance, depending on the type of card issued
- Credit card issuers have introduced attractive schemes, such as zero-interest installment scheme, flexi-pay scheme and 0% balance transfer, to enable you to maximise on your purchases
- You can also earn loyalty points for usage of credit cards, a reward that is unavailable when cash payments are made



CHARGE CARD

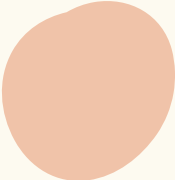
Charge card is similar to a credit card

Card does not allow you to make a minimum payment when you receive your monthly statement

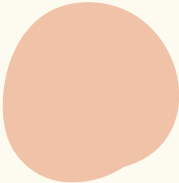
Must pay the total amount due in full each month, failing which, late payment charges will be imposed



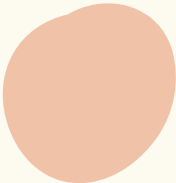
DEBIT CARD



Debit card is similar to an ATM card, except that you do not have to withdraw cash from an ATM



The amount spent will be immediately deducted from your bank account.



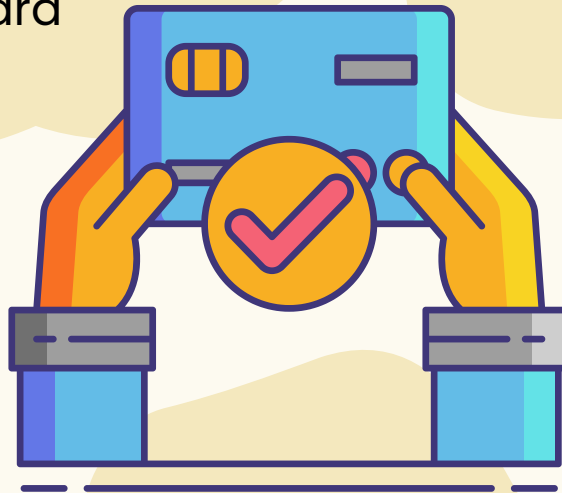
It is convenient to use a debit card because you do not have to carry cash with you



PREPAID CARD

Prepaid card can be used to make purchases but there is a spending limit equivalent to the amount of money you place on the card

Is like a prepaid phone card/touch & go card where you have a fixed amount of money you can spend



When the amount placed on the card gets low, you can reload up to the maximum amount as determined by the card issuer

HOW TO AVOID THE CREDIT TRAP AND DEFAULT IN LOAN REPAYMENT

The credit trap of paying the monthly minimum and tips on using credit card.

The function of the Credit Bureau and the importance of the Central Credit Reference Information System (CCRIS)



Credit Trap Of Paying The Monthly Minimum

Important to realize that the longer you take to settle your credit card debts by making minimum payments, the more money you will owe.

With high interest rates, you will end up paying more money to the financial institution

Always pay in full this will ensure you keep out of financial trouble.

\$OLD!



Tips On Using Credit Cards

Pay the amount due in full when you get your monthly statement to avoid paying interest

Always check your credit card monthly statement to ensure proper transactions and charges are recorded

Do not use a credit card if you cannot make the monthly payments

All the time.
If you have a cash flow problem, pay the minimum amount for the present but pay the full amount as soon as possible

Limit the number of credit cards you have

Be aware of the consequences of paying minimum amounts all the time

Do not use your credit card to get cash advances from an ATM

Pay before the due date to avoid late payment charges and penalty rates



Function Of The Credit Bureau

- It collects credit information on borrowers, including private individuals, businesses (sole proprietors and partnerships), companies and government entities, and supplies the information back to lenders
- The agency's computer system processes credit data received from financial institutions and synthesises these information into credit reports
- Each time you make a new application for a loan, the financial institution will check your payment history with the Credit Bureau

Importance Of The Central Credit Reference Information System (CCRIS)

- Keep a copy of your CCRIS report to track your loans with financial institutions and monitor your loan and credit card repayment pattern
- Can check whether you have a healthy repayment schedule and defaults or late payments appearing in your report
- If your CCRIS report indicates late repayment or default, a financial institution has the option of denying any new loan applications
- For more information, SCAN this QR CODE :



Debt Repayment Problem

Some signs to show that you are in financial difficulty:

- 1 If you are not in control of your money i.e. your expenses are more than your income
- 2 You have more debts than you can manage to pay
- 3 You are only able to pay the minimum 5% every month on your credit card bills
- 4 You do not have any savings to meet personal or family emergencies



LET'S TRAIN YOUR BRAIN!

1. How many types of loan products that available in our country?
2. When you want to take a loan or use a credit card, what is the important thing you should consider?

For more

INTERESTING GAMES

CLICK HERE



Chapter 7

LIVING YOUR LIFE

CONTENT

1. Explain the awareness of the basic financial requirements in starting out in life

2. The financial responsibilities of getting married

3. The importance of retirement planning



EXPLAIN THE AWARENESS OF THE BASIC FINANCIAL REQUIREMENTS IN STARTING OUT IN LIFE

- **The importance of career planning**
- **The of paying back one's students loan**
- **The need to pay personal income tax & how self-assessment works**
- **Discuss ways how to start working life & making wise decisions**

THE IMPROTANCE OF CAREER PLANNING

Each time you change jobs, ensure it is a positive career move that not only increase your income earning capacity

1

Develop your communication skills, both written and spoken- people who can write and speak well are ones who are most likely to get ahead in a company

2

Your job is what you make of it. It would not be boring or mundane if you use it to develop yourself while you're contributing towards the company


3



IMPORTANCE OF PAYING BACK ONE'S STUDENT LOAN

01	02
A student loan is an obligation and should not be taken lightly	Once you start working, begin paying back your student loan, if you have one

03	04
It is a legal as well as a moral obligation to pay it back so that others can enjoy the same benefit that you did	If you do not pay back your student loan, it may hamper your chances of working for a good employer



PAY PERSONAL INCOME TAX & HOW SELF-ASSESSMENT WORKS

- As an employed young adult, you need to pay your income tax.
- Your income tax is deducted from your monthly salary and sent directly to the Inland Revenue Board (IRB) by your employer.
- Sources of income that are taxable include:

Gratuity

Commisions

Bonus

**Salary and
wages**

**Dividen
and
interest
income**

**Pension
and
annuity**

**Directors
'fees**

**Allowance
(In cash/
otherwise)**

**Rental,
Royalty and
premium
income**



Tips in buying car



Shop around for a car that is reliable

If you decide to apply for a car loan, shop around for a package based on affordability

Work out the budget based on your monthly salary

Try to pay for petrol, annual road tax, insurance with cash instead of using credit card

Do not use your credit card to pay for a down payment

Avoid upgrade or modify your car with a sound system, better tyres or additional accessories

HOUSE

Why should you buy a house instead of renting one?



By buying a house, you will increase your net worth as you pay down your housing loan.

Owning your own home brings a sense of pride and accomplishment. Not only is there more freedom with house ownership, there is also a greater sense of security in having a permanent roof over your head.



FINANCIAL ANGLE

OWN OR RENT??



- Each monthly payment that you make is like putting money into a savings account
- Each time the mortgage is paid, a percentage goes toward your net worth.
- Like having money in the bank because it is something you can draw upon later in life if needed.



- Rental rates can increase from year to year
- The principal on your mortgage is going down with each payment you make.
- Housing market grows, the value of your house increases as long as it is in a good location.

When buying a house, do the following before committing yourself:



Drive around the neighbourhood at different times of the day and week to see how your potential neighbours are like

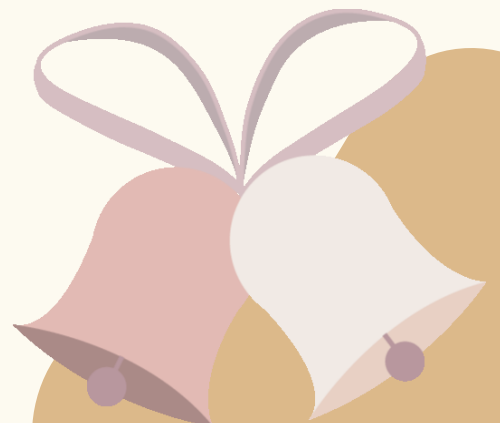
Check the area for features that can add value to the house, such as schools

Check if the property is located on freehold or leasehold land.

Talk to property experts who can give you sound advice about the property market, suitable locations or types of property

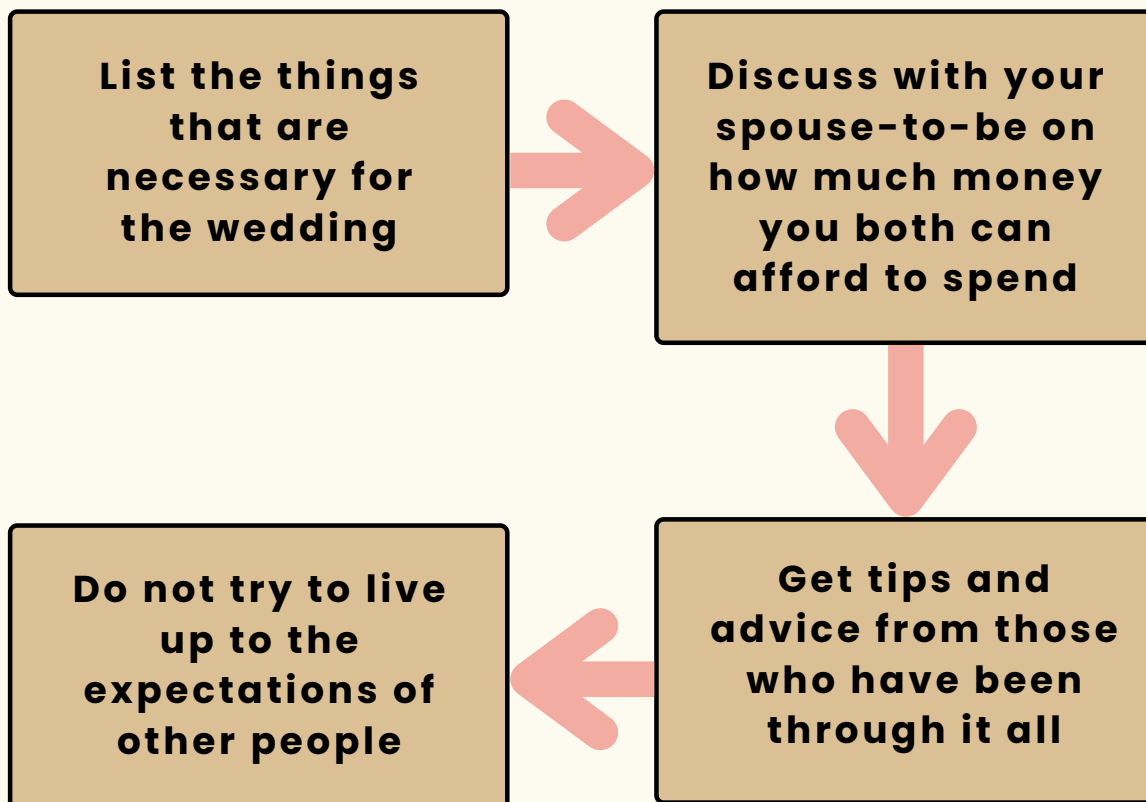
THE FINANCIAL RESPONSIBILITIES OF GETTING MARRIED

- Explain the financial obligations and responsibilities of a married couple



THE WEDDING

- Be realistic about your wedding expenses.
 - You will be surprised at how much gifts, ceremonies, dinners, clothes, shoes, and wedding photos can add up to.
-



MARRIAGE & FAMILY

- It is extremely important that you and your spouse see eye-to-eye on money matters
- please note that these pointers assume both of you are working:

Your financial plan has to move from being an individual to a shared one involving your spouse

Decide on how to handle routine bills, paying for the family and children

To pay for a common expenses, save money on a monthly basis in a joint account

If both decide to use credit card to pay some of the common expenses

Just as in your individual financial plan, you need to set aside an emergency funds as a couple to take care of unexpected expenses



FINANCIAL DEBT

Both of you should make a commitment to settle personal debts within a period of time after the wedding

Both of you must agree on the terms of payment and period to settle the debt.



You and your spouse should not hide from each other the topic of debt.

Some marriages are reported to fail due to financial debts incurred by spouses.

THE IMPORTANT OF RETIREMENT PLANNING

- Explain the basics of retirement planning and why it is wise to start saving for retirement at a young

— HAPPY —
Retirement



BASIC OF RETIREMENT PLANNING



- How much savings or assets do you have now?
- What is your monthly income?
- What is the percentage of your income contributed to EPF or other retirement plans?
- What rate of return do you want on your investment?
- How many years do you have until retirement to earn your money?



RETIREMENT TIMELINE



Sign up for EPF on your first day of work.



Earmark a portion of each raise or yearly bonus to your retirement savings.



For each increment in your age, increase your savings in your personal retirement fund by a certain percentage of your disposable income per year.



While you are saving for retirement, review your investment portfolio for retirement annually to ensure that your money is growing according to your retirement plan.

A BALANCED LIFE

- While money is necessary in today's world, it is not everything.
- Do not make it the sole reason for what you do in your life.
- Health, family and spiritual wellbeing are important elements that contribute to happiness.
- We should also make regular donations and give to the less fortunate to alleviate their hardships and misfortunes.
- It is very important to create a balance in your life.



BLOW YOUR MIND



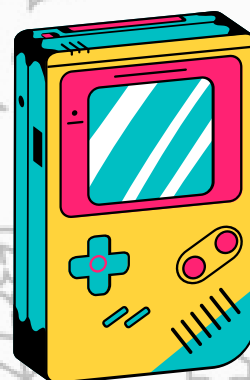
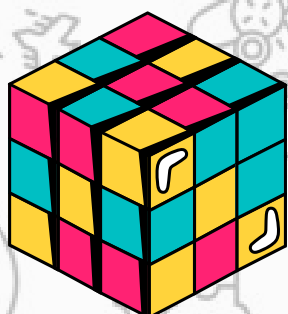
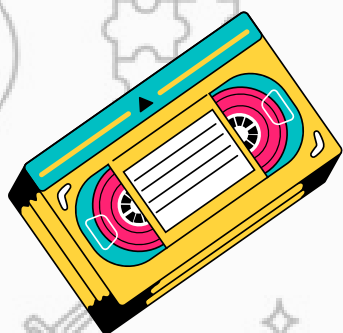
1. What is the step that you must be follow before you buying a house?
2. Before you start your career, what is the importance of career planning?
3. Based on your understanding, explain the basics of retirement planning and why it is wise to start saving for retirement at a young



For more

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INTERESTING GAMES



Chapter 8

GETTING OUT OF FINANCIAL PROBLEMS

CONTENTS

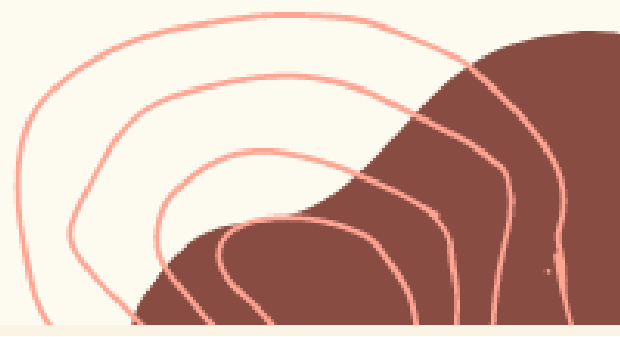

#1 Discuss the effects of being a bankrupt

#2 Describe the signs of getting into financial trouble

#3 Explain the importance of maintaining personal creditworthiness

#4 Describe the implications of being bankrupt

#5 The role of Credit Counseling and Debt Management Agency (AKPK)



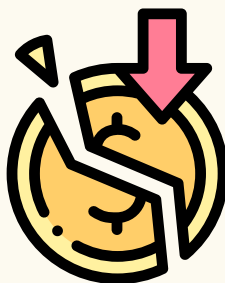
THE EFFECT OF BEING BANKRUPT



Being financially distress will affect your reputation, be emotionally troubled

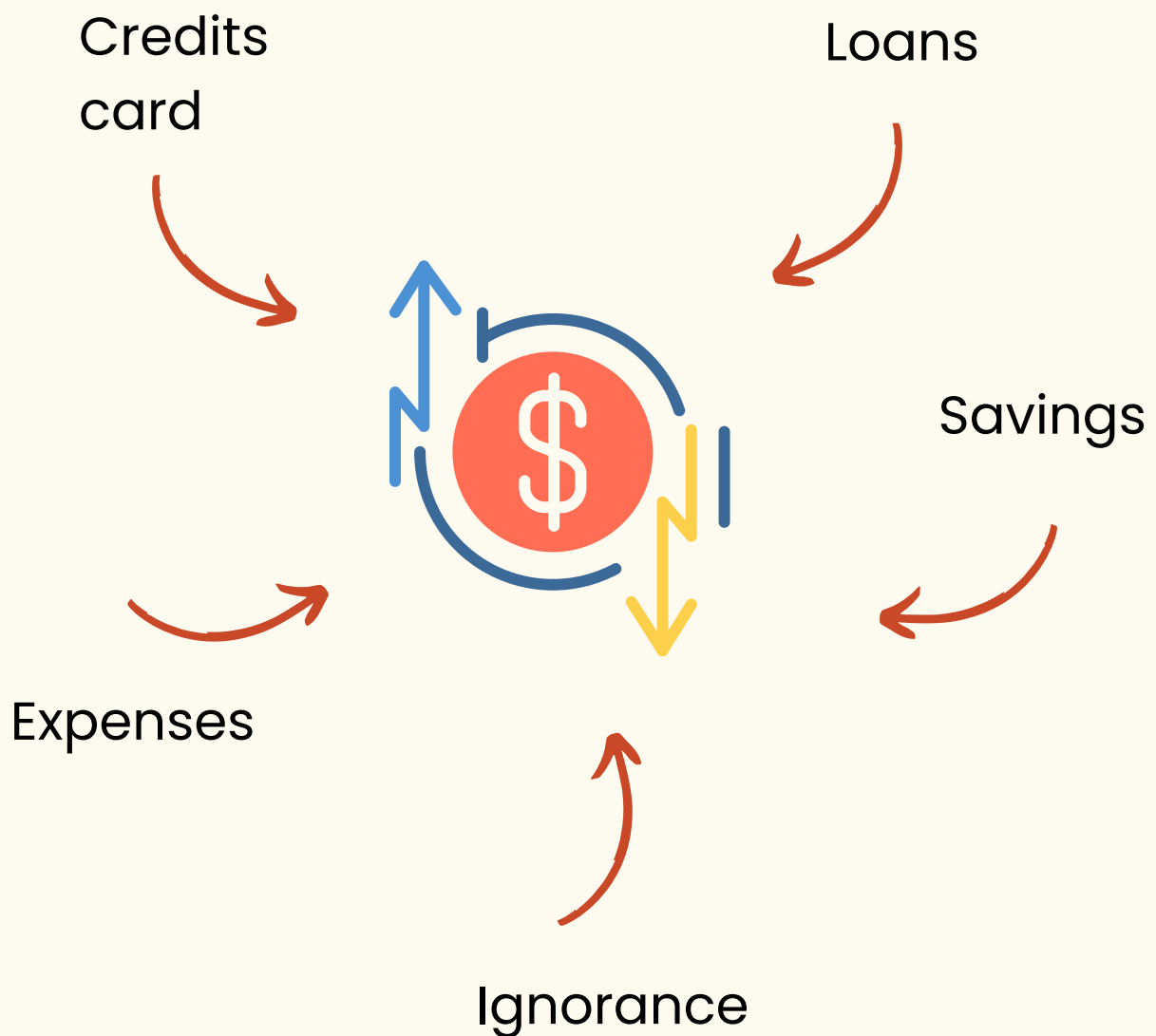


Looking for money to pay off your debts and eventually your relationships with family and



Affect your physical health, mental and emotional stability.

THE SIGN OF GETTING INTO FINANCIAL TROUBLE



SIGN

Card Credits

- Paying only the minimum balance each month.
- Increasing the outstanding balance every month
- Going over your credit limit.
- Taking frequent cash advances.

Loans

- Using the overdraft or automatic loan features on your current account frequently.
- Receiving second or third payment notices from banks or creditors for non-payment of debts.
- Being denied credit because of a negative credit bureau report.
- Borrowing money from family or friends to pay your debts.



SIGN

Savings

- Using up your savings at an alarming rate.
- Having little or no savings to handle unexpected expenses or emergencies.



Expenses

- Depending on part-time jobs, overtime, commissions or bonuses to pay for your living expenses.
- Living from pay check to pay check.

Ignorance

- Not talking to your spouse or family members about money problems or arguing when you talk about money to them.
- Not knowing how much money you owe until the bills arrive.

The Credit Bureau of Bank Negara Malaysia (BNM) maintains credit information on borrowers in its Central Credit Reference Information

System and financial institutions are able to check on your status.

THE IMPORTANCE OF MAINTAINING PERSONAL CREDITWORTHINESS

If you are in serious debt, you will be seen as a bad credit risk to any banker you may approach for a loan.

These include the borrowers' character, attitude towards their loan obligations as well as their capacity to pay their loans.

Financial institutions have various criteria to assess the creditworthiness of potential borrowers.



WHAT CAN HAPPEN ???



If the loan is a car loan, the financial institution will act to repossess and sell the car.



If it is a housing loan secured by property, the financial institution will foreclose on your property and sell it by public auction.



If it is a housing loan secured by property, the financial institution will foreclose on your property and sell it by public auction.



If it is a housing loan secured by property, the financial institution will foreclose on your property and sell it by public auction.

THE IMPLICATIONS OF BEING BANKRUPT

Page 170

Hold any public office without the approval of the Director-General (DG)

Pursue any court action without the DG's permission

Leave the country without the court's or DG's approval

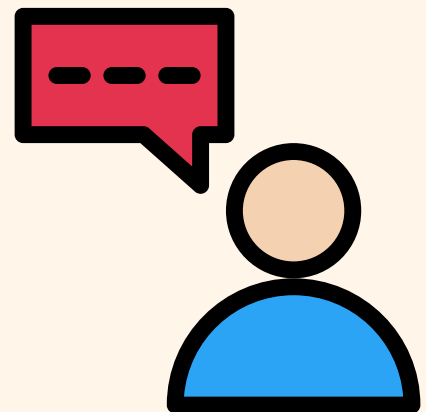
Be a company director or carry out your own business

be an employee of a company that is owned by your spouse or close relatives



ROLE OF CREDIT COUNSELING AND DEBT MANAGEMENT AGENCY (AKPK)

Set up by BNM, AKPK's vision is "to make prudent financial management a way of life for all Malaysians".



It seeks to equip Malaysians to live their lives with good money management skills and debts that are manageable.

THREE MAIN SERVICES TO MEMBERS OF THE PUBLIC TO HELP THEM TO BETTER MANAGE THEIR MONEY

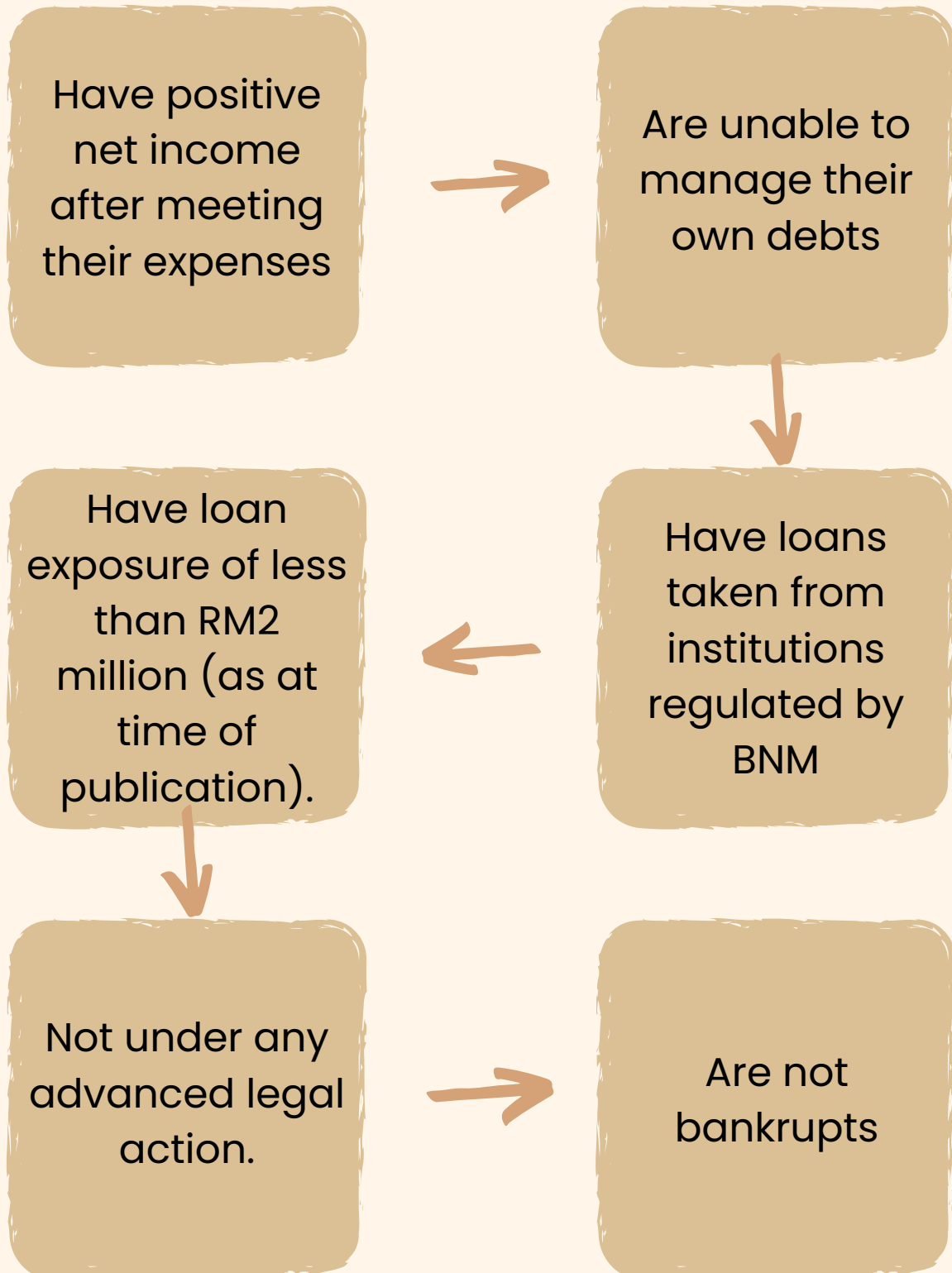
Financial education programmes and materials on the proper use of credit and basic money management skills as well as tips on how to use credit responsibly

Through which AKPK works with individuals in developing personalised debt repayment plans and consults with their financial services providers to structure manageable repayment schemes.

Financial counselling and advice, providing individuals with an in-depth evaluation of their problems and how these may be resolved



THE DMP IS PROVIDED TO INDIVIDUALS WHO:



BLOW YOUR MIND



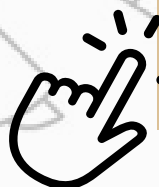
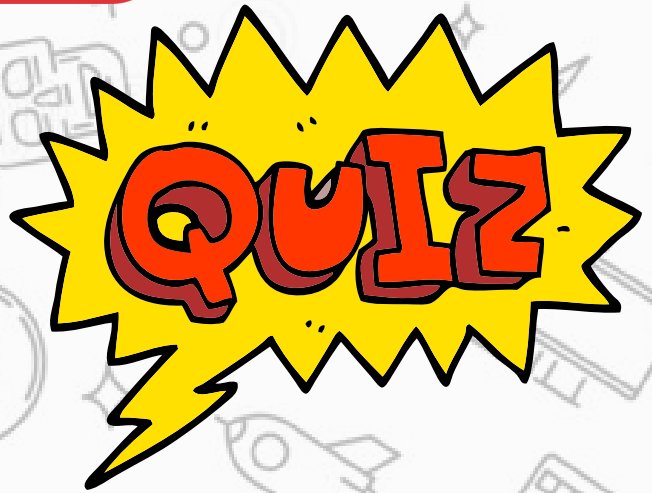
1. Interpret your answer, what is the effects of being a bankrupt?
2. Tell me what is the implications of being bankrupt?
3. Based on your opinion, what is the AKPK?



For more

INTERESTING GAMES

CLICK HERE



Tag Winner!

INTERESTING VIDEO

CLICK HERE

1



2



3



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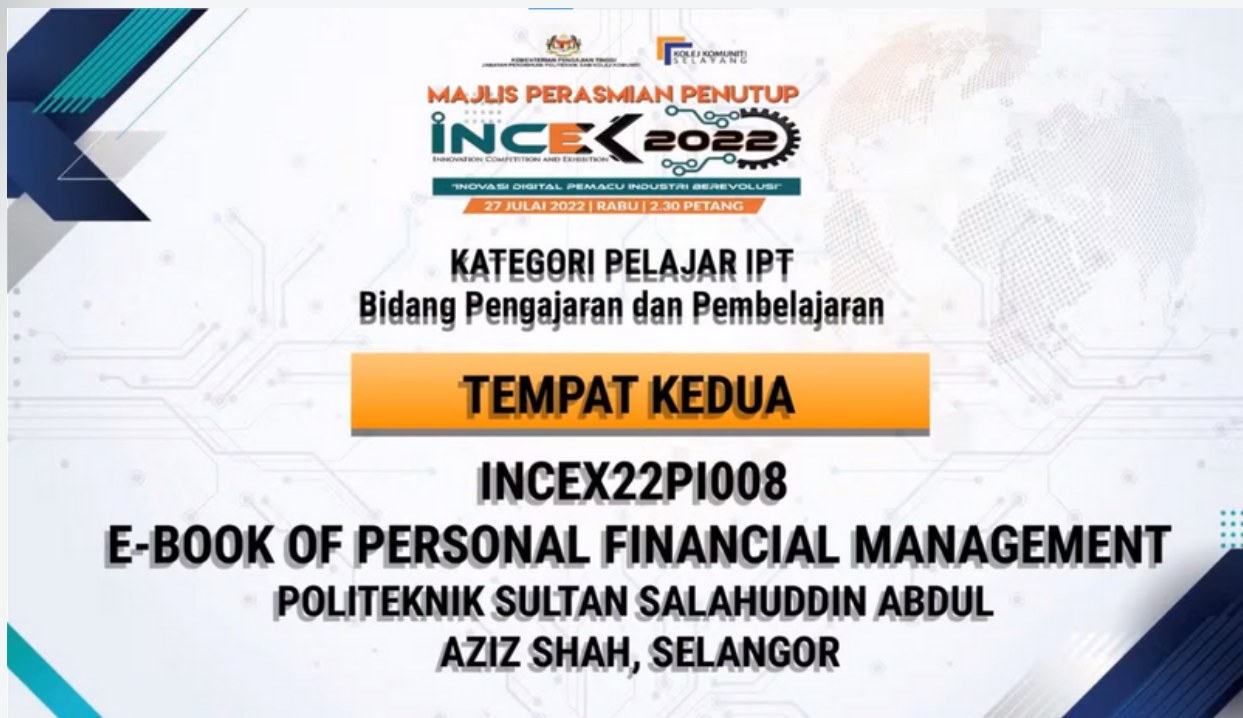
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ACHIEVEMENT

in the competition



Mentor

Puan Noorlaili Binti Mohd
Kassim

Organized by

Kolej Komuniti Selayang