

## Financial Planning

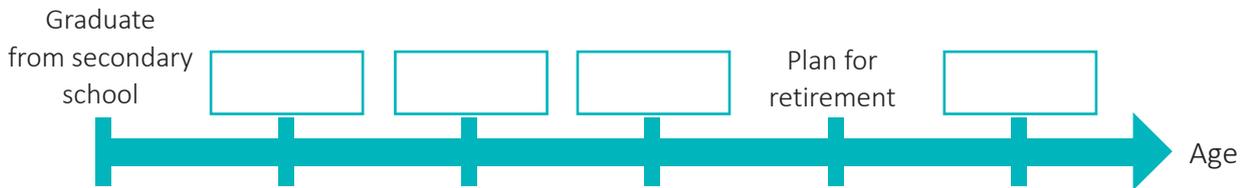
Name: \_\_\_\_\_ ( ) Class: \_\_\_\_\_ Date: \_\_\_\_\_

### Activity 1

#### Life events and their expenses

At different life stages, we must ensure that we have sufficient money and money management skills to cope with different kinds of life events.

1. List in the blanks the life events that may be experienced at each of the following life stages.



2. Regarding the previous question, how can you prepare for these important expenses?

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## Activity 2

### Group discussion (Financial goals and plans)

Choose one of the following financial cases for group discussion. Then select a group member to play one of the roles in the case and try to persuade other group members to take his/her plan. Upon completion, send a representative to report to the teacher and classmates.

#### Case 1

Read the following information and answer the questions.

After Man Kit and Siu Fong got married, they rented a flat together. They do not plan to have children. Their joint monthly income of this two-person family is \$25,000. Man Kit and Siu Fong plan to buy a new TV as their current one is not working.

I don't plan to save money for purchasing a new TV as it's not that expensive. The income that has not been spent at the end of the month should be enough to pay for it. Let's deal with it later.

Man Kit



I plan to use \$8,000 to buy a TV by reducing my spending on shopping. \$2,000 will be saved immediately after receiving my salary every month and then we can buy a new TV after four months.

Siu Fong



1. Who do you think, Man Kit or Siu Fong, is more likely to achieve the financial goal of purchasing a TV? Why?

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2. Man Kit is not willing to reduce other expenses for a new TV. In the case of fixed expenses, what method can he use to achieve the financial goal of purchasing a TV?

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3. Apart from individuals, do families need a financial plan as well? Any examples?

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## Case 2

Read the following information and answer the questions.

Mr. and Mrs. Yeung bought their property after they got married. They live with their two children who are both studying at university. The monthly household income of this 4-person family is \$80,000. Their income is quite high, but with expenses such as insurance contributions, tax payment, children's tuition fees, repayment of mortgages, etc., their financial burden is also high. They want to go on a family holiday to Europe but they have some disagreements on whether they should use their savings to pay for the travel expenses.

Our savings are for emergency use. It should be reserved to meet sudden financial needs. It is better to start reducing our non-necessary expenses now such as buying branded clothes so that we could save \$15,000 each month. At the same time, we should avoid travelling during the peak season like the summer vacation to save money. We should be able to save enough after four months. If we travel Europe in winter, we may even get a chance to enjoy the snow!

We have savings in the bank account which is enough to cover the travel expenses. Don't think too much! Spend the money and travel now!



1. Which suggestion, Mr. Yeung's or Mrs. Yeung's, do you think is better? Why?

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2. In addition to travelling, what are some other major household expenses?

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3. 'Only high-income families need to create a financial plan.' Do you agree? Explain.

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**Summary**

- ◆ Financial planning help people achieve short-term, medium-term and long-term financial goals.
- ◆ Saving plans and budgeting are essential elements for financial planning.
- ◆ Develop a habit of saving from young age to prevent living from paycheck to paycheck after started working.
- ◆ We should allocate a certain amount of money for saving after receiving pocket money to avoid excessive consumption.

## Extension activity

Interview your family members to learn about their short-term/medium-term goals and create a family budget to see if your family's financial plan is feasible.

### Three steps to goal setting

#### Set the short-term/mid-term goals of the family (to be achieved within one year)

Goal: \_\_\_\_\_

When to achieve: \_\_\_\_\_

Estimated amount: \_\_\_\_\_

Amount of savings  
needed per month: \_\_\_\_\_

#### Planning a family budget

Family budget (Monthly)		
	Amount (\$)	Total (\$)
Total income	_____	_____
Savings	_____	_____
Necessary expenses	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
Non-necessary expenses	_____	_____
_____	_____	_____
_____	_____	_____
Others	_____	_____
Total expenses	_____	_____

#### Review whether the goal is feasible

If not, are there any other ways to achieve it? Any adjustments to be made?