

Financial Literacy

EIGHTH EDITION

Hello again and welcome back to our newsletter!

This is the period in our semester when our deadlines are piling up and mid-terms creeping into our schedule. In the midst of all the studying, MASCA wants to remind you once again that you are not alone! MASCA is run by students, each with their respective academic responsibilities, that means we can relate with our fellow readers very well!

Thank you for taking the time to read our newsletter, in this edition, we shall discuss an important although often ignored facet of student life - financial literacy. What is financial literacy and how is it relevant to us as students?

WHAT IS FINANCIAL LITERACY?

Financial literacy is the **ability to understand and effectively use various financial skills**, this includes personal financial management, budgeting and investing. It is a crucial skill that most schools and universities often overlook. Financial literacy encompasses every aspect of a person's life, it includes the small decisions such as how much we should spend on our next meal, to the big and crucial decisions such as applying for student loans.

One who is financially literate can transform their lives positively. Prudent financial management opens doors to many possible opportunities to advance in one's career, relationship, goals and other aspects of life. In contrast, one who is financially illiterate has to constantly worry about their living expenses and accumulation of debt, they will not have the opportunity to meet their desires or undertake ambitious plans due to financial instability.

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FINANCIAL LITERACY CHECKLIST

MAXIMIZE EARNINGS BY BUDGETING

If one earns an income, it is important to plan and allocate the right proportion of money for paying various expenses. There are some mandatory expenses that cannot be avoided, expenses such as rent, tuition and food must be prioritised as one cannot live without them. There are also financial payments that one must account for, such as debt, interest and loans, these figures may compound over time, hence, it must be given attention. Finally, there are optional expenses where it is advisable to not unnecessarily spend on non-essential items. The general rule to follow is to not let expenses exceed income and prioritise needs over wants.



DEVisING A FINANCIAL PLAN

As the saying goes, by failing to prepare, you are preparing to fail. Many objectives in life are achieved through meticulous planning. Our finances also fall into this category. There will be times of uncertainty where more money is demanded from us, whether it is for unfortunate events or favourable opportunities. Financial planning also entails taking calculated risks and accepting investment opportunities when they present themselves. By planning, we can anticipate and account for uncertainties in our endeavours, and respond to them confidently.

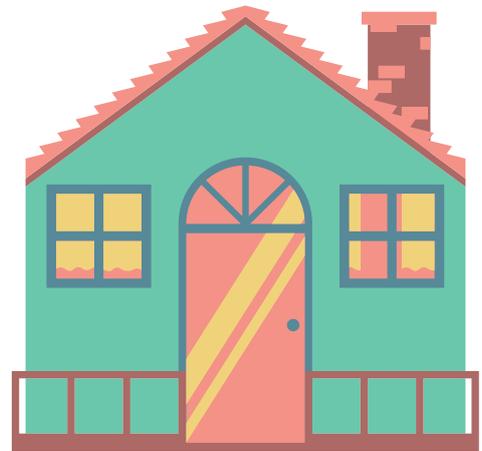


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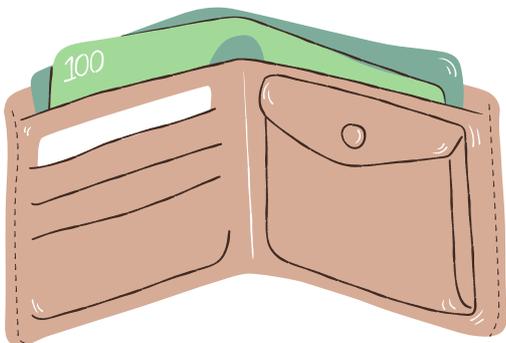
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SAVE TO BUILD ASSETS

Saving is a good habit that must be cultivated from a young age. Regardless of whether we earn an income, we must be allocating a small portion of the money we have to our savings. For income earners, creating a savings account, preferably one that earns compound interest is definitely recommended. We must not use the money that is in these accounts unless absolutely necessary as the compound interest grows our savings exponentially. This makes us increasingly financially secure and independent. Assets are the things that have value and a large amount of time and money is usually spent acquiring them, examples of these are a house and an education, these are the things that will provide returns in the form of cash, career development and stability in the long run. Hence, it is reasonable to work hard to attain them.



LIMIT EXPENSES AND LIABILITIES



At times, we might come across financial liabilities in the ventures that we undertake. The goal is to limit them whenever we can with organised planning as discussed earlier. It is not recommended to spend without thinking, especially when using credit as payment. These credit expenses incur interest rates that compound over time and will spiral out of control in the long run. In short, we should live within our means.

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These are just some of the discussions about financial literacy, there is certainly many more to be covered. This newsletter aims to familiarize readers on the basic concepts of financial literacy so that we can all make better decisions in the present and future.

Finally, MASCA wants to wish students all the best in their studies!

See you around!



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