Personal finance: making ends meet

VOCABULARY PRACTICE
INTERMEDIATE | B1-B2

Name: _____ Date: _____

1 Tick the correct category for each personal finance word.

Word | Problem | Solution | Habit | Concept

1 living paycheck to paycheck [ ] [ ] [ ] [ ]

2 emergency fund [ ] [ ] [ ] [ ]

3 frugal [ ] [ ] [ ] [ ]

4 disposable income [ ] [ ] [ ] [ ]

5 financial literacy [ ] [ ] [ ] [ ]

6 cost of living [ ] [ ] [ ] [ ]

7 cut back [ ] [ ] [ ] [ ]

8 overspend [ ] [ ] [ ] [ ]

2 Correct the mistake in each sentence.

1 They live paycheck of to paycheck. _____

2 She built emergency of fund. _____

3 He is very frugal about of spending. _____

4 Her disposable of income is low. _____

5 Financial literacy help people budget. _____

6 The cost of living rise every year. _____

7 They cut back of on eating out. _____

8 He tends to overspend of on clothes. _____

3 Choose the more suitable description.

1 For spending most of your income as soon as you receive it: living paycheck to paycheck / saving generously.

2 For money set aside for unexpected costs: emergency fund / disposable income.

3 For being careful and economical with money: frugal / extravagant.

4 For income left after essential expenses: disposable income / total income.

5 For understanding and managing money well: financial literacy / financial confusion.

6 For the amount needed to cover ordinary expenses in an area: cost of living / one-off expense.

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4 Complete the profiles with words from the box.

cost of living | cut back | disposable income | emergency fund | financial literacy | frugal | living paycheck to paycheck | overspend

Profile A: She is naturally 1 _____, always looking for ways to 2 _____ on unnecessary spending.
Profile B: He often finds himself 3 _____, unable to save because his 4 _____ is too low.
Profile C: They built a small 5 _____ to cover unexpected costs and no longer 6 _____ on impulse purchases.
Profile D: Rising 7 _____ made it harder for families to manage, prompting many to seek courses on 8 _____.

5 Read the text and answer the questions briefly.

Why financial literacy matters

Researchers studying household finance consistently find that financial literacy strongly predicts whether people successfully build savings, avoid unnecessary debt and cope with unexpected expenses. Many people living paycheck to paycheck are not necessarily earning too little; they often lack basic budgeting skills or an emergency fund to absorb sudden costs, forcing them to rely on high-interest borrowing when problems arise. Schools in some countries have begun teaching financial literacy directly, hoping that early education in budgeting and saving will reduce the financial stress many adults experience later in life.

1 What does financial literacy strongly predict, according to researchers? _____
2 What does the text suggest about people living paycheck to paycheck? _____
3 What do they often lack? _____
4 What does this force them to rely on? _____
5 What have schools in some countries begun teaching? _____
6 What do they hope early education will reduce? _____

6 Rewrite each phrase using the word in capitals.

1 She spends most of her income as soon as she gets it. LIVING PAYCHECK TO PAYCHECK _____
2 They saved money for unexpected costs. EMERGENCY FUND _____
3 He is careful and economical with money. FRUGAL _____
4 The amount needed to cover ordinary expenses rose. COST OF LIVING _____

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OVER TO YOU

Write a 100-120 word account of practical steps someone could take to build financial security on a limited income. Include specific strategies.

[ ] Use at least ten target expressions. [ ] Include polite, precise wording. [ ] Organise the account clearly.

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ANSWER KEY

1 Categories

1 Problem 2 Solution 3 Habit 4 Concept 5 Concept 6 Concept 7 Solution 8 Problem

2 Corrections

1 live paycheck to paycheck 2 built an emergency fund 3 frugal about spending
4 disposable income 5 helps people budget 6 rises every year
7 cut back on eating out 8 tends to overspend on clothes

3 Suitable descriptions

1 living paycheck to paycheck 2 emergency fund 3 frugal 4 disposable income 5 financial literacy 6 cost of living

4 Profiles

1 frugal 2 cut back 3 living paycheck to paycheck 4 disposable income 5 emergency fund
6 overspend 7 cost of living 8 financial literacy

5 Reading - suggested answers

1 Whether people successfully build savings, avoid unnecessary debt and cope with unexpected expenses.
2 That they are not necessarily earning too little.
3 Basic budgeting skills or an emergency fund.
4 High-interest borrowing.
5 Financial literacy.
6 The financial stress many adults experience later in life.

6 Rewriting - possible answers

1 She lives paycheck to paycheck. 2 They built an emergency fund.
3 He is frugal. 4 The cost of living rose.

Over to you

Answers will vary. Check range, respectful register and clear organisation.