

HOUSEHOLD INCOME



Anticipation exercise

Before you read Chapter 2, read each statement below and indicate on the left if you agree, disagree or are unsure. When you have completed the chapter, re-read the statements and fill in the columns on the right. Did your answers change?

Before studying the chapter			Household Income		After studying the chapter	
Agree	Disagree	Unsure	Statement		Agree	Disagree
			1	All households have a regular source of income.		
			2	Wages, pensions, Jobseeker's Benefit and overtime are all examples of regular income for households.		
			3	All households in Ireland receive part of their income from the government.		
			4	A lottery win and commission are examples of irregular income for households.		
			5	There is no difference between earning a wage and earning a salary.		
			6	Overtime payments are a reward for doing extra work.		
			7	Wages are always calculated on the number of hours a person worked.		
			8	All money deducted from employees' wages goes directly to the government.		

Key questions

1. Define the term 'income' and list five major sources of household income.

2. Explain the difference between regular and irregular income. Provide three examples of each.

Examples: Regular income	Examples: Irregular income

3. Describe what is meant by 'dividends' and explain who would receive this type of income.

4. Explain the term 'benefit in kind' and use two examples to illustrate your answer.

Example 1: _____

Example 2: _____

5. Draw a line to match the employee with the type of benefit in kind they might receive.

A	Cabin crew
B	Shop assistant in Topshop
C	Bank staff
D	Sales rep

1	Company car
2	Discount on clothes
3	Free flights
4	Low-interest loans

6. Explain the difference between a wage and a salary.

7. In each of the following cases, calculate the employee's gross pay. Name the payment method used to calculate the wages in each case.

- (a) Leanne earns €18 per hour and works a 38-hour week.
- (b) Seán is a student who is employed to pick fruit. He is paid €2.25 per kilogram. Last week he picked 82 kilograms of fruit.
- (c) Muireann works in a garage and she sold a car for €110,000. She receives 2% of the value of all car sales she makes.
- (d) Aidan is a sales assistant in a jeweller's shop. He receives 3% of the value of all sales on top of his weekly wage of €420. Last week he sold jewellery worth €10,000.

	Payment method	Answer	Workings
(a)			
(b)			
(c)			
(d)			

8. (a) Explain what is meant by 'overtime payments'.



Questions 16 and 17 require you to create a graph or bar chart. You can do this in your copy or using a spreadsheet.

16. Use the following information to complete an income plan for the Ó Dálaigh household for January to April. Draw a graph to show the total income for the first four months of the year.
- › Fergal Ó Dálaigh expects to earn a net salary of €1,800 per month.
 - › Róisín Ní Dhálaigh expects to earn a net salary of €2,100 per month.
 - › The household expects to receive €280 per month in Child Benefit.
 - › The Ó Dálaighs expect to receive €220 interest on savings in March.

Ó DÁLAIGH HOUSEHOLD INCOME PLAN					
	JANUARY	FEBRUARY	MARCH	APRIL	TOTAL
	€	€	€	€	€
F. Ó Dálaigh salary					
R. Ní Dhálaigh salary					
Child Benefit					
Interest on savings					
TOTAL INCOME					

17. Roy Mitchell is a Sixth Year student who is planning to go to college to study primary teaching next year. For the months of October to December he expects to earn the following:
- › €500 per month from his part-time job
 - › €40 a month from coaching rugby to under-10s in his local club
 - › €100 from his parents for his birthday in November.
- (a) Complete the table below to show Roy's income for the three months.
- (b) Draw a bar chart or line graph to show Roy's total income for each month.

	OCTOBER	NOVEMBER	DECEMBER	TOTAL
	€	€	€	€
Planned income				
Wages				
Rugby coaching				
Birthday				
TOTAL INCOME				

HOUSEHOLD EXPENDITURE



Anticipation exercise

Before you read Chapter 3, read each statement below and indicate on the left if you agree, disagree or are unsure. When you have completed the chapter, re-read the statements and fill in the columns on the right. Did your answers change?

Before studying the chapter			Household Expenditure		After studying the chapter	
Agree	Disagree	Unsure	Statement		Agree	Disagree
			1	We are always free to choose how we spend all our income.		
			2	There are four categories of expenditure.		
			3	Groceries are an example of fixed expenditure.		
			4	Buying a new TV is an example of current expenditure.		
			5	Capital expenditure refers to day-to-day spending on goods and services.		
			6	It is always a good idea to spend money on things that make us happy.		
			7	Impulse buying means buying something without planning.		
			8	Some types of spending are more important than others.		
			9	It is only important to plan spending at certain times of the year, e.g. Christmas.		
			10	Borrowing is the only way to deal with overspending.		

Key questions

1. Distinguish between fixed, irregular and discretionary expenditure.



2. This is Katie's spending diary for last week. Read it carefully and then answer the questions that follow.

Monday	Bought groceries for €30 and a weekly school bus ticket for €25. Paid deposit for my daughter's school tour €150.
Tuesday	Bought concert ticket for €55 and more groceries for €12.75. Had to pay €90 for doctor's fees and medicine.
Wednesday	Paid electricity bill €130 and a taxi fare of €8.
Thursday	Paid €15 for dry cleaning and another €35.50 on grocery shopping. Unexpectedly bumped into an old friend on way home from shopping and we decided to go for coffee and cake, which cost me €9.50. It was a nice treat and we enjoyed the catch-up.
Friday	Bought a new tumble dryer, which cost €445. It is a replacement for the cheaper dryer that we bought 14 months ago. The old dryer was of very poor quality and is now out of warranty and beyond repair.
Saturday	Paid €25 for monthly Irish dancing fees and bought cinema tickets for €27. Grocery shopping cost €110.52
Sunday	Gave €15 pocket money to children. Paid €20 entry fee for upcoming 10k race.

- (a) Identify each of the following items from Katie's spending diary.

One example of fixed expenditure	
One example of irregular expenditure	
One example of discretionary expenditure	
One item of capital expenditure	
One occasion when Katie may have been guilty of a false economy	
Three examples of current expenditure	
The total cost of groceries for the week	
One example of an impulse buy	

- (b) What do you think Katie meant when she said the old dryer was 'out of warranty'?

3. Tick (✓) to show whether each of the following is an example of capital or current expenditure.

	Capital	Current
New washing machine		
Detergent		
Printing paper		
Ink		
Printer		
Laptop		
Car		
Petrol		
NCT fee		

4. Look at the spending plan for the McGinty family and answer the questions that follow.

	January	February	March	Total
Fixed expenditure	€	€	€	€
Mortgage	900	900	900	2,700
House insurance		420		420
Motor tax	190			190
Motor insurance	555			555
<i>Subtotal</i>				3,865
Irregular expenditure				
Groceries	600	575	620	1,795
Light and heat	180		210	390
Telephone	50	110	50	210
Car running costs	105	105	140	350
<i>Subtotal</i>				2,745
Discretionary expenditure				
Entertainment	150	150	150	450
Presents	60		145	205
Holidays			1,100	1,100
<i>Subtotal</i>				1,755
Total expenditure				8,365

- (a) Calculate the monthly subtotals for fixed, irregular and discretionary expenditure. Enter your answers in the cells above.
- (b) Calculate the monthly total expenditure.
- (c) Explain two ways in which the McGinty family could reduce their fixed expenditure in January.