

LC HOME ECONOMICS ~ Revision Questions

MANAGEMENT OF HOUSEHOLD FINANCES:

A) INCOME:

1. State how the family functions as a financial unit within the economy
2. Give an account of the social factors that affect household income
3. Differentiate between **gross** and **net** income
4. What is a **tax credit**? What circumstances may lead to an increase in a persons tax credits?
5. Give a brief explain of the following sources of household income:
i)wages ii)salaries iii)pension iv)social welfare allowance v)social welfare benefit
6. Discuss **three** types of pension schemes currently operational in Ireland
7. Differentiate between **PAYE** and **PRSI**
8. Explain the difference between a **compulsory** and a **voluntary** deduction taken from a persons wage and give **two** examples of each
9. Write an informative account of *Family Income Supplement*
10. Write an informative account of *Supplementary Welfare Allowance*
11. List **four** other sources of income or benefits (not mentioned in previous questions) a person might receive from the **government**

B) BUDGETING:

1. What is a budget? Identify **four** requirements in drawing up a household budget
2. List the factors that should be considered when planning household budgets
3. Differentiate between **essential** and **discretionary** expenditure and give some examples
4. What are the advantages of budgeting?
5. Plan a monthly budget for a married couple with a combined net weekly income of €850 and child benefit of €150 per month. They currently pay mortgage of €700 per month and they commute to work using a family car. (show your %)
6. Why should household budgets be reviewed regularly?

C) CREDIT:

1. List **six** points to consider before entering a credit agreement
2. Outline the general advantages and disadvantages of buying goods on credit
3. Using a table format compare the following methods of credit under the headings:
Method of credit/advantages/disadvantages
Methods: 1) Overdraft 2) Term loan 3) Hire Purchase 4) Credit Card 5) Store card
6) Budget account
4. Explain how a laser/debit card works? List two advantages and two disadvantages
5. Explain the purpose of the **Consumer Credit Act (1995)** and give an account of four key areas controlled by this act
6. Which government department implements the **Consumer Credit Act (1995)**?
7. Outline the protection provided to the consumer by the **Hire Purchase Act 1960**
8. List six pieces of information that must be displayed in a hire-purchase agreement

D) SAVING:

1. What are the advantages of saving regularly?
2. Outline the factors to consider when choosing a saving scheme
3. Evaluate the role of the credit union as a financial institution
4. Recommend a saving scheme for the following situations under the headings:
Name of scheme/Details/Reasons for choice
Sit A) A secondary school student saving to attend 3rd level college
Sit B) A young couple renting a house and saving to buy their own house
Sit C) A middle aged couple saving for retirement
5. What is DIRT? What is the purpose of paying DIRT?

E) HOUSING FINANCE:

1. Outline the **factors** to consider when choosing a mortgage
2. Identify the **conditions** that have to be satisfied in order to obtain a mortgage
3. Give an account of the costs associated with buying a house
4. Name **four** types of mortgage currently available and explain **two** in detail
5. State **one** advantage and **one** disadvantage of a) a **fixed** mortgage interest rate and b) a **variable** mortgage interest rate
6. Explain the term **mortgage protection** and state why mortgage protection is necessary
7. Name **one** scheme which the government operates in order to help people purchasing their home and give details of this scheme

F) INSURANCE:

1. Write a detailed note on Pay Related Social Insurance (PRSI)
2. What **factors** should be considered when choosing an insurance policy?
3. What is **Life** assurance and why would a person take out Life assurance (benefits)
4. Name **three** common types of life assurance and give details of **one** scheme you have studied
5. What is **Health** insurance and why would a person take out Health insurance
6. Name **three** common types of Health insurance and give details of **one** scheme you have studied
7. Write an account of **property** insurance
8. What are the advantages of insuring property?
9. Name **two** other types of insurance currently available to the consumer
10. Explain the following terms: i) Broker ii) Premium iii) assessor iv) actuary