JC Business Hub

Strand 1: Personal Finance | Model Solutions & Top Tips

SECTION A - Model Solutions (90 marks)

Question 1 - Bar Chart: Surplus or Deficit (6 marks)

(i) Calculate the difference. State if it is a surplus or deficit.

Workings:	
Read the bar chart: Income = €4,800 / Expenditure = €5,300	
€4,800 – €5,300 = (€500)	
This is a deficit of €500.	
Answer:	Deficit of €500 [1m correct label + 1m correct figure = 2m]

Top Tip: Always state either surplus or deficit and the figure. Writing the figure alone earns only partial marks.

(ii) What advice would you give based on your answer?

This is a two-prong answer: name the action + explain the outcome.

Model Answer:	The Brennan family should reduce their discretionary expenditure, such as cutting non-essential spending on entertainment or eating out, so that expenditure falls in line with income and the deficit is eliminated.	4m

Question 2 - Regular vs Irregular Income (6 marks)

Source of Income	Regular	Irregular
Salary	✓	
Overtime		✓
Child Benefit	✓	
Commission		✓
Pension	✓	
Rental Income	✓	

Top Tip: Regular income arrives at fixed, predictable intervals (weekly, monthly). Irregular income varies in amount or timing.

Question 3 - Gross Pay Calculation: Rían Walsh-O'Brien (6 marks)

Workings:	
Basic pay: 40 hours × €18 = €720	
Overtime rate (time and a half): €18 × 1.5 = €27 per hour	
Overtime pay: 6 hours × €27 = €162	
Gross Pay: €720 + €162 = €882	
Gross Pay:	€882

Question 4 - Pie Chart: Types of Expenditure (6 marks)

(i) Which type had the highest percentage?

Answer:	Fixed expenditure

(ii) Give one example of each type.

Type of Expenditure	One Example
Fixed expenditure	Mortgage repayment / rent / car loan repayment
Irregular expenditure	Electricity bill / heating / car service
Discretionary expenditure	Cinema / restaurant meal / new clothing

Top Tip: Fixed expenditure stays the same amount every period. Irregular expenditure varies in amount and timing but is still necessary spending. Discretionary expenditure is optional.

Question 5 - Financial Cost and Opportunity Cost: Lara (6 marks)

	Answer
Financial Cost:	€120 (the price of the runners) [3m]
Opportunity Cost:	The music festival (the next best alternative that was given up) [3m]

Question 6 - Sources of Finance (6 marks)

Purchase	Source of Finance
House	Mortgage / long-term loan
New car	Hire purchase / medium-term loan / PCP
Weekly grocery shopping	Credit card / bank overdraft / current account

Top Tip: Never write just 'loan' as an answer. State the type: long-term loan (house/property), medium-term loan (car/holiday), or short-term finance (groceries/bills).

Question 7 - Bank Statement: Kowalski Family (6 marks)

Complete the three shaded rows:

Date 2025	Details	Money In €	Money Out €	Balance €	Dr/Cr
1 Jun	Balance b/d			620.00	Cr
4 Jun	Wages	3,100.00		3,720.00	Cr
7 Jun	Rent DD		1,200.00		
11 Jun	Groceries		280.00	2,240.00	Cr
14 Jun	Child Benefit	(i) €140		2,380.00	Cr
20 Jun	Car Insurance SO		110.00	(ii) €2,270	Cr
25 Jun	ESB		95.00	(iii) €2,175	Cr
30 Jun	Balance C/D			2,175.00	Cr

(Ii) 3 @ 1m each

(ii) Is this account in overdraft at the end of June?

Answer:	No ✓ (1m)

(iii) Give a reason for your answer.

Model Answer:	The account has a positive closing balance of €2,175.00 / is shown as a credit (Cr), which means there is a positive balance.	2m

Question 8 - Needs vs Wants (6 marks)

Item	Need	Want
Mortgage repayments	✓	
New fitted kitchen		✓
Streaming subscription		✓

Electricity and heating	✓	
Designer clothing		✓

Question 9 - Monetary Reward vs Benefit in Kind (6 marks)

Item	Monetary Reward	Benefit in Kind
Annual salary	✓	
Company car		✓
Annual bonus	✓	
Subsidised canteen meals		✓
Health insurance paid by employer		✓

Top Tip: A monetary reward is paid in cash. A benefit in kind is a non-cash reward given by an employer.

Question 10 - Insurance Premium Calculation: Okafor Family (6 marks)

(i) Annual premium before no claims bonus:

Workings:	
Property value = €240,000	
Rate = €2.50 per €1,000	
€240,000 ÷ €1,000 = 240 units	
240 × €2.50 = €600	
Annual Premium:	€600 [3m]

(ii) Saving with no claims bonus:

Workings:	
12% of €600 = €600 × 0.12 = €72	
Saving:	€72 [3m]

Top Tip: A no claims bonus is a discount applied because no claim was made in the previous year/s. It is subtracted from the premium, not added.

Question 11 - Sources of Income: Match to Life Cycle Stage (6 marks)

A	B	C	D	E
1	5	2	3	4

Question 12 - Consumer Rights: Layla (6 marks)

(i) Name the law that protects Layla.

Answer:	The Consumer Rights Act 2022 [3m]

Top Tip: The Consumer Rights Act 2022 replaced the Sale of Goods and Supply of Services Act 1980. You must name the correct act and the correct year for full marks.

(ii) Outline one right Layla has.

Model Answer (two-prong):	Right to a remedy - because the headphones arrived damaged, Layla can request a repair, replacement or refund from the retailer.	3m

Top Tip: An 'outline' answer requires two parts: name the right and explain it in the context of the question.

Question 13 - Consumer Agency Matching (6 marks)

Agency	Complaint
Financial Services and Pensions Ombudsman	A - Incorrect bank charges
Competition and Consumer Protection Commission (CCPC)	B - Laptop with incorrect specification
Commission for Regulation of Utilities (CRU)	C - Electricity provider billing error

Question 14 - DIRT Calculation: Aoife (6 marks)

(i) DIRT stands for:

D	I	R	T
Deposit	Interest	Retention	Tax

(ii) Calculate the DIRT Aoife will pay:

Workings:
Interest earned = €160

DIRT rate = 33%	
DIRT = €160 × 33% = €160 × 0.33 = €52.80	
DIRT payable:	€52.80 [3m]

Top Tip: DIRT is deducted from interest earned on savings, not from the savings themselves.

Question 15 - Online Shopping: Benefits and Risk (6 marks)

(i) State two benefits for consumers of shopping online.

Each benefit must be two-prong: what + why it is a benefit.

Benefit 1:	Convenience - consumers can shop at any time and from any location, saving time and travel costs.	2m

Benefit 2:	Price comparison - consumers can compare prices across multiple websites to find the best value.	2m

(ii) Outline one risk for a consumer when shopping online.

Model Answer:	Security risk - a consumer may purchase from a fraudulent website and have their banking details stolen, resulting in financial loss.	2m

SECTION B - Model Solutions (180 marks)

Question 16 - Murphy Family (60 marks)

(a)(i) Niamh Murphy's Payslip (12 marks)

Workings:
Basic pay: 35 hours × €22 = €770
Overtime hours: 40 – 35 = 5 hours
Overtime pay: 5 × €33 = €165
Gross Pay: €770 + €165 = €935
PAYE: €935 × 20% = €187 – €48 tax credit = €139
PRSI: €935 × 4% = €37.40
USC: €935 × 2% = €18.70
Total Deductions: €139 + €37.40 + €18.70 = €195.10
Net Pay: €935 – €195.10 = €739.90

Earnings		Deductions	
Basic	€770	PAYE	€139.00
Overtime	€165	PRSI	€37.40
		USC	€18.70
Gross Pay	€935	Total Deductions	€195.10
		Net Pay	€739.90

(a)(ii) Recommend two Financial Institutions for Niamh (8 marks)

Name (2m) + Reason (2m) for each institution. Must be two different types - naming AIB and Bank of Ireland counts as one type (both are commercial banks).

Institution 1:	Credit Union - Niamh can save regularly and build up a savings record, which makes it easier to apply for a loan in the future.	4m
Institution 2:	Post Office (An Post) - Interest earned through State Savings in An Post is exempt from DIRT so she will keep more interest earned.	4m

Top Tip: You must give a different reason for each institution. It should be specific to banking and not be a generic statement like "offer a range of different things for consumers to use".

(b)(i) Two reasons why the Murphy family should prepare a budget (6 marks)

Each reason must be two-prong: the action + the benefit to the household.

Reason 1:	To plan future spending: they can make sure they do not plan to spend more than they earn and run out of money to cover costs.	3m

Reason 2:	To identify a surplus or deficit: the family can spot months where they may run short and take action before it happens.	3m

(b)(ii) Complete the Murphy Family Budget (16 marks)

Murphy Family Budget	January €	February €	March €	April €	Total €
Planned Income (A)	4,800	4,800	5,100	4,800	19,500
Planned Expenditure (B)	3,650	4,200	3,950	5,100	16,900
Net Cash (A minus B)	1,150	600	1,150	(300)	2,600
Opening Cash	400	1,550	2,150	3,300	400
Closing Cash	1,550	2,150	3,300	3,000	3,000

Top Tip: Closing cash from one month always becomes opening cash for the next month. Net cash can be negative (a deficit),show it in brackets. The total column opening cash is always the same as January's opening cash.

(b)(iii) Net Cash in February (1 mark)

Net Cash in February:	€600 surplus

(b)(iv) New Net Cash for March if €320 loan added (2 marks)

Workings:

Original Net Cash in March = €1,150	
New Expenditure = €1,150 - €320 = €830	
New Net Cash for March:	€830 surplus

(b)(v) Do you recommend the Murphy family buy the EV? (3 marks)

Yes - Model Answer:	Even with the EUR320 loan repayment, net cash in March remains a surplus of EUR830. Total net cash over 4 months is EUR2,600 and total repayments over 4 months would be EUR1,280, so the family can cover it based on this budget.	3m

Top Tip: Always use figures from the budget in your recommendation. 'Yes, they can afford it' alone wouldn't earns many marks. Use the net cash figure and then make your recommendation.

(c)(i) Is the Murphy account in credit or overdrawn at the end of July? (3 marks)

Model Answer:	The Murphy family account is in credit at the end of July. The closing balance is €422.50 Cr, which means there is a positive balance in the account and it is not overdrawn.	3m

(c)(ii) One example of good financial practice (3 marks)

Good Practice:	On 15 July, the Murphy family transferred €200 to a savings account by standing order. They are setting aside money regularly before spending on non-essentials.	3m

Top Tip: Identify the specific transaction, name it as good or bad practice, and explain why.

(c)(iii) One example of bad financial practice (3 marks)

Bad Practice:	Overdraft interest charge on 5 July the account was charged €18.50 in overdraft interest. Using overdrafts regularly are costly.	3m

(c)(iv) Recommend one action to improve their financial position (3 marks)

Model Answer:	By arranging their mortgage repayment date for after pay day, the family could avoid overdraft charges.	3m

Question 17 - Singh Family (60 marks)

(a)(i) Total repayable under each option (4 marks)

Workings:
Option A: 12 × €1,080 = €12,960
Option B: 52 × €255 = €13,260

Option	Total Repayable
Option A	€12,960
Option B	€13,260

(a)(ii) Which option costs less and by how much? (2 marks)

Option that costs less:	Option A

Workings:	
Difference: €13,260 – €12,960 = €300	
Difference:	€300

(a)(iii) Which option do you recommend? (3 marks)

Model Answer:	I recommend Option A, the total cost of €12,960 is €300 less than Option B.	3m

(b)(i) Impact of higher interest rates (6 marks)

Two-prong answers required: what changes + what the financial impact is for the Singh family.

Savings:	The family earn a greater return on savings, making saving more rewarding and increasing their savings income.	3m
Home renovation loan repayments:	The cost of borrowing increases, so monthly repayments on the renovation loan will be higher, reducing disposable income.	3m

(b)(ii) One reason why low interest rates encourage borrowing (2 marks)

Model Answer:	Lower interest rates mean lower repayments, making borrowing more affordable and attractive.	2m

(c)(i) Factors affecting the health insurance premium (6 marks)

Factor that could make the premium higher:

Factor:	Age - Gerard is 62 years old.	1m
As a person gets older, they are statistically more likely to need medical treatment and to make a claim. This increases the risk to the insurance company, so it charges a higher premium to cover that risk.		2m

Other: Family history of serious illness - the insurer considers this a higher risk of future claims, so charges a higher premium.

Factor that could make the premium lower:

Factor:	No claims history. Gerard has not made a claim in the past three years.	1m
A person who has not made a claim is considered a lower risk to the insurance company. Gerard may qualify for a no claims bonus, which is a discount applied to reduce the annual premium.		2m
Note: Non-smoker is also accepted as a lower factor if used here and not used for higher.		

Top Tip: The reason must explain the link between the factor and the premium, not just restate the factor. 'No claims means a lower premium' alone earns 1 mark. 'No claims means a lower risk of future claims, so the insurer charges less' earns 2 marks.

(c)(ii) Two actions to reduce the premium	6 marks

3 marks per action: 1m for naming the action + 2m for explaining how it reduces the premium.

1.	Shop around / use a price comparison website - comparing quotes from different providers allows Gerard to find the most competitive premium for the cover he needs.	3m

2.	Accept a higher policy excess - agreeing to pay more of any claim himself reduces the insurer's financial exposure, so the annual premium is lower.	3m
Note: Other accepted: downgrade level of cover; join a group scheme through an employer; pay annually rather than monthly.		

Top Tip: An action answer must say what Gerard does AND how it reduces the premium. 'Shop around' alone is 1 mark. 'Shop around because comparing quotes means he can find a cheaper policy' is 3 marks. The two-prong rule applies here.

(c)(iii) Match the principle of insurance	6 marks

Correct answers:

Utmost Good Faith	Indemnity	Insurable Interest

C	B	A

Why each match is correct:

A = Utmost Good Faith	All material facts must be disclosed when applying for insurance. Gerard must tell the insurer about any medical conditions, lifestyle choices or relevant history - whether asked or not. Failure to do so could make the policy void.
B = Indemnity	A person cannot profit from insurance. If Gerard claims for a medical procedure that cost €2,000, he receives €2,000 - not more. The aim is to restore him to the same financial position as before the loss, not to leave him better off.
C = Insurable Interest	A person must have a financial interest in what is being insured. Gerard has an insurable interest in his own health because he would suffer financially if he had to pay for private medical treatment without cover.

(d)(i) Complete the Singh Family Budget (15 marks)

Singh Family Budget	January €	February €	March €	April €	May €	Total €
Planned Income (A)	4,200	4,200	4,600	4,200	4,200	21,400
Planned Expenditure (B)	4,500	3,800	3,600	4,900	3,400	20,200
Net Cash (A minus B)	(300)	400	1,000	(700)	800	1,200
Opening Cash	500	200	600	1,600	900	500
Closing Cash	200	600	1,600	900	1,700	1,700

(d)(ii) Month with highest closing cash (1 mark)

Month:	May (closing cash = €1,700)

(d)(iii) Identify one month with a planned deficit and give one reason (3 marks)

Model Answer:	January is a month with a planned deficit. The net cash in January is (€300), which means planned expenditure of €4,500 exceeds planned income of €4,200. A deficit may occur in January because there are higher costs after Christmas, such as increased electricity or heating bills.	3m
Note: April is also acceptable - net cash of (€700).		

(d)(iv) Is it realistic to save €200 per month every month? (3 marks)

No - Model Answer:	No, it is not realistic for the Singh family to save €500 every month. In January the closing cash is only €200, and in April it falls to €900. If €500 was saved in January, the closing cash would be below zero. OR Net cash for the period is €1,200, and savings for 5 months at €500 would be €2,500 so they would be living beyond their means if they were to save (net cash would become €1,300).	3m

Top Tip: Always use figures from the budget to justify your answer.

(d)(v) One advantage and one disadvantage of saving €500 per month (6 marks)

Three marks each - two-prong answers required.

Advantage:	Saving €500 per month builds up an emergency fund over time. If an unexpected expense arises, such as a car repair or home maintenance, the Singh family will have money available and will not need to take out a loan and pay interest.	3m

Disadvantage:	Saving €500 per month reduces the amount of disposable income the Singh family has available each month. In months where the closing cash is already low, such as January, committing to a fixed saving amount could leave the family with very little money for day-to-day spending.	3m

Question 18 - O'Brien-Lewandowski Family (60 marks)

(a)(i) Financial Needs at Different Life Cycle Stages (12 marks)

Stage	One Financial Need	Why it is a need at this stage
Dependent (0-18)	Education / school costs	Person relies on family for support; education is compulsory and the individual has no income of their own.
Development (30-44)	Mortgage / housing	Major financial commitment taken on at this stage; property is too expensive to pay for from income alone.
Retirement (65+)	Pension income / healthcare	No longer earning a salary; pension replaces employment income and covers daily living costs.

(a)(ii) Classify each source of income (6 marks)

Source of Income	Regular / Irregular
Monthly salary as a nurse	Regular
Annual performance bonus from software company	Irregular
Child Benefit for Kayla	Regular

(b)(i) Law protecting Kayla and its relevance (3 marks)

Model Answer:	The Consumer Rights Act 2022	3m

(b)(ii) What right does Kayla have as a consumer in this situation?

Right	She has 14 day cooling off period for a distance purchase – she did not buy the hoodie in person so can return it for a full refund if unworn, within 14 days.	6m

(b)(iii) One responsibility Kayla has as a consumer when purchasing online (3 marks)

Model Answer:	Check that the website is secure before entering payment details - look for the padlock icon and 'https' in the address bar.	3m

(b)(iv) One consumer agency and one of its functions (3 marks)

Model Answer:	Agency: Competition and Consumer Protection Commission (CCPC). Function: The CCPC enforces consumer protection legislation and provides information and advice to consumers about their rights when purchasing goods and services.	3m

(c)(i) Two ethical responsibilities as consumers (6 marks)

Two-prong: name the responsibility + explain how it applies.

Responsibility 1:	Buy fair trade products - ensures workers were paid a fair wage and worked in safe conditions, reducing support for exploitative labour practices.	3m
Responsibility 2:	Consider environmental impact - choose products with less packaging or avoid single-use plastics to reduce waste and pollution.	3m

(c)(ii) One benefit and one drawback of the growth of online shopping (6 marks)

Three marks each - two-prong answers required.

Benefit:	Greater choice - consumers can access a wider range of products from anywhere, making it easier to find what they want at a competitive price.	3m
Drawback:	Security risk - personal and financial information can be stolen from insecure or fraudulent websites, leading to financial loss.	3m

(c)(iii) Two ethical or sustainability concerns about fast fashion (6 marks)

Concern 1:	Worker exploitation - garments are often produced where labour laws are weak and workers may be paid very low wages in unsafe conditions.	3m
Concern 2:	Environmental damage - fast fashion generates large amounts of textile waste and uses significant water and chemicals in production, causing pollution.	3m

(c)(iv) One advantage and one disadvantage for Kayla of purchasing fast fashion (6 marks)

Advantage:	Items are inexpensive, allowing Kayla to keep up with trends on a limited budget.	3m
Disadvantage:	Poor quality - items may fall apart quickly, meaning more money is spent replacing them over time.	3m

(c)(v) Recommend one action Kayla could take to become a more sustainable consumer (3 marks)

Model Answer:	Buy second-hand clothing from charity shops or resale platforms - this reduces demand for new production, lowers environmental impact, and saves money.	3m