Learning Outcome 1.2

1.2 Identify and classify sources of income and expenditure, compare options available to best manage financial resources, evaluating the risks associated with each option and making informed and responsible judgements

Summary of Qs asked 2019-2026 on Learning Outcome 1.2

2022 Q1	Identify the type of expenditure with the highest percentage and give an example of fixed, irregular and discretionary expenditure	Classify household expenditure	6m
2023 Q1	Calculate savings from a pie chart percentage and list three typical sources of household income	Calculate from a chart; list income sources	6m
2024 Q1	Classify items as a monetary reward or a benefit-in-kind for employees	Monetary reward v benefit-in-kind	6m
2025 Q6	Classify sources of income as regular or irregular	Regular v irregular income	6m
2026 Q1	Identify largest expenditure, and area of irregular expenditure	Classify household expenditure	6m

Key skills required so far answering the JC Exam:

1. Classify household expenditure as fixed, irregular or discretionary
2. Calculate an amount from a pie chart percentage, showing your workings
3. List typical sources of household income
4. Classify income as regular or irregular
5. Distinguish a monetary reward from a benefit-in-kind

Page 10 Introduction + Class Activity - The Murphy family

Q1 Two expenses that are necessary for the Murphy family: groceries, the mortgage, the electricity bill, or childcare costs (any two).

Q2 One optional or non-essential expense: the €250 weekend away.

Q3 Three expenses they are likely to spend on every month: groceries, petrol, the mortgage, electricity, childcare (any three).

Q4 Why it is important to plan future income and expenditure: (any ideas around)

- So the household does not run out of income before essential bills (electricity, childcare) are due.
- Planning helps them cover essentials, avoid borrowing, and set aside savings.
- The Murphys ran out before paying electricity and childcare, which planning would have prevented.

Q5 One action they could take now: draw up a budget and cut discretionary spending (eg the weekend away) until essentials are covered, and set aside regular savings for bills.

Page 13 Exam Corner + Class Activity - Sources of income
Key ideas → Practises sorting income into regular and irregular and matching income types to the people who typically receive them, the two formats the exam uses.

- A) True or false, with a reason:
  - Salary, more hours = more income: False. A salary is a fixed yearly amount paid in equal instalments, so it does not change with the hours worked.
  - A bonus is regular: False. A bonus is a one-off payment for reaching a target, so it is irregular.
  - Wage, more hours = more income: True. A wage is paid per hour, so more hours worked means a higher wage.
  - A pension is regular: True. It is paid in fixed amounts at regular times, so it can be planned for.

- B) (i) Match the income to the person: 1 Student = C SUSI grant; 2 Employed Person = A Salary; 3 Unemployed Person = D Jobseeker's Allowance; 4 Retired Person = B State pension.
  - (ii) One more typical source each: Student - part-time wages or pocket money; Employed - wages, commission, bonus or overtime; Unemployed - Jobseekers

Allowance or Disability Allowance; Retired - a private pension or interest on savings.

- C) Regular or irregular: Commission - irregular; Pension - regular; Salary - regular; Overtime - irregular.

Activity Book → Q1-Q8

Page 15 Exam Corner + Class Activity - Types of household expenditure

Key ideas → Sorts real spending into fixed, irregular and discretionary using an infographic.

- 1. Two examples of each type from the graphic:
  - Fixed: Rent €1,200, accept Phone bill (a fixed all you can eat monthly contract).
  - Irregular: Groceries €500, Transport €228, New school uniform €50.
  - Discretionary: Holiday in Spain €2,000, Emerald Park €100, New designer clothing €250, Cinema trip €50.
- 2. One more example of each type not in the graphic:
  - Fixed: a mortgage repayment, an insurance premium, motor tax, or a TV licence.
  - Irregular: an electricity or gas bill, car servicing, or school tours.
  - Discretionary: a streaming subscription (eg Netflix), concert tickets, a restaurant meal, or gifts.

Activity Book → Q9-Q12

Page 17 Class Activity - Risks a household faces

Key ideas → Links the four household risks to one named family and practises the risk + problem + advice structure that earns the development marks.

- a) Three financial risks the Murphy household is facing:
  - overspending on day-to-day items (buying extras that end up in the bin)
  - purchasing false economies (the cheap football boots that had to be replaced)
  - having no savings for emergencies (they borrowed to repair the washing machine).
  - not having enough for essentials (worried about the electricity bill)
  - falling into debt (the loan must be repaid with interest).
- b) One problem each risk could cause:
  - Overspending - less income left for essentials and it is harder to track spending.
  - False economy - it costs more over time because the cheap item must be replaced.
  - No savings - they must borrow when something breaks, and the loan is repaid with interest, adding monthly repayments and stress…
- c) One piece of advice for each risk:

- Overspending - draw up a budget and stick to it.
- False economy - consider the quality and durability of an item, not just the cheapest option.
- No savings - set aside regular savings for emergencies.

Activity Book → Q13-Q15

Page 21 Class Activity - Interpreting income and expenditure graphs
Key ideas → Practises reading pie and bar charts and calculating a euro amount from a percentage, the format of Section A Question 1 most years.

Part A - Parrott family (Fixed 52%, Irregular 30%, Discretionary 18%)

- a) Lowest percentage: discretionary expenditure (18%).
- b) Two examples each: Fixed - mortgage/rent, insurance; Irregular - groceries, petrol; Discretionary - holidays, cinema or streaming.
- c) Irregular on €2,000: €2,000 x 30% = €600.

Part B - Kelleher family (Savings 26%, Expenditure 74%)

- a) Larger: expenditure (74%).
- b) Percentage saved: 26%.
- c) Saved on €2,500: €2,500 x 26% = €650.
- d) Reason to save more: to build an emergency fund for unexpected costs (eg car repairs), or to save for a future expense, so they do not have to borrow.

Part C - Discretionary expenditure per month (March €740, April €810, May €1,600, June €790)

- a) June: €790.
- b) Highest month: May (€1,600).
- c) March to April: spending increased by €70 (€740 to €810), so it is a negative trend for a household trying to save, though a small one.
- d) Reason May is higher: a one-off cost in May, eg a holiday or a family celebration. The household could spread such a cost over several months.

Exam Tip: include the word increase or decrease and reference the size of the difference between the two figures to earn full marks.

Activity Book → Q16-Q20