Types of Household Income

Q1 The Nolan household in Galway receives income from several different sources each month. Explain the term **income**.

Income is the money people and households receive that they can use to buy goods and services.

Q2 (a) Tick which person would typically receive each source of income.

Source of income	Student	Employed	Unemployed	Retired
A SUSI grant	✓			
A salary		✓		
Jobseeker's Allowance			✓	
A State pension				✓
Pocket money from parents	✓			

(b) Name one more typical source of income associated with each of the following people.

A student: Wages from part-time work, eg stacking shelves in a shop.
A retired person: A private pension they saved for during their working life.

Q3 (i) Explain the difference between regular income and irregular income.

Regular income: A fixed amount a person can expect to receive at regular times, so they can plan for it. A wage or salary is an example.
Irregular income: Income a person may or may not receive. It varies in amount and frequency, so it is less predictable to plan for. Commission or a bonus is an example.

(ii) Tick which sources of income are regular and which are irregular.

Source of Income	Regular	Irregular
Basic wages	✓	
Overtime pay		✓
Child Benefit	✓	
Interest received on savings		✓
Dividends from shares		✓
An inheritance		✓

Q4 Conor is paid €16.50 per hour in a supermarket. His sister Orla earns €38,000 a year as a lab technician, paid in equal monthly instalments. Identify which person earns a wage and which earns a salary, and explain the difference.

Wage: Conor. Salary: Orla.
Difference: A wage is paid per hour worked - the more hours Conor works, the more he earns. A salary is a fixed yearly amount paid in equal instalments, eg monthly, regardless of hours, like Orla's €38,000.

Q5 Marek sells solar panels for a business in Limerick. He earns a basic salary plus 5% of the value of each sale, and last month received a one-off payment for reaching his yearly sales target.

(i) Commission (circled)
(ii) Payment: A bonus. Circle: Irregular - it is a one-off payment he may or may not receive, depending on whether he reaches his target.

Q6 Lena works for a tech business in Dublin. As well as her salary, she receives free use of a company car. Explain how the free use of a company car is a benefit-in-kind for Lena.

A benefit-in-kind is a non-cash payment an employee receives from their employer. Lena does not receive extra income, but she benefits because she does not have to pay to buy or run a car herself.

Q7 Hannah won €500 in a local raffle. Circle whether this is a typical or a non-typical source of household income, and give a reason.

Circle: Non-Typical
Reason: A raffle win is a once-off piece of luck - it is not income a household would typically or regularly receive.

Q8 Tick whether each of the following is a monetary reward or a benefit-in-kind for employees.

Source of Income	Monetary Reward	Benefit-in-Kind
A salary	✓	
Free meals in the staff canteen		✓
An overtime payment	✓	
Free use of a company van		✓

Types of Household Expenditure

Q9 Fill in the blanks using the words from the box. Answers in BOLD.

Fixed expenditure happens at the same time every week or month. It is always for A FIXED AMOUNT. It DOES NOT VARY WITH USAGE. Example: MOTOR TAX.
Irregular expenditure happens at varied times and for AMOUNTS THAT CHANGE. It VARIES WITH USAGE. Example: PETROL.
Discretionary expenditure is OPTIONAL spending on non-essential items. Example: TAKEAWAY MEALS.

Q10 Tick whether each of the following is fixed, irregular or discretionary expenditure.

Item	Fixed	Irregular	Discretionary
Annual home insurance premium	✓		
Electricity bill		✓	
Cinema tickets			✓
Car loan repayment	✓		
School uniforms		✓	
A weekend away			✓
A TV licence	✓		
Car servicing		✓	
Restaurant meals			✓

Q11 Using the graphic, identify two examples of each type of expenditure for the Boyle family. (Graphic: Groceries €512 / Clothing €90 / Doctor's appointment €70 / Holiday €350 / Rent €1,600 / Car loan €400 / Emerald Park €120 / Electricity €184.21)

Fixed Expenditure	Irregular Expenditure	Discretionary Expenditure
Rent €1,600	Groceries €512 / Clothing €90	Holiday €350
Car loan €400	Doctor's appointment €70 / Electricity €184.21 (any two)	Emerald Park €120

Q12 The Boyle family want to reduce their monthly spending. Outline one way they could reduce each type of expenditure.

Fixed: Shop around for a cheaper loan or rent agreement, eg switching provider.
Irregular: Reduce usage - plan grocery shops to avoid waste, turn off lights to cut the electricity bill.
Discretionary: Cut back on non-essential spending, eg fewer days out or a cheaper holiday.

Risks Households Face When Managing Income and Expenditure

Q13 Dean adds sweets and magazines placed beside the checkout to his basket while queueing.

(i) Impulse buying is when a consumer buys something they had not planned to buy, like Dean adding the sweets and magazines at the till.
(ii) Make a shopping list before going to the shop and only buy what is on it.

Q14 Cara needs new football boots. Option 1: boots costing €30 that last one season. Option 2: boots costing €50 that last two seasons.

(i) Option 1: €60. Workings: €30 × 2 seasons = €60
Option 2: €50. Workings: €50 × 1 = €50 (lasts both seasons)
(ii) Option 1 appears cheaper at €30, but the boots must be replaced after one season, costing €60 over two seasons - €10 more than Option 2. Buying the cheaper boots results in higher costs over time, which is a false economy.

Q15 The Twomey household spend freely on small day-to-day items, have no savings, and had to borrow to repair their boiler - repaid with interest.

Financial Risk: Not having any savings for emergencies (or: overspending on day-to-day items / falling into debt).
Action to help: Create a budget and set aside regular savings so funds are available for unexpected costs.

Tracking Household Expenditure with Data

Q16 The pie chart shows the expenditure and savings of the Kavanagh family for the month of May.

(i) Expenditure is larger (76%).
(ii) 24%
(iii) €1,008. Workings: €4,200 × 0.24 = €1,008
(iv) To have funds available for unexpected emergencies, eg car repairs (or: saving for a future purchase such as a holiday).

Q17 The pie chart shows the monthly expenditure for Marta Kowalska.

(i) Rent (52%).
(ii) Groceries (or petrol) - the amount varies with usage.
(iii) Cinema trips - optional, non-essential spending.
(iv) €1,300. Workings: €2,500 × 0.52 = €1,300

Q18 The pie chart shows the household expenditure of the Dunne family for one month, from their banking app.

(i) Fixed expenditure (46%).
(ii) 22%
(iii) €2,300. Workings: €5,000 × 0.46 = €2,300
(iv) Grouping spending makes it easier to track where the income is going and to spot patterns, eg where they may be overspending.

Q19 The bar chart shows the discretionary expenditure of the O'Shea family per month from March to June.

(i) €700
(ii) April
(iii) Discretionary spending increased by €560, from €640 in March to €1,200 in April.
(iv) A one-off expense, eg a holiday or family event over the Easter break.

TOP TIP: Include the words 'increase' or 'decrease' in your answer and reference how much difference there is between the two figures you are comparing, to get full marks.

Q20 The Brogan family's banking app shows their savings and expenditure for this month. Last year, the Brogans saved 20% of their income each month.

(a) 70%
(b) €1,080. Workings: €3,600 × 0.30 = €1,080
(c) Positive (circled) - the Brogans now save 30% of their income compared to 20% last year, an increase of 10 percentage points, so more is set aside for emergencies and future spending.

Keyword Recap - Fill in the Blanks

Sentence	Answer
________ is the money people and households receive that they can use to buy goods and services.	INCOME
________ income is a fixed amount received at regular times that can be planned for.	REGULAR
________ income varies in amount and frequency and may not be received.	IRREGULAR
A ________ is paid per hour worked, while a salary is a fixed yearly amount.	WAGE
________ is a percentage of the value of sales earned by a salesperson.	COMMISSION
A non-cash payment from an employer, eg free use of a company car, is a ________-__-________.	BENEFIT-IN-KIND
________ expenditure is the same amount at the same time each month, regardless of usage.	FIXED
________ expenditure varies in amount and frequency depending on usage.	IRREGULAR
________ expenditure is optional spending on non-essential items.	DISCRETIONARY
________ buying is purchasing items you had not planned to buy.	IMPULSE
A false ________ is buying a cheaper item that costs more over time.	ECONOMY