Question 1 - 2022 Q7 — Marks: 6

When interest rates are high, it encourages saving and when interest rates are low, it encourages borrowing.

(i) What is interest?

(ii) Outline **one** reason why low interest rates encourage borrowing.

Question 2 - 2019 Q3 — Marks: 6

Suggest a suitable source of finance to make the following consumer purchases.

Purchases	Source of Finance
House	
Car	
Groceries	

Question 3 - 2022 Q18 (c)(i)(ii)(iii) Marks: 15

(c) Now that Kevin has a steady income, he has decided to start saving.

(i) List **three** reasons for saving.

1.
2.
3.

(ii) Interest earned from savings is subject to DIRT. What does DIRT stand for?

D______________	I____________	R_____________	T_______

(iii) Kevin plans to save €8,000 this year. He researches two different options of places to save and found the following information.

An Post

post

Savings rate 3%
No DIRT

Commercial bank

Savings rate 4%
DIRT 33%

Using the information above, calculate; the interest he will receive for each option **and** calculate the total value of Kevin's savings after one year.

An Post	Commercial Bank
Workings:	Workings:
Interest received: €	Interest received: €
Total savings: €	Total savings: €

Question 4 - 2023 Q15 Marks: 6

Mary would like to buy a smart TV. The TV she wants to purchase is priced at €1,000.
She has seen the following information on www.ccpc.ie.

Bank Loan
Personal Loan €1,000   **Repayments 12 months @ €87.24**

Mary has decided to get the loan from the bank.

Calculate the interest and the total cost of the TV for Mary using the information provided above.

How much will Mary pay for the television in total?	**€**
How much interest will Mary pay?	**€**

Workings:

Question 5 - 2024 Q9 **Marks: 6**

Katie Sexton has savings in a deposit account for her upcoming wedding. She has earned €200 interest on these savings which is liable for DIRT at a rate of 33%.

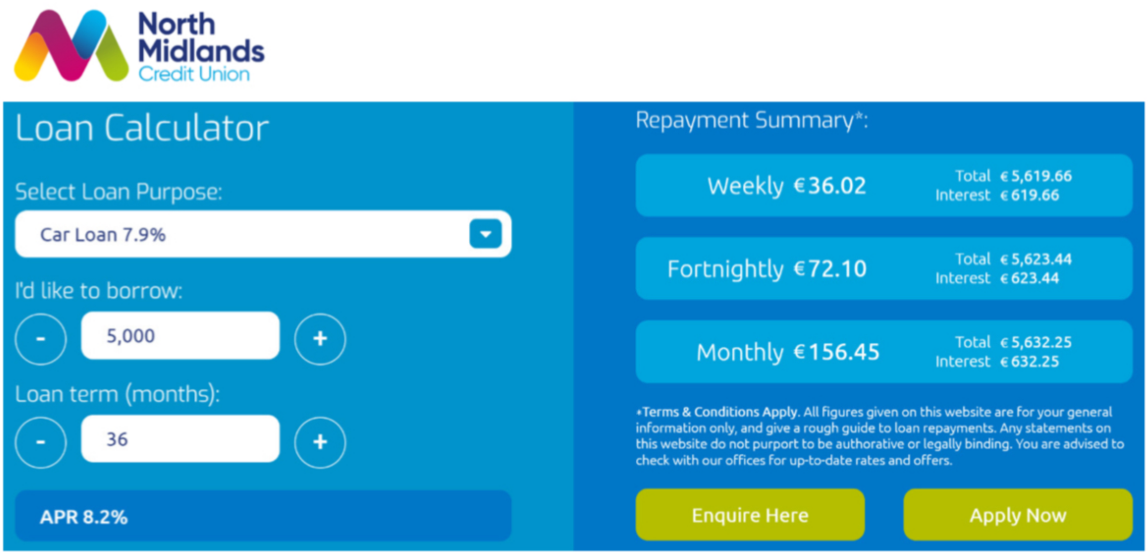
(i) DIRT stands for:

Deposit I___________________ R__________________ T______________

(ii) Calculate how much DIRT she will pay to the Government on her interest.
Show your answer in the space provided.

Answer	Workings
€	

(b) Mary is thinking of purchasing a car to make her commute to college easier. She is considering taking out a loan of €5,000 to purchase a car. She has completed some online research and found the following repayment options available at her local Credit Union.



(i) If Mary took out the loan in October and chose the **monthly** repayment option shown above, what would the total repayment be in one year?

Answer	Workings
€	

(ii) What effect would the monthly loan repayment have on her net cash figure in October?

Effect:

Question 7 - 2025 Q16 (a)(i) Marks: 8

Question 16

(a) David and Linda Evans live in Tralee, Co. Kerry with their three children. David Evans is a teacher, while Linda is a paramedic. They want to save for their children's future education.

(i) Recommend **two different types** of Financial Institution where David and Linda could save their money.
Give **a different** reason for each recommendation.

Financial Institution 1:
Reason:
Financial Institution 2:
Reason:

Question 8 - 2026 Q5 Marks: 6

Identify **three** factors a household should consider before borrowing money.

1.
2.
3.

Solution Question 1 - 2022 Q7

When interest rates are high, it encourages saving and when interest rates are low, it encourages borrowing.

(i) What is interest?

Saving: Interest is the reward given by a financial institution for saving money with them.
Borrowing: Interest is the [financial] cost (fee) of borrowing money.
Interest is generally expressed as a percentage, such as an annual percentage rate (APR).

(ii) Outline **one** reason why low interest rates encourage borrowing.

When interest rates are low it means the cost of borrowing is low. Individuals and businesses will be more likely to borrow money because they will not have to pay back as much money when interest rates are low i.e., lower repayments.

Solution Question 2 - 2019 Q3

Purchases	Source of Finance
House	Mortgage/Long term loan
Car	Hire Purchase/Medium term loan
Groceries	Credit card/Bank overdraft

Solution Question 3 - 2022 Q18 (c)(i)(ii)(iii)

(c) Now that Kevin has a steady income, he has decided to start saving.

(i) List **three** reasons for saving. **(3m)**

• For future planned expenditure or example.
• For emergencies/unplanned events or example.
• For major family events or example.
• For retirement.
• To improve your credit rating.
• To earn interest.

(ii) Interest earned from savings is subject to DIRT. What does DIRT stand for? **(4m)**

Deposit	Interest	Retention	Tax

(iii) Kevin plans to save €8,000 this year. He researches two different options of places to save and found the following information.

An Post

Savings rate 3%
No DIRT

Commercial Bank

Savings rate 4%
DIRT 33%

Using the information above, calculate; the interest he will receive for each option **and** calculate the total value of Kevin's savings after one year. **(8m)**

An Post	**Bank**
Workings: €8,000 x 3% x 1 year = €240 interest Total €8,000 + €240 = €8,240 **OF**	Workings: €8,000 x 4% x 1 year = €320 interest DIRT 33% x €320 = €105.60 **OF** Interest – DIRT = €320- €105.60 = €214.40 **OF** Total = €8,000 + €214.4 = €8,214.40 **OF**
Interest received: €240 Total savings: €8,240	Interest Received: €214.40 Total savings: €8,214.40

Solution Question 4 - 2023 Q15

Mary would like to buy a smart TV. The TV she wants to purchase is priced at €1,000. She has seen the following information on www.ccpc.ie.

Bank Loan
Personal Loan €1,000 **Repayments 12 months @ €87.24**

Mary has decided to get the loan from the bank.

Calculate the interest and the total cost of the TV for Mary using the information provided above.

How much will Mary pay for the television in total?	**€ 1,046.88 3m**
How much interest will Mary pay?	**€ 46.88 3m O.F.**

Workings: 12 x 87.24 = 1,046.88 and 1,046.88 – 1,000 = 46.88 **1m 1m= 1m 1m 1m 1m O.F**

Solution Question 5 - 2024 Q9

Katie Sexton has savings in a deposit account for her upcoming wedding. She has earned €200 interest on these savings which is liable for DIRT at a rate of 33%.

(i) DIRT stands for:

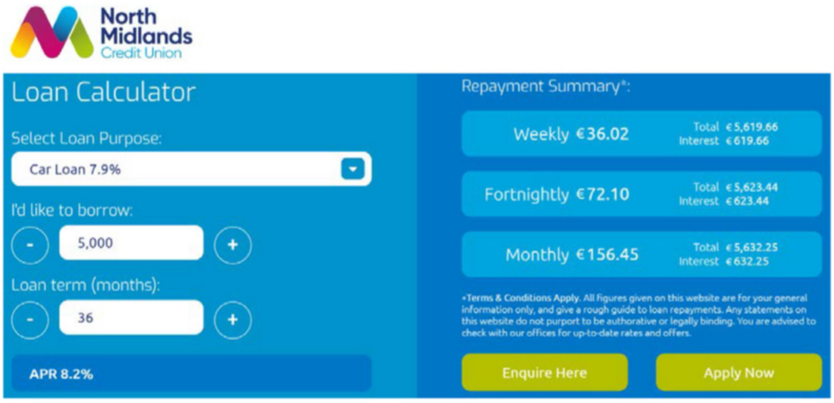
Deposit **<u>Interest</u>** **<u>Retention</u>** **<u>Taxation</u>**

(ii) Calculate how much DIRT she will pay to the Government on her interest. Show your answer in the space provided.

Answer	Workings
€ 66	200 ***1m*** × 33% ***1m*** = €66 ***1m***

Solution Question 6 - 2024 Q18 (b)(i)(ii)(iii)(iv)

(b) Mary is thinking of purchasing a car to make her commute to college easier. She is considering taking out a loan of €5,000 to purchase a car. She has completed some online research and found the following repayment options available at her local Credit Union.



https://www.northmidlandscu.ie/loans/personal-loan

(i) If Mary took out the loan in October and chose the **monthly** repayment option shown above, what would the total repayment be in one year? **(3 m)**

Answer	Workings
€ 1,877.40	156.45 **1m** x 12 **1m** = €1,877.40

(ii) What effect would the monthly loan repayment have on her net cash figure in October? **(3 m)**

Effect:
Mary's net cash will decrease. It will change from being a surplus of €15 to a deficit of €141.45 when the car loan is included.

(iii) In addition to the loan repayment, outline **two** other expenses of running a car. **(6m)**

Insurance, which is required by law.
Motor tax, which is required by law/ helps the Government pay for road maintenance on some public roads.
NCT, which is required by law/ helps the Government subsidise agencies like the Road Safety Authority (RSA).
She will need to make sure that she has enough money to cover the cost of fuel such as diesel/petrol.
Regular servicing as the car may need maintenance and repairs.

(iv) Would you recommend that Mary purchase a car? Give a reason for your answer. **(4m)**

Recommendation: No / I would not recommend Mary purchase the car.
Reason: Mary does not have sufficient income to afford a monthly loan repayment of €156.45 as well as the other costs associated with running a car. This loan will place too much financial pressure on Mary.
Recommendation: Yes / I would recommend Mary purchase the car.
Reason: It will make her commute to college easier, because she doesn't have to take public transport.

Solution Question 7 - 2025 Q16 (a)(i)

Question 16

(a) David and Linda Evans live in Tralee, Co. Kerry with their three children. David Evans is a teacher, while Linda is a paramedic. They want to save for their children's future education.

(i) Recommend **two different types** of Financial Institution where David and Linda could save their money.
Give **a different** reason for each recommendation. **8m**

Two Financial Institutions: Post Office, Credit Union, Building Society, Commercial Bank, Revolut.
Reason: Safe because it is State guaranteed. Earns interest as amount increases every year. Easy to withdraw/convenient as customers have online access/ in local community. Build up a reputation with the institution to get loans in the future.