

Centre Number						Candidate Number				
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Other Names										
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For Examiner's Use	
Examiner's Initials	
Question	Mark
1	
2	
3	
TOTAL	



General Certificate of Secondary Education
June 2012

Economics

413011

Unit 11 Personal Economics

Friday 18 May 2012 1.30 pm to 2.45 pm

You will need no other materials.
You may use a calculator.

Time allowed

- 1 hour 15 minutes

Instructions

- Use black ink or black ball-point pen.
- Fill in the boxes at the top of this page.
- Answer **all** questions.
- You must answer the questions in the spaces provided. Do not write outside the box around each page or on blank pages.
- Do all rough work in this book. Cross through any work you do not want to be marked.

Information

- The marks for questions are shown in brackets.
- The maximum mark for this paper is 70.
- You are reminded of the need for good English and clear presentation in your answers. Quality of Written Communication will be assessed in questions 1(f), 2(c) and 3(c).



J U N 1 2 4 1 3 0 1 1 0 1

Answer **all** questions in the spaces provided.

Total for this question: 30 marks

1 Read **Item A** and then answer the questions that follow.

Item A

Saving for the future

Adam has started his first job at the age of 17 as an assistant in a large printing company. He has been asked whether he wants to join the company’s pension scheme. This pension scheme would pay Adam a regular income when he retires. If he joins the scheme, 2% of his salary would be deducted each month and paid into the scheme. His employer would also pay the same amount of money into Adam’s pension.

Adam has decided not to join the company’s pension scheme. He has heard that some company pension schemes invest in the shares of companies which make military weapons. He does not agree with this type of investment. He would prefer to save money now to get his own flat. He has chosen to save in a bank which he thinks has high ethical standards.

Adam’s father, Mike, will be retiring in a few years. Mike has paid into a company pension scheme for all of his working life. Mike thinks that Adam should join the company pension scheme so he has enough money to live on when he retires.

1 (a) Identify the stage in the personal lifecycle which has been reached by:

Adam

Mike

(2 marks)

1 (b) Describe **one** need which Adam has at this particular stage in his personal lifecycle.

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(2 marks)

Extra space

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1 (c) Explain **two** possible reasons why Adam wants to save money in a bank.

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Extra space

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(4 marks)

1 (d) Explain **two** ways in which Adam could benefit from joining the company pension scheme.

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(4 marks)

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1 (e) Explain possible reasons why Adam does **not** want to join the company pension scheme.

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(6 marks)

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Total for this question: 20 marks

2 Read **Item B** and then answer the questions that follow.

Item B

Government cuts

Adam’s uncle, Simon, has been made unemployed. He was a skilled engineer working for a company which builds military aircraft. The government had to reduce its spending and, as a result, cancelled its orders with the company for new aircraft. The company was therefore forced to make 2000 job cuts at the factory where Simon works. This could have a major impact on the local community.

To help the local community to recover, the government is setting up an enterprise zone. Companies that move into the enterprise zone will pay less tax. The government hopes that this will attract new companies into the area, which in turn could provide jobs for the local unemployed. However, it could take six months to set up the enterprise zone.

Simon’s friend, Sara, told him about a three-year government funded scheme which she used to retrain as a computer technician. After a few years working for a computer company on low pay, Sara was promoted and now has a well-paid job. Simon is willing to retrain but he is concerned that he will be unable to support his family whilst he is retraining. He knows that he can claim benefits from the government but he is worried that these might not be enough to cover his family’s needs. Simon did receive a small sum of money from the aircraft company when they made him unemployed.

2 (a) Explain **one** reason why the aircraft company has made job cuts.

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(2 marks)

2 (b) Explain **two** likely effects of the job cuts at the aircraft factory on the local community.

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Extra space

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(6 marks)

2 (c) Recommend which one of the following options might be best for Simon for obtaining future employment:

- to look for jobs in the local area
- to wait for jobs to be created in the enterprise zone
- to retrain as a computer technician.

Give reasons for your answer.

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3 (c) Simon thinks that the trains should have been built in the UK.
Do you agree with him? Give reasons for your answer.

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