



**General Certificate of Secondary Education  
June 2012**

**Economics**

**413011**

**(Specification 4135)**

**Unit 11: Personal Economics**

***Mark Scheme***

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**Total for this question: 30 marks**

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

*Adam*

*Mike.*

*(2 marks)*

**One mark for each feature.** (AO1)

**Adam:**

- young adult
- starting first job
- school leaver
- adolescence/youth.

**Mike:**

- middle adult
- late adult
- old adult
- old age
- nearing retirement.

**1 (b)** *Describe **one** need which Adam has at this particular stage in his personal lifecycle.* *(2 marks)*

**Possible answer:** (AO1/AO2)

One mark for any need applicable to Adam.

Money or income is not acceptable as a need.

A second mark awarded for description or wording as to how this is applicable to Adam, eg accommodation/flat.

Maximum one mark for a generic need not relevant to the particular stage, eg basic need such as food.

**1 (c)** Explain **two** possible reasons why Adam wants to save money in a bank. (4 marks)

**Possible reasons include:**

- it is a safe form of saving – banks are usually safe organisations in which to save
- ethical standards – Adam thinks they are more ethical with their use of money – certainly true of the Co-operative Bank
- they will usually pay a rate of interest
- money is usually easy to access/withdraw – may need this facility if he wants his own flat.

One mark for identifying a possible reason.

One mark for explaining the reason given in the context of saving in a bank.

**Apply twice.**

**1 (d)** Explain **two** ways in which Adam could benefit from joining the company pension scheme. (4 marks)

**Possible benefits include:**

- when Adam retires he will no longer receive a salary so the company pension will give him an income to satisfy his needs and wants in retirement
- the employer also pays into his pension scheme which will add to the pension he receives
- if the pension scheme invests in shares which increase in value, the value of his pension may increase
- without a company pension Adam would find it difficult to cope – state pension might not be enough.

One mark for identifying a way.

One mark for explaining how this will benefit Adam.

**Apply twice.**

**1 (e)** Explain possible reasons why Adam does **not** want to join the company pension scheme. (6 marks)

**Possible reasons include:**

- ethical reasons – concerns as to how his pension is invested eg in companies making military equipment/arms etc means he could be indirectly contributing to the deaths of innocent people
- Adam may think it is more important to save up for the flat as retirement is a long way off
- safety reasons – the value of a pension is likely to be more volatile because pension contributions are invested in shares which can fall in value
- wants his own flat now – if he contributes to a pension scheme he will not have instant access to the money which is invested. This means he cannot put it towards his accommodation need
- likely to be on a relatively small salary – may feel he cannot afford to lose 2% of his wages.

Level	Descriptor	Marks	Assessment Objective
3	Explains reason(s) in context.	6–5	AO2
2	Describes reason(s) in context.	4–3	
1	Demonstrates basic understanding.	2–1	AO1
0	No valid response.	0	

**1 (f)** *Mike thinks that Adam should be planning for his old age now, whereas Adam thinks that his immediate needs are more important.*

*Who do you agree with? Give reasons for your answer.*

*(12 marks)*

**Agree with Mike:**

- saving for his old age is important, if he does not then he could be in a situation where he does not have enough money to live comfortably in retirement
- given Adam's job status as a junior employee and the fact that he is likely to receive a small salary, he needs to be careful with his money and save for the long-term
- 2% not a lot of money to deduct – should be able to cope without this if he plans carefully and may benefit from this 2% investment increasing in value
- state pension not very valuable
- Mike has the experience – should trust his opinion
- tax allowance for pensions contribution.

**Agree with Adam:**

- old age a long way off – may be better to start planning when he is on a better salary
- Adam might see owning a flat in the future is a better investment than a pension
- if he has limited amount to save – it might be better to save up for a flat – that could be a better investment of his money than a pension
- if he needs money he will not be able to withdraw money from his pension
- if he is unhappy about the ethics of the company – he might be better finding an alternative scheme
- if he is careful with his saving, he could save for the future without investing in a pension.

**Agree with both:**

- both lines of thinking can run simultaneously, ie save/invest carefully so that he can both make provisions for his old age as well as meet his immediate needs.

Award marks for AO1, AO2 and AO3 using the grid below.

**Examiners must annotate the level selected by using L1 or L2 or L3.**

Level	Descriptor	Marks	Assessment Objective
3	Uses <b>Item A</b> to analyse the issues relevant to Adam joining the company pension scheme.	6–5	AO3
2	Uses <b>Item A</b> to describe the issues relevant to Adam joining the company pension scheme.	4–3	AO2
1	Demonstrates understanding of why Adam chose not to join the company pension scheme.	2–1	AO1

In addition, separately award marks for evaluation using the grid below.

**Note:** this question also assesses candidates' quality of written communication. When deciding on the level to be awarded for AO3, consider the degree to which the candidate orders and communicates his/her ideas.

**Examiners must annotate the level selected by using E1 or E2.**

Level	Descriptor	Marks	Assessment Objective
E2	Offers judgement with clear justification. Ideas are communicated using a logical structure, with some appropriate uses of technical terms. There are occasional errors in accepted conventions of written communication.	6–4	AO3 and Quality of written communication
E1	Offers judgement with limited justification. Ideas are communicated with some structure evident with occasional use of technical terms. There are noticeable errors in accepted conventions of written communication.	3–1	

**Total for this question: 20 marks**

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

The government has cancelled orders for aircraft so there is less demand for the company's product (1) so demand for the product has fallen, meaning less labour is required (1).

Accept other valid reasons.

**2 (b)** Explain **two** likely effects of the job cuts at the aircraft factory on the local community. (6 marks)

**Possible effects include:**

- job cuts affect level of spending of local workers in the community
- reduced income for community businesses
- businesses may be forced to cut costs, move or close
- increase in unemployment in local community
- local council may have to cut back if its income is falling
- higher unemployment could lead to more crime in the community
- more pressure on community resources.

**One effect clearly explained can be awarded 5 marks.**

Level	Descriptor	Marks	Assessment Objective
3	Effect(s) explained.	6–5	AO2
2	Effect(s) described.	4–3	
1	Demonstrates understanding of effects.	2–1	AO1

**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.*

*(12 marks)*

**Possible responses could include:**

**Look for jobs in the local area:** more immediate solution to help him meet needs of family than the other two. However, he could be wasting his time as job cuts at the factory are likely to have negative effects on the level of employment in the local area, meaning lots of competition for a small number of jobs. However, it will mean he does not have to move. Possible loss of skills while he is looking for work.

**Wait for jobs:** Could prove very successful if lots of new business are attracted. He does not have to relocate either. This could take some time. It will take 6 months to set up the enterprise zone. Companies may not be attracted to the area or the companies that come may not need the skills Simon has. He should receive some government benefits while he is waiting, however he may struggle to support his family whilst he is waiting. This time could be better invested retraining as the computer technician. Possible loss of skills while he is waiting.

**Retrain:** Has proven successful with friend. Wage prospects sound good, which will help him to support his family. Will not have to pay for the course himself which is beneficial for him financially. Career change and new skills may open up new opportunities for Simon. Three years is a long time for retraining and he will start on a low income once he has finished the training. Work may not be guaranteed – although there are usually jobs in IT – perhaps a better future than manufacturing? May have to relocate to find jobs.

**Examiners must annotate the level selected by using L1 or L2 or L3.**

Level	Descriptor	Marks	Assessment Objective
3	Uses <b>Item B</b> to analyse the options available to Simon.	6–5	AO3
2	Uses <b>Item B</b> to describe the options available to Simon.	4–3	AO2
1	Demonstrates understanding of the options available to Simon.	2–1	AO1

In addition, separately award marks for evaluation using the grid below.

**Note:** this question also assesses candidates' quality of written communication. When deciding on the level to be awarded for AO3, consider the degree to which the candidate orders and communicates his/her ideas.

**Examiners must annotate the level selected by using E1 or E2.**

Level	Descriptor	Marks	Assessment Objective
E2	Offers judgement with clear justification. Ideas are communicated using a logical structure, with some appropriate use of technical terms. There are occasional errors in accepted conventions of written communication.	6–4	AO3 and Quality of written communication
E1	Offers judgement with limited justification. Ideas are communicated with some structure evident with occasional use of technical terms. There are noticeable errors in accepted conventions of written communication.	3–1	

**Total for this question: 20 marks**

**3 (a)** Identify **one** import into the UK and **one** export from the UK in **Item C**. (2 marks)

Import – Trains (1).

Export – Parts (1).

**3 (b)** Using **Item C**, explain the possible **advantages** to UK citizens of the UK trading with other countries. (6 marks)

**Possible advantages include:**

- cheaper goods from abroad – government spend less on trains than would otherwise be the case, which satisfies the taxpayer
- higher quality – less likely to break down which will improve efficiency of UK rail services and reduce expenditure on fares. Could have a positive effect on rail prices
- better value – paying less and getting better goods
- increases competition: good for UK firms, encourages better practices.

**Only advantage clearly explained in context can be awarded 5 marks.**

Level	Descriptor	Marks	Assessment Objective
3	Explains advantage(s) to citizens in context.	6–5	AO2
2	Describes advantage(s) to citizens in context.	4–3	
1	Demonstrates basic understanding of trade between countries.	2–1	AO1
0	No valid response.	0	

**3 (c)** *Simon thinks that the trains should have been built in the UK.*

*Do you agree with him? Give reasons for your answer. (12 marks)*

**Yes:** If the order had gone with the British company, jobs would have been saved in Britain keeping unemployment down and reducing expenditure on benefits. The UK train company should be given the opportunity to produce more reliable trains.

**No:** Government should buy the best trains available at the lower cost to keep the cost down for the government/taxpayer. The UK will have more reliable trains. Losing the order might make the British company think about how it can become more competitive. Will have infrastructure benefits, ie improved communications around the UK.

Award marks for AO1, AO2 and AO3 using the grid below.

**Examiners must annotate the level selected by using L1 or L2 or L3.**

Level	Descriptor	Marks	Assessment Objective
3	Uses <b>Item C</b> to analyse reasons why or why not trains should have been manufactured in the UK.	6–5	AO3
2	Uses <b>Item C</b> to describe reasons why or why not trains should have been manufactured in the UK.	4–3	AO2
1	Demonstrates understanding of reasons why or why not trains should have been manufactured in the UK.	2–1	AO1
0	No valid response.	0	

In addition, separately award marks for evaluation using the grid below.

**Note:** this question also assesses candidates' quality of written communication. When deciding on the level to be awarded for AO3, consider the degree to which the candidate orders and communicates his/her ideas.

**Examiners must annotate the level selected by using E1 or E2.**

Level	Descriptor	Marks	Assessment Objective
E2	Offers judgement with clear justification as to why the trains should/should not have been made in the UK. Ideas are communicated using a logical structure, with some appropriate use of technical terms. There are occasional errors in accepted conventions of written communication.	6–4	AO3 and Quality of written communication
E1	Offers judgement with limited justification as to why the trains should/should not have been made in the UK. Ideas are communicated with some structure evident with occasional use of appropriate technical terms. There are noticeable errors in accepted conventions of written communication.	3–1	