



## 3055 BA SANGAM COLLEGE

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### WORKSHEET 8

School: Ba Sangam College

Name: \_\_\_\_\_

Subject: Home Economics

Year: 13

<b>Strand</b>	HEC 13. 1 Family and Home Management
<b>Sub strand</b>	HEC 13.1.2 Resources
<b>Content Learning Outcome</b>	Examine in detail appropriate means of managing income and analyse effectiveness of other saving methods.

#### **METHODS OF PAYMENTS**

##### **4. Credit Sales**

- a person is allowed to buy and receive goods at the same time without having to pay until after certain weeks or months as the business decides.

**5. Budget Account** - is an account designed to enable you to budget for major household bills for example rent/mortgage, gas, telephones, bank loans or car, taxi insurance.

##### **6. Credit Cards or Plastic money/Credit Cards/Visa/Master Cards**

-A small plastic card issued to users issued by banks or credit unions as a system of payments.

- It allows the holder to buy goods and services based on the holders promise to pay for these goods and services.

##### **7. Access Cards**

- issued by the banks on savings account to be used by holder or owner to withdraw money from the automatic teller machine. (ATM)

#### **METHODS OF SAVING**

**Saving** is basically putting aside money or a way to utilise your present income for future use.

##### **1. Bank Accounts**

**There are two main types of accounts:**

###### **(i) Current Account**

- An overdraft facility is available for current account holders. The customer is charged interest in the amount overdrawn.
- Deposit slips (paying- in- slips) are used to deposit money in the account, either in cash or by cheque.
- The holder of this account may withdraw money or make payments from the account by using a cheque.
- The bank may charge bank charges, which are service fees, for operating such an account.

###### **(ii) Savings Account**

- The bank provides a passbook which the account holder uses to deposit or withdraws money by filling in the appropriate form at any branch of the bank.
- No overdraft facility is available for a savings account.

## 2. CREDIT UNION

A **Credit Union** is

- a cooperative financial institution that is owned and controlled by its members
- operated to promoting thrift, providing credit at reasonable rates and providing other financial services to its members.

*Examples are Teachers Unions (FTA, FTU) and other Workers' Unions.*

## 3. INVESTMENTS

An **investment**

- is the commitment of money or capital to purchase financial instruments or other assets.
- is an asset or item that is purchased with the hope that it will generate income or will appreciate in the future.

## 4. FIJI NATIONAL PROVIDENT FUND

The **Fiji National Provident Fund** is

- a defined benefit fund that provides superannuation services to its members.
- a social security savings scheme jointly supported by employees, employers and government.
- for the financial support of survivors in the unfortunate event of death.
- Provides pre-retirement benefits such as housing, medical and education assistance.

## 5. INSURANCE

An **insurance** is a legal contract in which an insurer promises to pay a specified amount to an insured party or policy holder in the event of a misfortune or if something happens which causes the insured to suffer a financial loss.

### TERMINOLOGY IN INSURANCE

1. **Insurer:** A company or person authorised to sell insurance.
2. **Insurance Broker:** A person who offers advice on all matters and arranges cover on behalf of the client with an insurer. He acts as an agent or middleman between the insurance company and the insured party. He receives commission for his service from the company.
3. **Premium:** The money paid on a yearly basis by the insured to the insurer for the insurance cover provided in the policy.
4. **Bonus:** The benefits paid in addition to the sum insured with profit policies.
5. **Blanket Policy:** An insurance policy covering several items under one sum insured.
6. **Cover Note:** A cover note is a temporary document that is provided while the insurance policy is being prepared.
7. **Mutual Insurance Company:** An insurance company owned by its policyholders, and is basically a co-operative. Any excess profit earned by the company is distributed to its members in the form of bonus.
8. **Renewal Notice:** A notice issued by an insurer to remind a policyholder that his premium is due for payment, otherwise his policy will be terminated after due date.
9. **Underwriter:** A person, who examines a risk, decides whether or not it can be insured and calculates the premium to be paid on the insurance cover. The underwriter signs the policy and guarantees to pay a sum of money in the event of a misfortune faced by the person. The underwriter, in fact, is an insurer.
10. **Uncertainty:** Situations where the future is not known and cannot be measured.
11. **Third Party:** A person who is not a party to a contract.

12. **Surrender Value:** The monies are paid on the surrender value of a life insurance policy before benefits are due.

### **WORKSHEET 8**

1. What is another term of an underwriter? **(1 mark)**  
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2. Describe the purpose of insurance. **(2 marks)**  
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3. Which of the saving benefits provides preretirement benefits to its members? **(1 mark)**  
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4. Differentiate between premium and bonus. **(2 marks)**  
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\_\_\_\_\_
5. Identify and describe the two types of risks faced by an insurance company. **(2 marks)**  
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\_\_\_\_\_
6. Describe the following methods of payments. **(2 marks)**
  - a. Plastic Money-  
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\_\_\_\_\_
  - b. Access Card-  
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7. What does **ATM** stands for? **(1 mark)**  
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