Alternative income

Student: ………………………..…………..…..…..…………… Class: …..…….....………. Due date: …..…….…………………...

**1.** The follow are descriptions of types of alternative income. Label these with the appropriate term.

People may receive a this kind of income for a range of different reasons. Some retired people receive a pension to help them with their living expenses. Other people may receive this if they are unemployed or if they are not working for some other reason (such as illness).

Welfare payments

Some people choose to invest in companies. To do this they buy a ‘share’ in the company. These people will then become part owners of the business and they are known as shareholders. When the company makes a profit, they give some of the profit to the shareholders which creates this kind of income.

Dividends

This is the money that people save for their own retirement. Money is deducted from a person’s weekly income and placed into a fund. People are able to access this money upon retirement.

Superannuation

People such as real estate agents may earn this kind of income. This means that for every sale they make, they receive a small percentage of the money made. The more they sell, the larger the amount of money they receive.

Commission

A large number of people in Australia own an investment property. An investment property is one that the owners do not live in. Instead, they rent it out to tenants. The rent payments received from tenants provide an alternative source of income for the owners of the property.

Rental income

**2.** Why is superannuation a crucial form of income in Australia?

|  |
| --- |
| Australians can live a decent life after they stop working. Given that Australia’s population is  The federal government is responsible for developing retirement policies to help ensure the most |
| ageing, superannuation will become an increasingly important form of income. |
|  |
|  |
|  |
| 4 |

|  |  |
| --- | --- |
| **Alternative sources of income** | |
| **Question** | **Suggested answer** |
| 1 | Reasons include they are sick, they have retired and cannot support themselves, and they are unemployed. Millions of people in Australia rely on government payments for full or partial support. |
| 2 | People such as real estate agents and sales assistants in car yards may be paid on commission. This means they are paid according to the volume of sales they generate through their work. |
| 3 | A wage is a fixed hourly rate payment earned for work, typically paid on a weekly basis. A salary is a fixed regular payment made by an employer to an employee, typically paid on a fortnightly or monthly basis but usually expressed as an annual amount. |
| 4 | Dividends are not a reliable source of income. They rely on businesses making a profit and profits can vary from one year to the next so the size of the dividend can change. |
| 5 | Some renters may not pay promptly or miss payments. Sometimes the tenants damage the property and too much money is needed to repair the property. |
| 6 | Superannuation is a type of forced saving whereby employers put a proportion of an employee’s income into an account for them which they access when they retire. |
| 7 | Older workers are more likely to experience periods of long-term unemployment than younger workers due to a number of reasons:   * Some employers have negative attitudes towards older workers and discriminate on the grounds of age. * Some employers believe older workers are slower and unable to adjust to new technology. * Some employers have the attitude that older workers are likely to leave the job earlier as they are closer to retirement. * Some older workers are reluctant to work under a younger manager. * Some older workers are inflexible. |
| 8 | It allows them to build their superannuation balance faster, allowing them to retire early or have more funds available when they retire. |
| 9 | Commissions can lead to higher incomes if people can sell more goods and services. However, if there is a decline in sales or the seller is not particularly good at sales then they may earn a low income. |
| 10 | Current employees may need to pay more tax to support older Australians. It also means that employees may need to work longer than expected (current pension age is 66) as we live longer. |