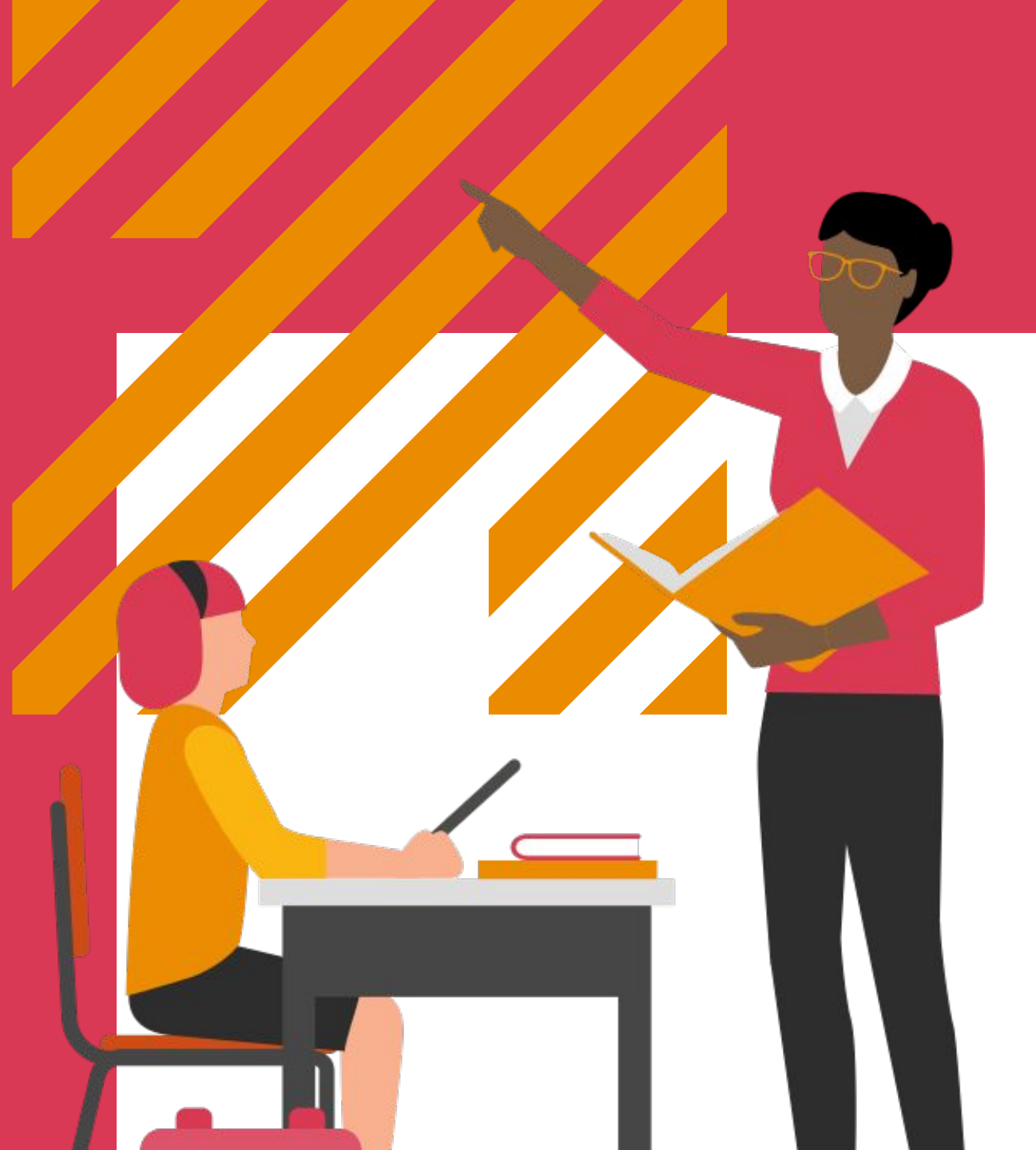


New world

New skills

Where does my money go?

PwC's Primary School Toolkit



Today's objectives

1. To understand what wages and payslips are and what is on a payslip
2. To be aware that money is deducted from earnings
3. To understand how this money is used and how it supports our communities



1

Wages and Payslips



What do you already know?

Activity

- What words do you already know related to **payslips** and **wages**?
- Write down any words that you can think of or any questions that you have.

(5 minutes)

Well done, lots of good words!

Lets try this activity.

Activity

- Lisa is a recent graduate who currently works for a film production company.
- She earns **£9 an hour**. She works **50 hours in 2 weeks**. This means Lisa has earned **£450** ($£9 \times 50$ hours).
- Lisa wants to go on a trip to meet some friends who work in film. The trip costs £450.

Does Lucy have enough money to pay for the trip?

What things should she consider when thinking if she can afford the trip?

(3 minutes)



Did anyone think of...



- Tax



- National Insurance



- Pensions



- Student loans



- Necessary expenses



Payslip and wages

What is a payslip?

Accountants for All

PAYSLIP

1232 Right Lane, London. SE1 W23, United Kingdom

Phone: +44 7895 32375

Email: joe.deals@accountantsforall.com

EMPLOYEE INFORMATION

Joe Deals
12 Consult Lane
London, SE11 2E2
Phone +44 000 000
Joe.deals@accountantsforall.com

PAY DATE	PAY TYPE	PERIOD
06/11/2023	WEEKLY	WK 34
PAY ROLL #	NI NUMBER	TAX CODE
32564	AT 33 23 12	NN29

EARNINGS	HOURS	RATE	CURRENT	YTD
Standard Pay	40	15.50	620.00	620.00
Overtime Pay	6	19.25	115.5	115.5
Holiday Pay	4	14.75	59.00	59.00
Basic Pay			1850.00	1850.00
Commission and Bonus			300.00	300.00
Expenses			-	-
GROSS PAY			£2944.50	£2944.50

DEDUCTIONS	CURRENT	YTD
PAYE Tax	200.00	200.00
National Insurance	50.00	50.00
Pension	35.00	35.00
Student Loan	7.50	7.50
		-
		-
TOTAL DEDUCTIONS	£292.50	292.50

NET PAY	
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Payslip and wages

What is a payslip?

A **payslip** is a document given to the worker at the end of the week or a month.

The document shows how much money the worker has earned from working in the company. The sum of all the money your company gives you is called **gross pay**.

Money then gets **deducted** for things such as taxes, national insurance, pensions and student loan.

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DEDUCTIONS	CURRENT	YTD
PAYE Tax	200.00	200.00
National Insurance	50.00	50.00
Pension	35.00	35.00
Student Loan	7.50	7.50
		-
		-
TOTAL DEDUCTIONS	£292.50	292.50

NET PAY

Payslip and wages

Deductions

Tax - You pay income tax depending on how much you earn (we will look at that later!)

National Insurance - Your national insurance contributions mean that you will qualify for certain benefits. They also go towards things such as state pensions, jobseeker's allowance and maternity allowance.

Workplace Pension - You put some money aside after each week/month of salary, building up a pot of money to access when you retire. It's a good way to save money. What is better is normally your employer will contribute some money too.

Student loans - If you choose to attend university, most people take a student loan to pay for studies. When they start earning a salary, they have to start paying it back, which is typically taken out of your payslip.

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Basic Pay			1850.00	1850.00
Commission and Bonus			300.00	300.00
Expenses			-	-
GROSS PAY			£2944.50	£2944.50

DEDUCTIONS	CURRENT	YTD
PAYE Tax	200.00	200.00
National Insurance	50.00	50.00
Pension	35.00	35.00
Student Loan	7.50	7.50
	-	-
	-	-
TOTAL DEDUCTIONS	£292.50	292.50

NET PAY

Payslip and wages

Take home pay

After these deductions, the total pay you get to take home is called your **net pay**.

Question: On this payslip, how much net pay is this worker taking home?

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Commission and Bonus			300.00	300.00
Expenses			-	-
GROSS PAY			£2944.50	£2944.50

DEDUCTIONS	CURRENT	YTD
PAYE Tax	200.00	200.00
National Insurance	50.00	50.00
Pension	35.00	35.00
Student Loan	7.50	7.50
		-
		-
TOTAL DEDUCTIONS	£292.50	292.50

NET PAY

Payslip and wages

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National Insurance	50.00	50.00
Pension	35.00	35.00
Student Loan	7.50	7.50
	-	-
	-	-
TOTAL DEDUCTIONS	£292.50	292.50

NET PAY	£2652.00	£2652.00
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NET PAY

2

Income Tax



Income Tax

If you earn over a certain amount, part of your salary will be deducted as income tax.

Personal Allowance means you will pay NO income tax on any money you earn up to £12,570.

For any money you earn over this, you pay the tax rate for the band your salary falls into.

Question: Which tax band name are you in, if you earn £30,000 in England and how much is your tax rate?

Band	Taxable income	Tax rate
Personal allowance	Up to £12,570	0%
Basic rate	£12,571 to £50,270	20%
Higher rate	£50,271 to £125,140	40%
Additional rate	Over £125,140	45%

*Note, these are rates for England, Northern Ireland and Wales only.

You do not get a Personal Allowance on taxable income over £125,140

Income Tax

Let's try an example.

Zarah has a salary of £16,500 and lives in England.

Activity: How much of the £16,500 will Zarah pay tax on and at what rate?

Extension: Zarah's father earns £56,250. How much of this will he pay on and at what rate?

Band	Taxable income	Tax rate
Personal allowance	Up to £12,570	0%
Basic rate	£12,571 to £50,270	20%
Higher rate	£50,271 to £125,140	40%
Additional rate	Over £125,140	45%

*Note, these are rates for England, Northern Ireland and Wales only.

If you earn above the threshold, your entire income won't be taxed at that higher rate, just the amount earned over the threshold.

Income Tax

Answer

How much of the £16,500 will Zarah pay tax on?

- Personal Allowance means Zarah will pay NO income tax on any money she earns up to £12,570.
- We work out how much of her income would be taxed by finding the difference between her salary and her personal allowance:
 - $£16,500 - £12,570 = \text{£}3,930$
 - Therefore, Zarah earns **£3,930** over her personal allowance. This would be taxed at 20%.

Extension

- Zarah's father earns £56,250.
 - The first £12,570 requires no income tax to be paid.
 - £37,700 would be taxed at 20% (basic rate). ($£50,270 - £12,570$)
 - The final £5,980 would be taxed at 40%, as this falls above the threshold for the higher rate of income tax. ($£56,250 - £50,270$)

3

How is the money
used (and supports
our communities)



How is money used and support our community?

Activity

Income tax is paid to the government. What do you think this money is spent on?

In pairs / small groups, create a mind map for what you think taxes are spent on.

The more you think they spend, the bigger your handwriting and bubbles should be.

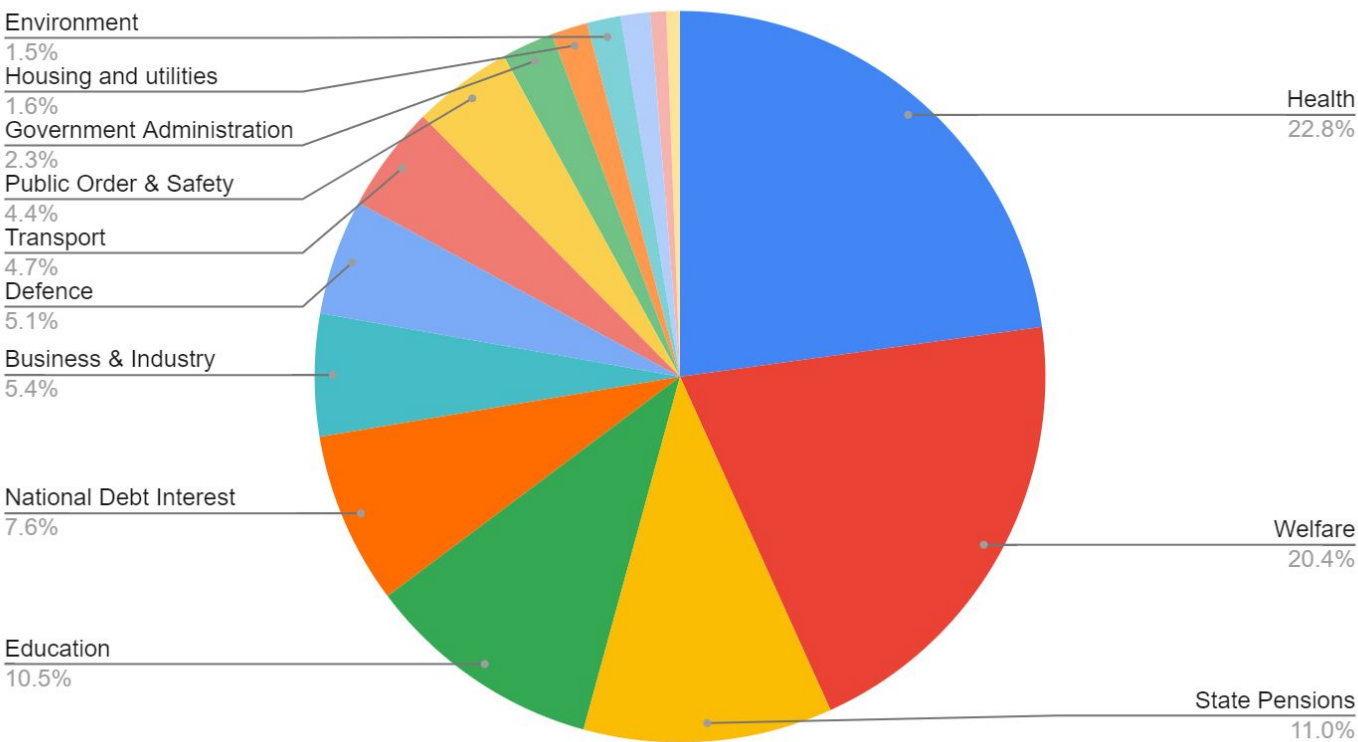
5 minutes



How is money used and support our community?

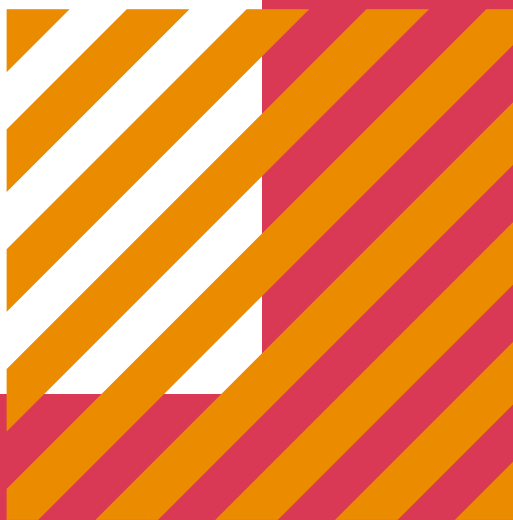
This chart highlights how taxes were spent in the year 2021-2022.

Public Spending 2021-22



4

What have you
learnt?



What have you learnt?

Let's put all that you have learnt into practice.

- Sally wants to go on holiday. The trip will cost her around £700.
- Sally plans to save in order to afford the trip. She currently earns £10 an hour, and will have worked 70 hours over the next 2 weeks.
- Sally asks you whether you think she will have enough money to pay for the trip after 2 weeks.

In groups, help Sally plan for her holiday by considering the following:

- Will Sally have enough money to pay for the trip?
- If not, why not?
- Extension: what might be a more realistic time frame?

10 minutes

Wrap up and reflection

Reflect on the following questions

- What is a payslip? What is usually deducted from our payslips?
- Why do we pay different amounts of tax and how does this vary? Remember, you only start to pay tax after you have earned £12,570.
- What is our tax used for?



Any questions?

[pwc.co.uk](https://www.pwc.co.uk)

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