

New world

New skills

Teacher Notes: Where Does My Money Go?

PwC Primary School Toolkit



Teacher Notes

Overview and Purpose

This session is designed to give students an insight into where their money comes from and how it is used. It highlights the different ways money is deducted from salaries and why this is important.

Objectives

By the end of the session, students will:

- Understand what wages and payslips are and what is on a payslip
- Be aware that money is deducted from earnings
- Understand how this money is used and how it supports our communities

Key Vocabulary

Wages and Payslips - A wage is a form of payment, usually money, earned through work. Wages are given on an hourly, weekly or monthly basis.

Income deductions - Money taken away from the salary or wage earned. These can be for tax, pensions, student loans or national insurance

Tax - compulsory contributions individuals and companies pay to the government. This goes towards schools, hospitals, roads, public services.

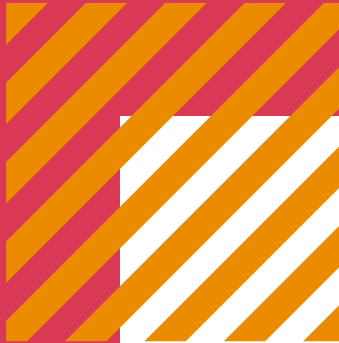
Income Tax - this is the tax you pay on your earnings once you have earned over a certain amount.

National Insurance - another form of tax, this goes towards state benefits for example when you become ill, unemployed, retirement or bereavement

Pensions - this is a tax-efficient way of saving money for your retirement.

Government - a system of order for a country which helps enforce law and rules in society

Communities - a group of people living with each other/being in each other's presence usually having a shared characteristic or interest



Preparation / Materials Needed

This lesson will primarily be group work, therefore 2 or 3 A3-A2 sheets of paper should be provided to each group.

You may wish to print out the "Payslips" handout.

Lesson structure

Getting started (5 mins)

- Introduction to the session
- Lesson objectives

Wages and Payslips (20 mins)

- Activity - payslips and wages
- Activity - calculating wages
- Introduction to what a payslip looks like
- Deductions from our salary

Income Tax (10 mins)

- Taxable allowance and tax bands
- Activity: income tax calculations

What tax goes towards (10 mins)

- Activity - how is our money spent in the community
- Public spending pie chart

Wrap up and reflection (5 mins)

- Summary activity
- Reflection on the lesson
- Time for questions

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Getting Started

- Slide 1 - Introduce the session and explain that today we're going to be learning more about where our money goes.
- This is a topic which students may not know too much about - and that's okay. Encourage students to ask questions throughout.
- Slide 2 - Talk through the objectives for the session.

Section 1: Wages and Payslips (15 minutes)

- Slide 3 - Firstly, we're going to think about wages and payslips.
- Slide 4 - **Activity** - Ask the students what words they know about payslips and wages. Ask them to write down a few words (3-4 minutes) and then get each group to say 1 or 2 words which they think is associated with those words.
- Slide 5 - **Activity** - Ask students to go back in their groups and talk about if they think Lisa has enough money to afford the trip and tell them to write a list of things she should consider when thinking if she has enough money. (3 minutes)
- Go around the room and ask each table for 1 or 2 things they have written. Students may give examples such as clothes, suitcases, food. Explain to them that is correct as all of these are costs which goes into travelling but follow on to slide 6 and ask whether anyone thought of Tax, National Insurance, Pensions, Student loans or necessary expenses. All of these things affect the amount of money you actually earn and receive.
- Slide 7 - Ask students what they think a payslip is and take some ideas from the class. Has anyone ever seen a payslip?
- Slide 8 - Talk through the slide and highlight the key areas of the payslip.
- Slide 9 - Talk through the different deductions highlighted on the payslip. **Optional:** You may wish to use the payslip handout and ask students to annotate the different areas of a payslip.
- Slide 10 - In pairs, ask them to think about the question on the slide and how they would calculate the net pay of the worker. Collect some responses from the class. Move to slide 11 to reveal the answer. To calculate the answer, you subtract the "deductions" from the "gross pay", leading to an answer of £2652.

Section 2: Earnings (10 minutes)

- Slide 12 - We're now going to go into income tax in a little more detail.
- Slide 13 - Talk them through the first slide and point out the different bands. Point out that you do not get a personal allowance if you're an additional rate taxpayer. Ask students the question on the slide. The answer is Basic rate, 20%.
- Slide 14 - In pairs/small groups, have children work through the example. There is an extension question if students complete the first question. Highlight here that if you earn above the threshold, you are only taxed at that higher rate for the amount earned over the threshold - this is relevant for the extension question.
- Slide 15 - debrief the activity, with the answers on the slide. With the extension, highlight that Zarah's father only pays the higher rate of 40% on his income over the threshold of £50,270. How did everyone do? Pick up any misconceptions at this point.
- Income tax is only one deduction. So we cannot simply work out our net pay based on income tax alone. Things to consider include other deductions such as national insurance, pension contributions etc.

Section 3 - How is the money used (and supports our communities) (13 minutes)

- Slide 16 - Where does income tax go? We're now going to explore how income tax is used.
- Slide 17 - **Activity** - Income tax is paid to the government. Ask students to work in their groups to create a mind map - what do they think the government spends that money on. The more the students think the government spends on that area, the bigger the bubble and handwriting should be. Give them the optional idea of writing it down in list format first, it may help them. Ask members from each group to share 1 or 2 ideas. (5-10 minutes)
- Slide 18 - This slide shows how taxes were spent in the year 2021-2022. Does this match up with the students' ideas? Does anything surprise them?

Section 4 - What have you learnt? (20 minutes)

- Slide 19 - Now, we're going to put together everything we have covered in this session.
- Slide 20 - **Activity** - Ask students to work in groups to help Sally plan for her holiday by thinking about the questions on the slide. Students can be creative with how they present their work, as they will be explaining it to Sally. Student groups will have 10 minutes to create the poster and then each group will talk about their poster and key points to think about.
- Slide 21 - Time to reflect on what they have learnt. You may choose to ask students to record their answers as a way to evidence their learning from the session.
- Slide 22 - Time for questions.

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