



# Money and work

Age range: 14-16

 **BARCLAYS** | LifeSkills



# Session overview

**This is one of four lessons focusing on Money Skills for young people aged 14-16.**

The activities encourage students to become familiar with reading a payslip and calculate pay, explore loans and pensions, and identify employee benefits beyond a salary.

Time	Key learning outcomes	Resources
90 mins	By the end of the activity students will have: <ul style="list-style-type: none"> <li>Identified the main features of a payslip, and be able to explain some key terms</li> <li>Calculated gross and net pay accounting for a range of deductions</li> <li>Identified employee benefits beyond salary</li> </ul>	<ul style="list-style-type: none"> <li>Money and work presentation slides</li> <li><a href="#">Why Salary isn't Everything interactive tool</a></li> </ul>



The Money Skills 14-16 modules are designed to help students develop helpful financial skills for their future, prepare them for the world of work, and keep up to date with modern financial changes. Each lesson has 90 minutes of core activities, along with suggested extension activities and signposting to supporting LifeSkills content and relevant external links.

This lesson plan is designed to be used in tandem with a PDF containing interactive activity slides. They are accredited with the Young Money Financial Education Mark, recognising them as recommended financial education resources.

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There is Money Skills content to suit a range of ages and abilities – take a look at our 7-11, 11-14, 16-19 and 19+ resources, which focus on topics such as attitudes to money, money management and risk, and financial independence.

Please note that this lesson includes figures used in calculations such as student loan thresholds, NI contributions or similar. These figures were correct at the time of publication but may have changed by the time you use the resource as they are usually updated by the Government on a yearly basis.

# Activity one

## Icebreaker – What’s the question?

### 1. Where does money come from?

Using **slide 2**, discuss with the group ‘where does money come from?’ Compile their responses and prompt them to include the following categories:

- Work – job, doing chores at home
- Return on investment – profit from a business or the sale of an item that has increased in value since you bought it, interest on a savings account
- Gift – pocket money, birthdays and other celebrations
- Inheritance – money left to you by someone when they die
- State benefits – state pension, disability living allowance
- Borrowing – loan, overdraft, credit card and mortgage

### 2. Take a back to front quiz

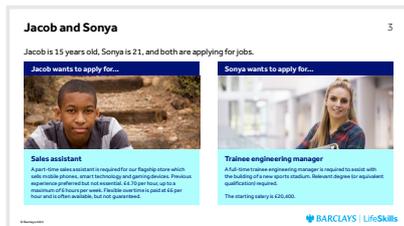
- This is a back to front quiz. The source of money is provided along with the answer, students will need to consider what the question should be for each. You should split the class into groups then display the numbers on the slide, and allow a few minutes for groups to think of the question for each number, using the source of money categories as prompts. Use **slide 2** to reveal the answers

Source of money	Question	Answer
Work	<p>What is the minimum amount per hour that people under the 18 years of age are legally entitled to earn?</p> <p><i>You have to be school leaving age to qualify for the minimum wage.</i></p> <p>Source: <a href="https://gov.uk/national-minimum-wage-rates">gov.uk/national-minimum-wage-rates</a></p>	£4.62
State benefits	<p>How much is the full basic weekly state pension?</p> <p><i>This is the most you can currently receive as a regular payment from government once you have reached state pension age. A pension is intended to provide an income once you no longer work.</i></p> <p>Source: <a href="https://gov.uk/state-pension/what-youll-get">gov.uk/state-pension/what-youll-get</a></p>	£137.60
Borrowing	<p>How old do you have to be to apply for a credit card?</p> <p><i>Generally aged 18, as you can't enter into legal contracts without parental consent below this age.</i></p>	18

# Activity two

## Salaries and payslips

### 1. Meet Jacob and Sonya



- Use **slide 3** to introduce the characters Jacob and Sonya, and read through the two job descriptions. Ask some quick-fire questions using the information

**How much could Jacob earn in a week? (£28.20 if he worked usual hours)**

**How much could Sonya earn each month? (£1,700)**

### 2. Introduce deductions

- Introduce the idea of deductions by explaining that an advertised salary (gross salary) doesn't always represent the amount of money you will take home (net pay)

**What are some reasons for Jacob and Sonya's net salary might be reduced – have they heard of tax and NI?**

- Explain that when they start work, they can track their pay and deductions using a payslip, which should be given to anyone who is employed. The percentage of tax paid varies depending on your income, and is only paid on salaries above a certain amount. The students will need the information laid out below, when filling the gaps on Sonya's payslip

### 3. Reading a payslip

- Display **slide 4** and use the definitions on the following slide to explore the payslip, and make sure they understand the terminology
- Jacob and Sonya's job applications were successful, and they're now employed and receiving a monthly payslip

### 4. Calculate Jacob and Sonya's pay

- Display **slides 5-10** and work through as a class, or print copies so that students can work in pairs, and calculate the answers to fill the gaps in the payslip
- For Jacob, students should multiply six units (basic hours he worked) with the rate (pay per hour £4.70), then for overtime two units by £6 to calculate the gross and net pay of £40.20. Explain that the Total gross pay TD is three times his monthly gross pay as the tax year begins in April so by June he would have three months pay

# Activity two

## Salaries and payslips (cont'd)

For Sonya, they will need to do the following to work out the net pay:

### Firstly, work out PAYE:

1. Calculate the amount of her salary that Sonya won't pay tax on using the tax code  $£1,257 \times 10 = £12,570$
2. Deduct this amount from her annual salary  $£20,400 - £12,570 = £7,830$  (taxable pay)
3. Calculate the tax Sonya needs to pay on her taxable salary  $£7,830 \times 20\% = £1,566$
4. Divide Sonya's annual tax by 12 months  $£1,566/12 = £130.50$  monthly tax

### Next, work out NICs:

1. Calculate the amount of her salary that Sonya will pay NICs on  $£20,400 - £9,568 = £10,832$
2. Calculate the NICs Sonya needs to pay on this amount  $£10,832 \times 12\% = £1,299.84$
3. Divide Sonya's annual NICs by 12 months  $£1,299.84/12 = £108.32$  monthly NICs

### Next, calculate net pay:

Subtract Sonya's monthly tax and NICs from her monthly gross pay  $£1,700 - £130.50 - £108.32 = £1,461.18$



# Activity three

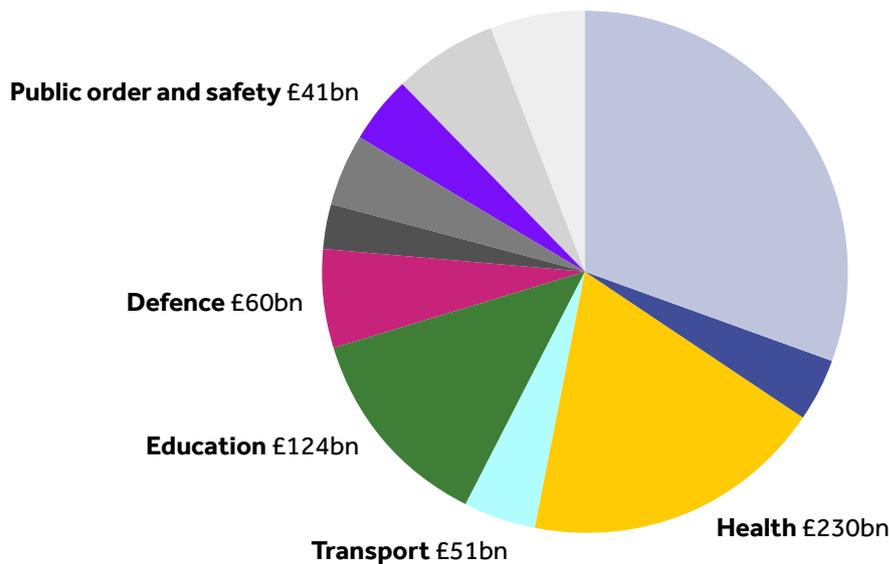
## Income tax and National Insurance contributions

### 1. What is a deduction?

- Explain that the deductions are taken by the government and put towards public services, such as healthcare, defence, and education. HMRC is the organisation responsible for collecting this money, and making sure people are paying the right amount of tax

### 2. Explore government spending

- Slide 11** shows a pie chart of projected government spending from 2021-22. Challenge students to match the figures with the five selected categories on the chart. Are they surprised with any of the answers? The largest share of the chart and of government spending is on social protection. This includes the state pension and other policies designed to reduce poverty and vulnerability including unemployment and disability benefit



Source: [gov.uk/government/publications/budget-2021-documents](https://www.gov.uk/government/publications/budget-2021-documents)

- HMRC have a variety of short animations to help educate around tax. To watch them, type 'Tax facts about HMRC' into your internet browser

# Activity four

## Pensions and student loans

### 1. What is a pension?



- Find out what the students know about a pension

**What is it, how important is it, and how is it a way of planning for their financial future?**

### 2. What is a student loan?

- Find out what the students know about student loans – what are they for, and how much can they borrow? Also introduce pensions, how auto-enrolment works and who it applies to. Discuss the information on **slide 13**, and then use Sonya’s promotion on **slide 14** to illustrate how a student loan and a pension would affect her take-home pay

### 3. Calculate loan amount and pension contribution

- As a class, use the additional information provided to calculate the student loan and pension amounts. Be mindful that the PAYE and NIC contributions have gone up due to her increase in salary, but these have been populated. Remind your students that in most automatic enrolment schemes, you’ll make contributions based on your total earnings between £6,240 and £50,270 a year before tax. So they will need to deduct the minimum amount from Sonya’s salary before calculating
- Calculate the pension = £116.67  
*Sonya contributes 5% (£116.67), She will also receive contributions into her pension from her company (3% = £840), but these will not be included in the deductions section of her payslip*
- Calculate the student loan = £5.29  
*Sonya pays back 9% on her earnings over £27,295. £28,000 - £27,295 = £705 @ 9% = £63.45/12 months = £5.29 monthly repayment*
- Calculate the total net pay:  
*Monthly gross pay £2333 - £563.45 (PAYE £257.17 + NICs £184.32 + Pension £116.67 + Student loan £5.29) = £1,769.89 monthly net pay*

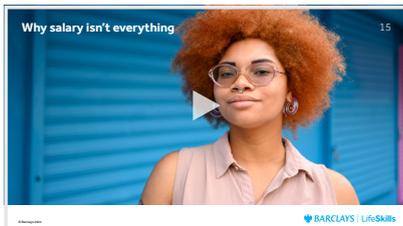
## Activity summary

- To summarise, ask the class whether they think Sonya should pay into a workplace pension now at 23, or opt-out and wait until she is 30 – debate and justify their answers.

# Activity five

## Why salary isn't everything

### 1. Launch this interactive tool

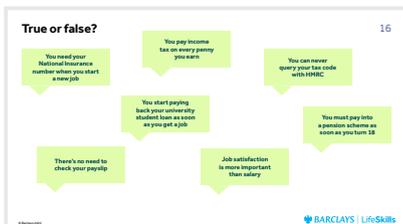


- Use the [Why Salary isn't Everything films](#) on **slide 15** to explore employee benefits beyond salary
- Watch the first three films featuring Aida, Darshan and Chris talking about the employee benefits they receive. Ask students to discuss their opinions of benefits packages, and other ways in which a job or an employer may offer benefits beyond salary – for example training, experience, cycle to work schemes, discounts. Make sure they understand that some may relate to lifestyle and others may be financial – which of the benefits are most appealing to them?

# Activity six

## True or false

### 1. Check understanding



Use the statements on **slide 16** to check students' understanding of what has been covered in this lesson. You can print **slide 17** and **18** for a student takeaway.

- You need your National Insurance number when you start a new job **(True)**
- You pay income tax on every penny you earn **(False – this is only paid on taxable income. The tax code on your payslip shows how much of your pay won't be taxed)**
- You start paying back your university student loan as soon as you get a job **(False – university loans do not need to be paid back until you are earning after a certain income)**
- There's no need to check your payslip **(False – it's important to look at your payslip each month to keep track of earnings and check for any errors that should be immediately flagged to your employer)**
- You have to pay into a pension scheme as soon as you turn 18 **(False – you are entitled to join a pension scheme the moment you start a new job)**
- Job satisfaction is more important than salary **(True – you may want to discuss with students why this is the case and what they consider job satisfaction)**

# Further links and activities

To supplement this lesson, you could look through the following links with the class, or suggest that students spend some time exploring the articles and tools on the LifeSkills website in their own time.

NB: Students need to be over 14 to register to use the LifeSkills website independently.

## Videos

[Have you got the edge?](#)

## Articles

[Core transferable skills](#)

## Tools

[34 Ways to Save](#)

[Why Salary isn't Everything](#)

[The Job Board](#)

[The Wheel of Strengths](#)

[Why I Love My Job](#)

## Lessons

This is one of four Money Skills lessons for 14-16 year olds. Consider delivering the other lessons:

[Understanding and managing debt](#)

[Financial risk and security](#)

[The future of money](#)

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