



Planning for financial independence

Age range: 19+

 **BARCLAYS** | LifeSkills



Session overview

Time	Key learning outcomes
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- 120 mins
- By the end of the activity students will be able to:
- Identify different types of taxation
 - Demonstrate how to write a life plan, incorporating savings goals
 - Identify the main components of living independently



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

Always start the session by agreeing ground rules with the group. For advice on this and other ways to establish a safe learning environment, download the [content guide](#).

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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

Securing a salary

1. Understanding payslips

- Start by asking the group to think about different job situations. If they feel comfortable doing so, some may want to share their own situations: have they got part-time jobs, or are they looking for work? For any that have or have had a job, ask how many they have had so far
- Ask how the group how someone might feel being paid a salary. For example, anticipation, security, etc.
- Discuss with the group what kind of information might be seen on a payslip, focusing on the deductions that may come out of your salary each month. Examples include National Insurance, Income Tax, pension deductions, student loan repayments
- Ask students to record their thoughts in the form of a mind map, drawings or a graffiti wall. These activities will help to gauge students' starting points and enable them to demonstrate the progress they have made by the end of the lesson. It will also offer an opportunity for teaching to be adapted where necessary

2. Introducing taxation

- Ask the group what they know about National Insurance and Income Tax. Get them to write down their ideas; they can do this by adding to the mind maps or graffiti wall created in the first activity. Explain that:
 - National Insurance provides funding for various state benefits, including pensions, maternity allowance
 - Income Tax goes towards supporting public services like the NHS, education and welfare system
- Explain that their tax code is used by employers or pension providers to work out how much Income Tax to take from their pay or pension. A huge number of people overpay on tax each year, many due to an incorrect tax code. Tax codes can be found on payslips, a P45 if you leave your job, a P60 at the end of each tax year and will usually be different if you have more than one employer or pension provider
 - Signpost individuals to the following [website](#) if they want to check they're paying the right amount of tax
- If relevant, explain that after checking their tax code, ring HMRC directly if they think it needs adjusting. You can explore a more detailed breakdown of tax in the extension activity on page 6

Try next

If the group need additional support on payslips, you can print out or display [slides 3, 8 and 9](#) from our [Finances and the world of work lesson](#).

3. Understanding why salary isn't everything

- Ask the group what other additional items sometimes appear on payslips (cycle2work, health insurance, etc.)

Are these additional benefits helpful? Were they aware of them before they took the job?

Open the [Why Salary Isn't Everything tool](#) and watch the first two films featuring Aida and Darshan talking about the employee benefits they receive. Ask them to comment on how what they've heard in the films compares with what they know of working life. Less able students could compare and contrast what Aida and Darshan have both said

- Now watch the third video featuring Chris. Ask whether this changes their view of how they see their salary package and employment
- Ask the group to think about which profile, or elements of each profile, is most appealing to them. They can add this to the mind map/graffiti wall created at the start of the activity. Explain that it's a good idea to research and understand benefits beyond salary when applying for a job, and to remember that all companies offer different packages. When looking for a job, they need to consider what is worthwhile to them and what their priorities are

Activity one

Securing a salary (cont'd)

4. Looking at benefits which help in the longer term

- Explain that longer term benefits are good areas to consider, such as pensions. Ask the group what they know about pensions and add the mind map/graffiti wall
- Explain to students that retirement ages are predicted to rise to over 70 by the time they retire. The money they earn in their working life will be crucial in supporting them in the long-term. Provide pension facts such as*:

1. How much do you think the average retired household spends annually?

- a) Around 12,000
- b) Around 17,000
- c) Around 28,000 (answer)**

2. How much is a full state pension annually (true of May 2021)?

- a) £7,000+
- b) £9,000+ (answer)**
- c) £12,000+

3. If you started your pension at 20, how much would you need to save monthly to try and earn a pension of £28,000?

- a) £157
- b) £182 (answer)**
- c) £314

*Source: which.co.uk

- In their own time, encourage them to research this in greater detail, taking into consideration if they were to adjust the age what a difference it makes to the amount they pay in

Extension

- If you have tablets/computers available ask the group to go to the website app [Where does my money go?](#) and explore how tax is spent across the country
- Use the salary gauge to get the group to look at specific salary and tax points and report back on anything of interest they have noticed
- Encourage students to discuss why it's important to contribute tax. They can record their thoughts on the mind map or graffiti wall created at the start of this activity, or as a flyer or presentation to the group

Activity one

Securing a salary (cont'd)

Activity summary

- Ask the group if the session has made them think differently about how they see their salary and the other benefits you may get through work
- Discuss the importance of long term planning for their future
- Signpost to [Money Helper](#) and [gov.uk](#) for more information about National Insurance, taxation and work benefits
- Ask the group to:
 - Summarise as many key learning points as they can regarding what they've learnt about the contents of a payslip, national insurance and tax
 - List five key advantages of long-term planning for their financial future (less able groups may list just two or three). The above activities will help evaluate and evidence students' progress

Activity two

Ways to save

1. Who's a saver?

- Ask the group to list all the effective ways they can think of for saving money

What kinds of things do they think are worth saving for?

What three key benefits can they think of for saving up for something?

What sorts of things do people their age often save up for?

2. Everyday saving

- If you have tablets/computers available get individuals to work through the [34 Ways to Save interactive](#), exploring the different ways to save as part of an everyday budget
- As a group, ask them to share which tip they found most useful

What other tips might they have?

- Ask them to start making a list of actions to think about how they can integrate them into their own financial routine
- Invite students to record their top tips for saving in the form of a presentation, booklet or blog that can be shared with their peers at a later date. Less able students could design a poster with one or two top tips

Activity two

Ways to save (cont'd)

3. Saving for the future

- Ask students to consider what their ambitions are for the future

Do they want to own a house, start a business, own a car?

Ask them to list the key steps they think they need to take in order to achieve their ambitions. This can be added to their mind map or graffiti wall

- Get them to research how much things in their life plan might cost, for example going to university, moving to a new city or abroad, going travelling, buying or renting a house, etc.

How will they finance them?

Get them to estimate how much they might need and how long this might take. You can find average house prices by visiting [ONS's UK House Price Index](#) which is regularly updated

- Invite students to identify different scenarios that a young person might encounter (for example, they're made redundant, have an accident on holiday, their car is written off)

How would this affect them financially?

- Talk about ways that someone could plan for unanticipated spending, for example saving a certain amount per month, taking out insurance, etc.

Activity summary

- Invite students to identify and write down three key reasons for saving for different life goals
- Explain that Citizens Advice states that the amount you save depends on how much you have left over from your budget. There are [online tools](#) to help calculate how long it will take to get to a savings goal

Activity three

Getting the most out of independent living

1. Planning for independent living

- Ask the group:

What stages might young people of their age be at in terms of independent living (e.g. at home, moved out, in halls of residence, renting/sharing)?

How might each of these scenarios be best managed in order to live as independently as possible?

Capture their answers on a flipchart, mind map or graffiti wall

- As a group, watch the Getting the Most Out of Independent Living film. Revisit the list that you captured earlier

Ask the group if there is anything else they would want to add to or change on the list?

Were there things they hadn't thought about? How do they manage their own finances?

2. Budgeting for independent living

- Discuss how budgeting is key to making sure they can afford to live independently. Ask students to identify ways in which people can budget to support independent living by listing three to five key priorities that should be taken into account to budget successfully. Explain that when thinking about living independently, it's important to prioritise certain elements
- Rent and bills should be top of their list when budgeting. Explore renting costs in more detail by using the below statistics to run a quick fire quiz

1. What is the average monthly rent for a one bedroom property in each nation?

Wales: £468¹ (¹gov.wales)

Scotland: £546² (²gov.scot)

England: £700³ (³ons.gov.uk)

Northern Ireland: £703⁴ (⁴nihe.gov.uk)

2. If someone living in Wales was earning £19,500 per year, they would be taking home £1,410 each month after deductions (moneysavingexpert.com/taxcalculator). What % of their income would they be likely to spend on renting a one bedroom property?

33.2%

3. What upfront payments do you have to pay when renting?

Tenancy deposit (up to 5 weeks rent, you usually get it back when you move out, minus anything for unpaid rent/damage)

Rent in advance (at least 1 months' rent)

Letting/estate agency fees

Activity three

Getting the most out of independent living (cont'd)

- Ask the group:

What would the main considerations be for someone renting?

What kinds of sums of money might be involved for rent/deposits?

What might be the financial expectations that would form part of a tenancy agreement?

- If the group are interested in owning their own home, encourage them to go away and do research on average house prices and use tools such as Moneyfacts to calculate costs

3. Factoring in bills

- Ask the group to think about the main type of bills they will or do encounter (examples are council tax, TV licence, gas, electricity, water, internet) and ask them what they know about each. Less able students could be invited to share the items they have listed from the previous task
- Students can also work in pairs brainstorm what they know about each example and how these bill items could be paid for, e.g. direct debit, quarterly, percentage of household income they account for, how much they are inclined to go up each year
- Signpost them to Citizens Advice to find out more about the best ways to pay bills

4. Creating a budget

- Load an online budget sheet, e.g. from [Money Helper](#) or [Debt Advice Foundation planner](#) and work through each section to draw out discussion around costs and any tips the group has for each. Ask them how they would find the best deal possible, and what might change depending on the property or area they live in
- Discuss briefly different payment methods and their advantages or disadvantages (e.g. cheque, credit card, direct debit, bank transfer, cash)
 - Household bills
 - Living costs
 - Finance and insurance
 - Family and friends
 - Travel
 - Leisure
- If you have time, you could get individuals in the group to put together a monthly budget; the complexity will depend on the level/experience of the group you are working with. They should be able to research rental prices where they live or would like to live, bills, food allowance and transport costs online
- Alternatively, encourage the group to do a full budget plan after this session using a free online tool, as well as researching and comparing costs and deals online through websites like [Money Saving Expert](#). If they are not earning, encourage them to base the budget planner on the average weekly salary for young people aged 22-29 of £521 (as of November 2021)*
- Signpost to [gov.uk](#) for further information about renting a property and suggest the group researches apps that could be helpful

Source: [ONS](#)

Activity three

Getting the most out of independent living (cont'd)

Activity summary

- Reflect on and list all the great things about living independently (freedom, choice, individuality), and against each point identify the kind of planning that would make it more manageable
- Where possible, revisit the learnings covered in a subsequent session. This will allow additional time to follow up any questions or worries students may have, and also help to embed learning and understanding