

Yr 8 PD – Term 1B

Money Management – Pay and deductions

[Watch this](#) – Payslips



Understanding payslips

Payslips are very important and, as you just saw, they include information that you need to understand and check.

Deductions

Employer's Name: Selling Is Us	Employee Number: 31	Employee Name: Ollie
Pay Method: Electronic	Account no: 876543210	Sort Code: 110011
Tax Period: 6	Tax Code: 1060L	NI Number: BB001122E
From: 09.2016		
THIS PERIOD		
Gross Monthly Pay:	£1920.00	
THIS PERIOD		
National Insurance:	£149.80	
Income Tax:	£200.67	
Student Loan:	£15.30	
Total Deductions:	£365.77	NET PAY £1554.23
YEAR TO DATE		
Total Pay:	£11520.00	
Deductions to Date:	£	

Your personal details

Gross pay

Net pay

How do I understand payslips and deductions? | 7

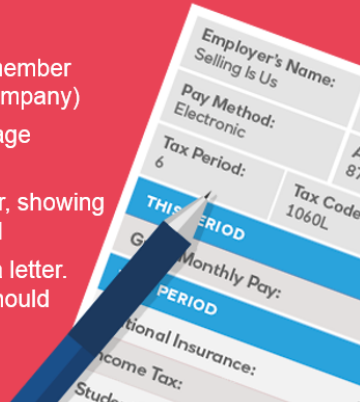
Understanding payslips – the money

- **Gross pay** – this shows how much you will earn before any deductions
- **Deductions** – this is all the money taken from your salary before it is paid to you, e.g. income tax, NI contributions (which help you to qualify for social welfare payments such as Illness Benefit and State Pension), pension, student loan repayments
- **Net pay** – this is often known as take-home pay – it's your gross pay minus the deductions



Understanding payslips – personal details

- **Employee name** – your name
- **Employee number** – your payroll number (every member of staff is given one when they start working at a company)
- **National Insurance number** – everyone over the age of 16 is given a personal NI number
- **Your bank details** – sort code and account number, showing the bank account into which your salary will be paid
- **Tax code** – this consists of a number, followed by a letter. Normally, when you multiply the number by 10, it should give you your tax-free personal allowance



Understanding payslips

- **Employer's name** – the name of the company that you work for
- **Tax period** – each month is allocated a number in the tax year, which starts in April (April = 1, May = 2, etc.)
- **Payments and deductions, tax year to date** – this shows how much you have been paid by your company before tax, and all the deductions that have been taken from your earnings since the start of the tax year
- **Pay method** – this explains how the money will actually be paid to you. It's usually paid directly into a bank account by electronic transfer



Planning for retirement – workplace pension

A **workplace pension** is offered by employers to the people who work for them.

Usually, workers agree to put a percentage of their monthly earnings into their pension, and the employer also puts some money into it.



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