

## Payslip definition cards

**Print two copies.** Cut one copy up into a set of cards to hand out to participants. The other copy is to help guide you through the answers at the end of the activity - the number in the brackets relates to the number on the PowerPoint.

### Income Tax (11)

A tax you pay on the money you make.

Everybody gets a 'tax free' allowance of £12,570. The amount of tax paid is dependent on income. For example, you pay 20% of your income between £12,571 and £37,700. You pay 40% of any earnings over this, up to £150,000. Above £150,000, it increases to 45%.

Please visit the Government website for the most up to date information (Information correct as at 2022/23).

### Overtime (9)

Some jobs pay you for any extra hours you work. The rate of overtime pay and the number of overtime hours you've worked will be noted.

### Employee (2)

You, the worker. It may include your name and/or a number that is allocated to you.

### Total Pay (15)

This is the total amount of money earned for that period before any deductions are taken. It includes your basic pay plus any overtime payment. It's sometimes called 'Gross Pay'.

### Employer (1)

The company or organisation that you work for.

### Deductions (10)

Money deducted from your earnings e.g. Tax, NI and other money taken directly from your pay such as student loan repayments and Child Support payments.

### National Insurance Number (N.I Number) (3)

This is a unique number given to you when you reach 16. The number identifies you and stays with you for life.

You'll normally be sent this in the 3 months before your 16th birthday, if both of the following are true:

- You live in the UK
- A parent has filled in a child benefit claim form for you

You have this number to make sure your National Insurance contributions and tax are recorded against your name only. It's made up of letters and numbers and never changes.

It's very important to keep a note of your number.

If you move to the UK from abroad, you will need to register for this before you can apply for work. You can do this online through the Government website.

### Student Loan Repayment (14)

Repayment for money borrowed for going to university. You only start paying it back when you earn more than the minimum threshold. Please visit the Government website for the most up to date information.

### Pay Method (5)

How you will be paid, e.g. cash or cheque, or via BACS (direct transfer into your bank account).

### Net Pay (16)

This is the total amount of money you will receive as pay for the period worked after all deductions have been taken.

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### Stakeholder/Work place Pension (13)

By law, your employer has to offer you one. They have to automatically enrol anyone who's eligible – this is called automatic enrolment.

There are different types of pensions, including occupational, automatic enrolment, group personal, and stakeholder pensions through the workplace.

### Period (6)

This refers to the tax year. The tax year runs from 6th April to 5th April the following year. So, week 1 or month 1 would run from April 6th.

Week 2 would run from 13th April and month 2 would run from May 6th and so on.

### National Insurance Payments (12)

This is a tax on the money you earn. It's paid to the government and funds state benefits, including the state pension. You need a national insurance number before you can pay national insurance.

Throughout your working life, you will need to make a certain level of this contribution in order to be able to receive a full state pension. It's important to keep track of what you've paid using your payslips.

For example, you pay 12% on earnings between £1,048 and £4,189 per month and 2% on any earnings over this. Your employer also pays a contribution for you too, based on what they pay you.

For more information, please visit the Government website for the most up to date information (Information correct as at 2022/23).

### Tax Code (4)



Everybody is allocated a code by HM Revenue and Customs each year. It describes to employers how much tax to deduct from an employee.

It may differ depending on how much you earn and the level of tax you pay. For example, the standard one is 1257L. This is because the personal allowance is £12,570 - the threshold before Income Tax is applicable. But, if you pay the higher rate of tax, it might have a letter before the numbers as well.

If you are self-employed or work for yourself, you still have one. You will also have to complete a tax return each year. It's your responsibility to make sure you pay the tax you owe - forward planning can help to ensure you do.

The Government website provides advice on how to work out if yours is correct. For more information, please visit the Government website for the most up to date information (Information correct as at 2022/23).

### Standard Rate (8)

This is your normal rate of pay – by the hour, week, 4 weekly or month.

Overtime can be calculated separately and may be paid at a higher rate.

### Year to Date (7)

This provides a total of all earnings (and deductions) that you've had so far in the year.

It also shows what your employers' contribution to your workplace pension and National Insurance has been.