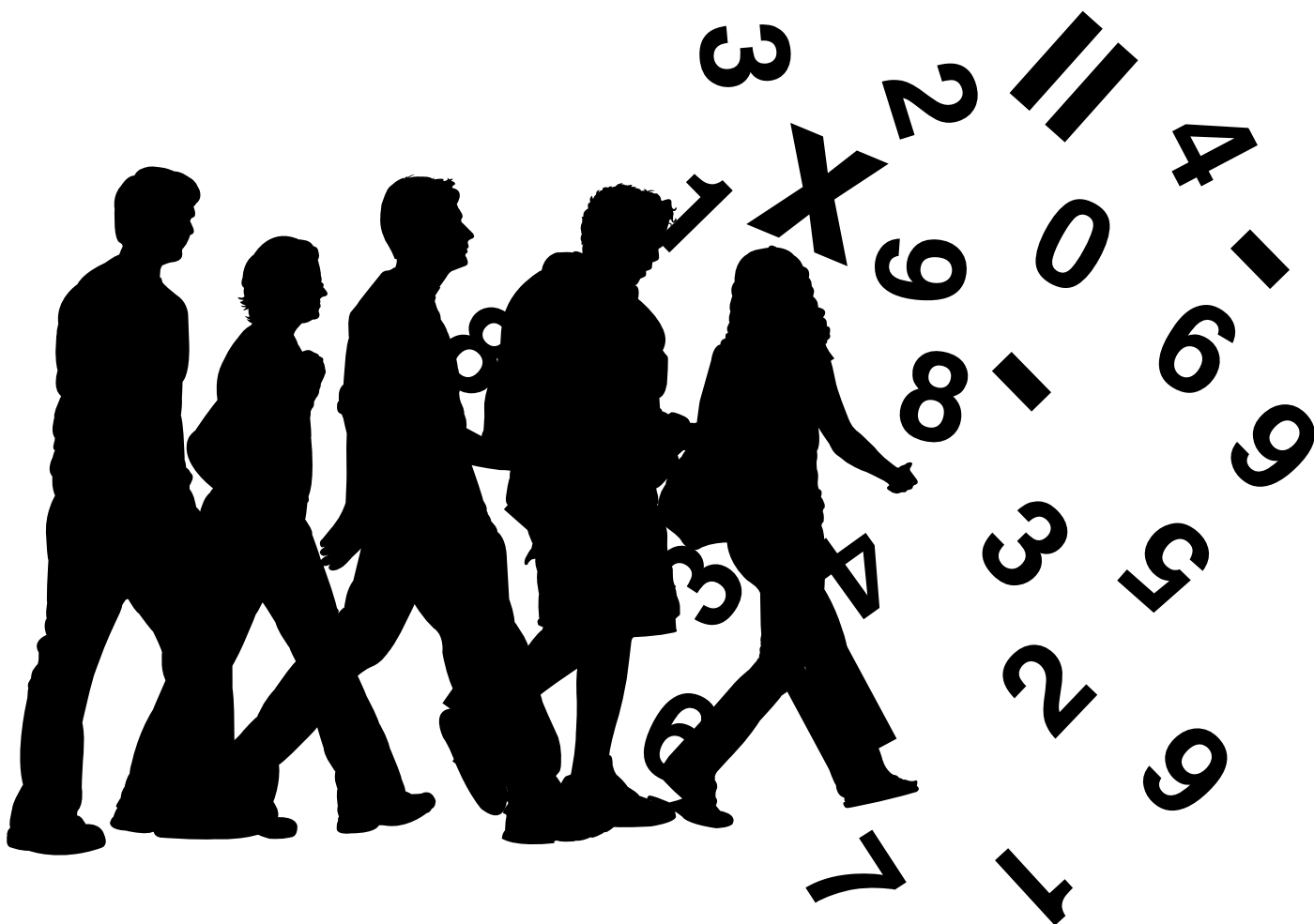


MONEY AND YOUR LIFE: ACTIVITY PACK

in partnership with



INTRODUCTION

Freedom. You might spend all your time dreaming about it. Space to do your own thing, play your own music at full volume and invite your friends round whenever you want.

But to get there you need to think about how you'll pay the rent, for food, travel, the TV licence, going out...

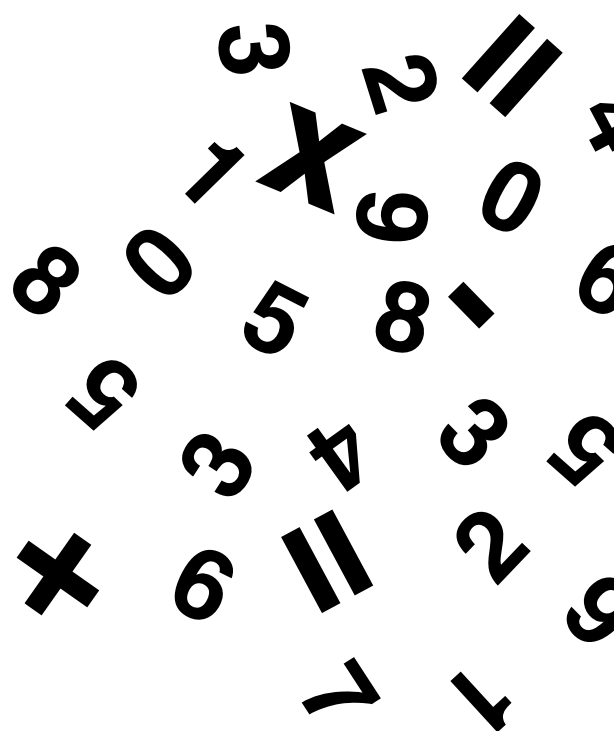
Whether you're just saving to buy a games console or dreaming of one day owning your own place, we all need to know how to best manage our money.

FIVE WAYS TO PAY

1. **Cheque:** A written order which instructs your bank to pay a specific amount of money from your account to another person or organisation.
2. **Cash card:** A plastic card that allows you to take out money from your account when you insert it into a cash withdrawal machine and key in your four-digit Personal Identification Number (PIN).
3. **Debit card:** Like a cash card where you can take out money from your account using a cash withdrawal machine but it also allows you to pay for goods in shops using chip and PIN. The card has a 'smart' chip that holds your PIN. When you pay in a shop, you'll be asked to enter your PIN using a keypad, the same number that you use to withdraw money at a cash machine.
4. **Credit card:** A plastic card which allows you to buy things immediately and pay for them later. You have an agreed limit on the amount you can borrow, and if you don't pay the total in full by the due date you will be charged interest on the outstanding balance. You need to be over 18 and meet certain conditions to get a credit card.
5. **Direct debit:** An instruction from you to your bank or building society to allow someone to take money from your account.

We've worked with RBS MoneySense to help us create this pack. If you want some more information on it, please go to:

www.rbs.co.uk/moneysenseforschools



ACTIVITY: WHAT'S MY JOB?

This activity will get you thinking about what your dream job might be and how the payslip for it might look.

PRE-ACTIVITY DISCUSSION

Your Explorer Scout Leader will start a group discussion with the Unit asking you what you think people look for in a job. Is it money? Enjoyment? Helping others? Or perhaps something else? What are the things that you think would most motivate you in a job?

You will look at the three different types of employment status and discuss what you think they mean. Can you give some examples of each?

WHAT ARE THE THREE TYPES OF EMPLOYMENT STATUS?

CONTRACTORS

Workers are defined more widely than employees and are different from the genuinely self-employed. The status of 'worker' includes individuals working under a variety of contracts. Employees are workers, but employees have different employment rights and responsibilities than workers.

Examples: Bricklayers, graphic designers, cleaners.

EMPLOYEES

The 'employee' status applies to the largest group of people in the workplace. All employees are workers, but as an employee you have a wider range of employment rights and responsibilities to and from your employer. For example, you will need to give a minimum notice period if you wish to leave your job.

Employees work under an employment contract (also known as a contract of service). This is normally a written contract but doesn't have to be; it could also be spoken or implied or a mix of all three.

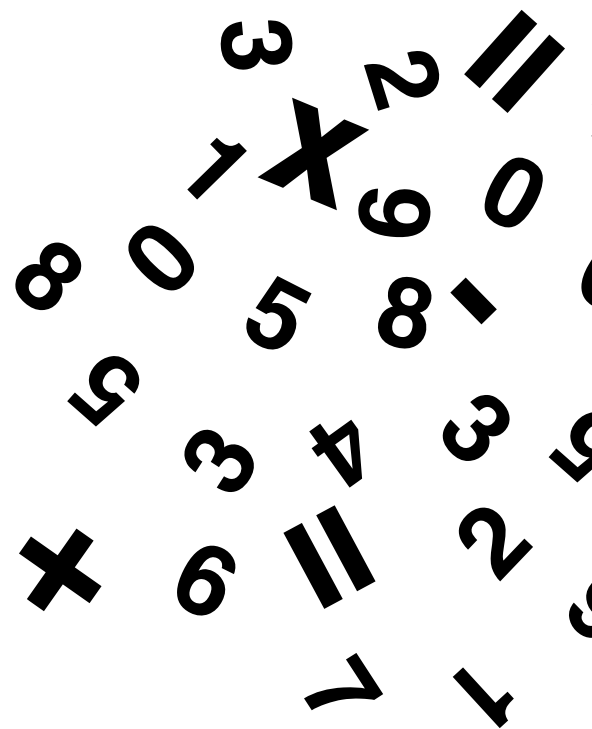
Examples: Accountants, shop managers, chefs.

SELF-EMPLOYED

Self-employed people are usually identified by the fact that they are in business for themselves and provide a service to multiple clients. Self-employed people are generally more independent than workers. They have far greater control over how and when to deliver the service and who delivers it. They will usually be better able to protect their own commercial interests, although they will bear any financial risk from the business they operate.

Examples: Journalists, graphic designers, plumbers.

You can find out more about the three types of employment status in the UK by visiting the employment area of direct.gov.uk



“ I use my current account just for everyday use of money and then use a savings account for saving up for university and a car and things like that.

David, 17, Swansea



FOUR THINGS TO KNOW BEFORE YOU START WORK

1. **National Insurance number:** Your National Insurance number is sent to you when you are 16 because that's when you're legally allowed to work full time. National Insurance is a tax paid by most employers, employees and self-employed (and some unemployed) people. Money is taken from your wages and paid to the government in return for services like pensions and benefits.
2. **Income Tax:** This is tax on the money you earn. It is based on the principle that the more you earn, the more tax you pay. Each year you can earn a certain amount of money tax-free. This is your free personal allowance.
3. **PAYE:** The Pay As You Earn (PAYE) system is a method of paying Income Tax and National Insurance contributions. It's when your employer deducts tax and National Insurance contributions from your wages before paying them to you.
4. **Student loan deduction:** A student loan from the government covers the costs of university or college. You pay these loans back when you finish your course and start to earn over £15,000. The money is included as a deduction from your payslip.

HOW TO DO THE ACTIVITY

1. Your Explorer Scout Leader will ask you to look at Paul the Plumber's payslip and complete the short quiz.
2. Your Explorer Scout Leader will split the Unit into three teams.
3. Each player in each team takes it in turns to come forward and act out their dream job without talking. The other team has to guess what they are miming. Your leader will nominate someone to keep track of which team guesses the most correctly and what the jobs were.
4. Once everyone has had a go, each Explorer Scout must put together a payslip for the jobs they can remember their team guessing. Include how much you think someone would earn in that job. Think about what other things should be on there and make sure you add them as well.
5. Compare payslips with someone from another team and see if your estimates are similar.
6. Discuss the other things you have included on your payslips and why.

PAUL THE PLUMBER

While he's training as a plumber, Paul earns a salary of £10,358.40 per year.

His salary includes 20 days' paid holiday a year.

He works 40 hours a week (including paid lunch breaks) at the national minimum wage (£4.98 per hour for someone his age).

Paul has been training as a plumber for five months and is enjoying receiving his monthly payslips.

He has just received his latest payslip. It contains lots of confusing information and he's trying to understand how his pay and tax has been worked out.

Look at Paul's payslip and answer the questions on the following page to help him work out what the different sections mean.

Employer's Name: 6894 - Plumbing Is Us		Employee Ref: 4317		Employee Name: Paul Masconi	
Tax Code: 522L	Tax Period: 2	NI Code: A	NI Number: AB000000A	From: 01.2010	
Payment Date: 31.05.2010	Units: ...	Pay Method:	Account no: 041265310	Sort Code: 007321	
THIS PERIOD				SALARY	
Gross Monthly Pay:			£777	£10,358.40	
Overtime:			£00.00		
DEDUCTIONS					
Income Tax:			£62.64		
NI:			£34.45		
Total Deductions:			£777		
YEAR TO DATE					
Total Pay:			£1,795.60		
Deductions to Date:			£194.18		
NET PAY			£777		



Can you answer these five questions about Paul's payslip?

1. What is Paul's National Insurance number?

- A
- AB000000A
- 041265310

2. What is Paul's gross pay?

- £10,358.40
- £818.80
- £753.71

3. Paul decides that he wants to earn some extra money. He's been offered five hours per day of overtime on three Saturdays in June for time and a half pay. How much extra will he be paid, before tax, in his June payslip?

- £90.25
- £112.05
- £73.80

4. How much has been deducted altogether from Paul's wages in June for tax and National Insurance contributions?

- £97.09
- £188.98
- £771.33

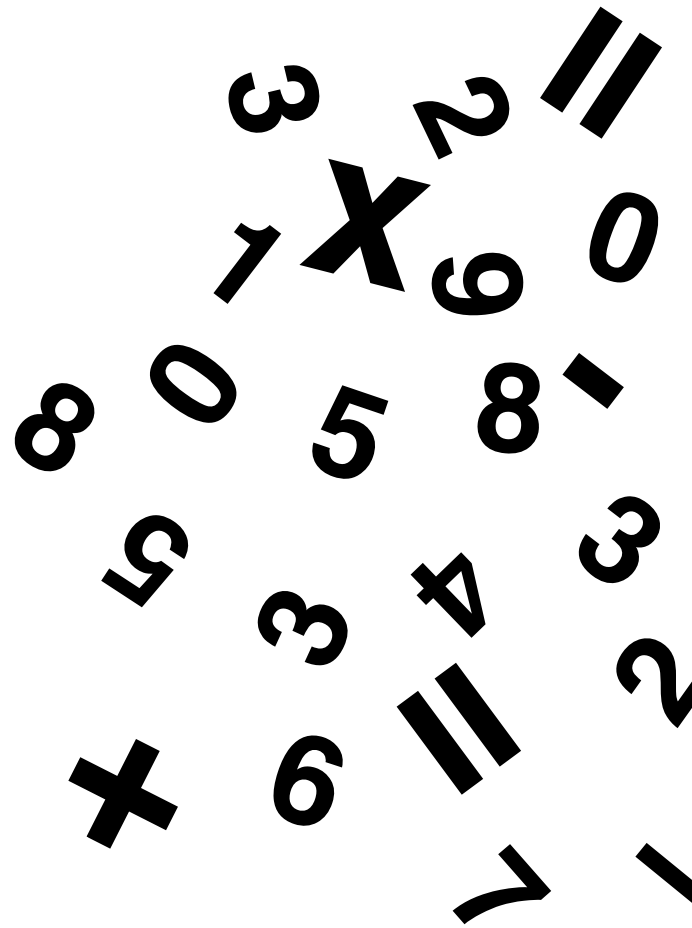
5. When does the tax year begin?

- March
- May
- April

Quiz answers

How did you do?

- 1. AB000000A
- 2. £10,358.40
- 3. £112.05
- 4. £97.09
- 5. April



FIND OUT MORE

Visit an online version of Paul's payslip to find out what all the different sections on it mean at: www.rbs.co.uk/moneysensepayslip

ACTIVITY: DEGREES OF DEBT

This activity will help you think about what is good and bad debt.

Debt is an amount of money that you owe to a person or company. For example, if you become a student you may take advantage of the government's loans from the Student Loan Company to help you cover your tuition fees or living costs. You will have to pay this money back once you have a job and start earning a certain amount.

If you have a mortgage on your home and there is a rise in interest rates, that could make a big difference to your ability to make repayments.

“ I do worry about getting into debt when I go to university. I've got a weekend job and have been saving money from that to help, but I think I'll have to work when I'm there too.

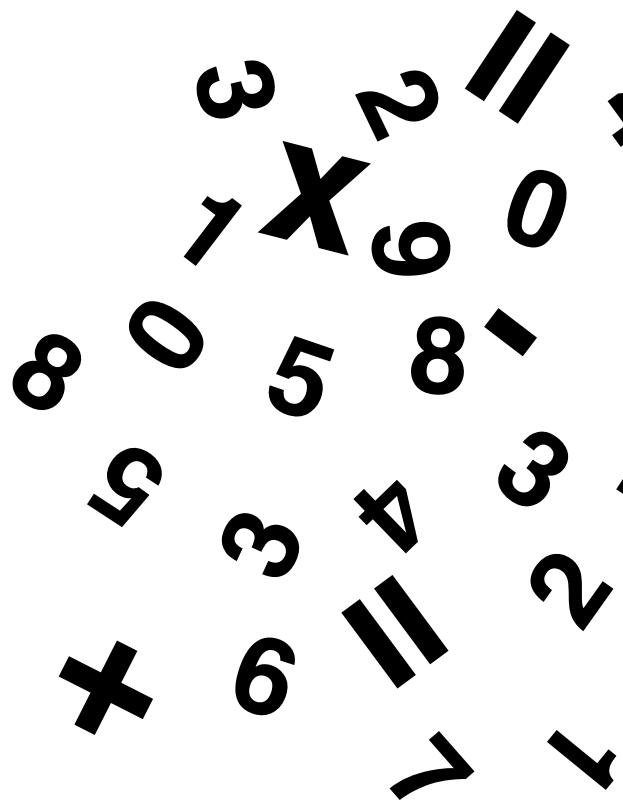
Gina, 17, Coventry

HOW TO DO THE ACTIVITY

1. Your Explorer Scout Leader will give you copies of the Degrees of Debt cards and ask you to cut them out.
2. Sort the cards into two piles. The first should be cards describing people you think have a serious debt problem and the second those who have a minor problem.
3. Arrange the cards in the serious problem pile in order of seriousness. Then for each situation (or as many as you can in the time allowed), write down your ideas for the following:
How did the situation arise?
Is the debt manageable or has it become unmanageable?
What should the person do next?
4. When your leader asks, share your responses with the Unit.
5. Next, with a partner, list all the reasons you think people may get into debt they cannot manage. The information on the cards will help you come up with some ideas.
6. When your leader asks, share your ideas with the Unit. What do you think manageable debt might be and what is bad debt?
7. Also, share your ideas with the unit about where you might look for help if you found debts unmanageable.

FIND OUT MORE

Understand more about debt online at
www.rbs.co.uk/moneysensedebt



ACTIVITY: A TAXING PROBLEM

This activity will give you an understanding of why we pay tax and what the different deductions taken from your payslip for any jobs you do are all about.

When you receive a payslip for a job you have you'll see there are various PAYE deductions for Income Tax, and National Insurance. Some of the money you've earned goes back to the government to help support services you make use of. If you've ever used your local hospital, or public transport, these deductions help go towards covering the costs of providing these services.

“ I tend to spend my money on computer games and music. I should probably think about saving because I don't really know where it all goes and I'd like to buy a car when I pass my test.

Jez, 17, Leeds

HOW TO DO THE ACTIVITY

1. Your Explorer Scout Leader will split the Unit into groups of four or five people.
2. Each member of the group is given a different amount of money ranging from a very small to a very large amount. This represents your monthly earnings from your dream job which you chose in the What's my Job activity.
3. You will be given a list of the various services that your taxes will be spent on and the total amount needed to pay for these on a monthly basis.

Your group will have to find the full sum of money to fund the services by each giving away a proportion of your earnings.

Discuss and negotiate the fairest way to fund all of these services. Think about how much you think it is fair for each of you to give away. Do you think the different kinds of jobs you do and amounts you earn should have an impact on this?

FIND OUT MORE

Understand more about payslips at
www.rbs.co.uk/moneysensepayslip

