

My Money and Me: Facilitator Guide

Overview and Purpose

This session is designed to give students an insight into the fundamentals of financial literacy. It encourages them to examine their own relationship with money, and provides an overview of some key information about payslips, take home salaries, and living costs.

It is important that students are aware of the basic principles of managing their money, and understand the key issues that will impact them when they earn an income. This session allows students to improve their understanding of personal finance, and start to explore ideas around saving and budgeting.

Objectives

Students will be able to:

- ❑ Comprehend the key concepts of spending, income, and budgeting
- ❑ Understand the difference between their salary and their take home income, and the deductions that will be made
- ❑ Think about the necessary expenses that they will have to pay, such as accommodation costs, utilities and other household bills

Vocabulary

National Insurance: The money that you pay to the government in order to qualify for certain benefits, as well as a state pension. This is deducted from your salary.

Tax code: this is used by your employer to work out how much income tax you should be paying each month.

Preparation / Materials Needed

- ❑ Chart Paper
- ❑ Marker pens
- ❑ A whiteboard/blackboard/smartboard
- ❑ Download the session PowerPoint

For virtual delivery, students can make their own notes (on paper or on a device) and can download their own copy of the slides.

Agenda

Getting Started (10 min)

- What does money mean to you?

My Money and Me (45 min)

Wages:

- Activity: can you afford it?
- Understanding a payslip
- Income tax and National Insurance

Living costs:

- Accommodation
- Rent, bills, expenses and luxuries

Wrap-up & Reflection (5 mins)

- Recap activity: can you afford it?
- Reflection on the lesson

Teaching Guide

Section 1: Getting Started (10 minutes)

Share the agenda of the session on the screen (slide 2).

Show the students the mind map template on Slide 4. Ask them to think about all the words, themes and questions that they associate with money and budgeting. They should spend **3 minutes** in their small groups filling in their own mind map, using the themes on slide 4. Spend **2 minutes** asking the students to share their answers as a group. See if the class can answer any questions about money management that might come up.

Moving on to slide 5, read through the examples of where financial literacy might be necessary. See if the students can come up with any other examples of when they might experience managing their money.

Section 2: My Money and Me (45 minutes)

Understanding Wages and Payslips

Can you afford it: Show the students the activity on slide 7. Ask them to spend 2 minutes in their pairs thinking about whether they would be able to save up for their £700 holiday in 2 weeks, using the earnings described on the slide. They should consider the other necessary expenses that they might have to pay when working out whether they can afford to take the trip. Once they have spent some time thinking, read through the list on slide 8. These factors will impact the amount of income they are able to save from their salary.

Wages and payslips: Talk through the example payslip shown on slides 9. The orange boxes contain some key information about the deductions that are made to your salary through income tax and national insurance. Understanding your payslip is key to understanding the amount of disposable income that you have, and to working out whether you will be able to afford something.

Income tax and National Insurance: Moving on to slide 10, explain that part of your salary will be deducted as income tax, provided you earn above the **personal allowance** of £12,570. Talk through the tax bands: income that you earn above the personal allowance but below £50,270 will be taxed at a rate of 20%. Income above £50,271 but below £125,140 will be taxed at a rate of 40%. Any income that you earn above this will be subject to a 45% tax rate. (Slide 11): Explain that these tax rates are marginal: If you earn above the threshold for a tax band, your entire income won't be taxed at that higher rate, just the amount that you earn over the threshold. For example: if you earned £50,370, only £100 of your income would be taxed at 40%.

Give the students **1 minute** to work through the activity on slide 11, before revealing the answer on slide 12.

Talk through the details of National Insurance on slide 13. Explain to the students that if they are an employee earning over £242 per week, national insurance will be deducted from their salary. This is to allow them to qualify for certain state benefits, as well as for a state pension once they reach retirement age.

(Slide 14): explain to the class that when thinking about whether or not they can afford something, it is important to consider these deductions to their salaries, as well as others such as student loan repayment and voluntary pension contributions. As well as this, there may be other expenses that they have to pay before they can start thinking about their disposable income.

Living costs

Accommodation: Explain to the students that a large portion of their income is likely to be spent on the cost of their accommodation, whether this is payed in rent, a mortgage, or household bills. Ask them to spend **3 minutes** in groups discussing the pros and cons of renting a home vs being a homeowner, before sharing ideas as a class. Some points to cover include: flexibility, financial risk, maintenance and repairs, location, ability to decorate, investment, and interest.

Ask the class to spend another **3 minutes** in their pairs, using the headings on slide 17 to create their own mind maps of the household expenses that they will need to think about when creating their budgets. Then, get the group to share their ideas to create a large mindmap on the board. This should cover the points on slide 18, as well as any other examples that the students come up with.

Section 3: Wrap Up & Reflection (5 minutes)

(Slide 20) Can you afford it: ask the students to think back to their answers to the activity they were given on slide 7. Thinking about the deductions, expenses and other factors that we have discussed during the session - why might it take longer than 2 weeks for them to be able to save up for the trip? If time allows, ask the class to consider what a more realistic time frame for saving up for the holiday may be, factoring in tax and expenses.

Reflection: Time for students to reflect on what they have learnt from this session. Use the questions on slide 21 as a reference or discussion starter to recap the main points that students have learned. Ask them to choose one of the questions to answer, and if time permits, choose a few volunteers to share their responses with the class.

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