PCSHE Booklet – Year 11

Topic 4 – Financial Decision Making

Name:	
Class:	
Teacher:	

	Year 11 Curricu	Ilum Overview	
Topic 1:	Topic 2: Health	Topic 3:	Topic 4:
Communication	Choices and	Families	Financial
in relationships	Independence		Decision
		Different	Making
Personal values,	Responsible	families and	
assertive	health choices,	parental	Payslips, Tax
communication	reproductive	responsibilities,	and Mortgage
(including in	health,	pregnancy,	
relation to	miscarriage,	forced marriage	
contraception	self-	and changing	
and sexual	examination	relationships.	
health),	and screening.		
relationship			
challenges and			
abuse.			



Knowledge Organiser

	•	•	•	•	•		•		•		•	KPI		
which you can see being taken from your pay or have to pay direct to	are sick, unemployed, or retired. Direct Taxation: Are usually obvious amounts such as income tax	National Insurance: The system of compulsory payments by employees and employers to provide state assistance for people who	by imposing charges on citizens and corporate entities. Deductions: Any item or expenditure subtracted from gross income to reduce the amount of income.	Taxation: A means by which governments finance their expenditure	give you your tax-free personal allowance Tax period: each month is allocated a number in the tax year, which starts in April (April = 1. May = 2. etc.)	Normally, when you multiply the number by 10, it should	Tax code: this consists of a number, followed by a letter.	of 16 is given a personal NI number	National Insurance Number: everyone over the age	of staff is given one when they start working at a company)	Employee number: your payroll number (every member	KPI1: Key definitions:	PCSHE – Y	
	Most people pay Income Tax through PAYE. This is the system your employer or pension provider uses to take Income Tax before they pay your wages or pension.	KPI 3: What happens if I don't pay income tax?	Therefore, you would expect to pay • £8,300 per year / £691.66 per month	3. 40% (£800) on the next £2,000.	 Nothing on the first £12,500 20% (£7,500.00) on the next £37,500 	For example, if you earn £52,000 a year, you pay:	4. If you earn £150,001 and over, you pay 45% tax.	You'll pay 40% income tax on earnings between £50,001 to £150,000	Then you pay 20% on anything you earn between £12,501 and £50,000	 You pay 0% on earnings up to £12,500* for 2019-20 	As an employee:	KP12: How is Income tax calculated?	PCSHE – Year 11 Topic 4 – Financial Decision Making	

Ľ If your employer makes a mistake and under pays your tax, you could be made to repay that amount through the next years PAYE

Ņ If you are a self-employed person, you are responsible for filing your tax returns each year with the HMRC. Failure to do so or filing late or inaccurate returns can result in a HMRC Enquiry. If the enquiry find you are guilty of deliberately misleading or falsify your tax record you can be prosecuted for fraud. In most cases you will be given a bill for the unpaid tax and a set time frame to pay it back

KPI4: Other sources of income

deductions.

Gross Income: Total amount of income earned before any

in the price of things that you buy. E.G. VAT

Indirect taxation: This is less obvious than a direct tax as it is included

HMRC. Other direct taxes include corporation tax, capital gains tax

and inheritance tax

Student loans

- The maximum that a university can charge is £9,250 per year (for students from the UK, studying a course in England that starts in the 2019-20 academic year)
- earning above a certain income. As of March 2017, this is at a rate of 9% on any income over £25,725 Students can get a tuition fee loan to cover these costs. This isn't paid back until after the course has finished, and only when you are

Pensions

Expenditure: Expenditure is the money that individuals or businesses

business activities.

businesses receive from various sources, such as jobs, investments, or

Income: Income is the money or earnings that individuals or

your home and this loan is 'secured' against the property.

Net Income: Total amount of income you receive after all deductions Mortgage: A mortgage is a specific type of loan that relates to your

home. A lender will pay a certain percentage of the overall cost of

spend or use to pay for goods, services, or bills.

Disposable: Disposable refers to the income or money that individuals or households have left after paying taxes and essential expenses. It is

the money available for spending or saving on non-essential items

- by their employer People over 22 years of age in employment, earning over £192 per week or £833 a month, will be auto enrolled in a pension scheme
- employee contribution and 1% of tax relief from the government As of April 2019, the minimum contribution is 8% of your pre-tax salary. This is made up of a minimum 3% employer contribution, 4%
- It is possible to opt-out of the pension scheme

Knowledge Organiser

	PCSHE – Year 11 Topic 4 – Financial Decision Making
KPI 5: Types of Taxation	
Income Tax	Is about 26% of the governments income and is based on a person's earnings
National Insurance Contributions	This builds up your entitlement to certain social security benefits, including state pension.
Inheritance tax	Tax paid on wealth (property) passed on from one person to another during their lifetime or as a part of their estate after death.
VAT	Charged at flat rates and are added to the price you pay for the goods of services (spending tax)
Council tax	This is a tax based on the value of your home and help pays for local services like policing and refuse collection
Stamp Duty	A government tax which is payable when a property is sold
Corporation tax	Term given to the type of taxation charged on the profits of companies
Road tax	Tax paid for usage of automobiles (cars)
	KPI6: Mortgages
A mortgage is a specific type of lo or encounter financial difficulties,	A mortgage is a specific type of loan that relates to your home. A lender will pay a certain percentage of the overall cost of your home and this loan is 'secured' against the property. This means that, if you fall behind in your payments or encounter financial difficulties, the lender has certain rights over your property and may even repossess it.
	KPI7: Types of Mortgages
Fixed Mortgage	A fixed-rate mortgage means that your mortgage payments will stay the same for a set period. You can set the length you want to fix your costs for, typically 2, 3, or 5 years or longer. No matter what happens to inflation, interest rates, or the economy, you know that your mortgage payment, usually your biggest outgoing, will not change.
Tracker Mortgage	A tracker mortgage is a home loan where the interest rate you pay is based on an external rate - usually the Bank of England base rate - plus a set percentage. The base rate is currently at a record low of just 0.1%, after two emergency cuts in March 2020 due to the coronavirus outbreak. So, if the interest rate on a tracker mortgage was the base rate +1%, the amount of interest you would pay is 1.1%. If the base rate went up, the interest rate on your tracker mortgage would also rise.
Standard Variable rate	 Mortgage lenders set their own standard variable rate, and this, along with your mortgage repayments, can go up or down at any time. Although the SVR can be influenced by changes in the Bank of England base rate, they do not have to strictly follow it. Instead, other factors such as the lender's cost of borrowing can influence the SVR and the lender can choose to raise or lower its SVR whenever it wants. This means that if the base rate rose by 1%, a lender might decide to: Increase its SVR by 1% Increase its SVR by less than 1% Leave the SVR unchanged (unlikely) Leave the SVR unchanged (unlikely) Similarly, if the base rate went down by 1%, a lender might choose to lower its SVR by 1% or less, or not lower it at all.

Low Stake Quiz

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Sliding Scale – Lesson 1

Wages and Payslips

Task: Complete the sliding scales below by circling a number to demonstrate your confidence level with each learning objective.

Sliding Scales									
I am able to	outlin	e the	import	tant in	forma	tion co	ontaine	ed on a	a payslip.
Not confident									Confident
	2	3	4	5	1 6	1 7	1 8	9	10
I am able to e Not confident	stimat		calcu ifferer				/ for d	ifferer	nt jobs and Confident
1	2	3	4	5	6	7	8	9	10
I am able to	outlir				of che	ecking	payslip	os and	ensuring
Not confident		C	leduct	ions ar	nd cori	rect.			J.
Not confident		C	leduct	ions ar	nd cori	rect.			Confident
Not confident	2	1 3	leduct	ions ar 1 5	nd corr	rect.	8	1 9	J.
	2 able 1	3	4	5	6	rect.	8 beyond	9 salary	Confident

Key words: Payslips, wages, deductions, national insurance, tax, net income, gross income, pension



Task 1: In your booklet make a list of the different places where money can come from.

Jacob is 15 years old, and Sonya is 21, and both are applying for jobs

Jacob wants to apply for ...



Sales Assistant

A part-time sales assistant is required for our flagship store which sells mobile phones, smart technology and gaming devices. Previous experience preferred but not essential.

 \pounds 4.50 per hour, up to a maximum of 6 hours per week. Flexible overtime is paid at \pounds 6 per hour and is often available, but not guaranteed.



Trainee Engineering Manager A full-time trainee engineering manager is required to assist with the building of a new sports stadium. Relevant degree (or equivalent qualification) required.

The starting salary is £20,400.

Task 2: Using the information in your booklets and your calculator, answer the following questions.

1. How much could Jacob earn in a week?

2. How much could Sonya earn each month?

Task: Watch the following video and annotate your blank payslip in your booklet to explain what each section tells you.

Employer's Nam Selling Is Us	ie:	Employee 31	Number:	Emp Ollie	loyee Name: ?
Pay Method: Electronic		Account n 876543210		Sort 1100	Code: 011
Tax Period: 6	Tax 1060	Code:)L	NI Numbe BB001122		From: 09.2016
THIS PERIOD					
Gross Monthly	Pay:		£1920.00		
THIS PERIOD					
National Insura	ince:		£149.80		
Income Tax:			£200.67		
Student Loan:			£15.30	NET	PAY
Total Deductio	ns:		£365.77 £		
YEAR TO DATE					
Total Pay:		£	11520.00		
Deductions to I	Date:	£			

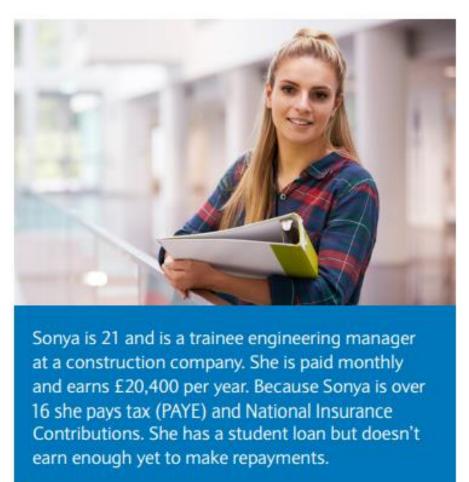
Task 3: Complete the following questions to demonstrate your understanding.

Paysli	ip		Nam	e: Joe Smith	
Joe Sm	nith, 685	Hatfield	d Road, Hatfield AL8 BK		
Employee No	Tax Code	N.I. Code	Week/ Month	National Insurance No	
062	568LR	А	3	KT 66 99 88 D	
Gross Pay: Annual Inc			£830 per month (or 10,000 per year) £80 per month		
National Ir Contributio		•	£45 per month		
Pension Contributio	on:		£45 per month		
Net Pay:			£660 per 1 (or £7,920		

Use the information on the payslip to answer the questions.

 What is Joe's gross monthly pay? 	
2) What is Joe's net monthly pay?	
3) What deductions does Joe have taken from his mont	thly pay?
a)	
b)	
c)	
4) What is the total amount deducted from Joe's month	nly pay?
5) How much National Insurance does Joe pay in a yea	r?
6) How much income tax does Joe pay in a year?	
7) Explain in your own words the difference between g	ross pay and net pay.

Task: Complete the payslip for Sonya. There is a help sheet at the end of the lesson in the booklet.



Calculate Sonya's PAYE:

- An annual personal tax allowance is 10x the number given in the tax code. What is Sonya's annual personal tax allowance?
- Work out Sonya's taxable pay the amount of her salary that Sonya will have to pay tax on
- Calculate how much tax Sonya will pay over the year (the tax rate is 20% of taxable pay)
- Work out how much tax Sonya will pay each month

Calculate Sonya's NICs:

- National Insurance Contributions (NICs) are paid on annual earnings over £8,632. Work out how much of her annual salary Sonya will pay NICs on.
- Calculate the NICs Sonya needs to pay on this amount. NICs are paid at 12% (on annual earnings over £8,632)
- Work out Sonya's monthly NICs.

Employee No	Employee		Pay Date	Tax Code	National Insurance Number
0567	S Fletcher		30/06/2019	1250L	AB 123456 C
Payments	Units	Rate	Amount	Deductions	Amount
Basic		£	£	PAYE NIC Pension Student Loan	£ £ £0.00
Ms S Fletcher 4 My Road My Street My Town MT1 1BD	Total gross pay	R	E	Totals Year to Date Total gross pay TD Tax paid TD NIC TD Pension TD	
	ABC Company Name	ne		Total Net Pay	£

Help Sheet

Monthly salary prior to tax

Calculate personal tax allowance: 1250 x 10 =
 Gross salary – personal tax allowance =
 Answer to Q2 x 0.2 =

4. Answer Q3 ÷ 12 (months) = PAYE

Employee No	Employee		Pay Date	Tax Code	National Insurance Number	
0567	S Fletcher	/	30/06/2019	1250L	AB 123456 C	
Payments	Units	Rate	Amount	Deductions		Ampunt
Basic	-	Ŧ	E	PAYE NIC Pension Student Loan		E E E0.00 E0.00
Ms S Fletcher	Totals for this period	iod		Totals Year to Date		
My Street My Town MT1 1BD	Total gross pay		υ	Total gross pay TD Tax paid TD NIC TD Pension TD		E5100.00 E394.98 E353.04 E0.00
	ABC Company Name	ame		Total Net Pay	E	

Answer to Q1 x 0.12 =
 Answer to Q2 ÷ 12 (months) = NIC

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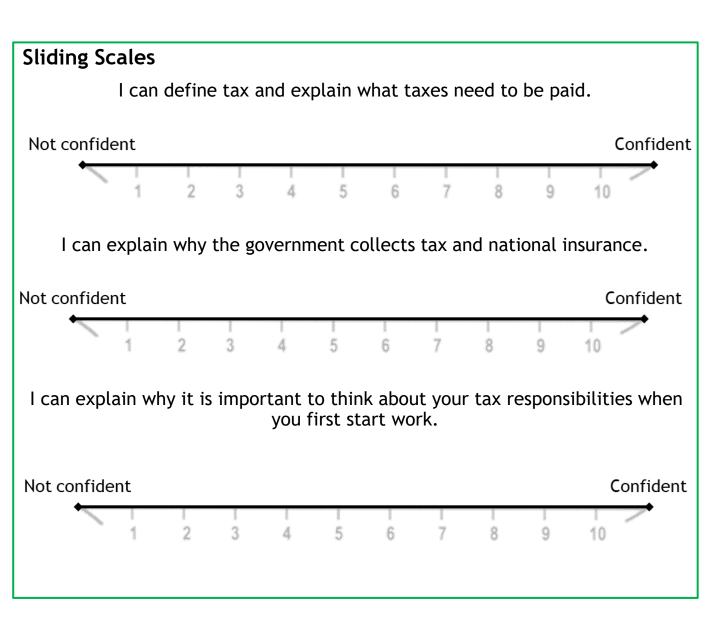
Low Stake Quiz

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Sliding Scale – Lesson 2

Тах

Task: Complete the sliding scales below by circling a number to demonstrate your confidence level with each learning objective.



Key words: Income tax, council tax, national insurance, corporation tax, inheritance tax, stamp duty, VAT, road tax

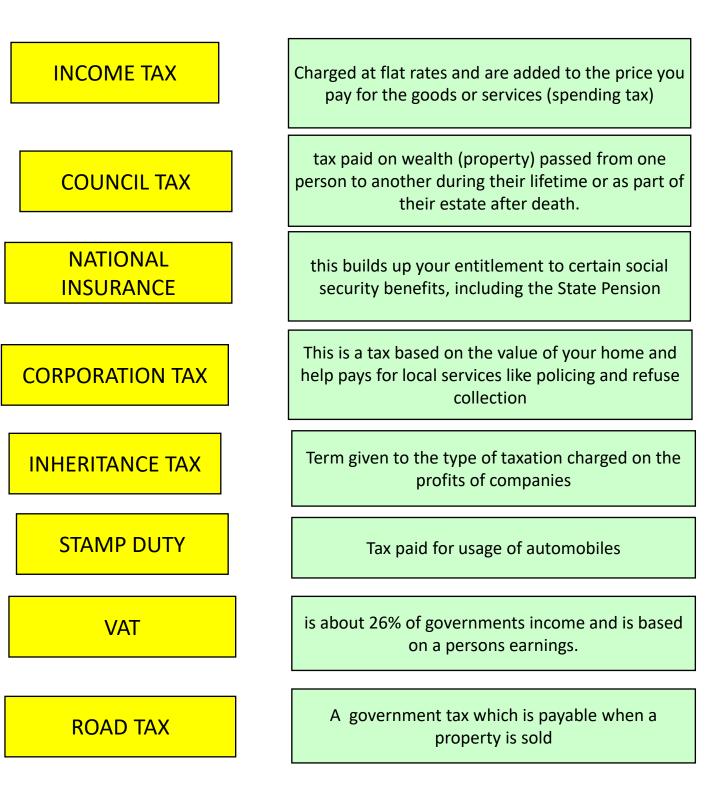


Task 2: Complete the following tasks

1. Match up the type of tax to the definition in your booklet

2. Explain why each tax is important

3.Explain what you think might happen if citizens decided not to pay taxes



What would happen if we paid no taxes?

No	Job Description	Children	Weekly wage	After Tax
1	Waitress + single mother	4	£150	£120
2	Health care assistant	1	£200	£170
3	Judge	2	£1,000	£650
4	Unemployed	2	£50	£50
5	Window cleaner	0	£150	£120
6	Shop Assistant	2	£150	£120
7	Bus Driver	3	£180	£155
8	University Student	0	£50	£50
9	MP	0	£1,000	£650

Task 3: Choose one individual from this table and highlight the weekly wage in your booklet.

Based on the information on the next slide work out whether they could afford to live comfortably if they paid individually for the services. In the tax year April 2021 to March 2022, someone under 65 years of age can earn up to £12,570 per year without paying any tax – this is called a Personal Allowance. Earnings over £12,570 are taxed at: •£12,570 – £50,270 \rightarrow 20% •£ 50,270 – £150,000 \rightarrow 40% •Over £150,000 \rightarrow 45%

Calculating Income Tax

Sarah is a teacher and earns £36,000 per year

Personal allowance of £12,570

£36,000 - £12,570 = £23,430

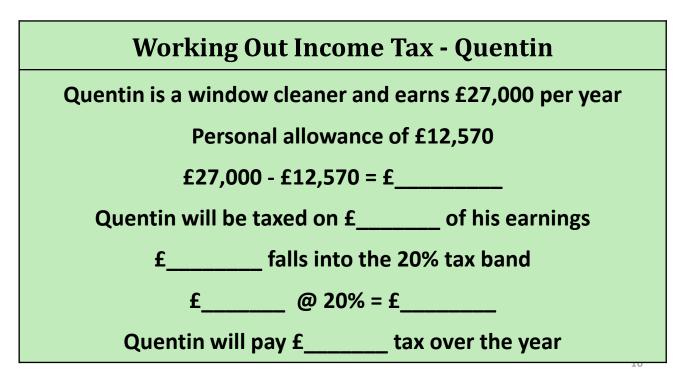
Sarah will be taxed on £23,430 of her earnings

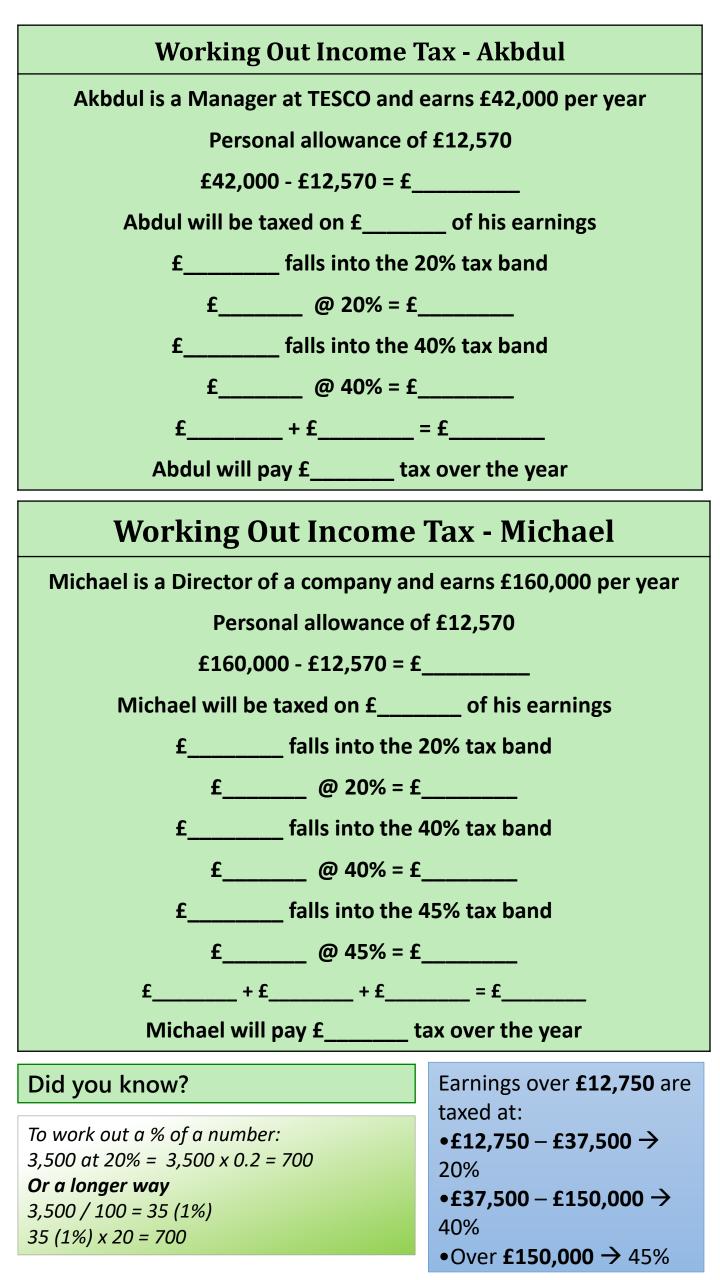
£23,430 falls into the 20% tax band

£23,430 @ 20% = £4,686

Sarah will pay £4,686 tax over the year

Task 4: Calculate the income tax for Quentin, Akbdul, and Michael.





Task 6: Answer the following questions in your booklet.

1. List as many different types of tax as you can remember

2. Explain in three sentences how the government acquires its money

3. Explain how the government spends its money (and what on)

Ext Question;

Explain how our tax system works and why it is a fair system for all sections of society

Low Stake Quiz

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Sliding Scale – Lesson 3

Housing and Mortgages

Task: Complete the sliding scales below by circling a number to demonstrate your confidence level with each learning objective.

Sliding Sc	cales										
I understand the important role financial planning plays in achieving personal goals.											
Not confide	ent									Conf	ident
	1 1	2	1 3	4	5	6	1 7	8	9	10	•
l know diff	erent	ways	to pay					ut the	diffe	rent borro	wing
Not confide	nt			and	saving	optio	ns.			Confi	dont
										Conn	
	1	2	3	4	5	6	7	8	9	10	

Key words: Housing, living expenses, mortgages, financial planning, fixed-rate, standard variable, tracker mortgage



What is a home?

Task 1: Come up with as many different types of 'home' that you can think of.



What do I want from a home?

Task 3: What is most important to consider when deciding where to live. Rank the statements in order of importance (1-9). 1 shows the most important. 9 shows the least important. There are no right or wrong answers and everyone will have slightly different priorities.

- 1. Proximity to work/school
- 2. Monthly cost of rent or mortgage
- 3. Size
- 4. Number of co-inhabitants
- 5. Proximity to family/friends
- 6. Access to parking
- 7. Running costs/bills
- 8. Transportation links
- 9. Proximity to shops

Types of Mortgages:
Fixed Mortgage:
Tracker Mortgage:
Standard Variable Rate Mortgage:
Task 7: Create a list in your booklet, noting down everything that you can do to improve your chances of getting approved for a mortgage.

Task 8: Complete the following two tasks in your booklet to demonstrate your understanding

1. Define the term mortgage

A mortgage is

2. Provide two examples of mortgages, identify their features.

Extra Paper:	
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