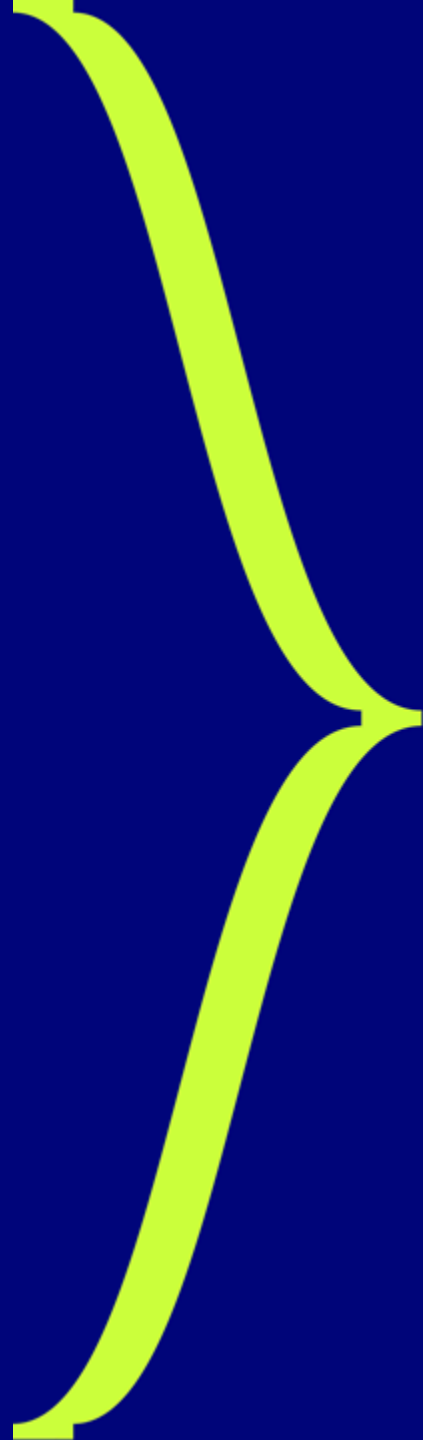


PILLAR 2



Money Smarts Challenge
Earning and Income

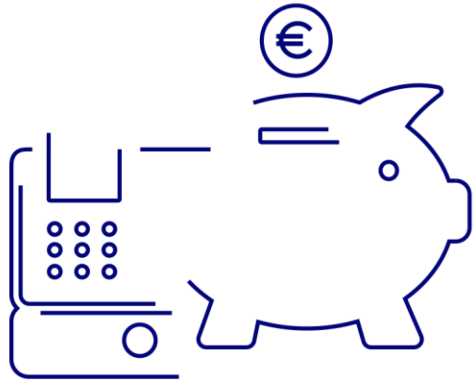


Welcome

Financial Wellbeing is about what you do with your pot of money, not the size of it. It's about making sure you can cover day-to-day expenses, plan for the future and manage the unexpected. This presentation covers earning and income, exploring tax - one of those inevitable things in life.

Earning & Income is the second of six pillars of Financial Wellbeing. The following information shows your students the various ways in which money can be earned, while also highlighting some non-earned ways people secure an income. The content is designed to give you a flavour of what you can expect your students to be quizzed on as part of the Money Smarts Challenge.





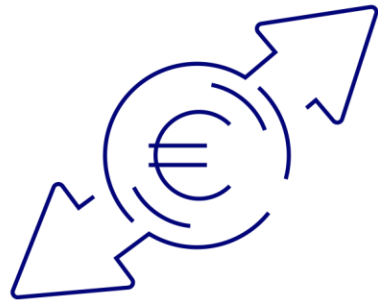
Spending and Saving



Financial Decision Making



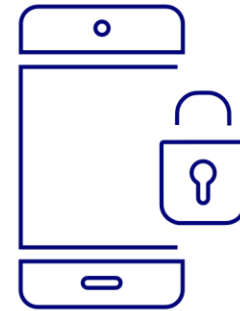
Earnings and Income



Credit and Debt

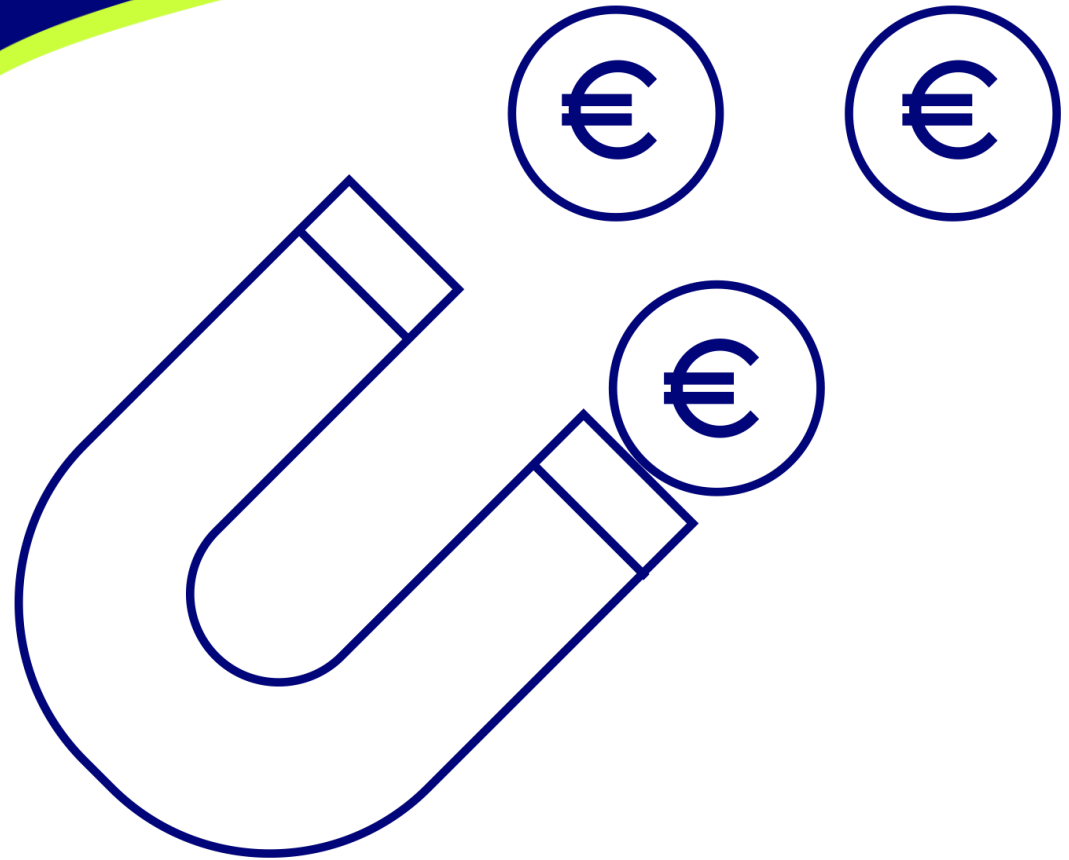


Investing



Risk and Protection

Earned v Unearned income



How do people earn an income?

There are multiple ways for people to earn an income including:

- Working for an employer like a company
- Working for yourself (includes Gig Economy)
- Freelancing for multiple employers and companies
- Investment income
- Using 'The Bank Of Mum and Dad'



KYLIE JENNER



LEO VARADKAR



FOOD DELIVERY PERSON

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SELF EMPLOYED

KYLIE JENNER



EMPLOYED

LEO VARADKAR



GIG ECONOMY

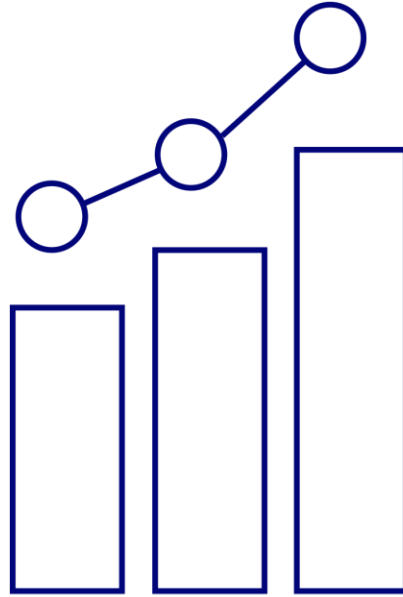
FOOD DELIVERY PERSON

Quick facts about Earning & Income

1. Income is the money you earn from your employment.
2. You must pay tax on the income you earn.
3. The money you earn before you pay taxes is called your Gross Pay.
4. The money you take home after you pay your taxes is called your Net Pay.
5. If you work for an employer, they take the tax off you before they pay you.
6. Self-employed people, including Gig Economy workers, have to declare their income and pay tax themselves.



MY PAYSALIP



What do the
Numbers mean?

MY PAYS LIP

PAYSLIP

EMP. NAME: E M Ployee FREQUENCY: F PAYMENT DATE: dd/mm/yyyy
 EMP. NUMBER: DEPT: DRCT COST: 9999 PAY PERIOD: 19 PPS NUMBER:

PAYMENT DETAILS				DEDUCTION DETAILS				SUMMARY OF PAY	
DESCRIPTION	T/N	HOURS	VALUE	DESCRIPTION	T/N	TRIS PERIOD	BALANCE	GROSS PAY	
BASIC HRS	T	70.00	1134.00	PAYE			2730.97	1170.53	
BIK	T		38.83	PRSI			1030.30		
				USC			649.50		
				SOCIAL	T		21.00	TOTAL DEDS	159.80
				MED DED	T		24.08	NON-TAX ADJS	
								B	-35.83
								ROUNDING	
NETT PAY		974.90							
PAY METHOD		Bank							

CUMULATIVE DETAILS		TAX/PRSI DETAILS		BENEFIT IN KIND		NETT PAY	
GROSS PAY	25759.76	TAX/USC STATUS	N	BIK T.D.	501.62	974.90	
NON-TAX. DEDS		EMER. START PER.					
TAXABLE PAY	25759.76	TAX CREDIT T.P.	127.42				
TAX CREDIT T.D.	2420.98	PRSI CODE	A1				
STD. CUT-OFF T.D.	25843.04	TOTAL ING WK	38				
TAX PAID T.D.	2730.97	EMPER PRSI T.P.	129.34				
		EMPER PRSI T.D.	2846.45				

Income Tax, PRSI & USC Deductions

Payroll

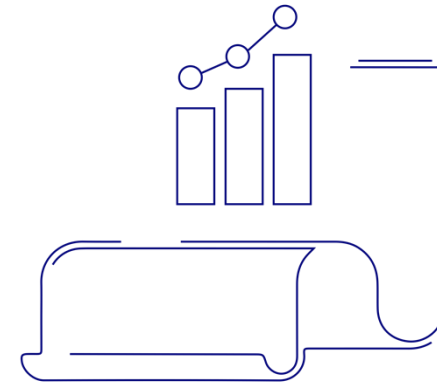
Gross Pay



Nett Pay

COMPANY: COMPANY REG. NUMBER: 6334XXX
 EMPLOYEE NOTES:

Payslip detail explained



1. **PPSN:** Public Personal Service Number is unique to you.
2. **PRSI Class:** Dictated by your type of employment and sets the rate of PRSI that you will pay.
3. **Cut-Off:** The point between lower and higher tax rates charged on your earnings.
4. **PAYE:** Pay As You Earn is tax taken directly from income.
5. **Tax Credit:** Your tax credit reduces the amount of tax you will pay, specific to your situation.
6. **PRSI:** Pay Related Social Insurance is used for social welfare and pensions.
7. **USC:** Universal Social Charge is another income-based tax you are required to pay over a specific income level.
8. **Gross Pay:** The money you earn based on the hours you work and your rate of pay per hour.
9. **Net Pay:** The actual money you take home after all tax and other deductions are taken out.
10. **Total deductions:** The total of all the tax and any other deductions taken from your gross pay.

Understanding GROSS V's NET

GROSS PAY
Income You
Earn

€1,000
Gross Monthly Pa

Minus
TAXES

-€200
Income Tax PRSI, USC

NET PAY
Income You
Keep

€800
Net Monthly Pay

**Calculations based on
prevailing taxes and charges
as of September 2021.**

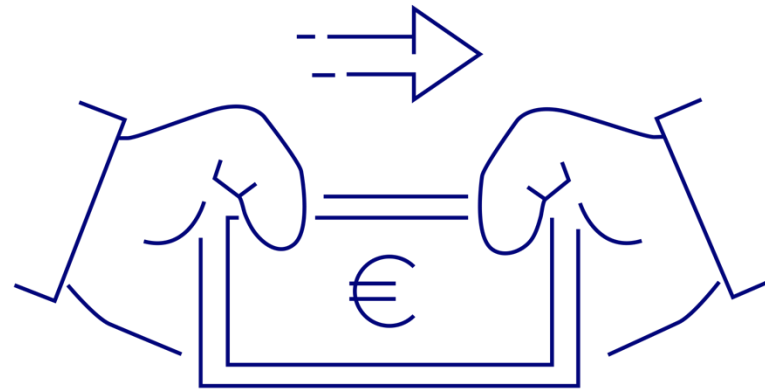




GROUP WORK

In small groups, ask your students to consider the following scenario before presenting their answer back to the class.

Discuss why it's important to understand the difference between Gross Pay and Net pay from a savings and spending perspective.



Money Smarts Challenge Sample Quiz Questions

To view sample questions from last year's quiz, visit bankofirelanduk.com/moneysmarts and click on the Money Smarts Challenge Sample Quiz Questions PDF.

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