

Money Levels 1 & 2

Name: _____

Date: _____

Care Practice Book

Rate how confident you feel about the skills tested in this workbook:

Skill	Not a clue!	I know a little	I feel okay with this	I feel quite confident	I feel very confident
Calculate with money					
Understand vocabulary related to pay					
Work with time in hours and minutes and as a decimal					
Find percentage parts					
Calculate with decimal numbers					

Introduction to Money

It is important to understand how you are paid and what might be deducted from your wages, so you can work out how much money you have to spend each month. It also means you can be confident checking your payslip to make sure it is correct.

NOTE: nothing in this booklet should be taken as financial advice. Please check your own circumstances with your company's HR department, a specialist advisor or the Citizens' Advice Bureau if you are unsure about what you should be paid.

What terms should I know?

Gross and net

Gross pay is the overall wage you earn. Net pay is the money you receive once taxes and other deductions are made. This is sometimes known as your 'take home' pay.

Deductions – amounts taken off your gross pay

The most common deductions are

- Income tax
- Pension contribution
- National insurance
- Student loan



Try it Out

Find one of your payslips and see if you can locate

The gross pay

Pension contribution

The net pay

Your tax code

NI contribution

Year to date pay and tax

Find a payslip from a previous month and compare the two. Are they the same?
If not, can you tell why?

PAYSLIP

Employer's name: Employer's name		Pay period: to	
Employee's name: Employee's name		Date of payment:	
NI letter: NI letter			
Tax code: Tax code			

	UNIT	RATE	TOTAL
EARNINGS			
Salary or wages for ordinary hours worked	hours		£ 0.00
<Wages on higher rates (e.g. overtime)>	hours		£ 0.00
<Insert name of earnings (e.g. paid leave)>	hours		£ 0.00
<Insert name of earnings (e.g. paid sick leave)>	hours		£ 0.00
<Insert name of earnings (e.g. lump sum for project)>	N/A		£ 0.00
GROSS PAYMENT			£ 0.00

DEDUCTIONS			
Tax			
National Insurance contributions (employee portion)			
Pension contribution (employee portion)			
Student loans (if applicable)			
<(Insert any salary sacrifice deductions, i.e. childcare vouchers)>			
<(Insert any other deductions)>			
TOTAL DEDUCTIONS			£ 0.00

EXPENSES			
<Insert expense>			
<Insert expense>			
<Insert expense>			
TOTAL EXPENSES			£ 0.00
NET PAYMENT			£ 0.00

EMPLOYER CONTRIBUTIONS			
<Employer National Insurance Contributions>			
<Insert pension scheme name Contributions>			
<Insert any other employer contributions>			
TOTAL NET CONTRIBUTION			£ 0.00

ADDITIONAL NOTES			
<Insert any other additional notes>			

Income tax

Each person has a personal allowance. The personal allowance is the amount anyone can earn before they are taxed on it. If your total earnings are below this amount, you won't pay any tax. Note: there are some things that affect your personal allowance, so always check with an expert if you are unsure.

Currently, in the UK, the standard personal allowance is £12,570. This amount can change, so you should always check the government website to find the updated amount.

The table below shows the tax rate you pay based upon how much you earn. (In England and Northern Ireland)

Earnings	Income tax rate
Under £12,570	0%
£12,570 to £37,700	20%
over £37,700 to £150,000	40%
Over £150,000 (additional rate)	45%



Try it Out

Question One

a) What tax rate would you pay if you earned £26,490?

b) What tax rate would you pay if you earned £63,104?

c) What tax rate would you pay if you earned £11,947?

Did you know that many care roles use the NHS pay bands as a guide even if the job itself is not with the NHS? If you see a job advertised, you can check it against the bands to see the minimum and maximum amount you can earn per year in that band.

NHS Pay Bands

This table shows the NHS pay bands for 2022-23. Please check the NHS website for any updated information.

Band	Minimum Income Also known as entry point	Maximum Income Also known as top step
1	£20,270	£20,270
2	£20,270	£21,318
3	£21,730	£23,177
4	£23,949	£26,282
5	£27,055	£32,934
6	£33,706	£40,588
7	£41,659	£47,672

There are also bands 8 and 9 with higher salary rates.

Note: you often need to work for a certain numbers of years within a band to progress to the maximum income.

Try it Out

Question two

a) Marcia is a band two healthcare assistant. She earns the top step for her band. What is her annual salary?

b) Shabia has just applied for a role as a band 5 physiotherapist. She will be starting at the bottom of the band. What salary will she earn?

c) Jonathan has been working as an assistant practitioner for 4 years and has had a pay increase to £25,250. What band is he in?

You only pay tax on the money you earn **over** the personal allowance. This means you should deduct £12,570 from your total earnings before calculating the tax.

Example

Jay earns £25,125 annually. He wants to calculate how much tax he will pay in the year.

Step one = work out the taxable pay after deducting the personal allowance

$25\,125 - 12\,570 = 12\,555$ so he will pay tax on 12555.

Step two = work out 20% of 12555

$20 \times 12\,555 = 251\,100$ then divide by 100 = 2511

OR 10% of 12555 = 1255.5 so double it for 20% = 2511

OR $12\,555 \times 0.2 = 2\,511$

Jay will pay £2,511 tax

Try it Out

Question three

Calculate the tax each person from question two would pay.

a) How much tax would Marcia pay annually?

b) How much tax would Shabia pay **each month**?

c) How much tax would Jonathan pay per year?

Hourly pay

If you are paid on an hourly rate, you might get paid more if you work at night, at weekends or on bank holidays. You should check your contract to find out what rate you will be paid at.

Different types of pay

Time and a half	Multiply your pay by 1.5 or find half of the amount and then add that on to the original amount.
Time and a quarter	Multiply your pay by 1.25 or find a quarter of the amount (by dividing by 4) and then add that on to the original amount.
Double time	Multiply your pay by 2.

Try it Out

Question four

Sarah is a band three worker and has a normal rate of pay of £11.86 per hour. She gets paid time and a half for working bank holidays. If Sarah works for 8 hours on a bank holiday, how much will she earn?

Question five

Stuart is on the entry rate for band 4 and has a normal rate of pay of £12.25. If he works on Sundays, he gets time and a quarter. In one week, he does 12 hours on Monday, Tuesday and Thursday. He works for eight hours on Friday and then eight hours on Sunday. How much does he earn that week?

National insurance

National insurance is an amount of money you pay so that you can qualify for certain benefits in the future such as the state pension, maternity pay and some employment benefits.

There are different 'classes' for national insurance. The most common class is class one, which is for most employed people. If you are self-employed, your class will be different. The amount you then pay depends on how much you earn.

National insurance is calculated using your gross pay – before any income tax or other deductions have been made. This table shows class one contributions based on your annual income. Again, your own circumstances could be different.

From £9,880 to £50,270	13.25%
Above £50,270	3.25%

Note: National insurance in Scotland is paid at a different rate.

If you earn over £50,270, you pay 13.25% on the money you earn up to this amount and then 3.25% on the extra money you earn after that point.

How to find 13.25%

The easiest way is to multiply the amount you are working with by 13.25 then divide the answer by 100.

Try it Out – Level Two

Question six

Dan is on the second year of an apprenticeship in healthcare. He earns £20,270 annually. He knows his national insurance rate is 13.25%. How much national insurance does Dan pay annually?

Question seven

Ann-Marie earns £23,177 each year as a therapy support worker. If her national insurance rate is 13.25%, how much national insurance does she pay **per month**?

Money and Time

Sometimes you may need to record the number of hours you have worked. You could be asked to do this as a decimal.

It can be very easy to get time mixed up when it is written in decimal format.

For example, 1.5 hours is the same as 1 hour 30 minute and not 1 hour 50 minutes.

Checking and Recording Your Pay

Multiplication method

Multiply your time as a decimal by 60 (because there are 60 minutes in an hour) to turn it into minutes.

Example

What is 0.8 of an hour in minutes?

$$0.8 \times 60 = 48$$

0.8 of an hour is 48 minutes.

Percentage method

Turn each decimal amount into a percentage by multiplying by 100. Find this percentage of 60.

Example

What is 0.8 of an hour in minutes?

$$0.8 \times 100 = 80 \text{ so } 80\% \text{ of an hour.}$$

Find 80% of 60 $\rightarrow 80 \times 60 = 4800$ then divide by 100 = 48

0.8 of an hour is 48 minutes.

Try it Out

Question eight

- a) What is 0.25 of an hour written in minutes?

- b) What is 0.75 of an hour written in minutes?

Level Two only

- c) What is 3.45 hours written in minutes?



To turn minutes back into hours,
just do the opposite method.

To turn 90 minutes into hours,
divide by 60 to give 1.5 hours.

Try it Out

Question nine

- a) What is 20 minutes written in hours?

- b) What is 150 minutes written in hours?

Question ten

Denise has a weekend role as a cleaner while she is training. She clocks into work at 7.15am. She clocks out at 5.25pm. She has to record the number of hours she has worked as a decimal. She must then subtract 1 hour for lunch as her lunch break is unpaid.

How many hours should Denise record she has worked as a decimal?