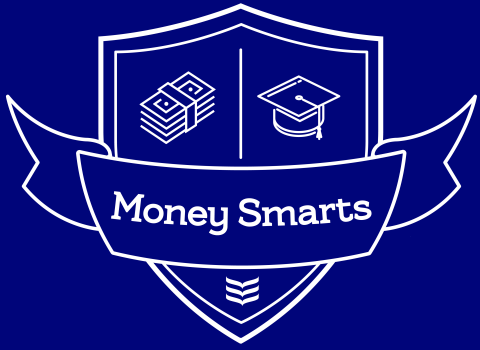


PILLAR 2



Money Smarts Challenge  
Earning and Income

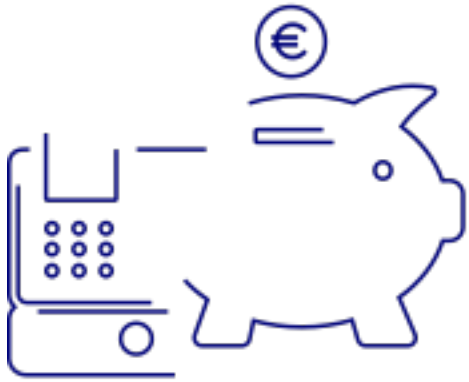


# Welcome

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.

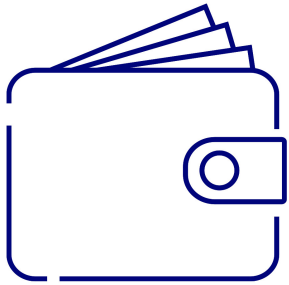




Spending and Saving



Financial Decision Making



**Earning and Income**



Credit and Debt

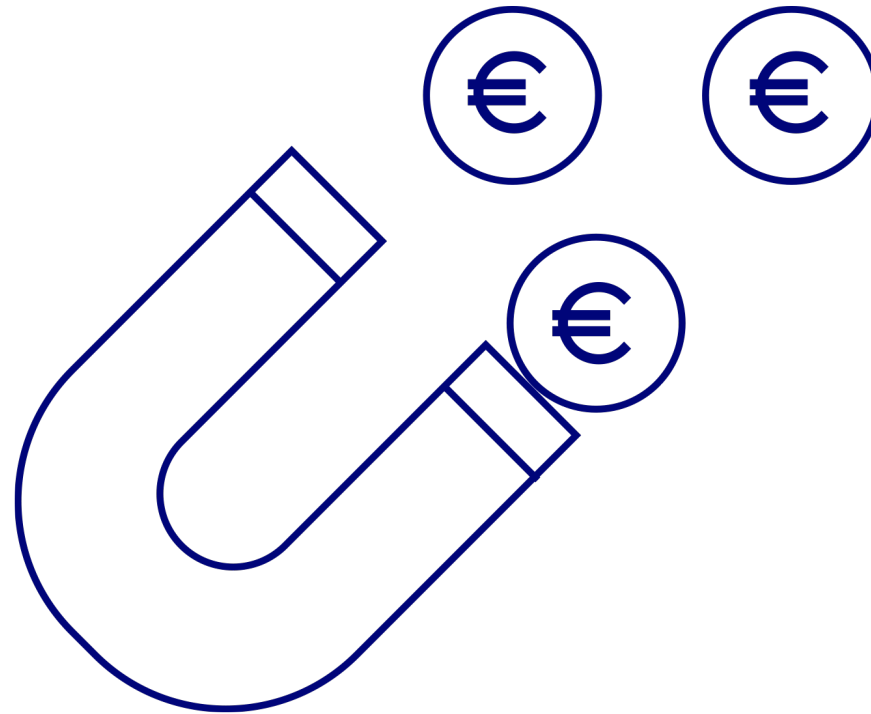


Investing



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**

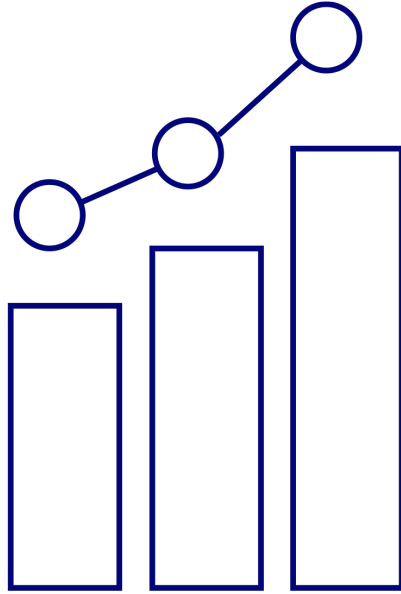
**FOOD DELIVERY PERSON**

# 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	THIS PERIOD	BALANCE	GROSS PAY	
BASIC HRS	T	70.00	1134.50	PAYE		85.41	2730.97	1170.53	
BIK	T		35.83	PRSI		46.82	1030.33		
				USC		25.85	649.58		
				SOCIAL	T	0.00	21.00	TOTAL DEDS	159.80
				MED DED	T	1.72	24.08	NON-TAX ADJS.	
								B	-35.83
								ROUNDING	
CUMULATIVE DETAILS				TAX/PRSI DETAILS				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 INS WK	38				
TAX PAID T.D.		2730.97		EMPER PRSI T.P.	129.34				
				EMPER PRSI T.D.	2046.45				
									PAY METHOD
									Bank

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

Income Tax, PRSI & USC Deductions

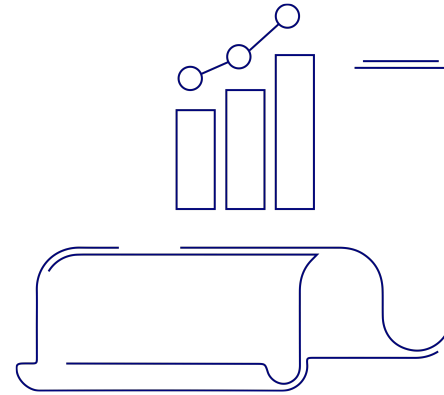
Payroll

Gross Pay



Nett Pay

# 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 Pay

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**

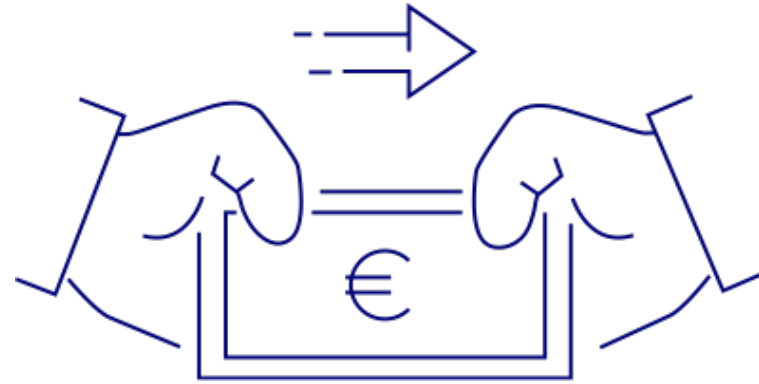




## GROUP WORK

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 [boi.com/moneysmarts](https://boi.com/moneysmarts) and click on the Money Smarts Challenge Sample Quiz Questions PDF.

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