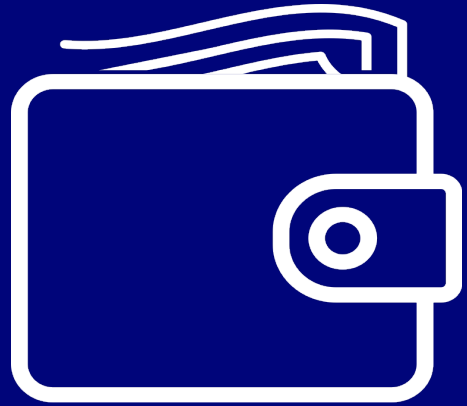


PILLAR 2



Money Smarts Challenge
Earning and Income

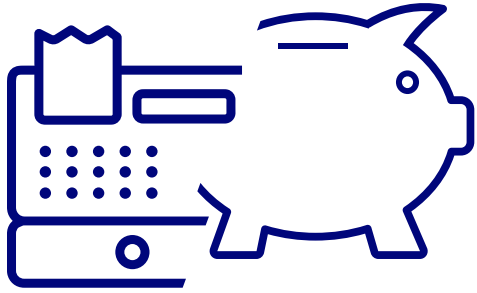


Welcome

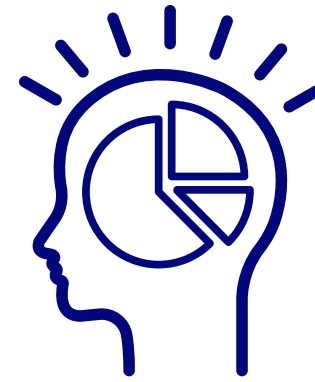
Financial Wellbeing is about what you do with your pot of money, not the size of it. It's about making sure you can cover day-to-day expenses, plan for the future and manage the unexpected. This presentation covers earning and income, exploring tax - one of those inevitable things in life.

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.





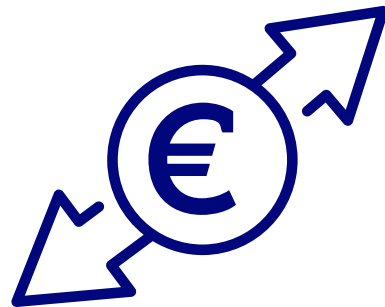
Spending and Saving



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

The name 'Gig economy' comes from the idea that each piece of work is similar to an individual "gig".

How do people earn an income?

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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

Can you explain numbers 1 to 10?



Communimax Ltd

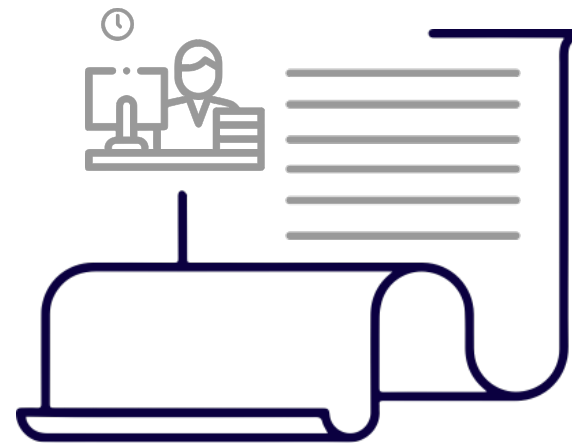
Name _____ Frequency _____ PPS No. **1**
 Number _____ Department _____ Period _____ Date _____

| Payments | Units | Amount | Payments | Units | Amount |
|-------------|----------|----------------|----------|----------|---------------|
| Gross Pay | 8 | €500.00 | PAYE | 4 | €57.60 |
| Premium Pay | 1 | €88.00 | USC | | €28.76 |
| | | | PRSI | 6 | €18.44 |

| Cumulatives this employment | Revenue Details | Pension Details |
|-----------------------------|----------------------|-----------------|
| Gross Pay €588.00 | Basics Cuml | Cum er 10 |
| PAYE €57.60 | Tax Credit 60 | 5 |
| USC 7 €28.76 | PRSI Class A1 | 2 |
| PRSI ee €18.44 | Ins Weeks 1 | |
| PRSI er €63.21 | Cutoff 600 | 3 |

| Summary |
|---------------------------------|
| Total Gross €588.00 |
| Allowed Deds €0.00 |
| Taxable Gross €0.00 |
| Total Deds 10 €104.80 |
| Non-tax Pmts €0.00 |
| Total Payments 9 €483.20 |
| Payment Method Cash |

What do all the numbers mean?



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 2019.**



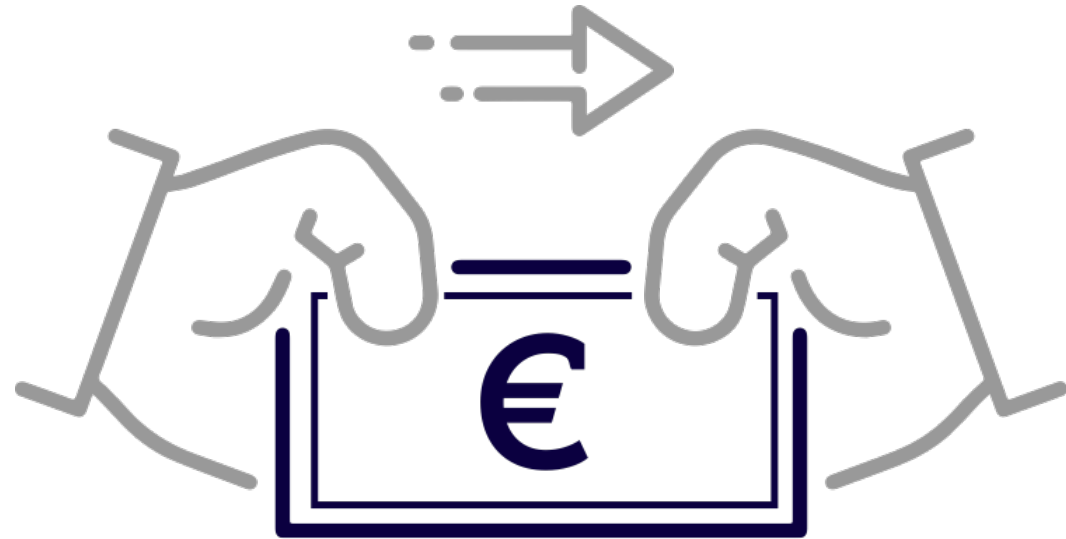
**Bank of
Ireland**



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.



SAMPLE QUESTIONS

1. There is a higher and lower tax bracket in Ireland.
At what income do you move into the higher tax bracket at?
2. In Ireland, what does PRSI stand for?
3. In Ireland, what is the name of your
income before tax?



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