

How to read a payslip

What happens to your pay before it reaches your bank account?

Answers and teaching notes

For the teacher

- **Aim:** Pupils read a real-looking payslip, explain gross pay, deductions and net pay, and calculate earnings from an hourly rate.
- **Curriculum links:** Financial Education Planning Framework, ages 11 to 14: understanding the important role money plays in our lives (earning, payslips, tax and National Insurance) and how to manage money (checking records). Maths: adding, subtracting and multiplying with money, percentages. PSHE: economic wellbeing and careers. Citizenship: how public money is raised and spent.
- **Watch first:** the Penny Explains video "How to read a payslip" at pennyexplains.com.
- **Starter:** Write £2,000 on the board. Ask: if this is your monthly pay, how much lands in your bank account? Take guesses, then reveal Priya's payslip.
- **Support:** Colour the payslip together: green for money in, red for money taken off. Allow calculators for activity 4.
- **Stretch:** Ask pupils what percentage of Priya's gross pay each deduction is (Income Tax 9.5%, National Insurance 3.8%, pension 3.7%).
- **Figures:** tax code 1257L gives a tax-free Personal Allowance of £12,570 a year. The minimum wage for under-18s is £8.00 an hour from April 2026. Priya's payslip is a worked example with rounded amounts.
- **Total:** 36 points. Suggested answers are shown in red; accept any answer that is well reasoned.

I can...

- ☐ I can explain the difference between gross pay and net pay.
- ☐ I can name the main deductions on a payslip and say what they are for.
- ☐ I can work out pay from an hourly rate.

Key words

Gross pay: pay before anything is taken off.

Deductions: amounts taken out of your pay.

Net pay: take-home pay, after deductions.

Tax code: shows how much you can earn before paying Income Tax.

1 True or false?

5 points

Circle True or False.

Gross pay is your pay before anything is taken off.	**True**	False
Net pay is always bigger than gross pay. **Net pay is smaller. It is what is left after deductions.**	True	**False**
Income Tax helps to pay for things like schools, roads and the NHS.	**True**	False
National Insurance builds your right to the State Pension.	**True**	False
The minimum wage is the same for every age. **It depends on age. It is lower for under-18s than for adults.**	True	**False**

2 Payslip quiz

3 points

Circle one letter for each question.

a) A tax code of 1257L means a worker can earn how much in a year before paying Income Tax?

- A £1,257
- **B £12,570**
- C £125,700
- D £2,000

b) Who takes the Income Tax out of a worker's pay and sends it to the government?

- A The worker's bank
- **B The worker's employer**
- C The worker
- D The local council

c) From what age can National Insurance be taken from a worker's pay?

- A 11
- B 13
- **C 16**
- D 21

3 Read Priya's payslip

8 points

Priya, 23, is a trainee vet nurse. Use her June payslip to answer the questions.



Penny says: Gross pay – deductions = net pay. Net pay is what you can actually spend.

Paws and Claws Vets Ltd · Payslip		**Month: June 2026**
Priya Shah · Tax code 1257L	**Payments**	**Deductions**
Basic pay	£2,000.00	
Income Tax		£190.00
National Insurance		£76.00
Pension		£74.00
Gross pay and total deductions	**£2,000.00**	**£340.00**
Net pay (paid into your bank)	**£1,660.00**	
A made-up payslip for practice. Tax year 2026 to 2027.		

a) What is Priya's gross pay? 1 mark

£2,000.00.

b) Which deduction is the biggest, and how much is it? 1 mark

Income Tax, £190.00.

c) Show how the total deductions are worked out. 2 marks

£190.00 + £76.00 + £74.00 = £340.00.

d) Show how Priya's net pay is worked out. 2 marks

£2,000.00 – £340.00 = £1,660.00.

e) What percentage of her gross pay does Priya take home? 2 marks

83% (£1,660 ÷ £2,000 = 0.83, or 1,660 out of 2,000 = 83 out of 100).

4 Paid by the hour

8 points

Priya's brother Sam, 16, has a Saturday job. He is paid **£8.00 an hour**.



Penny says: £8.00 an hour is the minimum wage for under-18s from April 2026. It is higher for adults.

a) Sam works 6 hours on Saturday. How much does he earn?

Working

6 × £8.00 = £48.00

Answer: £48

b) How much does Sam earn in a month of 4 Saturdays like that?

Working

4 × £48 = £192

Answer: £192

c) In the summer Sam works 15 hours a week for 6 weeks. How much does he earn?

Working

15 × 6 = 90 hours

90 × £8.00 = £720

Answer: £720

d) Sam is saving for a £240 bike. How many hours must he work to earn it?

Working

£240 ÷ £8.00 = 30 hours

(that is 5 Saturdays of 6 hours)

Answer: 30 hours

5 What would you do?

4 points

Read the story, then answer the questions.



Sam gets his first payslip. It shows **5 hours** for a Saturday when he is sure he worked **6 hours**. He is new, and he feels awkward about saying anything to his manager.

a) How much pay is missing? 1 mark

£8.00 (1 hour at £8.00 an hour).

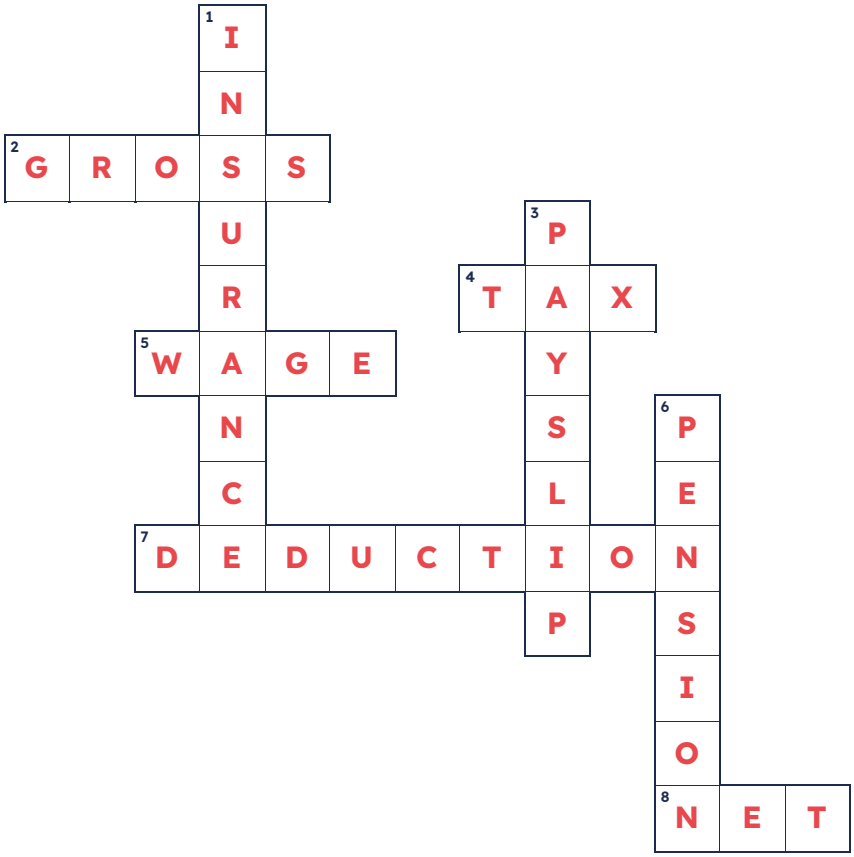
b) What would you do if you were Sam, and why? 3 marks

No single right answer, but look for: check his own record of hours first, then politely ask the manager to look at it. Mistakes happen, it is his money, and employers expect to be asked. Keeping a note of hours worked makes this easier.

6 Payslip crossword

8 points

Use the clues to fill in the grid.



Across

2. Pay before anything is taken off (5)

4. Income ___ is paid to the government (3)

5. The minimum ___ is the least you can be paid per hour (4)

7. An amount taken out of your pay (9)

8. Pay after everything is taken off (3)

Down

1. National ___ builds your right to the State Pension (9)

3. The record of your pay from your employer (7)

6. Money saved up for when you stop working (7)

7 Before you go

One thing I learned today

One question I still have

How sure do I feel?

Not yet | Getting there | Got it

Take it home

Ask an adult at home if they will show you a payslip (they can cover the numbers). Can you find the **gross pay**, the **deductions** and the **net pay**?

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Figures for the 2026 to 2027 tax year. Education, not financial advice.