

pfeg Forum

14 May 2014, Prudential and M&G

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Personal Finance
Education Group

Welcome

Gavin Rennie, Head of Corporate
Responsibility, Prudential UK & Europe



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pfeg Update

Tracey Bleakley, pfeg



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Guest speaker

Michael Steer, Deputy Headteacher,
Thornhill Community Academy



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Chartered
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Taxation
Excellence in taxation

Tax Guide for Students

Low Incomes Tax Reform Group

www.taxguideforstudents.org.uk

Robin Williamson

May 2014



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WHO WE ARE

Low Incomes Tax Reform Group

www.litr.org.uk

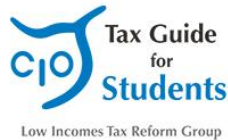
An initiative of the Chartered Institute of Taxation

www.tax.org.uk



Our dedicated Student website

A project funded by HMRC and the CIOT and endorsed by NASMA & NUS



Low Incomes Tax Reform Group

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Tax careers - your future?

Find out about exciting career opportunities in the world of tax and how to get started.

Tax for student money advisers

How you can help students with tax issues: guidance and training materials for advisers.

[TAX ESSENTIALS](#) [WORKING](#) [VOLUNTEERING AND TRAINING](#) [TAX CREDITS AND BENEFITS](#) [TAX REFUNDS](#) [TYPES OF STUDENT](#) [GOING ABROAD](#) [OTHER INCOME](#) [STUDENT LOANS](#)



Tax Guide for Students

from the Low Incomes Tax Reform Group

Welcome! We at LITRG, part of an educational charity, have built this website to give tax information for students and their advisers. Use it to find out how to get your taxes right – you could be paying too much. And look at our 'Tax careers' section to see if you could get a great job working as a tax professional. [We are currently updating our website for the end of the tax year]
Find out more [about this site](#).

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Content



Tax essentials

Things you need to know to get your tax right.



Working

Got a job or running your own business? Sort out your tax from day one.



Volunteering and training

Interns, volunteers, apprentices and trainees – tax pointers.



Tax credits and benefits

Struggling with your money? Find out if you can get any extra support.



Tax refunds

Could you be paying too much? Find out how to claim.



Types of student

Guidance for international, part-time and mature students, and students with disabilities.



Going abroad

Whether you are going to study or work, there are tax points to consider.



Other income

Be tax-smart about savings and other income.



Student loans

What has tax got to do with it?

Factsheets for advisers

National Minimum Wage (NMW)

Tax Guide
for Students
[View Issues Tax Reform Group](#)

The National Minimum Wage (NMW) is the lowest amount which employers should legally pay workers who are entitled to it. So you should know your rights, and if you think you are not being paid enough, what you can do about it!

How much is the NMW?

There are four NMW rates and they usually change on 1 October each year. From 1 October 2013, the rates are:

Age	NMW per hour (£)
21 and over	6.31
18 - 20	5.03
Under 18	3.72
Apprentices *	2.68

*For apprentices under 19 or those in the first year of their apprenticeship. Apprentices aged 19 or over and past the first year get either the 18-20 rate or 21 and over rate above, per their age.

Rates for earlier years can be found on [GOV.UK](#).

Who should get the NMW?

You qualify for the NMW if you meet the following conditions:

- you are a 'worker' according to the NMW definition
- You are working, or ordinarily work, in the UK under your contract, and
- You are no longer of compulsory school age.

Do I have to have a written contract to get the NMW?

No. The contract may be made orally or simply implied by the actual working arrangements.

What is a 'worker' in terms of the NMW?

Included in the definition of a 'worker' are:

- agency workers
- apprentices
- trainees
- charity workers (but voluntary workers are usually excluded – see list below)
- those on work experience placements (such as students where this is outside their course)
- company directors, if they have an employment contract
- some home workers unless they are genuinely self-employed.

Excluded from being a 'worker' are:

- those in the armed forces
- some company directors and 'office holders'
- those on certain Government schemes, such as 'Programme Led Apprenticeships' in England
- voluntary workers if broadly they receive no monetary payments or benefits in kind, other than reimbursement of actual, reasonable expenses.

Live-in services – au pairs, nannies, etc.

Tax Guide
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You may not get the NMW if you do work relating to the family household of your employer, if certain conditions are met. You are **not** a 'worker' in terms of NMW if you:

- live in your employer's family home (that is, you are not a family member but are treated as such)
- are not required to pay for the provision of accommodation, and
- your work would not be treated as employment if it were performed instead by a family member.

I am an intern/on work experience. Do I get the NMW?

You may be entitled to the NMW if you are an intern or on work experience. It is the employer's responsibility to decide whether you are entitled to the NMW, but you should check your rights to make sure you are getting it if it is due.

You may be entitled to the NMW if:

- you are performing unpaid work experience with the understanding of getting paid employment afterwards
- you are performing work activities for an organisation that is not a charity or as part of your course even if you have been described as 'unpaid or a volunteer' in an oral or written contract
- you are working but, instead of wages, you are offered incentives such as free concert tickets.

You are **not** entitled to the NMW if:

- you are on a placement relating to your course which, lasts for less than 12 months
- you are volunteering for a charity or voluntary organisation, are under no obligation to volunteer at specific times and are only receiving limited and specific expenses such as travel costs
- you are work shadowing and are only observing and not performing work-related tasks
- you are participating in a government scheme to provided training and work experience
- you are participating in EU Lifelong Learning Programmes.

Further information on interns and work experience can be found on the [GOV.UK](#).

How do I calculate the NMW?

Working out the NMW can be complicated. Briefly, you:

<p>1. Start with your gross pay – the monetary amount you get (basic salary, bonuses and overtime payments and so forth) before deductions of tax and National Insurance contributions.</p>	<p>4. Work out what your employer is allowed to deduct without breaking NMW rules – for instance, a deduction ('offset') of up to £4.82 a day in return for providing you with living accommodation.</p>
<p>2. Ignore most things the law requires your employer to take out, like tax, National Insurance contributions and student loan repayments.</p>	<p>5. Take your total earnings from steps 1 to 4 above and divide them by the number of hours you work. Working out your hours of work can be complicated if you are just paid per item you produce or a flat rate regardless of hours worked. But for many typical student jobs, the number of hours should be straightforward – for example, you will probably be paid by the hour for working a shift in a bar or similar.</p>
<p>3. Ignore some other terms, like pension contributions your employer makes for you or tips paid by customers.</p>	

LITRG is an initiative of the Chartered Institute of Taxation, registered as a charity number 1037771

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Moving into schools

We are working on some resources that will help teachers prepare ‘a lesson in tax’. This maps to the overriding financial education strategy within the new September ‘14 curriculum.



Guest speaker

Elizabeth Kilbey, child psychologist



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Guest speaker

Iona Bain, Young Money



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What more is needed to help young people avoid problem debt?

Robbie de Santos
Senior Public Policy Advocate
robbie.desantos@stepchange.org



Introducing StepChange Debt Charity

- Founded in 1993, formerly known as CCCS
- Provide predominantly telephone based debt advice
- Helped more than 500,000 people in 2013
- Scaling up our work on policy and research over the coming years

Recent publications

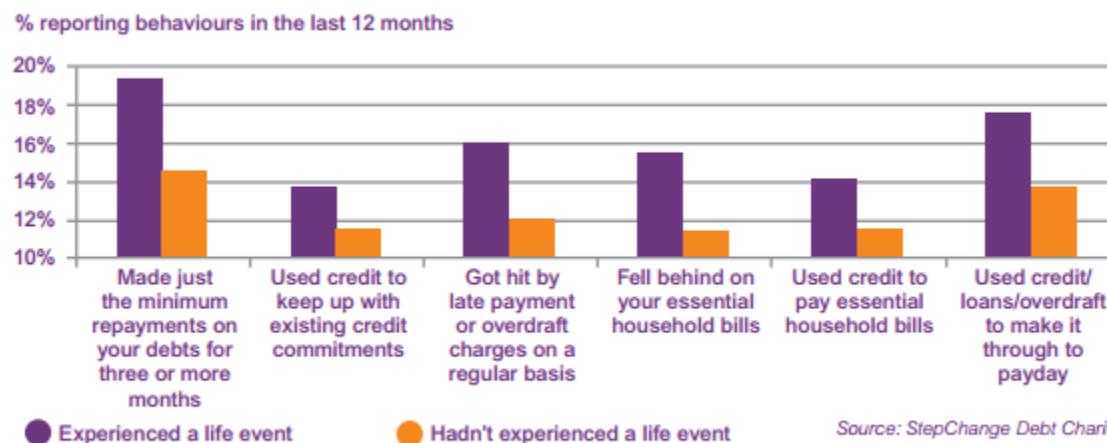
- Life on the Edge: Towards more resilient family finances
- The Debt Trap: Exposing the impact of problem debt on children
- Statistical Yearbook 2013

Upcoming policy and research themes

- Future risks to household finances
- Building resilience: savings and incomes
- Improving safety nets: breathing space and welfare
- Tackling demand for high cost credit; improving supply

People who have had a significant 'life event' (losing a job, losing income, seeing business downturn) are around three times as likely to be in financial difficulty.

Figure 4. Relationships between life events and signs of financial difficulty

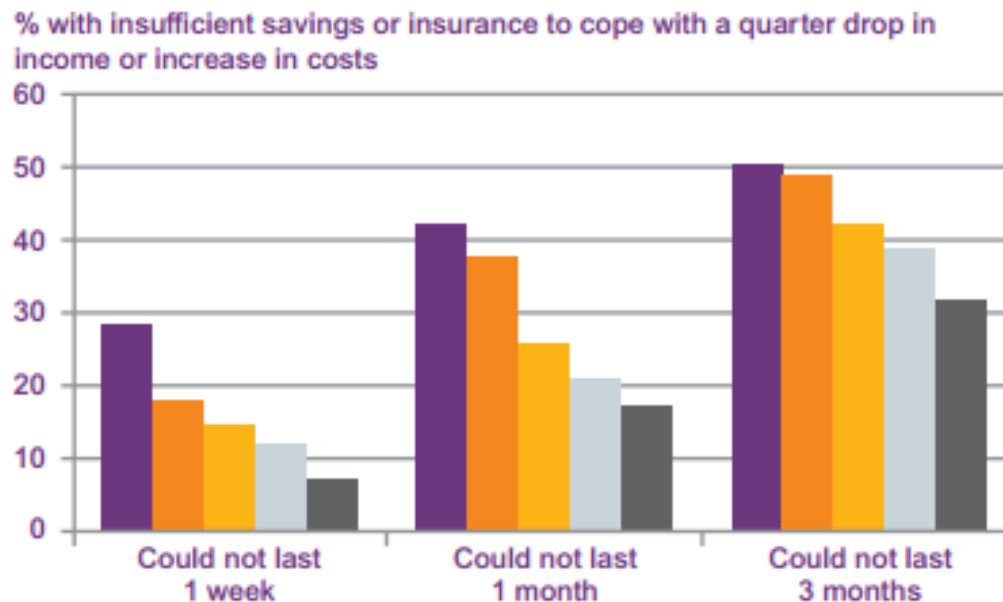


Source: StepChange Debt Charity commissioned online survey from YouGov. Weighted sample: 4,442 GB adults. Fieldwork: 17th - 20th December 2013

...and 1.4 million people work zero hour contracts, 1.4 million working part-time through lack of full-time, 600,000 temping through lack of permanent jobs, 63% of those made redundant don't return to work within three months.

People on low and middle incomes (a proxy for younger earners too!) don't have the savings to deal with shocks in their income...

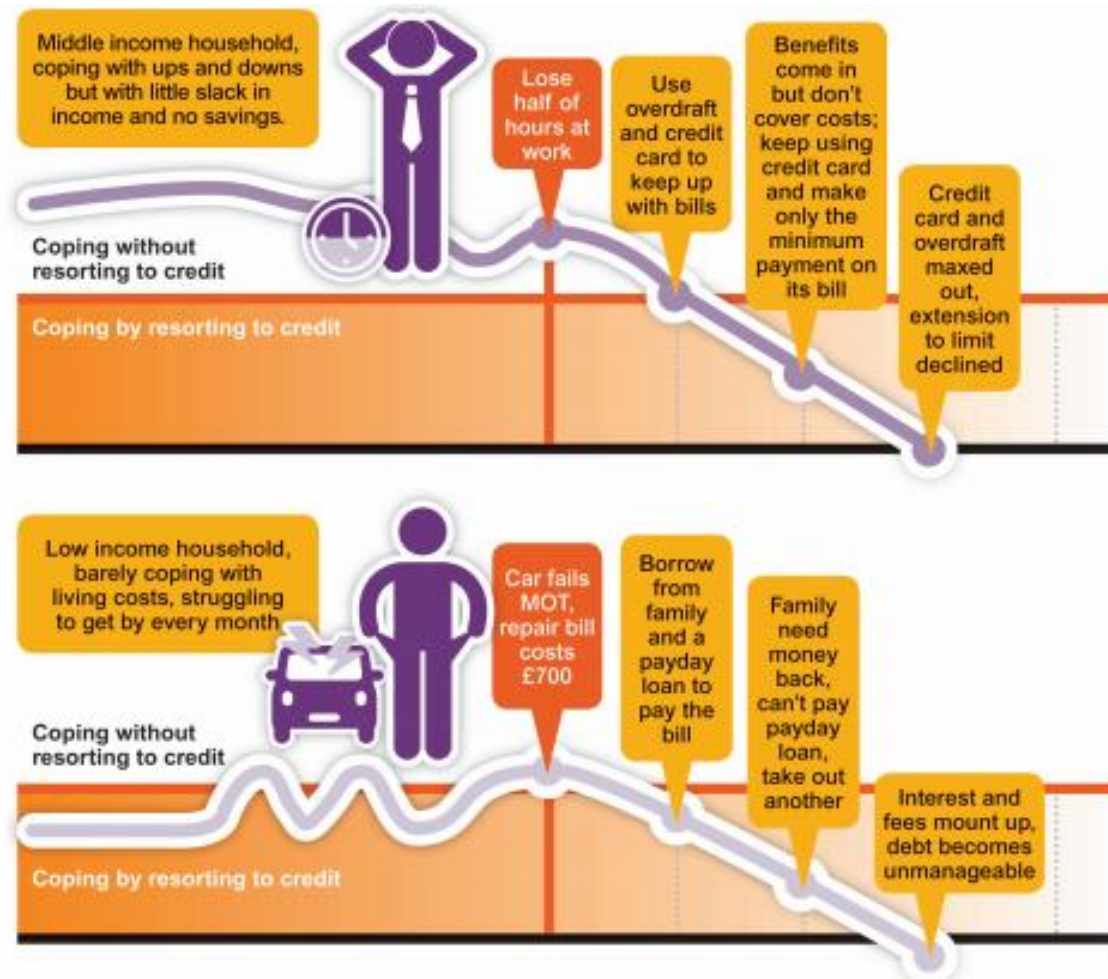
Figure 7: Ability to cope with a quarter drop in income with savings/insurance by household income



- £0 - £15k
- £15k - £25k
- £25k - £35k
- £35k - £50k
- £50k+

Source: StepChange Debt Charity commissioned online survey from YouGov. Weighted sample: 4,442 GB adults. Fieldwork: 17th - 20th December 2013

A shock or sudden cost can easily knock someone into debt if they don't get help quickly and they think they can cope by using credit to make ends meet...



How can we prepare young people for a life free from problem debt?

• **Building resilience by encouraging savings**

- What's needed? Effective savings programme targeted at people who don't save. It needs to be focused on **behavioural incentives** that work for this group (matches and bonuses), and encourage default savings behaviours (e.g. auto-enrolment and Lloyds' Save the Change)
- Real help to boost incomes and cut costs

• **Strong safety nets** that offer people a real, clear alternative course of action to credit when they fall on hard times.

- Behavioural economics tells us that people seek to make choices with more 'certain' outcomes
- The safety net currently lacks certainty and has stigma (welfare, crisis loans, debt advice)
- Need to develop 'breathing space' guarantee to offer certain help if people engage with creditors and essential services when they fall on hard times.

But making help effective needs...

- Clear messages to encourage people to seek advice and get help when in crisis
- Clear messages that advice is effective in resolving issues
- Easy, simple and certain to access help from full range of creditors and essential service providers
- Focus on raising standards in sectors with weakest protection for people struggling: private rented sector, council tax collections
- Focus in education on how to cope with financial crises – not just a question of numeracy!

Thanks for coming!
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