



Understanding Payslips: A Guide

Produced in partnership by



Sterling
FINANCIAL ADVICE

Money & Mental Health

Money and our financial situation can have a big impact on our mental health and how well we feel. Money worries can make our mental health worse, which in turn can then impact on our ability to manage our money.

That's why Mind in Salford and Ashleigh Oliver-Morrison, a local Financial Adviser from Sterling Financial Advice Ltd, are working in partnership to support the financial wellbeing and mental health of people in Salford by providing accessible and free resources. These resources will help dispel common money myths, explain key topics to help you stay well, and support your mental health.

This booklet provides information about payslips to help you understand how to read and interpret them, and to make sure all your information is accurate and up to date.

Together we are passionate about supporting individuals with their mental health and wellbeing, and believe financial wellbeing is a key part of this. To find out more about the support available, please turn to the back page of the booklet.



What is a payslip?

A payslip is a note given to an employee when they have been paid, detailing the amount of pay given, and the tax and insurance deducted.

Ref.	Employee Name	Process Date	N.I. Number
XYZ987	MR/S YOUR NAME	31/01/2022	AB123456C

Payments	Units	Rate	Amount	Deductions	Amount
SALARY			£2,500	PAYE TAX	£280.50
BONUS			£0	NATIONAL INSURANCE	£204.32
COMMISSION			£0	PENSION	£50
HOLIDAY PAY			£0	STUDENT LOAN	£75
TOTAL EARNINGS:			£2,500	TOTAL DEDUCTIONS:	£609.82

	This Period	Year To date
COMPANY NAME LTD	Earnings	Total Gross Pay TD
Tax Period: 10	£2,500	£25,000
Tax Code: 1257L	Deductions	Tax paid TD
Payment Method: BACS	£ 609.82	£ 2,805
	Amount Paid	National Insurance TD
	£1,890.18	£ 2,043.20
		Pension
		£ 500
		Student Loan
		£ 750

Net Pay	£1,890.18
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Payslips are the main way that many of us can see how much we are being paid, as well as how much we are being taxed.

Your payslip may not look exactly like this example that we have used, but although the way that payslips look can vary, the information that they show is usually the same.

Understanding your payslip

In this guide we are going to take you through the main terms you will find on a payslip, what they mean, and how to understand them.

Ref / Payroll Number

The ref, or payroll number, is how the payroll department at your company distinguish between each employee.

Employee Name

Your payslip will show your name, and sometimes your address.



Ref.	Employee Name
XYZ987	MR/S YOUR NAME

Process Date

31/01/2022

N.I. Number

AB123456C



Process Date

The date your pay period has been processed. This may typically be the last day of the month.

National Insurance (NI) Number

Your NI number confirms that you're eligible for work in the UK and is used by HMRC to identify you.

Understanding your payslip

Payments

This section of your payslip will confirm any payments made to you; including your gross salary, bonus or commission payments, holiday pay. This is not an exhaustive list, and this section may also include things like expenses, sick pay, maternity/paternity pay etc.

- Gross salary – this is your full pay before any tax or National Insurance has been taken off, including any bonuses and commission.
- Expenses – If you're owed any expenses (e.g. travel costs or company lunches), these may be displayed here.

Payments	Units	Rate	Amount
SALARY			£2,500
BONUS			£0
COMMISSION			£0
HOLIDAY PAY			£0
TOTAL EARNINGS:			£2,500

Deductions	Amount
PAYE TAX	£280.50
NATIONAL INSURANCE	£204.32
PENSION	£50
STUDENT LOAN	£75
TOTAL DEDUCTIONS:	£609.82

Deductions

This section of your payslip will confirm any deductions taken from your payments; including any tax and National Insurance contributions, as well as pension payments, student loan repayments and contributions towards any relevant workplace benefits.

- Pensions – If you're paying towards a workplace pension that your company has set up, the amount you're contributing will be shown.
- Student loan – If you're making student loan repayments, this will be shown.
- Workplace benefits – If you get health insurance or have a company car through an employment scheme, these will be listed on your payslip.

Understanding your payslip

Company Name / Employer's Name

Your employer's name will be shown.

Tax Period

The number here represents the tax period for that payslip. For example, if you are paid monthly, this would translate as: 01 = April and 12 = March, as the financial year starts in April.

Tax Code

This code tells your employer what rate you should be taxed at. To find out how much income you can earn in a year before you need to pay tax, simply add a zero to the number shown. For example, Tax code 1257L means you can earn £12,570 a year before paying any Income Tax. The most common letter is L, which just means your tax rate is at the standard rate.

COMPANY NAME LTD

Tax Period: 10

Tax Code: 1257L

Payment Method: BACS



This Period	
Earnings	£2,500
Deductions	£ 609.82
Amount Paid	£1,890.18

This Period

This section gives you a summary of the month i.e. total earnings, total deductions and total net pay.



Understanding your payslip

Year to Date

This describes how much you've earned so far this year, and summaries any deductions over that time.



Year To date	
Total Gross Pay TD	£25,000
Tax paid TD	£ 2,805
National Insurance TD	£ 2,043.20
Pension	£ 500
Student Loan	£ 750

Net Pay

£1,890.18

Net Pay

Your net pay is what you actually receive into your bank account once all the deductions have been taken off.

Note: as mentioned, although these will be the terms used on most payslips, so yours may differ slightly to this. Example information is for illustrative purposes only.

If you need help

Contact Mind in Salford

Call: 0161 710 1070

Email: info@mindinsalford.org.uk

Contact Ashleigh Oliver-Morrison (Sterling Financial Advice Ltd.)

Call: 01942 888889

Visit: sterlingadvice.co.uk

Other useful resources

National Mind's resources on Money & Mental Health:
mind.org.uk/information-support/tips-for-everyday-living/money-and-mental-health/

Speak to someone from [Citizens Advice](http://citizensadvice.org.uk) for free advice on your rights around money, housing and legal problems:
citizensadvice.org.uk

