

National Insurance and Net Pay

Adapted from past exam questions with numbers changed



1) Adapted from 2019 Paper 2 Question 10c, with names and numbers changed

Kye works for a resurfacing company.

His annual salary is £18 430.

National Insurance is calculated on a person's salary **before** deductions such as pension contributions.

National Insurance rates	
Up to £8675	0%
From £8675 to £47014	11%
Over £47014	3%

a) Calculate Kye's annual National Insurance payment. **(2)**

(Tip: don't subtract it from the gross pay yet: this will happen in part b)

b) Kye's annual income tax is £1453.16.

Kye pays 7% of his annual salary into his pension.

Calculate Kye's annual net pay. **(2)**

2) Adapted from 2018 Paper 2 Question 10, with names and numbers changed.

Jo is a vet. They have started a new job.

Their new annual salary is £43 000.

National Insurance is calculated on a person's salary **before** deductions such as pension contributions.

National Insurance rates	
Up to £8256	0%
From £8256 to £46547	14%
Over £46547	4%

a) Calculate Jo's annual National Insurance payment. **(2)**

b) Jo's annual income tax payment is £4874.03.

Jo pays an annual contribution of £3270 into their pension.

Jo is paid in 12 equal **monthly** payments. Calculate Jo's **monthly** net pay. **(2)**

c) Jo's plans to rent accommodation. They need to work out how much they can afford to spend on rent, electricity and council tax. The table on the right shows their monthly outgoings.

Calculate how much they will have available per month for rent, electricity and council tax. **(1)**

	Outgoings
Car payment	395
Car insurance	28
Road tax	12
Food	380
Clothes	130
Mobile phone	64
Internet	55
Socialising	250
Loan	200
Savings	200
Total	

3) Adapted from Specimen Question Paper 2 Q6, with names and numbers changed and part a simplified

Gaurav earns £39 920 per annum.

National Insurance is calculated on a person's salary **before** deductions such as pension contributions.

National Insurance rates	
Up to £8060	0%
From £8060 to £42 380	12%
Over £42 380	5%

a) Calculate Gaurav's annual National Insurance payment. **(2)**

b) Gaurav's annual income tax payment is £3404.30.

Gaurav pays 9% of his annual salary into his pension.

Gaurav is paid in 12 equal **monthly** payments. Calculate Gaurav's **monthly** net pay. **(3)**

c) Gaurav wants to buy a new car.

The car loan and running costs would be £460 per month.

He makes a table (on the right) to show his monthly income and outgoings.

Will Gaurav have enough money each month to get this particular car? Use your working to justify your answer. **(2)**

	Income	Outgoings
Take home pay		
Rent		£750
Bills		£450
Food		£625
Entertainment		£125
Child care		£350

4) *Adapted from 2021 Paper 2 Question 5, with numbers changed*

Pippa's annual salary is £55 320.

National Insurance is calculated on a person's salary **before** deductions such as pension contributions.

National Insurance rates	
Up to £8632	0%
From £8632 to £50 000	9·8%
Over £50 000	3·2%

a) Calculate Pippa's annual National Insurance payment. **(3)**

b) Pippa's annual income tax payment is £7995·50.

Pippa pays 8·7% of her annual salary into her pension.

Pippa is paid in 52 weekly instalments. Calculate Pippa's **weekly** net pay. **(2)**

5) Elizabeth's annual salary is £62 190.

National Insurance is calculated on a person's salary **before** deductions such as pension contributions. Use the same National Insurance rate table used in question 4.

a) Calculate Elizabeth's annual National Insurance payment. **(3)**

b) Elizabeth's **annual** income tax payment is £8285·65.

Elizabeth pays 7·4% of her **annual** salary into her pension.

She has £12·30 per **month** deducted for her union fees.

Elizabeth is paid in 12 equal monthly payments. Calculate her **monthly** net pay. **(2)**