

Earning Money

When you start to work and earn money you will be paid a salary or a wage. The amount you earn will largely depend on the following:

- **The type of job you do** – Generally, jobs that require more training or qualifications (e.g. doctor, solicitor) are more highly paid.
- **Where you live** – Salaries and wages tend to be higher in large cities, such as London, and places where it is difficult to recruit workers.
- **Your experience** – As a general rule, the more experience you have, the more you are paid.
- **Your employer** – Ultimately, employers decide how much staff are paid.

Salary versus wage

People who earn a salary...

- are given a fixed payment for regular work – it is usually calculated as an annual amount but paid monthly or fortnightly
- usually work a certain number of hours each day, week or month
- are usually entitled to holiday pay, sick pay and maternity/paternity leave
- may receive bonuses or special benefits (e.g. company car, travel expenses, commission)
- usually receive their money by transfer into their building society or bank account and are given a salary slip, which details each payment
- are sometimes paid more or granted the same amount of time off for working overtime.

People who earn a wage...

- are given a daily or weekly payment for work that depends on the number of hours worked, so the payment may vary
- may be paid more money for working overtime or outside of normal hours (e.g. they may get double the hourly rate for working weekends or nights)
- can also receive holiday and sick pay.

Gross and Net pay

When you are looking for a job, the salary or wage you see advertised by the employer is actually the 'gross' or total amount. This is very different to the amount you actually get (the 'net' amount) because Income Tax and National Insurance Contributions are taken out of your pay before you receive it. (See Fact Sheet FA2 for information about Income Tax and National Insurance.) Some people also have a company pension, where they put aside money from their pay for when they retire.

Minimum wage

The National Minimum Wage is the Government's way of making sure that everyone gets paid at least a certain amount for either full-time or part-time work. Even if you're a student and work in your spare time, you're still entitled to the National Minimum Wage. This way, employers can't make employees work long, hard hours for very little money.

Minimum wage changes from time to time. In October 2010, it was £3.64 per hour for 16 and 17 year olds (£3.68 from October 2011), £4.92 per hour for people aged 18-21 (£4.98 from October 2011), and £5.93 per hour for people aged 21 and over (£6.08 from October 2011).