



Lesson 4 – Class Task – SSC calculation challenge

TASK OUTLINE

Using the information from the table, to confirm 5 things about the customers we have provided students with details for. They are all employees.

TASK QUESTIONS

1. How much class 1 social security contribution does the employee pay?
2. How much class 1 contribution does the employer pay?
3. Do they earn above or below the Minimum Earnings Threshold (MET)?
4. Do they earn above or below the Lower Earnings Threshold? (LEL)?
5. For extra credit, can you work out which scenarios would need to pay class 2 contributions and what they might consider doing.

ANSWERS

Simonne	<ol style="list-style-type: none"> 1. Employee contributions Nil (below school leaving age) 2. Employer contributions Nil (below school leaving age) 3. Earns above the MEL 4. Earns below the LEL
John	<ol style="list-style-type: none"> 1. Employee contribution £120 (6% of £2,000) 2. Employer contribution £130 (6.5% of £2,000) 3. Earns above the MET 4. Earns above the LEL
Jane	<ol style="list-style-type: none"> 1. Employee contribution £348 (6% of £5,800) 2. Employer contribution £382 (6.5% of £5,800) 3. Earns above the MET 4. Earns above the LEL
Fred	<ol style="list-style-type: none"> 1. Employee contribution Nil 2. Employer contribution Nil 3. Earns below the MET (so no class 1 contributions paid) 4. Earns below the LEL
Elsa	<ol style="list-style-type: none"> 1. Employee contribution £72 (6% of £1,200) 2. Employer contribution £78 (6.5% of £1,200) 3. Earns above the MET 4. Earns below the LEL

BONUS CREDIT

Fred and Elsa have not paid enough in the month to get a full contribution credit so may need to pay a Class 2 contribution to keep their social security record up to date. Fred has not paid any, but Elsa just needs to top her contribution up.

However, depending on their circumstances other options are available. They can get credits if they can't pay Social Security contributions if they are:

- unable to work due to illness
- a student over the age of 18
- staying at home to look after a child
- unemployed due to redundancy

They might also claim low-income contribution relief. This does not give a credit, but it does exempt them from paying contributions.