Equinomics

LESSON PLAN

A pay rise — but are you better off?

Investigate how changes in pay and everyday costs affect what people have left to spend.

Learner groups

Secondary · ages 14–18
Adult & community

Categories

Work & pay · Cost of living

Duration

40–45 minutes

Includes

Lesson plan, learner activities and teacher notes

WORK & PAY · COST OF LIVING

A pay rise — but are you better off?

Secondary (ages 14–18) and adult & community groups · 40–45 minutes · No economics knowledge needed

By the end, learners should be able to calculate a percentage change, explain why a pay rise might not improve spending power, and identify a limitation in a comparison.

You'll need: the worksheet below, paper and a calculator. Learners should be familiar with percentages; allow extra time or work in pairs if needed.

Lesson outline

1. **Make a prediction · 5 minutes.** Reveal only the pay rises in the worksheet's opening question. Ask learners to choose Sam, Alex or "not enough information" and explain why. Keep the costs hidden until they have committed to a prediction. Nobody needs to share personal finances.
2. **Investigate · 12 minutes.** In pairs, complete the worksheet. Compare both cash changes and percentage changes.
3. **Change the story · 10 minutes.** Give each pair one change card below. Recalculate, then share which assumption changed the outcome. Ask whether they would revise their first prediction.
4. **Challenge a headline · 10 minutes.** Pairs write one supported headline and one misleading headline using the same figures. Swap with another pair and identify what each headline leaves out.
5. **Check understanding · 5 minutes.** Each learner finishes: "A pay rise can leave someone worse off when…" and names one missing piece of evidence. For a 30-minute version, omit the change cards and shorten the headline discussion.

Words that help

Take-home pay

The money received after tax and other deductions.

Percentage change

The change expressed as a share of the starting amount. An £80 rise from £1,600 is 80 ÷ 1,600 × 100 = 5%.

Spending power

What your money can buy. More money does not always mean you can buy more.

LEARNER WORKSHEET

Two pay rises. Two different outcomes.

Before you see the costs: make a prediction

Sam gets a 5% pay rise. Alex gets a 3% pay rise. Who do you think is better off than before: **Sam, Alex, or not enough information?**

Write down your choice and one reason. What would you want to know before deciding?

Sam and Alex work the same hours in both years. These invented monthly figures are for an exercise, not real wage or price data. Pay is take-home pay, after tax and other deductions. The cost basket covers only the essentials listed below.

Monthly amounts in pounds (£)

Monthly amount	Sam, year 1	Sam, year 2	Alex, year 1	Alex, year 2
Take-home pay	1,600	1,680	2,400	2,472
Housing	700	770	900	927
Food	200	220	250	275
Energy	100	120	120	144
Transport	100	110	150	150

Percentage change = (year 2 amount − year 1 amount) ÷ year 1 amount × 100

1. Calculate each worker's pay rise in pounds and as a percentage. Who received the bigger percentage rise?
2. Add up each worker's essential costs for each year. How much did each basket rise in pounds and as a percentage?
3. Subtract these costs from take-home pay for each year. Who has more money left than before? Who has less?
4. Respond to this claim: "Sam's bigger percentage pay rise means Sam must be better off." Use the figures to explain your answer.
5. What else would you need to know to judge whether either person's overall standard of living improved? Give two examples.

Extension: What year 2 take-home pay would Sam need to keep the same cash amount left after these essentials? Would that guarantee the same spending power for everything else?

CHANGE THE STORY

What if one thing changes?

Choose one card per pair. Start from the original worksheet each time; do not combine cards. Everything else stays the same. Recalculate the money left after the listed essentials, compare it with year 1, and explain whether your conclusion changes.

Card 1 · A rent freeze

Sam's year 2 housing cost stays at £700, rather than rising to £770.

Does Sam now have more or less money left than in year 1?

Card 2 · A pricier commute

Alex's year 2 transport cost is £180 instead of £150.

How does this change Alex's position compared with year 1?

Card 3 · Extra monthly income

Sam receives an extra £50 a month after deductions, on top of the year 2 take-home pay shown.

Is that enough to leave Sam with more money than in year 1?

Discuss: Which changed assumption mattered in your example? Does having more cash left guarantee more spending power for everything else?

HEADLINE CHALLENGE

Same figures. Different story.

Using the original worksheet, write one headline that the figures support and one that could mislead a reader. Keep both plausible; the misleading one can use a true number while leaving out important context.

Our supported headline:

Our misleading headline:

Swap with another pair. Identify the misleading headline, explain what is missing, and rewrite it more fairly. Finish by revisiting your opening prediction: what evidence changed your mind?

Teacher notes and worked answers

Worked answers

- **Pay:** Sam’s rise is £80 (5%). Alex’s is £72 (3%). Sam has the larger percentage rise.
- **Essential costs:** Sam’s total rises from £1,100 to £1,220: £120, or about 10.9%. Alex’s total rises from £1,420 to £1,496: £76, or about 5.4%.
- **Money left:** Sam goes from £500 to £460, a fall of £40. Alex goes from £980 to £976, a fall of £4. Both have less cash left after the listed essentials, despite their pay rises.
- **The claim:** Sam’s pay rises by £80, but the listed costs rise by £120. A larger percentage pay rise alone does not establish that someone is better off.
- **Missing evidence:** other bills, debts, dependants, benefits, savings needs, changes in the quality or quantity bought, and prices of items outside the basket. Accept other well-explained answers.
- **Extension:** £1,720 (£1,220 + £500), a rise of 7.5% from £1,600. This preserves the cash left after these essentials; other price changes could still reduce what that £500 buys.

Prediction and change cards

Opening prediction: “Not enough information” is the best-supported answer. The pay percentages alone do not tell us how either worker’s costs changed. Treat other choices as starting ideas to investigate, rather than mistakes to penalise.

- **Card 1:** Sam’s essential costs become £1,150. £1,680 − £1,150 = £530 left, which is £30 more than in year 1.
- **Card 2:** Alex’s essential costs become £1,526. £2,472 − £1,526 = £946 left, which is £34 less than in year 1.
- **Card 3:** Sam’s take-home pay becomes £1,730. £1,730 − £1,220 = £510 left, which is £10 more than in year 1.

Headline discussion

Supported example: “Both workers have less cash left after the listed essentials, despite pay rises.” **Misleading example:** “Sam gets 5% richer.” The latter confuses a rise in take-home pay with changes in wealth or spending power and leaves out the rising costs.

Accept different headlines when learners can explain their evidence and limitations. Keep conclusions tied to these fictional examples; they do not establish what happened to all workers.

Keep the distinction clear

This exercise compares take-home pay with two personal baskets. Their percentage increases are not an official inflation rate, and the cash left over is not a complete measure of real income or wellbeing. If introducing real wages, explain that they normally compare pay with a broad price index.

Support: give learners the basket totals and work through Sam’s pay percentage together. **Stretch:** ask why equal percentage pay rises can still produce different outcomes for households with different spending patterns.

Exit answer to look for: “A pay rise can leave someone worse off when their costs increase by more than their pay. We also need to know about their other expenses.”