

# Independent Living Skills Module I

## UNDERSTANDING YOUR PAYCHECK

Most employers pay their employees by check and, for many people, receiving that check is a very satisfying experience! Some people, however, are confused about why their check is less than they expected.

To avoid unwelcome surprises, you should know that there are a number of deductions that are taken from your paycheck. Your check stub (attached to your check) will identify your **gross pay**, which is the total amount of money that you earned, and your “take-home pay” or **net income**, the amount that is left for you after all the deductions are taken.

The standard payroll deductions are:

- Federal income tax
- State income tax
- Social Security/Retirement

Other possible deductions:

- Health and hospital insurance
- Life insurance
- Union dues

***Keep your check stubs!!! They are an important record of your earnings and deductions.***

PAYROLL CHECK	<b>CARSON'S DEPARTMENT STORE</b> 123 Elm Street Anytown, MA 01234	51-42 321
<i>Pay to the Order of</i>	<b>JESSE SMITH</b>	
		<b>\$ 145.62</b>
	<b>ONE HUNDRED FORTY FIVE AND SIXTY TWO/100</b>	
BOSTON NATIONAL BANK Boston, Massachusetts 0:075341 2090 : 231112 : 1		<i>Ροβερτ Ω. Χαρσον</i> Robert W. Carson. President

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Below is a sample payroll check stub. Often, a paycheck stub will also include year-to-date totals on all earnings and deductions, a breakdown of the hourly wage(s), and other necessary information.

<b>CARSON'S DEPARTMENT STORE</b>		Date of Issue: 10 July 2005	
<b>NAME: JESSE SMITH</b>		Pay Period: 7/1/05 - 7/8/05	
<b>EMP. #: 504</b>		Check #: 324	
<b>SS#: 001-01-0011</b>			
Regular Hours: 30	<b>GROSS EARNINGS:</b>	<b>\$202.25</b>	
Overtime Hours: 0	Current		
		<u><b>Deductions</b></u>	
Hourly Rate: \$6.75	Federal Tax	34.38	
Overtime Rate: \$8.00	State Tax	8.10	
	FICA	14.15	
	<b>NET EARNINGS</b>	<b>\$145.62</b>	

Jesse's net pay, his take home pay, is \$145.62. Although he earned \$202.25 for the week of July first through eighth, his employer is required to deduct \$34.38 for Federal tax, \$8.10 for State tax, and \$14.15 for F.I.C.A. (Social Security). This leaves Jesse with \$145.62 for himself.



### ACTIVITY

Take a look at your paycheck and answer the following questions

What is your gross income?

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How much do you pay in Federal taxes?

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How much do you pay in State taxes?

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How much do you pay to F.I.C.A.?

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Do you have any other deductions? If so, describe.

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What are your net earnings?

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