

Independent Living Program Activity Card

Category: WORK LIFE & CAREER PLAN

Activity: Understanding your Paycheck/Paystub

Description: **The objective of this assignment is to:** Understand how much money is taken out of your paycheck before you get it, and what all of the deductions are for.

How do I get credit for this assignment?

- Read through all of the information provided
- Using the sample check, answer the questions about what deductions are taken out and how much they are.
- Email the completed work along with this cover sheet to: ILP Admin at ilpadmin@orangewoodfoundation.org

You may earn \$10.00 ILP dollars for completing this assignment.

Total Dollars Earned:

\$
(ILP Use Only)

Notes:	Goal:
--------	--------------

Date: _____

Youth Signature	Date of Birth
Print Name (Youth)	Group Home (If Applicable)

Receipt
(ILP Use Only)

Understanding your Paycheck/Paystub

Overview

The first time you get your paycheck it can be pretty surprising how many different things are taken out of your check before you get it... Knowing what to expect and understanding what the money that is taken out is for can help you prepare for it a bit more. Here are some key things that we'll be looking at for this activity.

1. **Gross Pay** – This is the **amount you have earned before anything is taken out**. If you work 10 hours at \$10 per hour, your GROSS pay will be \$100.
2. **Federal Income Tax*** – This **money goes to the Federal Government** and is used to pay for a variety of things, including: national defense; social programs (food stamps, unemployment etc.); community development; law enforcement; and interest on the national debt.
3. **Social Security** – This **money is mostly used as a monthly “paycheck“ to people over 65 years old** who have retired. It helps them to pay their bills, buy food etc. Social Security works by having people pay now to help others, with the assumption that then they retire, social security will be paid to them by people who are still working.
4. **MediCare** – This money is used to **help cover MediCare (Medical insurance) for people over the age of 65**, or people with disabilities who cannot pay for their own insurance
5. **State Income Tax***– This money **goes to state funded programs**, including things like public schools, emergency services (Fire and Police), state employee salaries, healthcare, roads and environmental programs.
6. **OTHER DEDUCTIONS** – This won't apply to everyone, but **depending on your job, you may have other deductions come out of your check**. These are usually things like medical insurance, or retirement contributions.
7. **Net Pay** – This is the **final amount you receive**, after all taxes and deductions are taken out of your check.


How do find how much has been taken out?

There are a few things that go into how much money is taken out for taxes (how much money you make per year, how many deductions you put for your taxes etc.) so there isn't an easy answer. There are some websites that can help to give you an idea (www.paycheckcity.com). Each check will have the deductions listed (See below)

How do I complete this activity?

Use the sample on the following page, and the information above, to help you answer the questions.

EXAMPLE OF A PAYROLL CHECK AND PAYROLL CHECK STUB

ABC VE Firm Payroll Account	Check #: <u>123</u> Date: <u>November 1, 20XX</u>
Pay to the order of <u>Ima Student</u>	\$1,403.56
<u>One-thousand, four-hundred, three dollars and 56/100 Dollars</u>	
	
Memo: <u>PPE October 31, 20XX</u>	<u>Christ Adams</u> Chief Financial Officer

Detach check above before depositing and save checkstub below for your records.

ABC VE FIRM	Check #: <u>123</u>
Employee: Ima Student	Date: <u>November 1, 20XX</u>
Pay Period: <u>October 16 - 31, 20XX</u>	
	Current YTD
Gross Earnings	\$1,680.00 \$18,480.00
Deductions:	
Federal Income Tax	\$141.38
Social Security (FICA)	70.56
Medicare	24.36
State (CA) Income Tax	23.34
State Disability Insurance (SDI)	<u>15.80</u>
Net Pay	\$1,403.56 \$15,439.16

How much did this person earn this paycheck BEFORE taxes (Gross Pay)? _____

How much did this person earn this paycheck AFTER taxes (Net Pay)? _____

Using the paystub above, fill in the answers with the correct amount

Gross Earnings – Current: _____

Gross Earnings: YTD: _____

Federal Income Tax Taken: _____

Medicare Taken: _____

State Income Tax Taken: _____

Social Security Taken: _____



Independent Living Program
Take Home Activity