

Understanding Your Paycheck

1. Approximately what percent of a person's paycheck goes towards taxes and other deductions?
2. Identify the 3 methods we discussed through which employers may choose to pay their employees. Can you think of another way, and why they might use it?

- 1.

- 2.

- 3.

Other –

3. How does direct deposit work?

4. What 2 factors determine an employee's federal tax withholdings?

- 1.

- 2.

5. What are the responsibilities of the IRS?

- 1.

- 2.

6. What services do taxes provide for citizens? (Identify at least 3)

- 1.

- 2.

- 3.

7. What is the difference between progressive taxes and regressive taxes?

Progressive –

Regressive –

8. Briefly define each of the following:

W-4 -

W-2 -

I-9 -

9. Define a pay period, and give the 2 most common examples.

Pay period –

1.

2.

10. Explain how gross pay is calculated for hourly wage employees.

11. Explain how gross pay is calculated for salaried employees.

12. What 2 taxes are collected under the Federal insurance Contribution Act (FICA)? What are the taxes used for? What percent of your gross income is deducted for each?

1.

2.

PAYCHECK STUB 1

	Total Points Earned
14	Total Points Possible <small>(1 point per correct response)</small>
	Percentage

Name _____

Class _____

Date _____

Directions: Read the following scenario. Complete the blanks on the paycheck stub by entering the personal information and paycheck deductions in the appropriate places. Calculate the gross pay, total deductions, and net pay.

<i>Guardian National Bank</i>				
Employee	SSN	Check #	Check Amount	
		164		
Employee Address				
	Pay Type - Gross Pay	Deductions	Current	Year-to-date
		Federal Withholding		\$366.15
		State Withholding		\$126.81
		Fed OASDI/EE or Social Security		\$201.51
		Fed MED/EE or Medicare		\$47.13
		Medical		\$126.00
		401K		\$228.93
		Totals		\$ 1,096.53
<i>Pay Period</i>				

Employee information: Julie Jones
 408 South 11th Street
 Havre, MT 59501
 Social Security number: 999-88-7766

Julie Jones has just secured a job as a teller at the Guardian National Bank. Julie is paid twice a month on the 1st and the 15th. The pay period is February 1 – 14. Payday will be on March 1. Julie is on salary and earns \$26,000 per year. She has medical benefits and a retirement package.

Julie's paycheck deductions include: 6.2% Social Security, 1.45% Medicare, \$122.05 Federal Withholding Tax, \$42.27 State Withholding Tax, \$42.00 Medical, and \$76.31 401K.

What amount will Ms. Jones receive on her paycheck? _____



PAYCHECK STUB 2

	Total Points Earned
14	Total Points Possible <small>(1 point per correct response)</small>
	Percentage

Name _____
Class _____
Date _____

Directions: Read the following scenario. Complete the blanks on the paycheck stub by entering the personal information and paycheck deductions in the appropriate places. Calculate the gross pay, total deductions, and net pay.

<i>Hank's Culinary Center</i>				
Employee	SSN	Check #	Check Amount	
Employee Address		164		
Number of Hours Worked and Hourly Rate	Pay Type- Gross Pay	Deductions	Current	Year-to-date
		Federal Withholding State Withholding Fed OASDI/EE or Social Security Fed MED/EE or Medicare Medical 401K		\$1,278.75 \$433.84 \$1,415.81 \$331.10 \$0.00 \$799.26
		Totals		\$ 4,258.80
<i>Pay Period</i>				

Employee information: Sally Kreeps
106 Michael Grove
Great Falls, MT 59405
Social Security number: 987-65-1234

Sally Kreeps has just received a job as a secretary at Hank's Culinary Center. Sally is paid once a month on the 1st. The pay period is November 1 - 30. Payday will be on November 1. Sally earns \$12.00 an hour. This pay period she worked 173 hours. She has a retirement package.

Sally's paycheck deductions include: 6.2% Social Security, 1.45% Medicare, \$116.25 Federal Withholding Tax, \$39.44 State Withholding Tax, and \$72.66 401K.

What amount will Ms. Kreeps receive on her paycheck? _____