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Learn about Salary Deductions

TRANSITION OBJECTIVE

Students will learn about the types and amounts of specific payroll deductions.

RELEVANCE TO SUCCESSFUL TRANSITION

Newly employed youth are often confused about the deductions from their paycheck. Being aware of the types of and amounts of deductions is a necessary prerequisite to budget planning.

INSTRUCTIONAL SEQUENCE

❑ STEP 1: Update Journal

I know my paycheck will have deductions because . . .

❑ STEP 2: Convene Roundtable

"When I earn a paycheck, I feel ____."

❑ STEP 3: Advance Organizer

"Today you will learn how to calculate the amount you will get from your earnings after deductions are made."

❑ STEP 4: Activity - 20 Minutes

Have students go over the first **Pay Stub** handout to learn what each of the sections mean. Explain the meaning of each item on the check stub, including, YTD FICA, net and gross pay and payroll deductions. Next, review the handout **How Much Do I Keep?** by using the figures from the sample check stub of Terry Smith on the screen image.

❑ STEP 5: Activity - 25 Minutes

Have students complete the items on the handout **How Much Do I Earn?** by collecting information from the classified ads about their job. Using calculators, students work individually or with a partner to complete the worksheet. Next, have students write out their paycheck using the handout **Paycheck**.

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LIFE MANAGEMENT: Unit 3 LESSON 4

Pay Stub

BAYSIDE EATERY, INC. For Your Fine Dining Pleasure

Employee Name Terry Smith		Employee No. 000209		Social Security Number 316-987-4542		Pay Period End Date 02/16/13	
Hourly Pay Rate	Regular Hours	Overtime Hours	Regular Pay	Overtime Pay	Other Pay	Gross Pay	
\$10.50	40	10	\$420.00	\$106.50	0	\$526.50	
Federal Withholding Tax	F.I.C.A.	State Withholding Tax	Insurance	Health	Net Pay		
\$86.40	\$23.04	\$19.20	\$12.75	0	\$434.61		
YEAR TO DATE TOTALS							
Advances	YTD Earnings	YTD Paid With Tax	YTD F.I.C.A.	YTD State With Tax			
0	\$2,470.00	\$442.30	\$112.80	\$85.50			

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LIFE MANAGEMENT: Unit 3 LESSON 4

How Much Do I Keep?

Compute your net pay:

Job Name: _____ Hourly pay: _____

- Gross weekly pay (40 hours x hourly pay): _____
Hourly pay x 40 = Gross weekly pay
- Federal tax deduction (gross weekly pay x .15): _____
Gross weekly pay x .15 = Fed tax deduction
- F.I.C.A. deduction (gross weekly pay x .04): _____
Gross weekly pay x .04 = F.I.C.A. deduction
- State withholding tax (gross weekly pay x .028): _____
Gross weekly pay x .028 = State tax deduction
- Insurance (gross weekly pay x .021): _____
Gross weekly pay x .021 = Insurance
- Add lines 2 - 5 and write total here: _____
- Subtract line 6 from gross weekly pay for total net pay:
Gross Weekly Pay x Line 6 = Total Net Pay
- Use the information above to complete the Check Stub on page 84.

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Review the sample paycheck and help students use this as a model. Finally, students cut out the check and keep it safe with their game cash for future activities. Review the purpose of the unit and have students mark the square labeled, *Earn a Good Paycheck*, on **The Game of Life**.

❑ STEP 6: Evaluate Outcomes

One deduction I learned about today is "_____".

❑ STEP 7: Connecting Activity

Using the example of a person earning \$50,000 per year, have students calculate the deductions.

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LIFE MANAGEMENT: Unit 3 LESSON 4

Paycheck

BAYSIDE EATERY, INC. No. 99875
354 Fifth Street, Bayside, CA 00444
December 5, 2013

PAY TO THE ORDER OF **Terry Smith** \$ 434.61
Four Hundred Thirty Four and Sixty One Cents Dollars

Bayside Bank & Trust **Alice Brown**
MEMO: _____

Use the blank check below to write a paycheck for one week of work. Cut out the check and keep it with your paper money for other activities in this unit.

Employer: **No. 99875**
Address: _____ 20 _____

PAY TO THE ORDER OF _____ \$ _____ Dollars

Bayside Bank & Trust
MEMO: _____

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KEY WORDS

deductions

FICA

YTD
gross pay

earnings

net pay

MATERIALS AND PREPARATION

- Student Handouts: **Pay Stub**, page 95; **How Much Do I Keep?** page 96; **Paycheck**, page 97.
- Become familiar with the calculations on the pay stubs. Provide calculators.
- Prepare screen images of the handouts.

SCANS FOUNDATION SKILLS

- Basic Academic Skills: Reading, Writing, Math
- Thinking Skills: Decision Making, Problem Solving, Reasoning
- Personal Qualities: Responsibility, Self-Management