



Reading Your Paycheck

MCCTC CBI Program



Where Does My Money Go?

- Imagine you have just started your first job! After the first week, you have earned \$100. About how much money would you receive in your first paycheck??
 - A) \$100
 - B) \$84
 - C) \$69
 - D) \$55



Where Does My Money Go?

Almost 31% of an individual's paycheck is deducted. Your net paycheck would be only about \$69!

How do you get from \$100 all the way down to \$69???? Might be worth taking a look, right?

Methods for Paying Employees

1. Paycheck

- Paper check with stub
- Least secure payment method because the employee is responsible for handling the paycheck

2. Direct Deposit

- Employers directly deposit employee's paycheck into the authorized employee's bank account

3. Payroll Card

- A payroll card electronically carries the balance of the employee's net income

Payment Method Pros and Cons

• Paycheck

– Pros:

- Employee controls when the check is deposited

– Cons:

- Least secure, employee responsible for getting it to the bank

• Direct Deposit

– Pros:

- No direct handling of check
- Employee knows exactly when he/she will be paid

• Payroll card

– Pros:

- Wages automatically loaded onto a card

– Cons

- May charge fees for use of the card

Paycheck Stub

On-The-Go				
Employee Beakens, Joe	SSN 201-92-4856	Check # 164	Check Amount \$1,102.98	
Employee Address 293 Michael Grove Billings, MT 59102				
	Pay Type- Gross Pay	Deductions	Current	Year-to-date
	\$1,353.33	Federal Withholding	\$106.00	\$503.46
		State Withholding	\$40.82	\$117.72
		Fed OASDI/EE or Social Security	\$83.91	\$636.00
		Fed MED/EE or Medicare	\$19.62	\$244.92
		Medical	\$0.00	\$0.00
		401K	\$0.00	\$0.00
	Totals	\$250.35	\$1,502.10	
Pay Period 6/11/2004-7/11/2004				

Personal Information

<i>On-The-Go</i>				
Employee Beakens, Joe	SSN 20I-92-4856	Check # I64	Check Amount \$1,102.98	
Employee Address 293 Michael Grove Billings, MT 59102				
	Pay Type- Gross Pay	Deductions	Current	Year-to-date
	\$1,353.33	Federal Withholding State Withholding Fed OASDI/EE or Social Security Fed MED/EE or Medicare Medical 401K	\$106.00 \$40.82 \$83.91 \$19.62 \$0.00 \$0.00	\$503.46 \$117.72 \$636.00 \$244.92 \$0.00 \$0.00
		Totals	\$250.35	\$1,502.10
Pay Period 6/11/2004-7/11/2004				

Personal Information

- States the employee's full name, address, and Social Security number

Pay Period

On-The-Go				
Employee Bodanis, Joe	SSN 201-92-4856	Check # 164	Check Amount \$1,102.98	
Employee Address 293 Michael Grove Billings, MT 59102				
	Pay Type- Gross Pay	Deductions	Current	Year-to-date
	\$1,353.33	Federal Withholding	\$106.00	\$503.46
		State Withholding	\$40.82	\$117.72
		Fed OASDI/EE or Social Security	\$83.91	\$636.00
		Fed MED/EE or Medicare	\$19.62	\$244.92
		Medical	\$0.00	\$0.00
		401K	\$0.00	\$0.00
		Totals	\$250.35	\$1,502.10
Pay Period 6/11/2004-7/11/2004 				

Pay Period

- The length of time for which an employee's wages are calculated; most are weekly, bi-weekly, twice a month, or monthly

Gross Pay

On-The-Go				
Employee Baskers, Joe	SSN 201-92-4856	Check # 164	Check Amount \$1102.98	
Employee Address 293 Michael Grove Billings, MT 59102				
	Pay Type- Gross Pay	Deductions	Current	Year-to-date
	\$1,353.33	Federal Withholding	\$106.00	\$503.46
		State Withholding	\$40.82	\$117.72
		Fed OASDI/EE or Social Security	\$83.91	\$636.00
		Fed MED/EE or Medicare	\$19.62	\$244.92
		Medical	\$0.00	\$0.00
		401K	\$0.00	\$0.00
		Totals	\$250.35	\$1,502.10
Pay Period 6/11/2004-7/11/2004				

Gross Pay

- The total amount of money earned during a pay period before deductions
 - This is calculated by multiplying the number of hours worked by the hourly rate
 - If a person is on **salary**, it is the total salary amount divided by the specified time period

Net Pay

<i>On-The-Go</i>				
Employee Baskara, Joe	SSN 201-92-4856	Check # 164	Check Amount \$1,102.98	
Employee Address 293 Michael Grove Billings, MT 59102				
	Pay Type- Gross Pay	Deductions	Current	Year-to-date
	\$1,353.33	Federal Withholding	\$106.00	\$503.46
		State Withholding	\$40.82	\$117.72
		Fed OASDI/EE or Social Security	\$83.91	\$636.00
		Fed MED/EE or Medicare	\$19.62	\$244.92
		Medical	\$0.00	\$0.00
		401K	\$0.00	\$0.00
		Totals	\$250.35	\$1,502.10
<i>Pay Period 6/11/2004-7/11/2004</i>				

Net Pay

- The amount of money left after all deductions have been withheld from the gross pay earned in the pay period

Deductions

<i>On-The-Go</i>				
Employee Bularus, Joe	SSN 201-92-4856	Check # 164	Check Amount \$1,102.98	
Employee Address 293 Michael Grove Billings, MT 59102				
	Pay Type- Gross Pay	Deductions	Current	Year-to-date
	\$1,353.33	Federal Withholding	\$106.00	\$503.46
		State Withholding	\$40.82	\$117.72
		Fed OASDI/EE or Social Security	\$83.91	\$636.00
		Fed MED/EE or Medicare	\$19.62	\$244.92
		Medical	\$0.00	\$0.00
		401K	\$0.00	\$0.00
		Totals	\$250.35	\$1,502.10
<i>Pay Period 6/11/2004-7/11/2004</i>				

Net Pay

- The amount of money left after all deductions have been withheld from the gross pay earned in the pay period

Taxes

- *What are taxes?*
 - Mandatory charges imposed on citizens by local, state, and federal governments.
- *What are they used for?*
 - To provide public goods and services (we will look at examples in the upcoming slides)
 - Largest amount of taxes a person pays is on his/her income.
- **Internal Revenue Service (IRS)** – Collects federal taxes, and enforces tax laws written by the United States

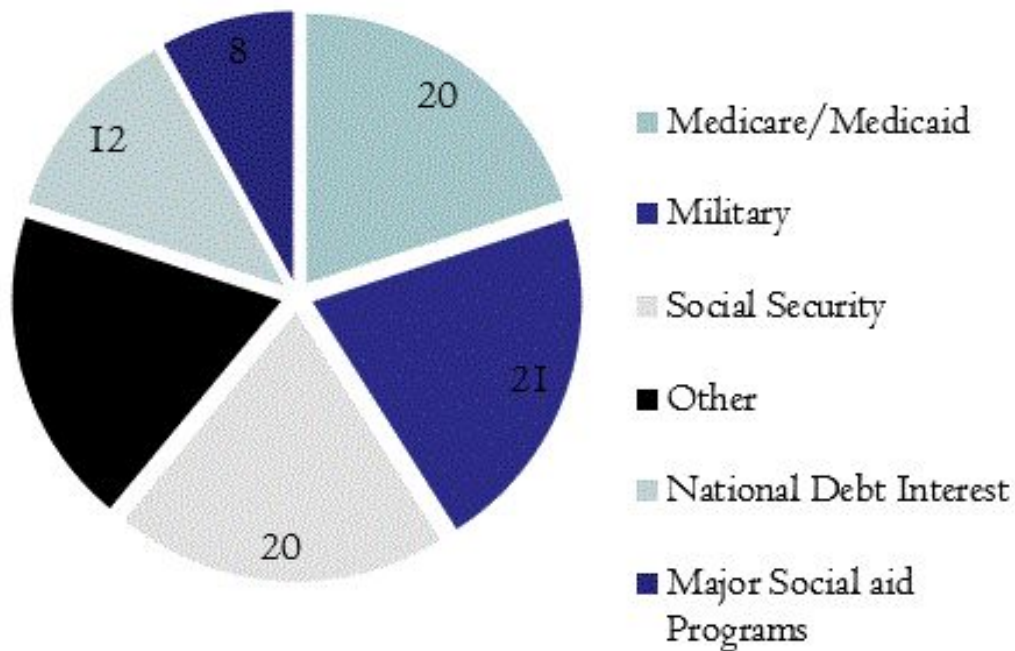
Federal Withholding Tax

On-The-Go				
Employee Bulatus, Joe	SSN 201-92-4856		Check # 164	Check Amount \$1,102.98
Employee Address 293 Michael Grove Billings, MT 59102				
	Pay Type- Gross Pay	Deductions	Current	Year-to-date
	\$1,353.33	Federal Withholding	\$106.00	\$503.46
		State Withholding	\$40.82	\$117.72
		Fed OASDI/EE or Social Security	\$83.91	\$636.00
		Fed MED/EE or Medicare	\$19.62	\$244.92
		Medical	\$0.00	\$0.00
	401K	\$0.00	\$0.00	
	Totals	\$250.35	\$1,502.10	
Pay Period 6/11/2004-7/11/2004				

Federal Withholding Tax

- The percentage deducted from an individual's paycheck to assist in funding the federal government
- The percentage deducted depends on the amount of gross pay earned

Where Do My Federal Taxes Go?



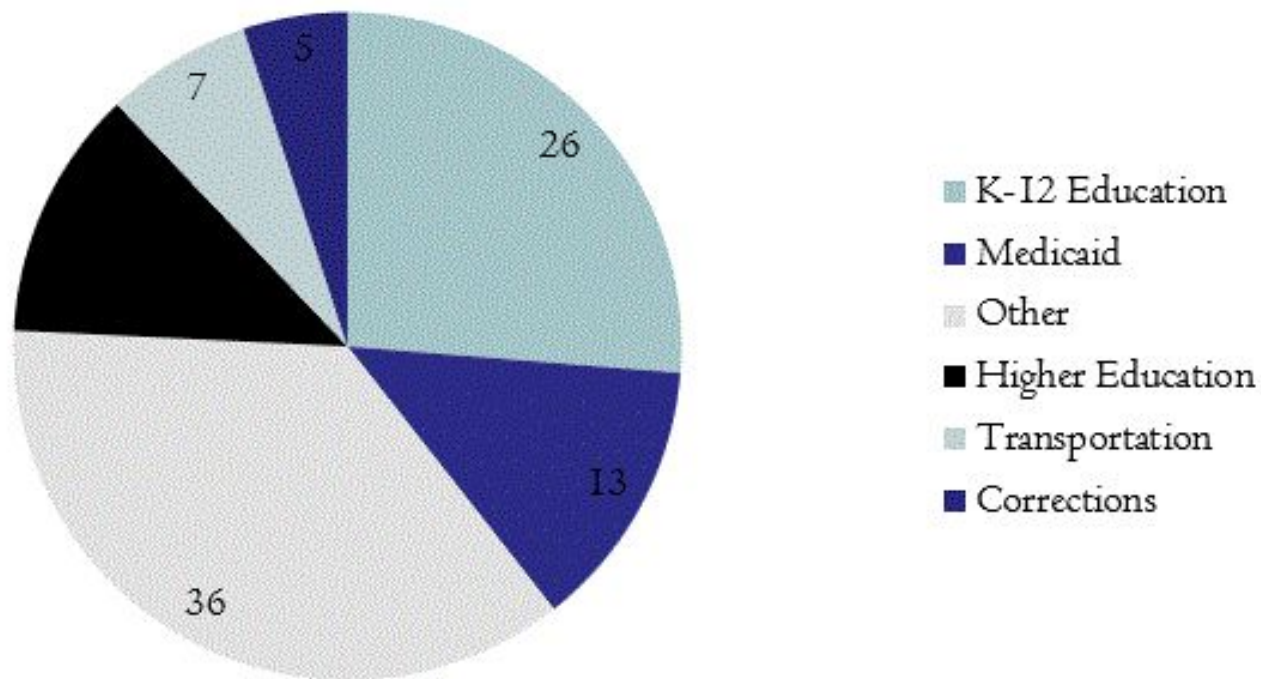
State Withholding Tax

On-The-Go				
Employee Buckner, Joe	SSN 201-92-4856	Check # 164	Check Amount \$1,102.98	
Employee Address 293 Michael Grove Billings, MT 59102				
	Pay Type- Gross Pay	Deductions	Current	Year-to-date
	\$1,353.33	Federal Withholding	\$106.00	\$503.46
		State Withholding	\$40.82	\$117.72
		Fed OASDI/EE or Social Security	\$83.91	\$636.00
		Fed MED/EE or Medicare	\$19.62	\$244.92
		Medical	\$0.00	\$0.00
		401K	\$0.00	\$0.00
		Totals	\$250.35	\$1,502.10
Pay Period 6/11/2004-7/11/2004				

State Withholding Tax

- The percentage deducted from an individual's paycheck to assist in funding government agencies within the state
- The percentage deducted depends on the amount of gross pay earned

Where Do My State Taxes Go?



FICA

On-The-Go				
Employee Bakers, Joe	SSN 201-92-4856	Check # 164	Check Amount \$1,102.98	
Employee Address 293 Michael Grove Billings, MT 59102				
	Pay Type- Gross Pay	Deductions	Current	Year-to-date
	\$1,353.33 	Federal Withholding	\$106.00	\$503.46
		State Withholding	\$40.82	\$117.72
		Fed OASDI/EE or Social Security	\$83.91	\$636.00
		Fed MED/EE or Medicare	\$19.62	\$244.92
		Medical	\$0.00	\$0.00
	401K	\$0.00	\$0.00	
	Totals	\$250.35	\$1,502.10	
Pay Period 6/11/2004-7/11/2004				

FICA

- This tax includes two separate taxes: Fed OASDI/EE or Social Security and Fed MED/EE or Medicare

Social Security

On-The-Go				
Employee Bakara, Joe	SSN 20I-92-4856	Check # I 64	Check Amount \$I,102.98	
Employee Address 283 Michael Grove Billings, MT 59102				
	Pay Type- Gross Pay	Deductions	Current	Year-to-date
		Federal Withholding	\$106.00	\$503.46
		State Withholding	\$40.82	\$117.72
		Fed OASDI/EE or Social Security	\$83.91	\$636.00
		Fed MED/EE or Medicare	\$19.62	\$244.92
		Medical	\$0.00	\$0.00
	401K	\$0.00	\$0.00	
	Totals	\$250.35	\$I,502.10	
Pay Period 6/11/2004-7/11/2004				

Social Security

- Nation's retirement program, helps provide retirement income for elderly and pays disability benefits
- Based upon a percentage (6.2%) of gross income, employer matches the contribution made by the employee

Medicare

On-The-Go				
Employee Bulkins, Joe	SSN 20I-92-4856	Check # 164	Check Amount \$1,102.98	
Employee Address 293 Michael Grove Billings, MT 59102				
	Pay Type- Gross Pay	Deductions	Current	Year-to-date
	\$1,353.33	Federal Withholding	\$106.00	\$503.46
		State Withholding	\$40.82	\$117.72
		Fed OASDI/EE or Social Security	\$83.91	\$636.00
		Fed MED/EE or Medicare	\$19.62	\$244.92
		Medical	\$0.00	\$0.00
		401K	\$0.00	\$0.00
	Totals	\$250.35	\$1,502.10	
Pay Period 6/11/2004-7/11/2004				

Medicare

- Nation's health care program for the elderly and disabled, provides hospital and medical insurance to those who qualify
- Based upon a percentage (1.45%) of gross income

Retirement Plan

On-The-Go				
Employee Boulton, Joe	SSN 201-92-4856		Check # 164	Check Amount \$1,102.98
Employee Address 293 Michael Grove Billings, MT 59102				
	Pay Type- Gross Pay	Deductions	Current	Year-to-date
	\$1,353.33	Federal Withholding	\$106.00	\$503.46
		State Withholding	\$40.82	\$117.72
		Fed OASDI/EE or Social Security	\$83.91	\$636.00
		Fed MED/EE or Medicare	\$19.62	\$244.92
		Medical	\$0.00	\$0.00
	401K	\$0.00	\$0.00	
	Totals		\$250.35	\$1,502.10
Pay Period 6/11/2004-7/11/2004				

Retirement Plan

- The amount an employee contributes each pay period to a retirement plan
- May be a 401K, a state, or local retirement plan

Medical

On-The-Go				
Employee Bulans, Joe	SSN 201-92-4856	Check # 164	Check Amount \$1,102.98	
Employee Address 293 Michad Grove Billings, MT 59102				
	Pay Type- Gross Pay	Deductions	Current	Year-to-date
	\$1,353.33	Federal Withholding	\$106.00	\$503.46
		State Withholding	\$40.82	\$117.72
		Fed OASDI/EE or Social Security	\$83.91	\$636.00
		Fed MED/EE or Medicare	\$19.62	\$244.92
		Medical 	\$0.00	\$0.00
	401K	\$0.00	\$0.00	
		Totals	\$250.35	\$1,502.10
Pay Period 6/11/2004-7/11/2004				

Medical

- The amount taken from the employee's paycheck for medical benefits
- Medical benefits usually include medical insurance, dental, etc.

Year To Date

On-The-Go				
Employee Beakens, Joe	SSN 201-92-4856		Check # 164	Check Amount \$1,102.98
Employee Address 293 Michad Grove Billings, MT 59102				
	Pay Type- Gross Pay	Deductions	Current	Year-to-date 
	\$1,353.33	Federal Withholding	\$106.00	\$503.46
		State Withholding	\$40.82	\$117.72
		Fed OASDI/EE or Social Security	\$83.91	\$636.00
		Fed MED/EE or Medicare	\$19.62	\$244.92
		Medical	\$0.00	\$0.00
		401K	\$0.00	\$0.00
		Totals	\$250.35	\$1,502.10
Pay Period 6/11/2004-7/11/2004				

Year-to-Date

- Total of all of the deductions which have been withheld from an individual's paycheck from January 1 to the last day of the pay period indicated on the paycheck stub