financialalgebra

1.2 Your Paycheck

Student Activity Packet

UNIT: TAXES & FUNDAMENTALS OF ALGEBRA

Name:

IN THIS LESSON, YOU WILL:

- Calculate percentages
- Read a pay stub
- Complete a W-4
- Identify common payroll deductions

INTRO

VIDEO: FinCap Friday: That's Gross!

In this video, Yanely discusses your paycheck and why it's so important for you to understand how to read it. After watching the video, answer the questions below.

1. **What type of information should you see when you look at your paystub?**

2. **Why is it important for you to understand how to read your pay stub?**

LEARN IT

ARTICLE: Types of Income

You can earn money in a lot of different ways. Read the article about types of income and answer the questions.

1. **What is the main difference between salary and wage work?**

2. **What are two ways that you can earn income without working?**

VIDEO: Filling Out the W-4 Form

A W-4 form is completed when you start a new job so that your employer knows how to calculate your federal tax withholdings. Watch the video about completing a W-4 and use it to answer the questions.

1. **What steps of the W-4 are required for every employee?**

2. **Which step must you fill out if you have multiple jobs?**

ARTICLE: What are Payroll Deductions?

There are many different types of payroll deductions. Some are required while others are voluntary. Read the article and use it to answer the questions about payroll deductions.

1. **What are payroll deductions?**

2. **Which deductions will everyone see on their paycheck?**

3. **Why might someone voluntarily have money deducted from their paycheck?**

EDPUZZLE: How to Read a Pay Stub

A pay stub details your earnings, taxes, voluntary deductions, and many pieces of important information. Watch this video to learn more about how to read a pay stub. Then, answer the questions either in EdPuzzle or below.

1. **What is the difference between gross pay and net pay?**
   a. Net pay is before taxes and deductions are subtracted; Gross pay is your take-home pay
   b. There is no difference between gross and net pay
   c. Gross pay is before taxes and deductions are subtracted; Net pay is your take-home pay

2. **What are pre-tax deductions and contributions?**
   a. Contributions taken out of your paycheck AFTER taxes are calculated on your income
   b. Contributions taken out of your paycheck BEFORE taxes are calculated on your income

3. **What are two examples of Employer Contributions?**
    a. Health Insurance & 401k
    b. 401k & Roth IRA
    c. Federal & State Taxes
    d. Traditional & Roth IRA

MATH CONNECTION - ANALYZING PERCENTAGES

Now that we understand how to read a pay stub and the types of deductions that might show up, let's do some analysis to see how much of our gross pay is being deducted.

Carl's Paycheck

COMPANY NAME		EARNINGS STATEMENT
Company Name, 224 Any Street, Big City, UT 84101	95220	

EMPLOYEE NAME	SSN	EMPLOYEE ID	CHECK NO.	PAY PERIOD	PAY DATE
Carl Gauss	xxx-xx-2345	12345	98765	10/1/2021 - 10/15/2021	10/22/2021

INCOME	RATE	HOURS	CURRENT TOTAL	DEDUCTIONS	CURRENT TOTAL	YEAR-TO-DATE
GROSS WAGES	22.95	16	367.20	FICA MED TAX	5.32	101.16
				FICA SS TAX	22.77	432.56
				FED TAX	9.64	183.14
				UT ST TAX	21.85	415.12

YTD GROSS	YTD DEDUCTIONS	YTD NET PAY	CURRENT TOTAL	CURRENT DEDUCTIONS	NET PAY
6,976.80	1,131.99	5,844.81	367.20	59.58	307.62

1. **What was Carl's gross pay for the current pay period?**

2. **How much did Carl pay in taxes during the current pay period?**

3. **What percentage of Carl's total gross wages was paid in taxes?**

4. **How much did Carl pay in FICA Social Security taxes during the current pay period?**

5. **What percentage of total taxes was paid in FICA Social Security taxes?**

Alan's Paycheck

COMPANY NAME					EARNINGS STATEMENT	
Company Name, 224 Any Street, Big City, UT 84101			95220			
EMPLOYEE NAME	SSN	EMPLOYEE ID	CHECK NO.	PAY PERIOD		PAY DATE
Alan Turing	xxx-xx-2345	12345	98765	10/1/2021 - 10/15/2021		10/22/2021

INCOME			CURRENT TOTAL	DEDUCTIONS	CURRENT TOTAL	YEAR-TO-DATE
GROSS WAGES (SALARY)			3,484.38	FICA MED TAX	50.52	959.95
				FICA SS TAX	216.03	4,104.59
				FED TAX	91.46	1,737.83
				UT ST TAX	207.32	3,939.09
				RETIREMENT PLAN	$435.55	$8,275.39
				HEALTH INSURANCE	$313.59	$5,958.28

YTD GROSS	YTD DEDUCTIONS	YTD NET PAY	CURRENT TOTAL	CURRENT DEDUCTIONS	NET PAY
66,203.13	24,975.13	41,228.00	3,484.38	1,314.48	2,169.89

6. **What percentage of Alan's gross income was deducted for health insurance?**

7. **What percentage of total deductions were voluntary deductions?**

8. **What percentage of Alan's gross pay did he take home after all deductions?**

9. **Write a function that Alan can use to estimate his take-home pay, where x represents gross pay and y represents net pay.**

EXIT TICKET

Follow your teacher's instructions to complete the Exit Ticket.