



Taxes and Your Paystub
Student Activity Packet
UNIT: TAXES

Name:

Students will be able to:

- Read and understand a pay stub
- Compare mandatory and discretionary government spending
- Explain the difference between gross and net pay
- Analyze the different categories of discretionary government spending



INTRO

PROMPT:

Use the space below to answer the prompt.

1. **If you were in charge of how tax dollars are spent, what are some things in your community, state, or nationally that you would choose to pay for?**



LEARN IT

ARTICLE: [Where Did My Paycheck Go? Understanding Taxes and Government Spending](#)

Some people are surprised when they get their paycheck and the amount of money they receive is lower than they expected. This is often because they don't know about things like state taxes, federal taxes, and the Federal Insurance Contributions Act (FICA). Read the article to learn more about the withholdings from your paycheck. Then, answer the questions.

1. **Briefly describe the purpose of taxes.**

2. **Medicare and Social Security are mandatory spending categories funded by which type of taxes that are withheld from your paycheck?**
 - a. Local
 - b. State
 - c. Federal
 - d. FICA
3. **The federal income taxes that are withheld from your paycheck are used to pay for what?**
 - a. Mandatory spending
 - b. Discretionary spending
 - c. Unemployment insurance
 - d. Medicare and Social Security
4. **All of the following options are benefits we receive as a result of government spending EXCEPT...**
 - a. Health and retirement benefits for seniors
 - b. Credit card debt forgiveness
 - c. National parks maintenance
 - d. Public school education



ACTIVITY: MOVE: Your Tax Dollar In Action

In a previous resource you learned about discretionary government spending. This activity will give you an idea of where your federal taxes go and how that money is spent. Follow your teacher's directions to complete this activity.



EDPUZZLE: How to Read a Pay Stub

Now that you understand why some money is taken out of your paycheck, let's dig a little deeper into how that impacts the amount of money that actually ends up in your bank account. Watch this video and follow your teacher's directions to answer the questions either in your student activity packet or within the EdPuzzle itself.

NOTE: EdPuzzle videos shuffle answer choices and do not always match the order provided in the lesson here.

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 pay 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 and 401(k)
- b. 401(k) and Roth IRA
- c. Federal and state taxes
- d. Traditional and Roth IRA



DO IT

ACTIVITY: FINE PRINT: Pay Stub

Let's practice reading and understanding a pay stub so you can really get an idea for what it looks like when money is added or subtracted from your paycheck. Follow the directions on the worksheet to complete this activity.



EXIT TICKET

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