



Breaking Down a Paycheck

Dear Parents,

Your child has been learning about deductions from gross pay, like federal and state income taxes, Social Security taxes, and Medicare taxes. In this worksheet, review together how the gross pay in a paycheck is reduced by mandatory and voluntary deductions to become net pay. (Share your own experiences!)

DIRECTIONS Review your child's pretend paycheck! Imagine your child earned \$500 in gross wages. Enter \$500 in the "Earnings" column, then make the necessary calculations to fill in the missing deductions and to find out their net pay. Repeat the exercise, this time choosing a figure for gross wages (as realistic or as big as they like!).

COMPANY				EARNINGS STATEMENT
Any Workplace, Workplace Street Address, Any City, State, USA				
EMPLOYEE NAME	EMPLOYEE ID	CHECK NO.	PAY PERIOD	PAY DATE
Name _____	112234	01234	4/29-5/4	5/8
INCOME	EARNINGS	DEDUCTIONS	CURRENT TOTAL	
SALARY PAY	\$ _____	Federal income tax @ 12%	\$ _____	
		State income tax @ 4%	\$ _____	
		Social Security tax @ 6.2%	\$ _____	
		Medicare tax @ 1.45%	\$ _____	
		401(K) Retirement Contribution	\$50.00	
				NET PAY _____

Pretend your gross wages are \$500, or dream up your own figure!

ANSWERS: Your child's pay stub may look like this (calculated for \$500 gross wages): Gross Pay—\$500.00; Federal Withholding—\$60; State Withholding—\$20 Social Security Tax—\$31; Medicare Tax—\$7.25; Retirement Contribution—\$50.00 Net Pay—\$331.75