PUTTING YOUR PAYCHECK TO WORK
STUDENT ACTIVITIES GUIDE

Federal Reserve Bank of Kansas City - http://paycheck.kcfed.org

Teacher Introduction
The Federal Reserve Bank of Kansas City developed Putting Your Paycheck to Work fact sheets for employees to understand and make the most of their paychecks. These six personal finance fact sheets and related activities can be used with high school students and young adults to help them understand and manage their paychecks and income. The payroll paystub is explained in detail, including withholdings and deductions. Different methods of receiving wages, such as by check, direct deposit or payroll card, are discussed through looking at the advantages and disadvantages of each method. Ideas to expand and get more from your paycheck are also explored.

Suggestions for teacher use include the following:
• Teach to fulfill a district, state or national personal finance standard
• Integrate into a business, personal finance or consumer math lesson
• Introduce as extension for extra-curricular clubs and outside organizations
• Use in job training programs or with new employees

Fact Sheet Topics:
1. Understanding Your Paycheck (with related pretest)
2. Managing Your Paycheck - Withholdings
3. Managing Your Paycheck - Deductions
4. Getting Your Paycheck - Direct Deposit, Check or Payroll Card (with related activity)
5. Expanding Your Paycheck - Benefits and Services to Consider
6. Ten Actions to Get More from Your Paycheck

*Note: Fact sheets 1 and 4 have suggested student activities.

Content Standards
National Standards for Financial Literacy
• Standard 1: Earning Income: Grade 12, Benchmark 7: Taxes are paid to federal, state and local governments to fund government goods and services, and transfer payments from government to individuals. The major type of taxes are income taxes, Social Security taxes, property taxes and sales taxes.

National Jump$tart Standards in K-12 Personal Finance
• Financial Responsibility and Decision Making Standard 4: Make financial decisions by systemically considering alternatives and consequences.
• Income and Careers Standard 3: Describe factors affecting take-home pay.

Colorado Personal Finance Literacy Standards
• Social Studies Standards: Economics Standard 4: Design, analyze and apply a financial plan based on short- and long-term financial goals.

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Content Standards (continued)

Kansas Consumer Science Standards
• Academic Foundations Benchmark 0.1: Apply reading and writing, math and science skills in personal, professional, entrepreneurial and community situations.

Missouri Personal Finance Competencies
• Income: Relate taxes, government transfer payments and employee benefits to disposable income.

Oklahoma Passport to Personal Finance Literacy Standards
• Standard 2: The student will identify and describe the impact of local, state and federal taxes upon income and standard of living.
• Standard 4: The student will demonstrate the ability to balance a checkbook and reconcile financial accounts.

Wyoming Career and Vocational Standards
• Standard 1: Resources: Students effectively manage time, money, materials, work space and human resources.

General Procedure
• Read and discuss each fact sheet with students.
• Do suggested activities before Fact Sheet 1 and after Fact Sheets 1 and 4 to apply and reinforce concepts discussed.
PUTTING YOUR PAYCHECK TO WORK
Federal Reserve Bank of Kansas City

Fact Sheet 1: Understanding Your Paycheck
http://paycheck.kcfed.org

Objectives for Fact Sheet 1
• Define and understand paycheck vocabulary words: gross pay; net pay; Federal withholding; voluntary deductions; paystub; taxes; 401(k); W-2; W-4.
• Read and interpret a check paystub.

Overview of Fact Sheet 1 Activities
• Do suggested pretest (using PowerPoint or Handout 1) before sharing Fact Sheet 1.
• Read Fact Sheet 1 to find information that answers pretest questions.
• Review PowerPoint or Handout 1 to discuss correct answers based on reading.
• Do paystub assessment using Handouts 2 and 3.

Time Required: 45 minutes

Materials to accompany Fact Sheet 1
• Paycheck Check-Up Pretest (link to PowerPoint)
• Copies of Handout 1: Paycheck Check-Up Pretest, one per student
• Handout 1A: Paycheck Check-Up Answer Key for teacher
• Copies of Handout 2: Paystub for Julie Jones, one per student
• Copies of Handout 3: Paystub Problem Solving Assessment, one per student
• Handout 3A: Paystub Problem Solving Answer Key for teacher
• Paper/pencils

Suggested Activities for Fact Sheet 1
1. Begin by giving the Paycheck Check-Up pretest. (You can use the PowerPoint link or Handout 1 paper/pencil pretest.) Have students record their responses to each question. DO NOT give correct answers during the pretest activity.
2. Distribute Fact Sheet 1 and ask class to read the information to find correct answers to the pretest. They should underline or highlight sentences that contain the facts to support correct answers.
3. Show the PowerPoint pretest again or go over Handout 1. Discuss correct answers by using the answer key and reviewing Fact Sheet 1 information for support. Students should check their paper responses and award themselves ten points for each correct answer.
4. When finished with the pretest, ask students to rank themselves according to the following scoring guide:
   • 80-100: Paycheck Proficient
   • 60-79: Paycheck Prepared
   • 40-59: Paycheck Potential
   • 0-39: Paycheck Problem
5. Distribute Handout 2: Sample Paystub for Julie Jones, and Handout 3: Paystub Problem Solving. Ask students to answer the problem-solving questions using Julie’s information from Handout 2. (The assessment can be done individually or within small groups.)
6. Check and discuss Paystub Problem Solving answers with the group using Handout 3A.
Paycheck Check-Up Pretest

1) Your paycheck paystub lists your pay and deductions for:
   A) the current pay period
   B) the year-to-date period
   C) both A and B

2) Gross pay refers to:
   A) the amount you receive after your employer takes out withholdings and deductions
   B) the amount you receive before your employer takes out withholdings and deductions
   C) old and disgusting currency

3) Whether you receive your pay by check, direct deposit or payroll card, it is listed on the paystub as:
   A) net pay distribution
   B) federal withholding
   C) pay rate

4) Tax information stated on your paycheck includes:
   A) your marital status (whether you’re married or single)
   B) the number of withholding allowances (personal exemptions)
   C) both A and B

5) Your Social Security number is listed on each paystub.
   A) true
   B) false

6) An example of a voluntary deduction is:
   A) a parking fee
   B) Social Security
   C) income tax

7) An example of a mandatory withholding is:
   A) medical insurance
   B) 401(k) plan
   C) Medicare

8) Your withholdings for taxes are determined by:
   A) your W-2
   B) your W-4
   C) your W-6

9) State income taxes are withheld:
   A) In all 50 states
   B) In most states
   C) In a few states

10) Funds for 401(k) retirement savings plans are taken from pre-tax wages.
    A) true
    B) false
Paycheck Check-Up Pretest Answer Key

1) Your paycheck paystub lists your pay and deductions for:
   A) the current pay period
   B) the year-to-date period
   C) both A and B

2) Gross pay refers to:
   A) the amount you receive after your employer takes out withholdings and deductions
   B) the amount you receive before your employer takes out withholdings and deductions
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   B) in most states
   C) in a few states

10) Funds for 401(k) retirement savings plans are taken from pre-tax wages.
    A) true
    B) false
# Sample Paystub for Julie Jones

**Stop and Shop**  
456 Willow Way  
Tulsa, OK 74115

**Pay Period:**  
Week of June 17-23, 2012

<table>
<thead>
<tr>
<th>Employee Info:</th>
<th>Tax Data:</th>
<th>Federal</th>
<th>State</th>
</tr>
</thead>
</table>
| Julie Jones  
1770 N. Canton Ave.  
Tulsa, OK 74115 | Marital Status:  
Allowances:  
Addl. Pct:  
Addl. Amt.: | Single | Single |
| Employee ID: 4628  
Job Title: Cashier  
Pay Rate: $12 | 1 | 0 | 0 |

<table>
<thead>
<tr>
<th>Hours and Gross Pay:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Description</td>
<td>Rate</td>
</tr>
<tr>
<td>Regular pay</td>
<td>$12</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Deductions:</th>
<th>Current Period</th>
<th>Year-to-Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Withholding</td>
<td>12.40</td>
<td>272.80</td>
</tr>
<tr>
<td>Social Security</td>
<td>15.10</td>
<td>332.20</td>
</tr>
<tr>
<td>Medicare</td>
<td>5.20</td>
<td>114.40</td>
</tr>
<tr>
<td>State Withholding</td>
<td>5.85</td>
<td>128.70</td>
</tr>
<tr>
<td>401(k)</td>
<td>10.50</td>
<td>231.00</td>
</tr>
<tr>
<td>Totals</td>
<td>49.05</td>
<td>1,079.10</td>
</tr>
</tbody>
</table>

*Excluded from federal taxable wages

**Net Pay:**  
$310.95  
$6,840.90

**Net Pay Distribution:**

<table>
<thead>
<tr>
<th>Form</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Check #15151515-551</td>
<td>$310.95</td>
</tr>
</tbody>
</table>
Paystub Problem Solving

Answer the following questions, using Handout 2 paystub for reference.

1. What was Julie’s gross pay for this pay period?
   What was her net pay?
   Why is her net pay less than her gross pay?

2. Name three mandatory withholding payments from Julie’s paycheck, along with their dollar amounts.

   Explain what the dollars from each withholding payment are used for.

3. What voluntary deduction payment was taken out of Julie’s account?
   What will this deduction be used for?

4. How many allowances does Julie have under tax data?
   What will this information be used for?

5. How much does Julie make per hour?
   How many hours does she work weekly?
   If Julie began working 40 hours per week, what would her gross pay for one week be?

6. How did Julie receive her weekly pay?
   What other methods can be used to pay employees?
Paystub Problem Solving Answer Key

Answer the following questions, using Handout 2 paystub for reference.

1. What was Julie’s gross pay for this pay period?
   
   $360

   What was her net pay?
   
   $310.95

   Why is her net pay less than her gross pay?
   
   Withholdings and deductions were taken out of Julie’s gross pay in the amount of $49.05, leaving $310.95 for her net pay.

2. Name three mandatory withholding payments from Julie’s paycheck, along with their dollar amounts.
   
   Federal withholding - $12.40; Social Security - $15.10; Medicare - $5.20

   Explain what the dollars from each withholding payment are used for.
   
   Federal withholding dollars are taxes on your income. These taxes help pay for public education, transportation, and defense. Social Security dollars are used for retirement and disability payments. Medicare funds are used for health coverage for people over 65. They also help support Medicaid, health coverage for low income families and individuals.

3. What voluntary deduction payment was taken out of Julie’s account?
   
   401(k) contribution of $10.50

   What will this deduction be used for?
   
   An employer-sponsored retirement plan

4. How many allowances does Julie have under tax data?
   
   1

   What will this information be used for?
   
   The federal government uses this information to calculate how much money to withhold for tax purposes.

5. How much does Julie make per hour?
   
   $12

   How many hours does she work weekly?
   
   30

   If Julie began working 40 hours per week, what would her gross pay for one week be?
   
   $12 X 40 = $480

6. How did Julie receive her weekly pay?
   
   By paycheck

   What other methods can be used to pay employees?
   
   Employees can also be paid by direct deposit or payroll card.
Fact Sheet 4: Getting Your Paycheck: Direct Deposit, Check or Payroll Card

Objectives for Fact Sheet 4

- Describe the different ways to receive payment of income: paycheck, payroll card and direct deposit.
- Explain the advantages and disadvantages of each payment of income method.

Overview of Fact Sheet 4 Activities

- Read Fact Sheet 4 and discuss payment of income methods.
- Do Paycheck Adventure simulation to experience the use of different payment methods.
- Review the simulation to share advantages and disadvantages of each method.

Time Required: 60 minutes

Materials to accompany Fact Sheet 4

- Copy of Visual 1 to display examples of payment methods
- Copies of Visuals 2A, 2B and 2C to distribute to appropriate groups
- Copies of Visual 3A and 3B signs to post at the following “Pay Adventure” stations around the room: Check-Cashing; Payroll Card; ATM; McDougs Restaurant; Games Galore Video Game Store; Horizon Cell Phone; Money Mystery
- Copies of Visuals 4A, 4B and 4C. Cut these direction cards and leave these cards at stations for groups

Suggested Activities for Fact Sheet 4

1. Distribute Fact Sheet 4 - Getting Your Paycheck: Direct Deposit, Check or Payroll Card, and ask students to read the information and underline or highlight important facts about each type of payment. Discuss key facts for each payroll method after reading is completed.
2. After the fact sheet discussion, divide students into three groups, and designate them as the Paycheck, Payroll Card and Direct Deposit groups.
3. Tell students that they will be participating in a “Pay Adventure” simulation, with each group’s member getting their pay of $200 by either paycheck, payroll card or direct deposit. Display Visual 1: Ways to Pay to show examples of the different payment methods.
4. Distribute Visual 2: Pay Adventure Steps and Register. Explain that they will follow each step to find their direction card at different stations. Their direction card will tell them what they have spent on lunch, a video game, a cell phone payment and fees along the way. Students should keep track of each transaction on their registers, subtracting payments and possible fees at each station to keep a running balance of dollars left.
5. Tell groups that after they have visited all stations, they will share their final balance and discuss the advantages and disadvantages of each type of payroll payment with the class.
6. Ask groups to begin the activity, following their steps to move quickly and quietly to each station and record transactions. When a group is finished with the simulation, they should make sure their final balances agree and be ready to share.
7. Discuss the activity with the class, comparing final balances, fees for payment transactions, and “Money Mystery” situations among the three payment groups.
Payroll Card

Your Employer
1234 Some Street
Milwaukee, WI ZIP CODE

PAY   Four hundred eighteen dollars and 00 cents  $418.00

To the Order of
John R. Doe
555 Some Street
Milwaukee, WI ZIP CODE

Federal Reserve Bank of Kansas City

Pay Inquiry

Pay Begin Date: 05/10/2003   Pay End Date: 05/24/2003   Check Date: 05/30/2003

General
Name: John R. Doe   Business Unit: JNCSN
Employee ID: 123456   Pay Group: Semi-Monthly
Address: 88 Easy Street   Department: 106117 - Sch Speech Comm Stud
Weyers Creek, VA 24418   Location: James Madison University
Job Title: Administrative Office Spec II
Pay Rate: $28,500.00 Annual

Tax Data
Fed Marital Status: Single   VA Marital Status: 0
Fed Allowances: 0   VA Allowances: 0
Fed Addi Percent: 0.00   VA Addi Percent: 0.00
Fed Addi Amount: $0.00   VA Addi Amount: $0.00

Paycheck Summary
Current Gross Earnings: 13,132.10   Fed Taxable Gross: 10,682.57
YTD Total Taxes: 185.09   Total Deductions: 185.09
Net Pay: 13,132.10

Earnings
Description Hours Rate Amount YTD Amount Description Amount YTD Amount
Fed Leave: 132.00 13.75 1,803.00 1,803.00
VSEP: 476.13 1,133.96 1,133.96
Regular: 1,191.04 5,194.09 5,194.09
Total: 152.00 2,419.13 13,132.10

Federal Income Tax: 185.09
State Income Tax: 0.00
Unemployment: 454.51

Total: 152.00 2,419.13 13,132.10
Net Pay: 13,132.10

Before-Tax Deductions
Description Amount YTD Amount
VanHugFree 54.00
AMT Flex

After-Tax Deductions
Description Amount YTD Amount
VSEP: 6.37 127.03
VSEP: 6.37 127.03
Unemployment 4.00 4.00
Total: 54.00 515.00

Employer Paid Benefits
Description Amount YTD Amount
VSEP: 29.76 500.44
VSEP: 29.76 500.44
Unemployment: 4.00 4.00
Unemployment: 4.00 4.00
Total: 54.00 515.00
Total: 54.00 515.00

Net Pay: 12,617.10

Payment Type: Check
Paycheck Number: 11640
Account Type: Account Number: 2,234.04
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Pay Adventure Steps and Register/ Paycheck Group

Follow each step in order to read the group’s direction card at each station. Subtract payments and fees as directed on the register below.

Step 1: Go to the Check-Cashing station.
Step 2: Buy lunch at McDougs.
Step 3: Pay for your new video game at Games Galore.
Step 4: Make your monthly cell phone payment at Horizon Phones.
Step 5: Visit the Money Mystery station to reveal your group’s mystery.
Step 6: Go back to your seats to check your final balance.

<table>
<thead>
<tr>
<th>Date</th>
<th>Ck#</th>
<th>Transaction</th>
<th>Credit</th>
<th>Debit</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 15</td>
<td></td>
<td>Payroll Check</td>
<td>$200</td>
<td></td>
<td>$200</td>
</tr>
</tbody>
</table>

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Pay Adventure Steps and Register/ Payroll Card Group

Follow each step in order to read the group’s direction card at each station. Subtract payments and fees as directed on the register below.

Step 1: Go to the Check-Cashing station.
Step 2: Buy lunch at McDougs.
Step 3: Pay for your new video game at Games Galore.
Step 4: Make your monthly cell phone payment at Horizon Phones.
Step 5: Visit the Money Mystery station to reveal your group’s mystery.
Step 6: Go back to your seats to check your final balance.

Payment Register

<table>
<thead>
<tr>
<th>Date</th>
<th>Ck#</th>
<th>Transaction</th>
<th>Credit</th>
<th>Debit</th>
<th>Balance</th>
</tr>
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<tbody>
<tr>
<td>April 15</td>
<td></td>
<td>Payroll Card</td>
<td>$200</td>
<td></td>
<td>$200</td>
</tr>
</tbody>
</table>

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Pay Adventure Steps and Register/ Direct Deposit Group

Follow each step in order to read the group’s direction card at each station. Subtract payments and fees as directed on the register below.

Step 1: Go to the Check-Cashing station.
Step 2: Buy lunch at McDougs.
Step 3: Pay for your new video game at Games Galore.
Step 4: Make your monthly cell phone payment at Horizon Phones.
Step 5: Visit the Money Mystery station to reveal your group’s mystery.
Step 6: Go back to your seats to check your final balance.

Payment Register

<table>
<thead>
<tr>
<th>Date</th>
<th>Ck#</th>
<th>Transaction</th>
<th>Credit</th>
<th>Debit</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 15</td>
<td></td>
<td>Direct Deposit</td>
<td>$200</td>
<td></td>
<td>$200</td>
</tr>
</tbody>
</table>
CHECK-CASHING STATION

PAYROLL CARD STATION
McDOUGS
RESTAURANT

GAMES GALORE
VIDEO GAME STORE
HORIZON CELL PHONES
**Paycheck Group**

Step 1: Check-Cashing

Pay $5.00 to have your paycheck cashed.

Subtract this amount from your register.

---

**Paycheck Group**

Step 2: Lunch at McDougs

Pay $7.35 for your combo meal.

Subtract this amount from your register.

---

**Paycheck Group**

Step 3: Games Galore

Pay $64.85 for the newest video game.

Subtract this amount from your register.

---

**Paycheck Group**

Step 4: Horizon Phone

Make your monthly cell phone payment of $78.20.

Subtract this amount from your register.

---

**Paycheck Group**

Step 5: Money Mystery

YOU LOST A $20 BILL!

Subtract this amount from your register.

---

**Paycheck Group**

Check your final balance with your group members.
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Payroll Card Group

Step 1: Payroll Card
Pay $3.00 in monthly payroll card fees.
Subtract this amount from your register.

Payroll Card Group

Step 2: Lunch at McDougs
Pay $7.35 for your combo meal.
Subtract this amount from your register.

Payroll Card Group

Step 3: Games Galore
Pay $64.85 for the newest video game.
Subtract this amount from your register.

Payroll Card Group

Step 4: Horizon Phone
Make your monthly cell phone payment of $78.20.
Subtract this amount from your register.

Payroll Card Group

Step 5: Money Mystery
YOU LOST YOUR PAYROLL CARD!
Pay $10.00 for a replacement card.
Subtract this amount from your register.

Payroll Card Group

Check your final balance with your group members.
Putting your paycheck to work

Direct Deposit Group

Step 1: Bank ATM
Pay $2.00 in banking fees.
Subtract this amount from your register.

Direct Deposit Group

Step 2: Lunch at McDoug's
Pay $7.35 for your combo meal.
Subtract this amount from your register.

Direct Deposit Group

Step 3: Games Galore
Pay $64.85 for the newest video game.
Subtract this amount from your register.

Direct Deposit Group

Step 4: Horizon Phone
Make your monthly cell phone payment of $78.20.
Subtract this amount from your register.

Direct Deposit Group

Step 5: Money Mystery
YOU LOST YOUR DIRECT DEPOSIT NOTICE!
NO WORRIES—NO FEE INVOLVED!

Check your final balance with your group members.