

Instructional Scenario

Reading a Paycheck



Course/Duty Area: Principles of Business and Marketing: Exploring Financial Concepts

Scenario: Kyle was just hired to work at the local pet store. It was exciting to have a job and even more exciting to be getting a paycheck! Kyle was able to work 20 hours in the first month of work and knew a pay check would soon be coming. Hired to make \$15/hour, Kyle did the math and multiplied the 20 hours and the \$15/hour wage and was expecting to see \$300 on his first paycheck. To Kyle's disappointment, the paycheck was far short of \$300, and Kyle didn't know why. Do you?

| Pet Love Unlimited, P.O. Box 90010, Richmond, VA, 23225-9010 | | | | Earning Statement | | |
|--|-----------------------|--------------------|--------------------|-------------------|-----------------|--------------|
| Employee Name | Social Security ID | Employee ID | Check No. | Pay Period | Pay Date | |
| Kyle Cash | XXX-XX-6565 | 20194 | 27697B | 1/1/24-1/15/24 | 1/15/2024 | |
| Income | Rate | Hours | Current Total | Deductions | Current Total | Year-to-Date |
| Gross Wages | | | 300.00 | FICA MED TAX | \$ 4.35 | \$ 4.35 |
| | | | | FICA SS TAX | \$ 18.60 | \$ 18.60 |
| | | | | FED INCOME TAX | \$ 40.89 | \$ 40.89 |
| | | | | STATE INCOME TAX | \$ 35.01 | \$ 35.01 |
| | | | | LOCAL TAX | \$ 3.00 | \$ 3.00 |
| YTD GROSS | YTD DEDUCTIONS | YTD NET PAY | TOTAL GROSS | DEDUCTIONS | NET PAY: | |
| \$ 300.00 | \$ 101.85 | \$ 198.15 | \$ 300.00 | \$ 101.85 | \$ 198.15 | |

Big Question: What is deducted from an employee paycheck, and where does it go?

Focused Questions:

1. What is a pay period?
2. What is the difference between gross pay and net pay?
3. What types of deductions are taken out of one's paycheck? What is the purpose of each?
4. What non-mandatory things could you choose to be deducted from your paycheck?

Student Project or Outcome: Students will examine a paycheck and see how different taxes impact the amount of take-home pay employees receive. Students should create a list of the types of mandatory deductions withheld from paychecks and the difference between gross pay and net pay.

Teacher Resources: "How to Read a Paycheck" Video (<https://vacu-1.wistia.com/medias/7cgt4mqx47>)

Scenario submitted by Monica Van Arsdale, Sr. Financial Success Educator, Virginia Credit Union