



## My Paycheck Activity

### Summary

No matter where you work, when you receive your paycheck it's important to understand the various deductions that have been made. Depending on your job, you may be salaried, paid by the hour, paid by commission, or some combination of these. Being able to calculate the amount you will receive is something that you should be able to do!

### Workplace Readiness Skill

Mathematics: Uses mathematical reasoning to accomplish tasks.

### Workplace Readiness Definition

- using mathematical reasoning and processes to accomplish job-specific tasks (e.g., using graphs and charts to estimate expenditures for a construction job, using decimals and percentages in retail applications)
- making calculations related to personal finance (e.g., wage rates, paycheck deductions, taxes)

### Vocabulary

Gross pay	Commission	Salaried
Net pay	Optional Deductions	Hourly compensation
Deductions	Required Deductions	

### Context Questions

- Have you ever received a paycheck?
- Did you understand all of the deductions?
- Given enough information, can you calculate your net pay?

### Guidelines

1. Look up the vocabulary terms. Make sure that you understand each one.
2. Prerequisite Knowledge/Skills  
You should be able to:
  - Add, subtract, multiply, and divide using decimal numbers
  - Convert a percent to a decimal
  - Calculate with percentages
  - Solve simple equations
3. Complete the *My Paycheck* exercise.

### Evaluation

Check your work by referring to the *My Paycheck Key*.



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### Reflection after Completion

- Did you solve all or most of the problems correctly?
- Which ones were the most difficult for you?
- Were you able to apply the technique for solving word problems?
- What are the benefits of knowing how to calculate net pay?

### Resources:

If you need a review of percentages or more practice, go to:

<http://www.mathsisfun.com/percentage-menu.html>

## My Paycheck

### A. Let's start with some straight forward word problems.

Item #	Item
1.	If Jenny's salary is \$350 per week and she works 40 hours, what does she earn per hour?
2.	John makes \$10.50 per hour. If he works 35 hours this week, what is his gross pay?
3.	Mr. Marlon pays minimum wage to the cashiers in his store. If minimum wage is \$7.25 per hour, how much does a cashier make who works 40 hours per week?
4.	Rosalee works as a sales representative for a furniture manufacturer and gets paid a commission of 4.5% of the amount of merchandise that she sells. Last week her sales totaled \$4000. How much is her commission?
5.	George works for a garden center where he is paid a salary of \$350 per week plus a commission of 6% of the amount of merchandise that he sells. Last week his sales totaled \$1,850. What was his gross pay?
6.	Maria works at Tolbert's Machine Shop and was just notified that she will receive a 7% annual raise. Her current salary is \$28,500 per year. How much is her raise?

**B. Solve the following more complex word problems about gross pay, net pay, and deductions.**

**7.** Financial planners recommend that families save about 5% of their take-home pay. Ed and Sherrie save \$90 each week from their combined paychecks, which total \$1,200. What percent do Ed and Sherrie save?

**8.** Each week, \$88 is deducted from Richard's paycheck for taxes. If his salary is \$400 a week, what percent of his pay is deducted? What is Richard's net pay after the taxes are deducted?

**C. Answer questions 9 – 11 using the following information. The questions are multiple choice, circle the correct response.**

Andy earns \$1,995.75 per month. The table below shows the federal and state deductions that are subtracted from Andy’s monthly paycheck.

FEDERAL DEDUCTIONS	
Federal Income Tax	\$221.65
Social Security Tax	\$123.74
Medicare Tax	\$28.94
STATE DEDUCTIONS	
State Income Tax	\$35.00
State Unemployment Insurance and State Disability Insurance	\$20.50

- 9.** What is the total amount of federal deductions from Andy’s paycheck?
- a. \$345.39
  - b. \$374.33
  - c. \$409.33
  - d. \$429.83

- 10.** After all the federal and state deductions are taken out, Andy’s net monthly income is:
- a. \$1,940.23
  - b. \$1,774.10
  - c. \$1,621.42
  - d. \$1,565.92

- 11.** Andy is considering paying 1% of his monthly gross income for extra health coverage. How much would this additional coverage cost?
- a. \$19.96
  - b. \$15.66
  - c. \$1.57
  - d. \$1.99

**D. This section is a set of items based on a scenario. Read the scenario and answer questions 12 – 15.**

You are in college. Finally you are free and on your own, however you recognize that you need some extra money and have decided you need to get a part-time job. You want a job where you can make tips and have flexible hours ... working at a restaurant would fit those requirements. Even though you don't have any restaurant experience, you have a good resume and interviewed well. You emphasized that you are very dependable and have a good attitude. You got a job bussing tables!

Now you need to figure out how much money you will be making.

<b>12.</b>	You are making \$7.90 an hour. You will be working 20 hours per week, Thursday – Sunday, 5 hours each day. What is your gross pay for one week?
<b>13.</b>	You figured out your gross pay, but you really want to know how much money you will be taking home – which is your net pay. You were informed at your orientation that deductions include federal taxes (15%), FICA (6.0%), and Medicare (1.65%). What is your net pay for one week?
<b>14.</b>	You got your first paycheck and you were excited to see that it was more than you thought! You forgot to figure in tips. As a busser, your employer adds 5% for tips to your gross pay as income. With tips, how much is your net pay?
<b>15.</b>	You have now been at this job for 1 year and decided to ask your supervisor for a raise. You pointed out that you have never missed a day of work, you stayed late 8 times when extra help was needed, and came in 5 times to fill in when others called in sick. You asked for a raise of 50 cents per hour and got it! What is your new gross pay for one week including your 5% tips?

## Vocabulary for My Paycheck

Term	Definition
Gross Pay	All of the money an employee makes while working at a job, figured before any deductions are taken out.
Net Pay (Take-home Pay)	The money that an employee actually receives after deductions, such as employment taxes and the cost of benefits, are subtracted.
Salaried (Salary Basis)	An employee is "salaried" or paid on a "salary basis," when the employee receives regular pay on a regular basis, and the amount doesn't fluctuate.
Commission	A fee that is paid for a service and it's usually a percentage. Often people who are in sale jobs receive commissions and it's a portion of the sale they make.
Hourly Compensation (Rate)	Hourly workers are paid (compensated) for the amount of time they spend working and have a set amount that they are paid for each hour of work performed.
Deductions	An amount that is subtracted from a paycheck. For example, federal income tax and health insurance premiums.
Optional (Voluntary) Deductions	Voluntary deductions are those that an employer offers and employees may choose to accept. These deductions are not legally required. Examples of optional deductions include life insurance or retirement plans.
Required (Mandatory) Deductions	Mandatory payroll deductions are those required by law. For example, Federal law says an employer must withhold federal income tax, Medicare tax and Social Security tax from an employee's paychecks.