



Financial Wellness...

What's On Your Pay Stub?

Deciphering Your Earnings Statement

Receiving a paycheck is both exciting and rewarding. However, paychecks can be confusing if we don't know how earnings are calculated or why take home pay (net income) is different from what it was thought to be. A typical paycheck has two parts: the actual check and a paycheck *stub*. A paycheck stub lists the payroll deductions as well as other important information including:

Personal Information (1)

This section contains your full name, address, and social security number or employee ID number.

Pay Period (2)

The length of time your wages are calculated. Most are weekly, bi-weekly or monthly.

Pay Rate (3)

This is the amount you are paid per hour (hourly rate). This amount is multiplied by the number of hours you work each pay period to calculate your gross pay.

Gross Pay (4)

This is the total amount of money earned during the pay period before payroll deductions. If you earn an hourly wage, gross pay is calculated by multiplying the number of hours worked by the hourly wage.

Net Pay (5)

This is your take-home pay...the amount of money left after all payroll withholdings and deductions have been taken from the gross pay earned in a pay period.

Before-Tax Deductions (6)

These items are subtracted from your gross pay before taxes are calculated. Includes health insurance premiums, tax deferred (401)k savings plan contributions and health savings plan payments.

Year-to-Date (7)

Totals all of the hours worked, gross and net pay, withholdings and deductions from January 1 to the last day of the pay period indicated on your paycheck stub.

Payroll Withholdings (8)

The amount of money subtracted or deducted from the gross pay for taxes. Required withholdings include the *Federal and State Withholding Tax* and *FICA*:

Withholding Tax

This is the amount required by law for employers to withhold from earned wages to pay taxes to assist in funding government agencies to pay for public goods and services such as police, fire and emergency services, schools, and roads. On your paystub these are separated into two different withholding categories including federal and state. The amount withheld depends on two things: the amount of money earned and/or the information you provided on the Form W-4 when you were hired. You can change your withholding allowances at any time by completing a new W-4. The form is available at www.irs.gov/formspubs.

FICA

The Federal Insurance Contribution Act Tax includes two separate taxes:

- *Social Security Tax (Fed OASDI/EE)*
This is the nation's retirement program which provides retirement income for the elderly and pays disability benefits.
- *Medicare (Fed MED/EE)*
This is the nation's health care program for the elderly and the disabled. This tax provides hospital and medical insurance to those who qualify.

Sample Paycheck

ABC Company
123 Working Way
City, State 00000

(2) → Pay Begin Date: / / -
 Pay End Date: / / -
 Payment Date: / / -

Your Name ← (1)
Your Address

Employee ID:
(3) → Pay Rate:

Hours and Earnings:

Description	Rate	x	Hours	=	Current Earnings	YTD Earnings
Before Tax Deductions:						
Health Insurance (your premium)					\$	
Tax Deferred Savings Plan Contribution (401k)					\$	

Before Tax Deductions:

Health Insurance (your premium)	\$
Tax Deferred Savings Plan Contribution (401k)	\$

Taxes:

(8) → Federal Withholding	\$
State Withholding	\$
Federal OASDI/EE (Social Security)	\$
(6) → Federal MED/EE (Medicare)	\$

	(4) → Total Gross	Total Employee Taxes	Total Deductions	(5) → Net Pay
Current:	\$\$	\$\$	\$\$	\$\$
Year to Date: (7) →	\$\$\$	\$\$\$	\$\$\$	\$\$\$



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