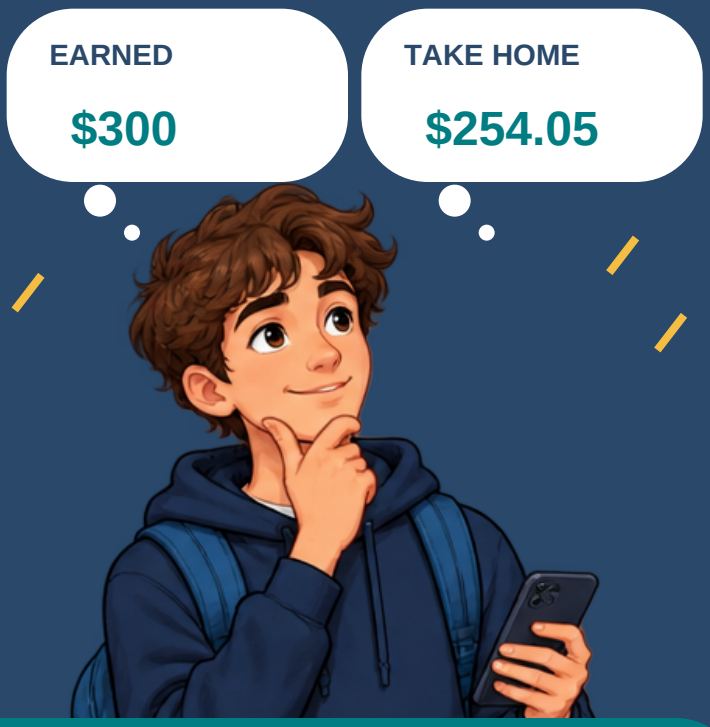
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ACHIEVE TRANSFORMATION

Financial Literacy Lesson

Pay Stubs and What Comes Out

Grades 9-12 | 55 minutes



Your paycheck has a story.

Turn a first paycheck into a real-life money skill: know what you earned, what came out, and what you can actually spend.

Students will learn to:

Read a paystub. Check the math.
Spot missing hours. Plan with net pay.
Explain a spending trade-off.

Teacher Lesson Outline

0-5 | 5 min	Paycheck prediction
5-13 | 8 min	Video + mini-lesson
13-25 | 12 min	Paystub detectives
25-35 | 10 min	Payroll error challenge
35-48 | 13 min	Shop for your future
48-51 | 3 min	Share a trade-off
51-55 | 4 min	Independent exit ticket



CHECK IT.
PLAN IT.

Queue the PTAT video (5:57). Print student pages 4-9 and 11. Teacher answers: pages 5, 7, 10, and 12. Calculators recommended.

Real skills. One paycheck at a time.

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START: Essential Questions

Q **Where did the money go?**
Why is the amount deposited smaller than the amount earned?

Q **Is my paycheck correct?**
How can you check hours, rate, earnings, and deductions?

Q **What can I actually spend?**
Why should a spending plan begin with net pay?

State Standards

Colorado | Grades 9-12 | CAS 2022
FL.HS.5.1(d): Keep and use financial records.
FL.HS.5.3(d): Build a household budget using gross and net income, obligations and saving goals.
Focus: paystub records and a net-pay budget; introductory practice toward outcome 3(d).
Summarized alignment | CDE Financial Literacy

Teacher Notes

PTAT video (5:57)
Student packet + calculator
Pairs for payroll checking
No internet needed for core lesson

Teacher Notes + State Adaptations

Fictional pay rates and deductions are math examples, not Colorado payroll guidance.
Use net pay for planning. Source: Colorado CAS Financial Literacy (2022), FL.HS.5.1(d), 5.3(d).



Use fictional examples. Students do not need to share private financial information.

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Teacher Facilitation

Exact pacing | Keep the core activities moving

0-5 | Opening

Show the $300 earnings scenario on page 4. Students vote, estimate take-home pay, then share one reason. Record predictions; revisit after the video.

5-13 | Video + mini-lesson

Play the 5:57 video. Use the remaining two minutes for gross minus deductions equals net. Define pay period, pay date, current pay, and YTD. Distinguish tax withholding and benefit deductions.

13-25 | Detectives

Allow eight minutes for page 4 and four minutes to compare answers using page 5. Students explain why YTD does not represent one paycheck.

25-35 | Error challenge

Give pairs six minutes for page 6. Use page 7 for four minutes of discussion: what evidence would you bring to payroll?

35-48 | Future spending

Two minutes: choose a job card. Eight minutes: complete page 9 using the expense menu. Three minutes: partner checks totals and asks about one trade-off.

48-51 | Share

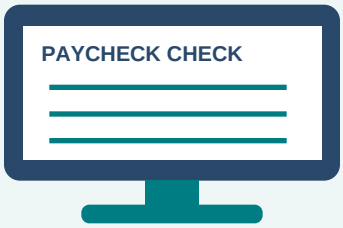
Invite three brief shares: job, monthly net pay, one revised expense, and why. Keep each share under one minute.

51-55 | Exit

Students complete page 11 independently. Collect to check gross/net, calculations, and payroll action skills.

READY FOR REAL-LIFE MONEY SKILLS





Read it.

Check it.

Use it.

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Student: Paystub Detectives

Opening: 0-5 minutes | Detective practice: 13-25 minutes

Opening: Where did the money go?

You work 20 hours at $15 per hour. You earned $300. Will exactly $300 arrive in your account? Circle: Yes / No / It depends. Predict a take-home amount and explain your thinking.

My prediction: $_____ Because: _____

PRACTICE MARKET — EARNINGS STATEMENT

CLASSROOM SAMPLE - FICTIONAL / NOT A REAL PAYCHECK

Employee: Jordan Lee
Employee ID: SAMPLE-104
Pay period: 09/07/2026 - 09/20/2026
Pay date: 09/25/2026
Pay frequency: Biweekly
Deposit: Direct deposit / account ****4321

EARNINGS	HOURS	RATE	CURRENT	YEAR TO DATE
Regular pay	20.00	$15.00	$300.00	$1,500.00
GROSS PAY			**$300.00**	**$1,500.00**

DEDUCTIONS	CURRENT	YEAR TO DATE
Federal income tax withholding	$12.00	$60.00
State income tax withholding	$6.00	$30.00
Social Security tax	$18.60	$93.00
Medicare tax	$4.35	$21.75
Benefit deduction (after-tax)	$5.00	$25.00
TOTAL DEDUCTIONS	**$45.95**	**$229.75**

NET PAY / DEPOSIT **$254.05**

1. Label gross pay, two tax deductions, and net pay.

2. Verify: gross pay - total deductions = net pay.

3. How is YTD gross different from this paycheck's gross?

4. Which amount should Jordan use to plan this paycheck's spending? Why?

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Teacher Answers: Detectives

Read the student prompts as written | Discuss after students try

Opening

20 x $15 = $300 gross. The deposit can be smaller because of taxes and other deductions. Student estimates may vary; the sample deposit is $254.05.

1. Locate the parts

Gross: $300. Federal: $12; state: $6; Social Security: $18.60; Medicare: $4.35. Net: $254.05. The $5 benefit deduction is after-tax in this example.

2. Verify the calculation

$12 + $6 + $18.60 + $4.35 + $5 = $45.95. $300 - $45.95 = $254.05.

3. Explain YTD

YTD means year to date: cumulative earnings for the calendar year. $1,500 is not the current paycheck. Use the current column for this pay period.

4. Plan spending

Use $254.05 net pay because that is the amount received. Gross pay includes amounts withheld or deducted before the deposit.

Two distinctions to reinforce

Social Security and Medicare are payroll taxes. Federal and state income tax withholding are payments toward income tax. Benefit deductions are separate from taxes. Some benefits are pre-tax; this example uses an after-tax benefit to keep the math clear.

Employee rates verified for 2026: Social Security 6.2% and Medicare 1.45% for these sample wages. Special rules and higher-income thresholds are outside this introductory activity.

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Student: Payroll Error Challenge

25-35 minutes | Partner activity

Case: Alex's missing hours

Alex's approved time record shows 24 hours at $16 per hour. The paystub shows only 20 hours. The deductions listed below are based on the hours that payroll recorded. Find the discrepancy; do not assume every paycheck difference is an error.

Hours shown on paystub	**20**
Hourly rate	**$16.00**
Gross pay shown	**$320.00**
Federal withholding (illustrative)	**$14.00**
State withholding (illustrative)	**$6.00**
Social Security tax	**$19.84**
Medicare tax	**$4.64**
Net pay shown	**$275.52**

1. Does the paystub's subtraction work? Show the total deductions.

2. Using the approved time record, what should gross pay be?

3. How much gross pay is missing? Can you know the exact corrected net pay yet?

4. What records should Alex compare, and what should Alex ask payroll?

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Teacher Answers: Error Challenge

Debrief | Check hours and rate before checking deductions

1. Does the subtraction work?

Yes. $14 + $6 + $19.84 + $4.64 = $44.48. $320 - $44.48 = $275.52. Correct subtraction can still be based on incorrect hours.

2. What should gross pay be?

24 x $16 = $384.

3. How much is missing?

$384 - $320 = $64 gross. Exact corrected net pay is unknown until payroll recalculates withholding and any affected deductions. Do not simply add $64 to net pay.

4. What should Alex do?

Compare the approved time record, pay period, rate, and earnings statement. Contact the manager or payroll with the four missing hours and ask for a review and correction timeline.

Model a clear payroll question

My approved time record shows 24 hours for this pay period, but my paystub shows 20. Could you review the four missing hours and let me know when any correction will be paid?

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Student: Shop for Your Future

35-48 minutes | Choose a job card and an expense plan

Choose one fictional full-time job card. Take-home amounts are supplied for this activity; they are not estimates of actual taxes for a particular career or state.

A | Community technician

$42,000 annual gross

$1,300 biweekly net

$2,600 in a two-paycheck month

B | Service team coordinator

$48,000 annual gross

$1,500 biweekly net

$3,000 in a two-paycheck month

C | Design support specialist

$54,000 annual gross

$1,700 biweekly net

$3,400 in a two-paycheck month

Pay frequency: compare like with like

Biweekly = every two weeks, generally 26 checks a year. Semimonthly = twice a month, 24 checks a year. They are different.

For this activity, use two biweekly checks for a normal month. Annual average monthly net = net per check x 26 / 12. An average is not the actual deposit schedule.

Partner check: Point to your monthly net amount before shopping. Explain why annual gross divided by 12 is not your monthly take-home pay.

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Student: Build + Revise Your Plan

Expense menu and worksheet | All monthly amounts are fictional

Choose one option from each row. Add every category, including savings and a buffer. If your total exceeds monthly net pay, revise at least one choice. Include every cost once.

Housing + utilities	Shared: $1,050	Solo: $1,650
Transportation (all-in)	Transit: $120	Car: $500
Food	Home meals: $300	More dining out: $500
Phone + internet	Basic: $80	Upgraded: $130
Personal / health costs	Basic: $150	More spending: $250
Fun + subscriptions	Low: $100	High: $250
Savings goal	Choose at least $150	Amount: $_____
Unexpected-cost buffer	Choose at least $100	Amount: $_____

Job card: ____ Monthly net: $_____

First expense total: $_____ Net - expenses: $_____

My revised expense total: $_____ Money remaining: $_____

1. What did you change, or why did your first plan fit?

2. What trade-off did you make? What did you give up or gain?

3. How could fewer paid hours or an unexpected cost affect your plan?

Keep health costs here separate from deductions already removed from net pay. The transportation amount includes fuel, insurance, and maintenance if you select the car option.

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Teacher Answers: Future Plan

Multiple plans can work | Assess calculations and reasoning

Worked example: Job Card A

Monthly net: $1,300 x 2 = $2,600.
Shared housing $1,050 + transit $120 + home meals $300 + basic phone/internet $80 + basic personal/health $150 + low fun $100 + savings $150 + buffer $100 = **$2,050**.
Remaining: $2,600 - $2,050 = **$550**.

A revision that matters

A's all-high plan: $1,650 + $500 + $500 + $130 + $250 + $250 + $150 + $100 = $3,530. Shortfall: $930. Switching to shared housing, transit, and basic phone saves $1,030. Revised total: $2,500; remaining: $100.

Pay frequency check

Average monthly net: A = $2,816.67; B = $3,250; C = $3,683.33. The core activity uses $2,600 / $3,000 / $3,400 to plan a two-check month. Extra-check months do not increase every month's deposit.

Listen for evidence

Students use net pay, include all eight categories, show a correct total, and explain one trade-off. Do not judge careers or living arrangements by salary alone; discuss interests, training, benefits, work hours, and location.

Support: Allow a calculator and assign Card B. Challenge: Find an annual average and explain how its use could overstate cash available in a two-check month. Discuss a plan for an extra paycheck.

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Student: Exit Ticket

51-55 minutes | Complete independently

1. In one sentence, explain gross pay versus net pay.

2. You earned $420 and had $52.50 in deductions. What is your net pay? Show your calculation.

3. Your time record shows 18 hours; your paystub shows 15. What is one action you should take before assuming the deposit is correct?

4. Which pay amount should guide your spending plan, and why?

One skill I can use on my next paycheck:

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Teacher: Exit + Extension

Answer key | Optional research beyond the 55-minute lesson

Exit answers:

1. Gross is earnings before deductions; net is take-home pay after deductions.
2. $420 - $52.50 = **$367.50**.
3. Compare the pay period and approved time record, then ask payroll to review the missing three hours.
4. Net pay, because that is the money received.

Use the results

If students confuse gross and net, reteach using one subtraction example. If they add missing gross pay directly to net, revisit the error challenge. If monthly totals mix pay frequencies, repeat the two-check-month model.

Optional: Research your future

Use a school-approved source to research a career and location. Record the source, date, hourly wage or annual gross salary, expected hours, and training requirements. Use a teacher-approved paycheck calculator, record assumptions and pay frequency, then compare a monthly net estimate with a local expense plan. Treat the result as an estimate.

Source notes for teachers

IRS, 2026 Instructions for Form 941: employee Social Security and Medicare rates.
https://www.irs.gov/instructions/i941

CFPB, Calculating the numbers in your paycheck: gross pay, deductions, and net pay.
https://www.consumerfinance.gov/consumer-tools/educator-tools/youth-financial-education/teach/activities/calculating-numbers-your-paycheck/

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