



Financial Literacy Lesson:

Pay Stubs and What Comes Out

Grade Levels:

9 - 12th

Lesson Purpose:

To facilitate a conversation about net and gross pay. Additionally, exposing students to cost of living and its effects on take home pay and spending. Guiding students on the importance of understanding net pay should be considered when you think about what job you accept, what city you might move to, or the cost of where you're going to live. Students will research their ideal living scenario for themselves in the future, calculating their monthly housing, car, grocery bill, etc. first. Lastly, students will research their future salary for a potential job or career. Using their future net pay students will compare if their ideal cost of living supports their ideal cost of future living.

Objective:

Students will identify the basic components of a paystub and identify gross pay, net pay, and deductions in a paystub. Students will research their future net pay and identify how their salary affects their ideal future living expenses.

Teacher Lesson Outline:

Planned to A.T. Introduction Video (5.57 min)

- Display the Planned to A.T. Paystub video to students
- Start the lesson by asking students the essential questions and quick trivia.

Paystub Practice (10 min)

- Students will identify where the earnings of "gross pay" is located on the example paystub provided. Students will also locate the taxes and deductions (Federal Withholding, FICA, State Withholding, etc.), and understand that the net pay is a result of these deductions.

Shop For Your Future (15-20 min)

- Students will use an organization approved search engine to research their future dream life. Once students have identified the average monthly expense of each item they will total up their monthly expenses.

Career or Job Ready (10-15 min)

- Students will research their job or career to see if their job pays enough to cover their monthly expenses they estimate having.

Exit Ticket:

Students will answer the wrap up questions provided on the exit ticket.

Extension Activity:

Use the link below to display to students the different categories that taxes go to.

Where Does The Money Really Go?

<https://www.nationalpriorities.org/interactive-data/taxday/>

START: Essential Question(s)

- Q : Have you worked for a job that provides you with a paystub for the hours you worked?
- Q : Do you think it is important to pay taxes? Why or why not?
- Q : Do you feel like the government should tax minors (under 18 years of age)?
- Q : Do you feel like you or a taxpayer in your family personally benefit from paying taxes?
- Q : What do you feel like taxes really go to?

QUICK Trivia:

- Q : What month do you need to file your taxes by?
- A : Tax day, which typically falls on April 15th of each year is when the tax deadline is.

Education Standards Addressed:

SSPFL1 Evaluate various sources of income and analyze variables that affect a person's income.

Describe how income taxes affect disposable income.

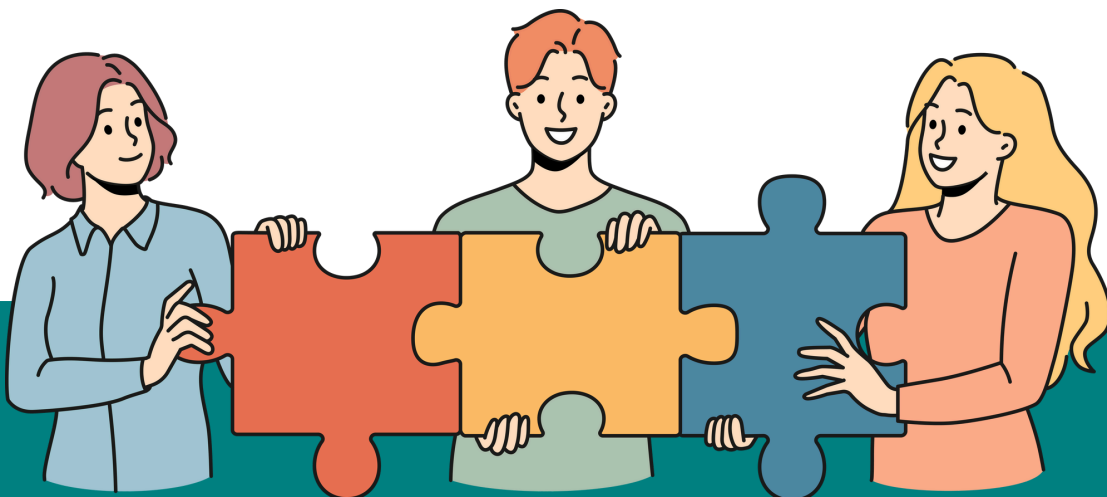
Describe the basic components of a pay-stub including gross pay, net pay, and common deductions (i.e. federal and state income tax, Federal Insurance Contributions Act (FICA - which includes Social Security and Medicare), and elective deductions like insurance and tax-deferred savings).

PRE - LESSON :

Have a preapproved search engine available for students to research prices of items that they wish to spend money on as their future selves.

Additional Lesson Materials:

- Pencil or Highlighter
- Computer or Internet device



I-Spy, Identify Paystub Practice

Individual activity

Directions:

Look on the paystub below. Use a highlighter to identify the following:

1. Identify the persons **gross pay**
2. Identify the **deductions**. Pay attention to the amounts being subtracted from the gross pay.
3. Identify the **net pay** the person takes home **after** taxes and deductions have been taken out.

PLANNED TO A.T., INC.
000-000-0000
101 FINANCIAL LITERACY WAY
SUITE 222
ATLANTA, GA 00000

EARNINGS STATEMENT

EMPLOYEE NAME/ADDRESS		EMPLOYEE NO.	REPORTING PERIOD	PAY DATE	
JESSICA JACKSON XXX-XX-0909 123-456-7890 123 MCDANIELS WAY APT. 123 TUSCALOOSA, AL 35401		9876	11/09/2023 — 12/08/2023	12/08/2023	
INCOME	RATE	CURRENT PAY	DEDUCTION	TOTAL	CURRENT PAY
SALARY	\$45,000.00	\$3,750.00	STATUTORY DEDUCTION		
			FICA-Medicare	54.38	652.56
			FICA-Social Security	232.50	2,790.00
			Federal tax	293.17	3,518.04
			State tax	152.84	1,834.08
YTD GROSS	YTD DEDUCTION	YTD NET PAY	TOTAL	DEDUCTION	NET PAY
\$45,000.00	\$8,794.68	\$36,205.32	\$3,750.00	\$732.89	\$3,017.11

Shop For Your Future

Directions:

Have you thought about where you will be in the next 5-10 years? You finally have become your dream adult. What will you do for a living? Where will you live? What type of car will you drive? How will you get to work? Using an approved search engine fill in the worksheet as best you can with your ideal future life.

Estimate (guess or research) the average monthly payment for each item.

ex: if you want a Lamborghini for your first car, search "average monthly cost for a lamborghini" and record your answer on the spreadsheet

Once you've filled in as many categories as possible, total up the amount of how much your monthly expenses will be. Save this number .

Housing Expense	Amount
Rent / Mortgage	
Utility	
Cable / Internet	
Phone Bill	
Others	
Estimated Housing Expense	

Food	Amount
Groceries	
Dining Out	
Snacks	
Take Home	
Drinking Water	
Others	
Total Food Expenses	

Transportation Expenses	Amount
Car Payment	
Fuel	
Insurance	
Maintenance	
Total Fee	
Others	
Total Transportation Expenses	

Debt Payments	Amount
Credit Cards	
Personal Loan	
Student Loan	
Others	
Total Debt Payments	

Personal Care	Amount
Health Insurance	
Beauty	
Gym	
Others	
Total Personal Care Expenses	

Miscellaneous	Amount
Gifts	
Travel	
Furnitures	
Supplies	
Wages	
Others	
Total Debt Payments	

Summary	Amount
Total Monthly Expenses	
Monthly Net Pay	
Are your monthly expenses higher than your future net pay?	yes or no

**EXPENSE
TRACKER
SHEET**

Career or Job Ready?

Independent Student Activity

Introduction:

You recently learned that Uncle Sam isn't your long-lost uncle but instead is a nickname for the IRS, or The Internal Revenue Service. Now that you understand each time you receive a paycheck a portion of your wages go towards federal and state taxes depending on where you live....

Have you thought about your career or what you want to be once you get older?

Yes _____ or No _____

What future plans do you have to generate revenue or make money?

Task : Research a future way you plan to generate revenue. Once you determine how much money you will make in a year, use the amount to calculate how much the net income on your first paystub will be!

Step 1

- **If you have an idea of what you want your future job or career to be go to:**
<https://www.payscale.com/salary-calculator>
- **If you need some help with ideas on what your future job will be go to :**
<https://www.payscale.com/research/US/Job>
- **Search** for your future career OR if you are unsure of what you want to pursue at this time explore a career under **"Browse Jobs by Industry"**.

*Remember to change the location to a state you think you might want to live in. This is important so your salary will reflect if you will be paying state taxes

Step 2

Write down the "average base salary" or hourly wage of your position:



Step 3 Go to <https://www.paycheckcity.com/calculator>

Step 4 Select if you will be paid hourly or salary based on your job research.

Step 5 • **Salary Pay**

Select the state you anticipate living in
Type in your “gross pay” or “hourly pay”
Select “monthly” for your **pay frequency**
And hit calculate.

• **Hourly Pay**

Select the state you anticipate living in
Type the amount your hourly pay will be
Put the amount of hours you plan to work (the typical work week is 40 hours)
The average pay frequency is typically “bi-weekly”
And hit calculate.

Step 2 Does your monthly net pay cover your expenses that you calculated in your future spending activity?



Exit Ticket

Did your future job or career salary surprise you?

Yes or No

Why?

Did researching your net pay influence you to reevaluate your expenses?

Yes or No

Why?

Do you think how much a career or job pays influences the career you want to go in?

Yes or No

Why?
