



Bring Home The Gold

**AMERICAN
PAYROLL
ASSOCIATION**

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First Day of Work

What's a Form W-4?

IT'S YOUR FIRST DAY ON THE JOB. CONGRATULATIONS!

Now get ready for all the paperwork. On your first day, you'll have to fill out several forms. One of the most important is Form W-4, the *Employee's (your) Withholding Allowance Certificate*. This form will affect how much money you receive each payday, so it's important you understand it and how to fill it out properly.

WHAT'S THE PURPOSE OF FORM W-4?

This form helps your employer calculate how much income tax to take out of your paycheck and send to the federal government. You will state whether you are single or married and the number of allowances you can claim depending on whether you have kids or not, and how many jobs you have. The more allowances you claim, the less tax your employer takes out of each paycheck.

Underlined words are defined
in the Glossary on pages 20-21.

PAYDAY

What Are All These Deductions From My Paycheck?

It's exciting to receive your first paycheck, but for many people, that first rush of excitement soon turns to disappointment. They quickly realize the money in their paycheck is less than they expected. The federal government and a lot of others have taken a bite out of that paycheck.

GROSS PAY

Gross pay is the total amount of money earned before any deductions are made. For example, many employees are paid at an hourly rate. In the case of an hourly employee, the number of hours worked is multiplied by the employee's hourly rate. This results in the employee's gross pay.

NET PAY

The amount left after all deductions are taken out of the gross pay is net pay. This is the actual amount of an employee's paycheck. Net pay is often called take-home pay, because it is the amount of money an employee actually receives on payday.

Continued on next page.



Net Pay & Required Deductions
Gross pay – deductions = net pay

40 hours x \$11.00 an hour = \$440.00

Gross pay = \$440.00

REQUIRED DEDUCTIONS

Your employer is required to take out a number of deductions from your paycheck. The actual amount withheld from a paycheck for federal, state, and local income taxes is determined by referring to tax tables provided by the various levels of government. Employers use the information provided by the tax tables and combine it with information you provided on Form W-4 to determine how much tax to take out of your

paycheck. Read below for explanations of deductions employers are required to take out of your paycheck.

Pay special attention when you fill out Form W-4 on your first day of work. This form tells the employer if you're single or married and the number of allowances you wish to claim. For example, an employee is able to claim allowances for himself or herself, a spouse, and the employee's children.



Continued on next page.

MANDATORY DEDUCTIONS FROM YOUR PAYCHECK		
Deduction	What do you get?	Who pays?
<u>Federal income tax</u>	Funds services provided by the federal government, such as defense, human services, and the monitoring and regulation of trade.	Employee
<u>State income tax</u>	Funds services provided by state government, such as roads, safety, and health. (Not all states have an income tax.)	Employee
<u>Local income tax</u>	Funds services provided by the city or other local government, such as schools, police, and fire protection. (Not all local areas have an income tax.)	Employee
<u>FICA: Social Security tax (also known as OASDI)</u>	Provides for old-age, survivors, and disability insurance benefits.	Employee and employer
<u>FICA: Medicare tax (also known as HI)</u>	Provides health insurance for retirees and certain disabled persons.	Employee and employer

OTHER DEDUCTIONS

In addition to required deductions, employers may take money directly out of your paycheck to pay for various employee benefits. These benefits are called “voluntary deductions” because they are optional. You decide whether or not you want to participate in these programs.

Benefits vary by industry, by business, and by the status of the employee in the company. Benefits may include life insurance, disability insurance, medical insurance, dental insurance, and retirement savings plans. See the table below for examples.



OTHER DEDUCTIONS*		
Deduction	What do you get?	Who pays?
Life insurance	Pays a <u>beneficiary</u> in the event that an employee dies.	Employer or employee, or shared
Short- and long-term disability insurance	Provides benefits in the event that an employee is disabled and not able to work. Some states require deductions for short-term disability.	Employer or employee, or shared
Medical insurance	Employee and family insurance coverage for medical care expenses, including hospitalization, physician services, surgery, and major medical expenses.	Employer or employee, or shared
Dental insurance	Employee and family insurance coverage for dental care expenses, including <u>preventive</u> , <u>diagnostic</u> , basic, major, and orthodontic services.	Employer or employee, or shared
Retirement savings plan	Normally, a <u>tax-deferred</u> savings plan for retirement.	Employer or employee (Employer may match a percentage of employee’s contribution)
Charity	A donation to a specific charity.	Employee (Employer may match a percentage of employee’s contribution)

*Whether or not these benefits are offered, and who will fund them, varies by the employer.

Exercise 1

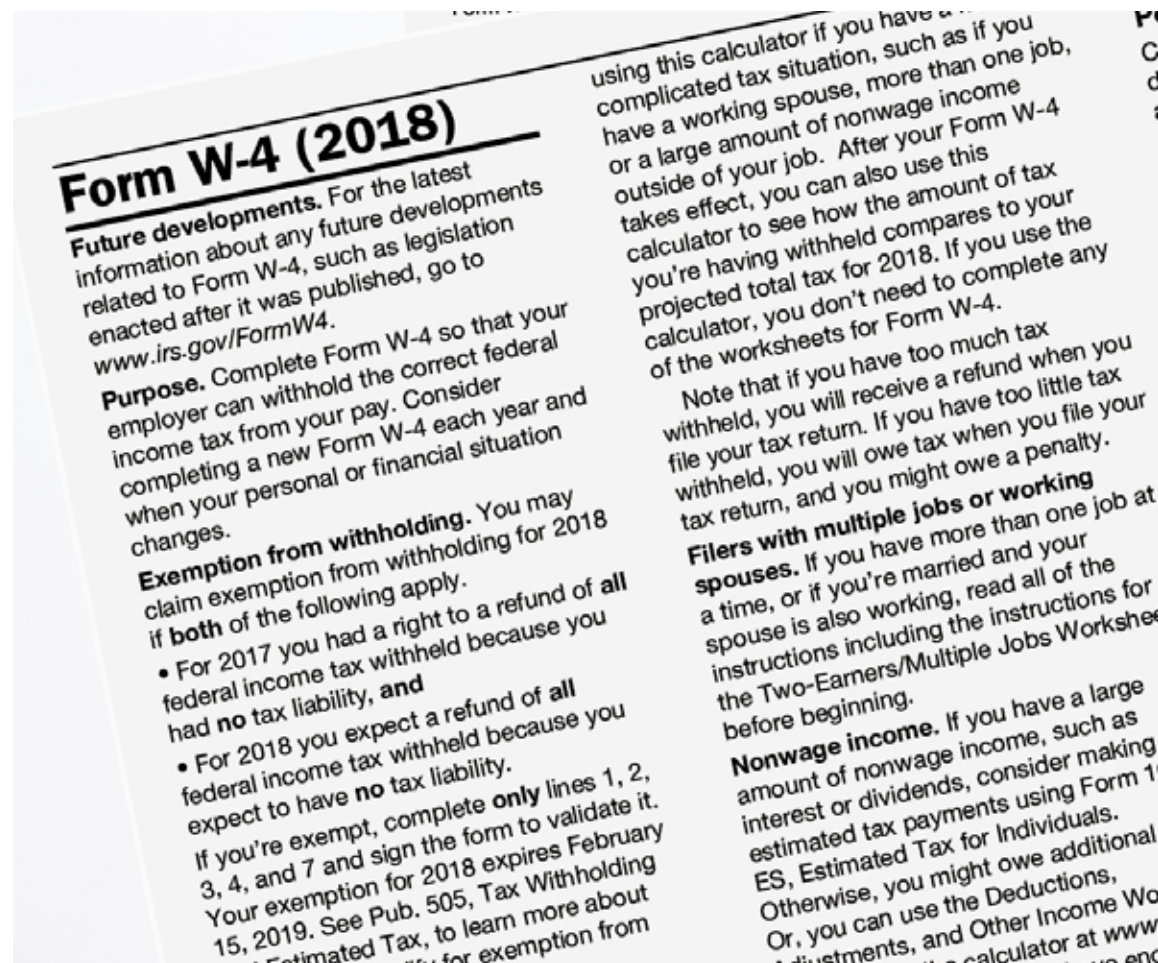
Filling Out Form W-4

IMAGINE ARRIVING FOR YOUR FIRST DAY OF WORK AT A GOURMET COFFEE SHOP.

Along with other paperwork as you begin your job, you will fill out a Form W-4. This will help the payroll department of your employer figure out how much tax to take out of your paycheck.

YOU ARE SINGLE, WITH ONLY ONE JOB.

Use the top of the sample Form W-4, Personal Allowances Worksheet on page 8, and the Glossary on pages 20-21, to figure out your personal allowances. Then add lines A through G and finish filling out the sample Form W-4. Remember, if you don't fill out a Form W-4, your employer will take out the maximum amount of taxes from your paycheck.



Form W-4 will affect how much money you will receive each payday.

Worksheet 1

Form W-4 (2018)

Future developments. For the latest information about any future developments related to Form W-4, such as legislation enacted after it was published, go to www.irs.gov/FormW4.

Purpose. Complete Form W-4 so that your employer can withhold the correct federal income tax from your pay. Consider completing a new Form W-4 each year and when your personal or financial situation changes.

Exemption from withholding. You may claim exemption from withholding for 2018 if **both** of the following apply.

- For 2017 you had a right to a refund of all federal income tax withheld because you had **no** tax liability, and
- For 2018 you expect a refund of all federal income tax withheld because you expect to have **no** tax liability.

If you're exempt, complete **only** lines 1, 2, 3, 4, and 7 and sign the form to validate it. Your exemption for 2018 expires February 15, 2019. See Pub. 505, Tax Withholding and Estimated Tax, to learn more about whether you qualify for exemption from withholding.

General Instructions

If you aren't exempt, follow the rest of these instructions to determine the number of withholding allowances you should claim for withholding for 2018 and any additional amount of tax to have withheld. For regular wages, withholding must be based on allowances you claimed and may not be a flat amount or percentage of wages.

You can also use the calculator at www.irs.gov/W4App to determine your tax withholding more accurately. Consider

using this calculator if you have a more complicated tax situation, such as if you have a working spouse, more than one job, or a large amount of nonwage income outside of your job. After your Form W-4 takes effect, you can also use this calculator to see how the amount of tax you're having withheld compares to your projected total tax for 2018. If you use the calculator, you don't need to complete any of the worksheets for Form W-4.

Note that if you have too much tax withheld, you will receive a refund when you file your tax return. If you have too little tax withheld, you will owe tax when you file your tax return, and you might owe a penalty.

Filers with multiple jobs or working spouses. If you have more than one job at a time, or if you're married and your spouse is also working, read all of the instructions including the instructions for the Two-Earners/Multiple Jobs Worksheet before beginning.

Nonwage income. If you have a large amount of nonwage income, such as interest or dividends, consider making estimated tax payments using Form 1040-ES, Estimated Tax for Individuals. Otherwise, you might owe additional tax. Or, you can use the Deductions, Adjustments, and Other Income Worksheet on page 3 or the calculator at www.irs.gov/W4App to make sure you have enough tax withheld from your paycheck. If you have pension or annuity income, see Pub. 505 or use the calculator at www.irs.gov/W4App to find out if you should adjust your withholding on Form W-4 or W-4P.

Nonresident alien. If you're a nonresident alien, see Notice 1392, Supplemental Form W-4 Instructions for Nonresident Aliens, before completing this form.

Specific Instructions

Personal Allowances Worksheet

Complete this worksheet on page 3 first to determine the number of withholding allowances to claim.

Line C. Head of household please note: Generally, you can claim head of household filing status on your tax return only if you're unmarried and pay more than 50% of the costs of keeping up a home for yourself and a qualifying individual. See Pub. 501 for more information about filing status.

Line E. Child tax credit. When you file your tax return, you might be eligible to claim a credit for each of your qualifying children. To qualify, the child must be under age 17 as of December 31 and must be your dependent who lives with you for more than half the year. To learn more about this credit, see Pub. 972, Child Tax Credit. To reduce the tax withheld from your pay by taking this credit into account, follow the instructions on line E of the worksheet. On the worksheet you will be asked about your total income. For this purpose, total income includes all of your wages and other income, including income earned by a spouse, during the year.

Line F. Credit for other dependents. When you file your tax return, you might be eligible to claim a credit for each of your dependents that don't qualify for the child tax credit, such as any dependent children age 17 and older. To learn more about this credit, see Pub. 505. To reduce the tax withheld from your pay by taking this credit into account, follow the instructions on line F of the worksheet. On the worksheet, you will be asked about your total income. For this purpose, total income includes all of

Form W-4 (2018)

Page 3

Personal Allowances Worksheet (Keep for your records.)

A	Enter "1" for yourself	_____	A	_____
B	Enter "1" if you will file as married filing jointly	_____	B	_____
C	Enter "1" if you will file as head of household	_____	C	_____
D	Enter "1" if: <ul style="list-style-type: none"> • You're single, or married filing separately, and have only one job; or • You're married filing jointly, have only one job, and your spouse doesn't work; or • Your wages from a second job or your spouse's wages (for the total of both) are \$1,500 or less. 	_____	D	_____
E	Child tax credit. See Pub. 972, Child Tax Credit, for more information. <ul style="list-style-type: none"> • If your total income will be less than \$69,801 (\$101,401 if married filing jointly), enter "4" for each eligible child. • If your total income will be from \$69,801 to \$175,550 (\$101,401 to \$339,000 if married filing jointly), enter "2" for each eligible child. • If your total income will be from \$175,551 to \$200,000 (\$339,001 to \$400,000 if married filing jointly), enter "1" for each eligible child. • If your total income will be higher than \$200,000 (\$400,000 if married filing jointly), enter "-0-" 	_____	E	_____
F	Credit for other dependents. <ul style="list-style-type: none"> • If your total income will be less than \$69,801 (\$101,401 if married filing jointly), enter "1" for each eligible dependent. • If your total income will be from \$69,801 to \$175,550 (\$101,401 to \$339,000 if married filing jointly), enter "1" for every two dependents (for example, "-0-" for one dependent, "1" if you have two or three dependents, and "2" if you have four dependents). • If your total income will be higher than \$175,550 (\$339,000 if married filing jointly), enter "-0-" 	_____	F	_____
G	Other credits. If you have other credits, see Worksheet 1-6 of Pub. 505 and enter the amount from that worksheet here	_____	G	_____
H	Add lines A through G and enter the total here	_____	H	_____

For accuracy, complete all worksheets that apply.

- If you plan to **itemize or claim adjustments to income** and want to reduce your withholding, or if you have a large amount of nonwage income and want to increase your withholding, see the **Deductions, Adjustments, and Additional Income Worksheet** below.
- If you have more than one job at a time or are married filing jointly and you and your spouse both work, and the combined earnings from all jobs exceed \$52,000 (\$24,000 if married filing jointly), see the **Two-Earners/Multiple Jobs Worksheet** on page 4 to avoid having too little tax withheld.
- If neither of the above situations applies, **stop here** and enter the number from line H on line 5 of Form W-4 above.

Deductions, Adjustments, and Additional Income Worksheet

Note: Use this worksheet only if you plan to itemize deductions, claim certain adjustments to income, or have a large amount of nonwage income.

1	Enter an estimate of your 2018 itemized deductions. These include qualifying home mortgage interest, charitable contributions, state and local taxes (up to \$10,000), and medical expenses in excess of 7.5% of your income. See Pub. 505 for details	_____	1	\$ _____
2	Enter: <ul style="list-style-type: none"> \$24,000 if you're married filing jointly or qualifying widow(er) \$18,000 if you're head of household \$12,000 if you're single or married filing separately 	_____	2	\$ _____
3	Subtract line 2 from line 1. If zero or less, enter "-0-"	_____	3	\$ _____
4	Enter an estimate of your 2018 adjustments to income and any additional standard deduction for age or blindness (see Pub. 505 for information about these items)	_____	4	\$ _____
5	Add lines 3 and 4 and enter the total	_____	5	\$ _____
6	Enter an estimate of your 2018 nonwage income (such as dividends or interest)	_____	6	\$ _____
7	Subtract line 6 from line 5. If zero, enter "-0-". If less than zero, enter the amount in parentheses	_____	7	\$ _____
8	Divide the amount on line 7 by \$4,150 and enter the result here. If a negative amount, enter in parentheses. Drop any fraction	_____	8	_____
9	Enter the number from the Personal Allowances Worksheet , line H above	_____	9	_____
10	Add lines 8 and 9 and enter the total here. If zero or less, enter "-0-". If you plan to use the Two-Earners/Multiple Jobs Worksheet , also enter this total on line 1, page 4. Otherwise, stop here and enter this total on Form W-4, line 5, page 1	_____	10	_____

Form W-4	Employee's Withholding Allowance Certificate	OMB No. 1545-0074
Department of the Treasury Internal Revenue Service		
▶ Whether you're entitled to claim a certain number of allowances or exemption from withholding is subject to review by the IRS. Your employer may be required to send a copy of this form to the IRS.		
2018		
1 Your first name and middle initial	Last name	2 Your social security number
Home address (number and street or rural route)		
City or town, state, and ZIP code		
3 <input type="checkbox"/> Single <input type="checkbox"/> Married <input type="checkbox"/> Married, but withhold at higher Single rate. Note: If married filing separately, check "Married, but withhold at higher Single rate."		
4 If your last name differs from that shown on your social security card, check here. You must call 800-772-1213 for a replacement card. ▶ <input type="checkbox"/>		
5 Total number of allowances you're claiming (from the applicable worksheet on the following pages)	5	
6 Additional amount, if any, you want withheld from each paycheck	6 \$	
7 I claim exemption from withholding for 2018, and I certify that I meet both of the following conditions for exemption. <ul style="list-style-type: none"> • Last year I had a right to a refund of all federal income tax withheld because I had no tax liability, and • This year I expect a refund of all federal income tax withheld because I expect to have no tax liability. If you meet both conditions, write "Exempt" here ▶ 7		
Under penalties of perjury, I declare that I have examined this certificate and, to the best of my knowledge and belief, it is true, correct, and complete.		
Employee's signature (This form is not valid unless you sign it.) ▶		
		Date ▶
8 Employer's name and address (Employer: Complete boxes 8 and 10 if sending to IRS and complete boxes 8, 9, and 10 if sending to State Directory of New Hires.)	9 First date of employment	10 Employer identification number (EIN)

For Privacy Act and Paperwork Reduction Act Notice, see page 4.

Cat. No. 10220Q

Form W-4 (2018)

Exercise 2

Questions

1. What is gross pay? _____
2. What is net pay? _____
3. True or False? Your paycheck = total hours worked x rate of pay. _____
4. Name two mandatory deductions. _____

5. Name three other deductions. _____

Exercise 3

Calculating a Paycheck #1

IMAGINE YOU ARE A NEW EMPLOYEE AT A GOURMET COFFEE SHOP

The coffee shop pays its employees each week. You have claimed single and one allowance on your Form W-4. You work 40 hours per week at \$11.00 per hour. Use the background information, the Federal and State Tax tables on pages 12 and 13, and information on the form below to calculate your net pay.



Employee's name: _____

Pay period Weekly Semimonthly Monthly

Number of allowances _____ (0 or more) Single Married

GROSS PAY

1. You work _____ hours at \$_____ per hour = _____

DEDUCTIONS

2. Federal Income Tax (See Federal Tax table on page 12.) _____

3. State Income Tax (See State Tax table on page 13.) _____

4. FICA: Social Security Tax (6.20% x gross pay) _____

5. FICA: Medicare Tax (1.45% x gross pay) _____

6. **Total Deductions (total lines 2 through 5)** _____

Net Pay (subtract line 6 from line 1) _____

Exercise 4

Calculating a Paycheck #2

IMAGINE YOU ARE A NEW ASSISTANT MANAGER AT A GOURMET COFFEE SHOP

Gourmet coffee shop pays its employees each week.

You have claimed single and zero allowances on your Form W-4. You work 40 hours per week at \$12.00 per hour. Use this background information, the Federal and State Tax tables on pages 12 and 13, and information on the form below to calculate your net pay.



Employee's name: _____

Pay period Weekly Semimonthly Monthly

Number of allowances _____ (0 or more) Single Married

GROSS PAY

1. You work _____ hours at \$_____ per hour = _____

DEDUCTIONS

2. Federal Income Tax (See Federal Tax table on page 12.) _____

3. State Income Tax (See State Tax table on page 13.) _____

4. FICA: Social Security Tax (6.20% x gross pay) _____

5. FICA: Medicare Tax (1.45% x gross pay) _____

6. **Total Deductions (total lines 2 through 5)** _____

Net Pay (subtract line 6 from line 1) _____

**Table
1**

Federal Tax Table

Single Persons/
Weekly Payroll
Period

Wage Bracket Method Tables for Income Tax Withholding

SINGLE Persons—WEEKLY Payroll Period

(For Wages Paid through December 31, 2018)

And the wages are—		And the number of withholding allowances claimed is—										
At least	But less than	0	1	2	3	4	5	6	7	8	9	10
		The amount of income tax to be withheld is—										
\$ 0	\$75	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
75	80	1	0	0	0	0	0	0	0	0	0	0
80	85	1	0	0	0	0	0	0	0	0	0	0
85	90	2	0	0	0	0	0	0	0	0	0	0
90	95	2	0	0	0	0	0	0	0	0	0	0
95	100	3	0	0	0	0	0	0	0	0	0	0
100	105	3	0	0	0	0	0	0	0	0	0	0
105	110	4	0	0	0	0	0	0	0	0	0	0
110	115	4	0	0	0	0	0	0	0	0	0	0
115	120	5	0	0	0	0	0	0	0	0	0	0
120	125	5	0	0	0	0	0	0	0	0	0	0
125	130	6	0	0	0	0	0	0	0	0	0	0
130	135	6	0	0	0	0	0	0	0	0	0	0
135	140	7	0	0	0	0	0	0	0	0	0	0
140	145	7	0	0	0	0	0	0	0	0	0	0
145	150	8	0	0	0	0	0	0	0	0	0	0
150	155	8	0	0	0	0	0	0	0	0	0	0
155	160	9	1	0	0	0	0	0	0	0	0	0
160	165	9	1	0	0	0	0	0	0	0	0	0
165	170	10	2	0	0	0	0	0	0	0	0	0
170	175	10	2	0	0	0	0	0	0	0	0	0
175	180	11	3	0	0	0	0	0	0	0	0	0
180	185	11	3	0	0	0	0	0	0	0	0	0
185	190	12	4	0	0	0	0	0	0	0	0	0
190	195	12	4	0	0	0	0	0	0	0	0	0
195	200	13	5	0	0	0	0	0	0	0	0	0
200	210	13	5	0	0	0	0	0	0	0	0	0
210	220	14	6	0	0	0	0	0	0	0	0	0
220	230	15	7	0	0	0	0	0	0	0	0	0
230	240	16	8	0	0	0	0	0	0	0	0	0
240	250	17	9	1	0	0	0	0	0	0	0	0
250	260	18	10	2	0	0	0	0	0	0	0	0
260	270	20	11	3	0	0	0	0	0	0	0	0
270	280	21	12	4	0	0	0	0	0	0	0	0
280	290	22	13	5	0	0	0	0	0	0	0	0
290	300	23	14	6	0	0	0	0	0	0	0	0
300	310	24	15	7	0	0	0	0	0	0	0	0
310	320	26	16	8	0	0	0	0	0	0	0	0
320	330	27	17	9	1	0	0	0	0	0	0	0
330	340	28	18	10	2	0	0	0	0	0	0	0
340	350	29	20	11	3	0	0	0	0	0	0	0
350	360	30	21	12	4	0	0	0	0	0	0	0
360	370	32	22	13	5	0	0	0	0	0	0	0
370	380	33	23	14	6	0	0	0	0	0	0	0
380	390	34	24	15	7	0	0	0	0	0	0	0
390	400	35	26	16	8	0	0	0	0	0	0	0
400	410	36	27	17	9	1	0	0	0	0	0	0
410	420	38	28	18	10	2	0	0	0	0	0	0
420	430	39	29	20	11	3	0	0	0	0	0	0
430	440	40	30	21	12	4	0	0	0	0	0	0
440	450	41	32	22	13	5	0	0	0	0	0	0
450	460	42	33	23	14	6	0	0	0	0	0	0
460	470	44	34	24	15	7	0	0	0	0	0	0
470	480	45	35	26	16	8	0	0	0	0	0	0
480	490	46	36	27	17	9	1	0	0	0	0	0
490	500	47	38	28	18	10	2	0	0	0	0	0

**Table
2**

State Tax Table

(Example)*

* Taken from Wisconsin
Tax Tables

SINGLE PERSONS – WEEKLY PAYROLL PERIOD (Cont'd.)

And the wages are:		And the number of withholding exemptions claimed is:										
At least	But less than	0	1	2	3	4	5	6	7	8	9	10*
		The amount of Wisconsin income tax to be withheld shall be:										
395	400	\$ 13.70	\$ 13.20	\$ 12.80	\$ 12.30	\$ 11.90	\$ 11.40	\$ 11.00	\$ 10.50	\$ 10.10	\$ 9.60	\$ 9.20
400	405	14.00	13.50	13.10	12.60	12.20	11.70	11.30	10.80	10.40	9.90	9.50
405	410	14.30	13.90	13.40	13.00	12.50	12.10	11.60	11.20	10.70	10.30	9.80
410	415	14.60	14.20	13.70	13.30	12.80	12.40	11.90	11.50	11.00	10.60	10.10
415	420	15.00	14.50	14.10	13.60	13.20	12.70	12.30	11.80	11.40	10.90	10.50
420	425	15.30	14.80	14.40	13.90	13.50	13.00	12.60	12.10	11.70	11.20	10.80
425	430	15.60	15.20	14.70	14.30	13.80	13.40	12.90	12.50	12.00	11.60	11.10
430	435	15.90	15.50	15.00	14.60	14.10	13.70	13.20	12.80	12.40	11.90	11.50
435	440	16.30	15.80	15.40	14.90	14.50	14.00	13.60	13.10	12.70	12.20	11.80
440	445	16.60	16.10	15.70	15.30	14.80	14.40	13.90	13.50	13.00	12.60	12.10
445	450	16.90	16.50	16.00	15.60	15.10	14.70	14.20	13.80	13.30	12.90	12.40
450	455	17.30	16.80	16.40	15.90	15.50	15.00	14.60	14.10	13.70	13.20	12.80
455	460	17.60	17.10	16.70	16.20	15.80	15.30	14.90	14.40	14.00	13.50	13.10
460	465	17.90	17.50	17.00	16.60	16.10	15.70	15.20	14.80	14.30	13.90	13.40
465	470	18.20	17.80	17.30	16.90	16.40	16.00	15.50	15.10	14.60	14.20	13.70
470	475	18.60	18.10	17.70	17.20	16.80	16.30	15.90	15.40	15.00	14.50	14.10
475	480	18.90	18.40	18.00	17.50	17.10	16.60	16.20	15.70	15.30	14.80	14.40
480	485	19.20	18.80	18.30	17.90	17.40	17.00	16.50	16.10	15.60	15.20	14.70
485	490	19.50	19.10	18.60	18.20	17.70	17.30	16.80	16.40	15.90	15.50	15.00
490	495	19.90	19.40	19.00	18.50	18.10	17.60	17.20	16.70	16.30	15.80	15.40
495	500	20.20	19.70	19.30	18.80	18.40	18.00	17.50	17.10	16.60	16.20	15.70
500	505	20.50	20.10	19.60	19.20	18.70	18.30	17.80	17.40	16.90	16.50	16.00
505	510	20.90	20.40	20.00	19.50	19.10	18.60	18.20	17.70	17.30	16.80	16.40
510	515	21.20	20.70	20.30	19.80	19.40	18.90	18.50	18.00	17.60	17.10	16.70
515	520	21.60	21.10	20.60	20.20	19.70	19.30	18.80	18.40	17.90	17.50	17.00
520	525	21.90	21.40	21.00	20.50	20.00	19.60	19.10	18.70	18.20	17.80	17.30
525	530	22.30	21.80	21.30	20.80	20.40	19.90	19.50	19.00	18.60	18.10	17.70
530	535	22.60	22.10	21.70	21.20	20.70	20.20	19.80	19.30	18.90	18.40	18.00
535	540	23.00	22.50	22.00	21.50	21.00	20.60	20.10	19.70	19.20	18.80	18.30
540	545	23.30	22.80	22.40	21.90	21.40	20.90	20.40	20.00	19.50	19.10	18.60
545	550	23.70	23.20	22.70	22.20	21.70	21.30	20.80	20.30	19.90	19.40	19.00
550	555	24.00	23.50	23.10	22.60	22.10	21.60	21.10	20.60	20.20	19.80	19.30
555	560	24.40	23.90	23.40	22.90	22.40	22.00	21.50	21.00	20.50	20.10	19.60
560	565	24.70	24.20	23.80	23.30	22.80	22.30	21.80	21.40	20.90	20.40	20.00
565	570	25.10	24.60	24.10	23.60	23.10	22.70	22.20	21.70	21.20	20.70	20.30
570	575	25.40	24.90	24.50	24.00	23.50	23.00	22.50	22.10	21.60	21.10	20.60
575	580	25.80	25.30	24.80	24.30	23.90	23.40	22.90	22.40	21.90	21.40	21.00
580	585	26.10	25.60	25.20	24.70	24.20	23.70	23.20	22.80	22.30	21.80	21.30
585	590	26.50	26.00	25.50	25.00	24.60	24.10	23.60	23.10	22.60	22.10	21.70
590	595	26.80	26.40	25.90	25.40	24.90	24.40	23.90	23.50	23.00	22.50	22.00
595	600	27.20	26.70	26.20	25.70	25.30	24.80	24.30	23.80	23.30	22.80	22.40
600	605	27.50	27.10	26.60	26.10	25.60	25.10	24.60	24.20	23.70	23.20	22.70
605	610	27.90	27.40	26.90	26.40	26.00	25.50	25.00	24.50	24.00	23.50	23.10
610	615	28.20	27.80	27.30	26.80	26.30	25.80	25.30	24.90	24.40	23.90	23.40
615	620	28.60	28.10	27.60	27.10	26.70	26.20	25.70	25.20	24.70	24.20	23.80
620	625	28.90	28.50	28.00	27.50	27.00	26.50	26.00	25.60	25.10	24.60	24.10
625	630	29.30	28.80	28.30	27.80	27.40	26.90	26.40	25.90	25.40	25.00	24.50
630	635	29.60	29.20	28.70	28.20	27.70	27.20	26.70	26.30	25.80	25.30	24.80
635	640	30.00	29.50	29.00	28.50	28.10	27.60	27.10	26.60	26.10	25.70	25.20
640	645	30.30	29.90	29.40	28.90	28.40	27.90	27.50	27.00	26.50	26.00	25.50
645	650	30.70	30.20	29.70	29.20	28.80	28.30	27.80	27.30	26.80	26.40	25.90
650	655	31.00	30.60	30.10	29.60	29.10	28.60	28.20	27.70	27.20	26.70	26.20
655	660	31.40	30.90	30.40	30.00	29.50	29.00	28.50	28.00	27.50	27.10	26.60
660	665	31.80	31.30	30.80	30.30	29.80	29.30	28.90	28.40	27.90	27.40	26.90
665	670	32.10	31.60	31.10	30.70	30.20	29.70	29.20	28.70	28.20	27.80	27.30
670	675	32.50	32.00	31.50	31.00	30.50	30.00	29.60	29.10	28.60	28.10	27.60
675	680	32.80	32.30	31.80	31.40	30.90	30.40	29.90	29.40	28.90	28.50	28.00
680	685	33.20	32.70	32.20	31.70	31.20	30.70	30.30	29.80	29.30	28.80	28.30
685	690	33.50	33.00	32.50	32.10	31.60	31.10	30.60	30.10	29.60	29.20	28.70
690	695	33.90	33.40	32.90	32.40	31.90	31.40	31.00	30.50	30.00	29.50	29.00
695	700	34.20	33.70	33.20	32.80	32.30	31.80	31.30	30.80	30.30	29.90	29.40
700	705	34.60	34.10	33.60	33.10	32.60	32.10	31.70	31.20	30.70	30.20	29.70
705	710	34.90	34.40	33.90	33.50	33.00	32.50	32.00	31.50	31.10	30.60	30.10
710	715	35.30	34.80	34.30	33.80	33.30	32.80	32.40	31.90	31.40	30.90	30.40
715	720	35.60	35.10	34.60	34.20	33.70	33.20	32.70	32.20	31.80	31.30	30.80

Getting Paid

Go Green With Your Green

Every year, billions of paychecks are issued to America's 153 million or so employees, but how you're paid could be damaging the environment. There are two different ways that you can be paid electronically to make your paycheck more environmentally friendly.

DIRECT DEPOSIT

Direct deposit is a method of electronic pay. It works by depositing your pay directly into your checking or savings account through a highly secure, electronic banking system. Direct deposit is the cheapest and most reliable way to receive your pay, and the federal government protects bank accounts up to \$250,000.

BENEFITS OF DIRECT DEPOSIT

- Your pay goes straight into your bank account.
- No waiting in line at the bank drive-through, idling your car and releasing dangerous ozone-depleting emissions.
- Your money is always there on payday, even when payday is a day you do not work.
- You won't have to pay check cashing fees.
- Most banks offer free ATM cards to access your pay anytime, at an ATM or as cashback from a retailer. Fees may apply at other banks' ATMs.
- You can check your balance via online, smartphone app, telephone, text messaging

(standard data rates may apply), or at an ATM (fees may apply at ATMs). Most banks also offer free services like online transfer of funds, bill paying, etc.

PAYCARDS

What if you don't have a checking or savings account where your employer can deposit your pay? Is a paper paycheck your only option?

Having your employer deposit your pay onto a paycard is an alternative to receiving a paper check. Paycards represent a way for employees without a checking or savings account to take advantage of the conveniences of electronic pay.

A paycard is a plastic card that works like a debit card and is available through many employers. Your employer will deposit your pay onto your paycard on payday. You can then use the card to pay for things anywhere debit cards are accepted.

If you need cash, you can get your money from an ATM or get cash back when you purchase something at a retailer. If you don't have a checking or savings account, paycards are your next best electronic pay option and can be less expensive than receiving a paper check.

Fees can be associated with the paycard, so please look at the chart on page 15 for a



To sign up for direct deposit, talk to your company's payroll department.

breakdown of how these fees compare to costs associated with other payment methods. Typically, though, there are no monthly fees and no fee charged to the employee on payday. Additionally, most employers negotiate for at least one fee-free ATM withdrawal per pay period, per employee. Paycards, like bank accounts, have safeguards built-in by the federal government to protect your money.

View the chart on page 15 for a breakdown of how these fees compare to costs associated with other payment methods. Contact the provider that issued your card (via the toll-free number or website information on your card) to ask about fees.

Once you get the card, you would notify your employer that you would like your pay deposited on the card. Like direct deposit, your pay will be deposited and your money will be available immediately.

Continued on next page.

Understanding Banking Fees

BENEFITS OF PAYCARDS

- Access your pay anytime at an ATM or as cash back from a retailer. Fees may apply.
- Make purchases anywhere debit cards are accepted including online or to pay bills.
- If your card is lost or stolen, it can be replaced. For more details please visit the website shown on the card or welcome materials, or call customer service.
- You can check your balance via online, phone, text messaging (standard data rates may apply), or at an ATM (fees may apply at ATMs). Some card providers may also offer services like bill paying and funds transfer. To find out if your employer offers paycards, ask your company's payroll department.



EXAMPLE OF MONTHLY FINANCIAL SERVICE FEES¹

	PAPER PAYCHECK	DIRECT DEPOSIT	PAYCARD FEES ²	PREPAID RELOADABLE CARD FEES ²
Check Cashing (4 checks/month @ \$500.00 each or \$2,000.00 total)	\$30.00 – \$80.00 ⁷	\$0.00	\$0.00	\$0.00 – \$8.00
Bill Pay	\$8.70	\$0.00	\$0.00	\$0.00 – \$2.50
Enrollment Fee	\$0.00	\$0.00	\$0.00	\$0.00 – \$18.00
Monthly Fee	Not Applicable	\$0.00 – \$7.00 ⁴	\$0.00 ³	\$5.00 – \$9.95 (fee may be waived if you maintain a high balance)
ATM Fees (based on 4 transactions and estimated at \$4/transaction)	Not Applicable	\$0.00 ⁴	\$0.00 ³	\$16.00
MONTHLY COST	\$38.70 – \$88.70 ⁷	\$0.00 – \$7.00	\$0.00 – \$8.00 ⁵	\$21.00 – \$36.45 ⁸
ANNUAL COST	\$464.40 – \$1,064.40 ⁷	\$0.00 – \$84.00	\$0.00 – \$96.00	\$252.00 – \$455.40 ⁶

¹ Sample monthly fee schedule. Fees vary by issuer and provider. One time activation fee, ATM fees, transaction fees and reload fees will apply at various reload stations. Your fees and potential savings may vary based on the type of card you select.

² Based on direct deposit of paycheck to a paycard or prepaid reloadable card.

³ Paycards typically do not have a monthly fee and allow one free ATM transaction per pay period.

⁴ Fees on checking and savings accounts vary. Many banks offer free checking and savings accounts, and will allow free unlimited transactions at their own ATM machines. Be aware that banks charge an average of \$33 per bounced check fee (<http://www.bankrate.com/finance/checking/checking-account-fees.aspx>).

⁵ The \$8 estimate assumes two additional non-paycheck ATM transactions per month at \$4/transaction. Some retailers may offer fee-free transactions at their point-of-sale terminals.

⁶ Other fees may include: Customer Service Calls, \$0.00 – \$1.50; and Replacement Card Fees, \$3.95 – \$5.95.

⁷ Based on check cashing industry fees, which average between 1.5% – 4%.

⁸ Not including potential enrollment fee.

Helpful Paycard Guidelines from the American Payroll Association and National Consumer Law Center

Paycards can offer unbanked workers an economical, safe and convenient way to receive their wages. But not all cards are created equal. The guidelines below were developed to help you make an informed decision before signing up for a paycard with your employer.

If you're to be paid by paycard, be sure to verify with your employer on all of the following:

1. **Can I access my full wages in cash at least once each pay period without fees?** Free and clear access is required by the state wage and hour laws and is critical to the success of any paycard program. Common methods of cash access include bank teller transactions, ATM withdrawals, convenience checks and cash back from point of sale purchases.
2. **Do I have a choice of another payment method?** If so, can I change my choice later? Under federal law, employees cannot be forced to receive their wages on a paycard, and must have the choice of another payment method, typically direct deposit to an account of the employee's choosing. State wage and hour laws may also require a choice of a paper paycheck option. Verify that employees can change how they're paid if they want to do so.
3. **Is the paycard offered widely accepted?** The logo of a widely accepted payment brand (i.e., Visa, MasterCard or Discover) signals to employees that they can take their card to any bank that displays the logo of the payment brand and receive their full wages from the teller each pay period without fees. In addition, branded paycards can be used to make purchases and pay bills in person, online and over the telephone. A wide, convenient surcharge-free ATM network linked to the paycard is also important to help employees avoid third party ATM surcharge fees.
4. **Your employer should provide clear information and training on use of the paycard and possible fees.** Training can ensure that employees understand the key terms and know how to access their wages without fees. Pricing for discretionary services should be reasonable and easily understandable.
5. **You must be provided free and convenient access to account information.** You need free access to account information to check your balance, spot unauthorized charges, monitor fees and manage your finances. You should not be charged a fee for responsible behavior, such as checking your balance using an automated telephone system. Additional free means of accessing account information, like automated text messages and smart phone applications, are becoming more common.
6. **Is the card balance protected by deposit insurance?** Your wages must be protected if the bank holding the funds goes out of business. Employers should select a program that maintains payroll funds in an FDIC- or NCUA-insured account on a pass-through basis to the individual cardholder.
7. **Does the card have overdraft protection?** Paycards are often promoted as a budgeting tool for low income workers. You usually can spend only those funds deposited onto the card. To prevent confusion and ensure that the program truly promotes financial responsibility, employers should consider selecting programs that do not offer overdraft protection or other embedded credit features. Such features can be unsafe for employees if used unwisely and can result in a cycle of debt. This principle does not prohibit a program from covering an occasional inadvertent overdraft transaction if there is no charge to the employee.
8. **Be wary of employer incentives.** Some paycard programs pay cash incentives to the employer. Those funds might be better spent improving the card program for employees.

Exercise 5

Questions

Using the chart below, decide how each employee should ask to be paid.

1. Should Bobby ask to be paid differently if he opens a bank account while working for the coffee shop?

2. Valerie just opened a bank account and started working for a local restaurant that offers paycards and direct deposit. How should she ask to be paid?

3. Emily's company pays employees by direct deposit or paycards only. Emily doesn't have a bank account. How should she ask to be paid?



Your company offers direct deposit only	+	You DO have a checking account	=	Direct Deposit
Your company offers direct deposit AND paycards	+	You do NOT have a checking account	=	Paycards

Reference

Minimum Wage

WHAT STATE DO YOU LIVE IN?

As of March 1, 2018, 29 states and the District of Columbia have a minimum wage rate higher than the federal minimum wage

The federal minimum wage is \$7.25 per hour.

DO YOU WORK AS A WAITER?

If you do, you'll get paid no less than \$2.13 per hour plus tips. Some states may require a higher hourly rate. In these states, you must be paid the higher amount.

\$2.13 per hour + tips = at least the federal minimum wage*

*If not, your employer must make up the difference.

Alaska	\$9.84
Arizona	\$10.50
Arkansas	\$8.50
California	\$11.00 (large employers) \$10.50 (small employers)
Colorado	\$10.20
Connecticut	\$10.10
Delaware	\$8.25
District of Columbia	\$12.50 (\$13.25, effective 7/1/18)
Florida	\$8.25
Hawaii	\$10.10
Illinois	\$8.25
Maine	\$10.00
Maryland	\$9.25 (\$10.10, effective 7/1/18)
Massachusetts	\$11.00
Michigan	\$9.25
Minnesota	\$9.65 (large employers) \$7.87 (small employers)

Missouri	\$7.85
Montana	\$8.30 (\$4.00 if annual gross sales are \$110,000 or less)
Nebraska	\$9.00
Nevada	\$8.25 (\$7.25 if employer provides health benefits)
New Jersey	\$8.60
New Mexico	\$7.50
New York	\$13.00 (large employers, New York City) \$12.00 (small employers, New York City) \$11.00 (Long Island, Westchester) \$10.40 (rest of state)
Ohio	\$8.30 (\$7.25 if annual gross receipts of \$299,000 or less)
Oregon	\$11.25 (Portland metro counties; eff. 7-1-18: \$12.00) \$10.25 (standard counties; eff. 7-1-18: \$10.75) \$10.00 (nonurban counties; eff. 7-1-18: \$10.50)
Rhode Island	\$10.10
South Dakota	\$8.85
Vermont	\$10.50
Washington	\$11.50
West Virginia	\$8.75

Reference

Overtime

Your employer is required by federal law to pay an overtime rate of 1.5 times your regular pay for all hours worked over 40 in one week. In Alaska, California, and Nevada overtime is paid for all hours worked over eight in one day. Employees in Colorado earn overtime on the greater of 40 hours per week or 12 hours per day. In Oregon, manufacturers must pay overtime for hours in excess of 8 in a day.

Example:

You work 48 hours in one week at \$11 per hour.

\$11 per hour x 48 hours = \$528

\$11 per hour x 8 hours x .5 = \$44

Gross Pay = \$528 + \$44 = \$572

Some states may require further restrictions for teen workers. Visit your state's department of labor website to learn more about state regulations that affect you and your job.

Teen Jobs

TO WORK IN MOST JOBS, YOU MUST BE 16 YEARS OLD.

According to the U.S. Department of Labor, teens age 14 and 15 may work in various jobs, but they must follow these rules:

1. May not work more than three hours on a school day or 18 hours in a school week.
2. May work eight hours on a non-school day or 40 hours in a non-school week.
3. May not begin work before 7 a.m. or end after 7 p.m., except in the summer when evening hours are extended until 9 p.m.



Glossary

Allowances: Also called withholding allowances. Allowances indicate to employers how much tax to withhold from each employee's paycheck and also help them determine tax breaks for employees. The more allowances claimed on a Form W-4, the less money a company will withhold for taxes. Visit www.nationalpayrollweek.com/FormW4 to access a tool from the IRS to help gauge if you are having enough taxes withheld from your paycheck.

American Payroll Association: A professional association that educates the individuals who calculate employee paychecks — payroll professionals. More information is available at www.americanpayroll.org.

Beneficiary: A person or group selected to collect funds or other property under an insurance policy, retirement savings plan, or other legal document, in the event of an individual's death.

Benefits: Perks offered by your employer, such as medical and dental insurance. May be paid for by the employer, the employee, or a combination of both.

Child Tax Credit: Employees who have children under the age of 17 may be eligible to save up to \$2,000 in taxes per child.

Deductions: An amount subtracted from a paycheck. The amounts are used to fund government programs, personal savings, and more (see pages 5-6).

Dependents: The employee's unmarried children under age 19 (age 24 if the child is a student).

Diagnostic: Testing done by a doctor or insurance company to find out if an employee has a disease or other condition.

Direct Deposit: The electronic deposit of funds into a financial account.

Dividends: A portion of a company's earnings paid to people who own stock in that company.

Exempt: Not legally required to pay taxes. Generally, you may claim exempt if you had no federal income tax liability in 2017 and expect no federal income tax liability in 2018 and if you are single and earn less than \$12,000. However, if your parents claim you as a dependent on their tax return, you can generally earn up to \$12,000 and exempt as long as your unearned income (interest & dividends) is less than \$350. As a dependent, you can also claim exempt if you have more than \$350 of unearned income and your total income is less than \$1,050.

Federal Income Tax: A tax on the money an employee earns that is used to fund the federal government. It's typically deducted from your paycheck automatically. The amount deducted is based on how much you earn and the marital status and allowances you claimed on the Form W-4.

FICA: Federal Insurance Contributions Act. A law that requires all employees to contribute 7.65% of their earnings toward Social Security (6.2% of up to \$128,400) and Medicare (1.45% of all wages) programs.

Form W-4: A form typically filled out when you begin a job. Your employer determines how much income tax to deduct from your paycheck based on how many allowances you claimed on the form.

Gross Pay: Your total pay before any deductions are subtracted.

Local Income Tax: A tax on the money an employee earns that is used to fund the local government. It's typically deducted from your paycheck automatically.

Medicare: A federal program that provides medical insurance to Americans with certain disabilities and those who are age 65 or older. The program is funded as part of FICA.

Glossary

Minimum Wage: The lowest hourly wage employers may legally pay their employees.

National Payroll Week: Held annually during the week of Labor Day (September 3-7, 2018), this campaign educates employees in America about their paychecks, the payroll withholding system, and payroll-related benefits. More information is available at www.nationalpayrollweek.com

Net Pay: Actual amount of an employee's paycheck after deductions are subtracted.

Overtime Pay: A premium pay rate for any work done beyond 40 hours in one week. Under federal law, employees must be paid 1.5 times their regular rate of pay for hours worked beyond 40 in one week. Overtime rules vary by state. Visit your state's department of labor website to learn more about state overtime rules.

Paycard: Issued by an employer to an employee, a paycard works like a debit card. An employer will deposit an employee's net pay onto the card each payday. Paycards typically do not have a monthly fee, and an employee can usually make a certain number of fee-free withdrawals each month from authorized ATMs. Point-of-sale purchases are usually fee-free.

Preventive: Treatment plan created by a physician that prevents or slows the advancement of an illness or disease.

Single: Not legally married. You're still legally single even if you are dating someone.

Social Security: A federal program that provides an income to surviving family members of an employee who dies, retired persons age 62 or older, and the disabled. The program is funded as part of FICA.

Spouse: The husband or wife of an employee.

State Income Tax: A tax on the money an employee earns that is used to fund the state government. It's typically deducted from your paycheck automatically. The amount deducted is based on how much you earn and the allowances you claimed on the Form W-4 or a state form that serves the same purpose.

Tax Credit: An amount you can subtract from the tax you would otherwise owe; see Child Tax Credit entry.

Tax-Deferred: Money that will be taxed at a later date.

Tax Liability: The amount of tax you must pay.

Withholding: An amount from your paycheck that your employer sends to the government as payment for your tax liability.

Good luck!



Bring Home the Gold

2018 Student Workbook

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Bring Home The Gold

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Federal Government Takes a Cut

Fitness Focus

LESSON DESCRIPTION

People are sometimes surprised to learn the pay they earn is not the same as the pay they take home. This lesson introduces students to gross and net pay. They'll learn how to fill out Form W-4, compute simple deductions, use tax tables, determine the take-home pay for two employees, and decide which payment method is appropriate for them.

Student Objectives

At the end of this lesson the student will be able to:

- ★ Correctly fill out Form W-4.
- ★ Recognize the types of benefits provided by employers.
- ★ Make distinctions between required and optional deductions.
- ★ Compute net pay using payroll deductions and tax tables.
- ★ Differentiate electronic payment methods, like direct deposit and paycards.



Workout

Warm Up

Tell the class the pay they earn is not the same as the pay they take home. Explain the purpose of this lesson is to help the students understand the information used in calculating take-home pay.

EXERCISE

- A. **First Day of Work:** Tell the students to imagine it's their first day of work. Explain the Form W-4 and its purpose.
- B. **Payday:** Ask the students to imagine they have just agreed to start working a part-time job that involves working 20 hours per week at \$11.00 per hour. How much will that first week's paycheck equal? (Some students might fall for your trick question and say that the first paycheck should be \$220. Explain why \$220 is not correct.)
- C. Explain the amount of money that appears on an employee's paycheck is not the total amount of money earned. Several deductions are taken out of paychecks. Most of these deductions are for taxes. That is how Uncle Sam takes his biggest bite. Have the students refer to the Glossary on pages 20 – 21 of the Student Workouts to clarify any difficult terms.
- D. Direct the students' attention to Exercise 1 on page 7 of Student Workouts, Filling Out Form W-4. Ask the students to read the background information, and use Worksheet 1 to calculate the correct number of Withholding Allowances.
Many students have difficulty deciphering line 7 on Form W-4. When presenting Exercise 1, be sure to place emphasis on exemption qualifications to help ease each student's understanding. Provide additional explanation of "exempt" concepts and conditions to students as needed.
- E. Show Visual 1, page 5 of the Teacher Guide, and discuss the answers with the students.

Time

Required 1 class period.



- F. Have students answer the questions on page 9 of the Student Workouts. Discuss the answers.
- 1. What is gross pay?**
(Gross pay is the total amount of money earned before any deductions are made.)
 - 2. What is net pay?**
(Net pay is the amount on your paycheck left after all deductions are taken out of the gross pay.)
 - 3. True or False?**
The amount of your paycheck equals the total number of hours you worked times your rate of pay.
(False. Mandatory and other deductions are taken out of your paycheck.)
 - 4. Name three mandatory deductions.**
(Federal income tax, state income tax, local income tax, Social Security tax, Medicare tax.)
 - 5. Name three other deductions.**
(Life insurance, disability insurance, medical insurance, dental insurance, retirement savings plan, contributions to charity.)
- G. Direct the students' attention to Exercise 3 on page 10 in the Student Workouts, Calculating a Paycheck #1. Ask the students to read the background information, the information on the form, and the information in the Federal and State Tax tables on pages 12 – 13 in the Student Workouts to calculate the net pay.
- H. Show Visual 2 on page 7 of the Teacher Guide, Key for Exercise 3, Calculating Paycheck #1, and discuss the answers with the students.

Workout (continued from page 3)

- I. **Getting Paid:** Explain to the students there are two ways to receive their paycheck that won't damage the environment: direct deposit and Payroll cards.
- J. Have students answer the questions on page 17, using the chart below the questions, in the Student Workouts. Discuss the answers.

1. Should Bobby ask to be paid differently if he opens a bank account while working for the coffee shop?
(Yes, he should request to be paid by direct deposit.)

2. Valerie just opened a bank account and started working for a local restaurant that offers paycards and direct deposit. How should she ask to be paid?

(Direct deposit.)

3. Emily's company pays employees by direct deposit or paycards only. Emily doesn't have a bank account. How should she ask to be paid?

(Paycard.)

- K. Direct the students to Reference on pages 18 – 19 in the Student Workouts for information about the minimum wage, overtime pay, and restrictions for teens in the workforce.

Other Training Equipment

COOL DOWN

- A. Direct the students' attention to Exercise 4 on page 11, Calculating a Paycheck #2. Ask the students to use the background information, information on the form, and the State

and Federal Tax tables to calculate take-home pay. Show Visual 3 on page 8 of the Teacher Guide, Key for Exercise 3, Calculating Paycheck #1, and discuss their answers.



Visual 1

Filling Out Form W-4

IMAGINE ARRIVING FOR YOUR FIRST DAY OF WORK AT A GOURMET COFFEE SHOP.

Along with other paperwork as you begin your job, you will fill out a Form W-4. This will help the payroll department of your employer figure out how much tax to take out of your paycheck.

YOU ARE SINGLE, WITH ONLY ONE JOB.

Use the Personal Allowances Worksheet on page 8, and the Glossary on pages 20-21 of the student workbook, to figure out your personal allowances.

Form W-4 (2018)

Future developments. For the latest information about any future developments related to Form W-4, such as legislation enacted after it was published, go to www.irs.gov/Form944.

Purpose. Complete Form W-4 so that your employer can withhold the correct federal income tax from your pay. Consider completing a new Form W-4 each year and when your personal or financial situation changes.

Exemption from withholding. You may claim exemption from withholding for 2018 if both of the following apply:

- For 2017 you had a right to a refund of all federal income tax withheld because you had no tax liability, and
- For 2018 you expect a refund of all federal income tax withheld because you expect to have no tax liability.

If you're exempt, complete only lines 1, 2, 3, 4, and 7 and sign the form to validate it. Your exemption for 2018 expires February 15, 2019. See Pub. 505, Tax Withholding and Estimated Tax, to learn more about whether you qualify for exemption from withholding.

General Instructions

If you aren't exempt, follow the rest of these instructions to determine the number of withholding allowances you should claim for withholding for 2018 and any additional amount of tax to have withheld. For regular wages, withholding must be based on allowances you claimed and may not be a flat amount or percentage of wages.

You can also use the calculator at www.irs.gov/W4App to determine your tax withholding more accurately. Consider

using this calculator if you have a more complicated tax situation, such as if you have a working spouse, more than one job, or a large amount of nonwage income outside of your job. After your Form W-4 takes effect, you can also use this calculator to see how the amount of tax you're having withheld compares to your projected total tax for 2018. If you use the calculator, you don't need to complete any of the worksheets for Form W-4.

Note that if you have too much tax withheld, you will receive a refund when you file your tax return. If you have too little tax withheld, you will owe tax when you file your tax return, and you might owe a penalty.

Filers with multiple jobs or working spouses. If you have more than one job at a time, or if you're married and your spouse is also working, read all of the instructions including the instructions for the Two-Earners/Multiple Jobs Worksheet before beginning.

Nonwage income. If you have a large amount of nonwage income, such as interest or dividends, consider making estimated tax payments using Form 1041-ES, Estimated Tax for Individuals. Otherwise, you might owe additional tax. Or, you can use the Deductions, Adjustments, and Additional Income Worksheet on page 9 or the calculator at www.irs.gov/W4App to make sure you have enough tax withheld from your paycheck. If you have pension or annuity income, see Pub. 505 or use the calculator at www.irs.gov/W4App to find out if you should adjust your withholding on Form W-4 or W-4P.

Nonresident alien. If you're a nonresident alien, see Notice 1392, Supplemental Form W-4 Instructions for Nonresident Aliens, before completing this form.

Specific Instructions

Personal Allowances Worksheet

Complete this worksheet on page 3 first to determine the number of withholding allowances to claim.

Line C. Head of household please note

Generally, you can claim head of household filing status on your tax return only if you're unmarried and pay more than 50% of the costs of keeping up a home for yourself and a qualifying individual. See Pub. 501 for more information about filing status.

Line E. Child tax credit. When you file your tax return, you might be eligible to claim a credit for each of your qualifying children. To qualify, the child must be under age 17 as of December 31 and must be your dependent who lives with you for more than half the year. To learn more about this credit, see Pub. 972, Child Tax Credit. To reduce the tax withheld from your pay by taking this credit into account, follow the instructions on line E of the worksheet. On the worksheet you will be asked about your total income. For this purpose, total income includes all of your wages and other income, including income earned by a spouse, during the year.

Line F. Credit for other dependents. When you file your tax return, you might be eligible to claim a credit for each of your dependents that don't qualify for the child tax credit, such as any dependent children age 17 and older. To learn more about this credit, see Pub. 505. To reduce the tax withheld from your pay by taking this credit into account, follow the instructions on line F of the worksheet. On the worksheet, you will be asked about your total income. For this purpose, total income includes all of

Separate here and give Form W-4 to your employer. Keep the worksheet(s) for your records.

Form W-4 **Employee's Withholding Allowance Certificate** **OMB No. 1545-0047**
 Department of the Treasury **2018**
 Internal Revenue Service

1 Your first name and middle initial Last name 2 Your social security number

3 Home address number and street or rural route City or town, state, and ZIP code

4 Single Married Married, but without a higher single rate.
 Note: If married filing separately, check "Married, but without a higher single rate."
 4 If your last name differs from that shown on your social security card, check here. You must call 800-772-1213 for a replacement card.

5 Total number of allowances you're claiming (from the applicable worksheet on the following pages) **5**

6 Additional amount, if any, you want withheld from each paycheck **0**

7 I claim exemption from withholding for 2018, and I certify that I meet both of the following conditions for exemption:
 • Last year I had a right to a refund of all federal income tax withheld because I had no tax liability, and
 • This year I expect a refund of all federal income tax withheld because I expect to have no tax liability.
 If you meet both conditions, write "Exempt" here.

Under penalties of perjury, I declare that I have examined this certificate and, to the best of my knowledge and belief, it is true, correct, and complete.

Employee's signature (This form is not valid unless you sign it.) **Date**

8 Employer's name and address (Employer: Complete boxes 8 and 10 if sending to IRS and complete boxes 9, 8, and 10 if sending to State Secretary of New York.) 9 First date of employment 10 Employer identification number (EIN)

For Privacy Act and Paperwork Reduction Act Notice, see page 4. **Gen. No. 150395** **Form W-4 (2018)**

Personal Allowances Worksheet (Keep for your records.) **Page 3**

1 **Single** **A**

2 **Married, filing jointly** **B**

3 **Married, filing separately** **C**

4 **Head of household** **D**

5 **Widow(er) with dependent child** **E**

6 **Widow(er) without dependent child** **F**

7 **Divorced or separated with dependent child** **G**

8 **Divorced or separated without dependent child** **H**

9 **Married, but without a higher single rate** **I**

10 **Other** **J**

11 **Other** **K**

12 **Other** **L**

13 **Other** **M**

14 **Other** **N**

15 **Other** **O**

16 **Other** **P**

17 **Other** **Q**

18 **Other** **R**

19 **Other** **S**

20 **Other** **T**

21 **Other** **U**

22 **Other** **V**

23 **Other** **W**

24 **Other** **X**

25 **Other** **Y**

26 **Other** **Z**

27 **Other** **AA**

28 **Other** **AB**

29 **Other** **AC**

30 **Other** **AD**

31 **Other** **AE**

32 **Other** **AF**

33 **Other** **AG**

34 **Other** **AH**

35 **Other** **AI**

36 **Other** **AJ**

37 **Other** **AK**

38 **Other** **AL**

39 **Other** **AM**

40 **Other** **AN**

41 **Other** **AO**

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43 **Other** **AQ**

44 **Other** **AR**

45 **Other** **AS**

46 **Other** **AT**

47 **Other** **AU**

48 **Other** **AV**

49 **Other** **AW**

50 **Other** **AX**

51 **Other** **AY**

52 **Other** **AZ**

53 **Other** **BA**

54 **Other** **BB**

55 **Other** **BC**

56 **Other** **BD**

57 **Other** **BE**

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72 **Other** **BT**

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74 **Other** **BV**

75 **Other** **BW**

76 **Other** **BX**

77 **Other** **BY**

78 **Other** **BZ**

79 **Other** **CA**

80 **Other** **CB**

81 **Other** **CC**

82 **Other** **CD**

83 **Other** **CE**

84 **Other** **CF**

85 **Other** **CG**

86 **Other** **CH**

87 **Other** **CI**

88 **Other** **CJ**

89 **Other** **CK**

90 **Other** **CL**

91 **Other** **CM**

92 **Other** **CN**

93 **Other** **CO**

94 **Other** **CP**

95 **Other** **CQ**

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97 **Other** **CS**

98 **Other** **CT**

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103 **Other** **CY**

104 **Other** **CZ**

105 **Other** **DA**

106 **Other** **DB**

107 **Other** **DC**

108 **Other** **DD**

109 **Other** **DE**

110 **Other** **DF**

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112 **Other** **DH**

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378 **Other** **NO**

379 **Other** **NP**

380 **Other** **NQ**

381 **Other** **NR**

382 **Other** **NS**

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431 **Other** **PP**

432

Workout

Questions

1. What is gross pay? **Your total pay before any deductions are subtracted.**
2. What is net pay? **Actual amount of an employee's paycheck after deductions are subtracted.**
3. True or False? Your paycheck = Total hours worked x rate of pay. **False**
4. Name two mandatory deductions. **Any two of the following: Federal Income Tax, State Income Tax, Local Income Tax, Social Security Tax, Medicare Tax.**
5. Name three other deductions.

Any three of the following: Life insurance, Short- and long-term disability insurance, Medical insurance, Dental insurance, Retirement savings plan, Charity.

Visual 2

IMAGINE YOU ARE A NEW EMPLOYEE AT A GOURMET COFFEE SHOP

The coffee shop pays its employees each week. You have claimed single and one allowance on your Form W-4. You work 40 hours per week at \$11.00 per hour. Use the background information, the Federal and State Tax tables on the following pages, and information on the form below to calculate your net pay.

Key for Exercise 3, Calculating a Paycheck #1

Employee's name: _____

Pay period Weekly Semimonthly Monthly

Number of allowances 1 (0 or more) Single Married

GROSS PAY

1. You work 40 hours at \$ 11.00 per hour = \$440.00

Gross Pay = \$440.00

DEDUCTIONS

2. Federal Income Tax (See Federal Tax table on page 12.) \$32.00

3. State Income Tax (See State Tax table on page 13.) \$16.10

4. FICA: Social Security Tax (6.20% x gross pay) \$27.28 (\$440 X .062)

5. FICA: Medicare Tax (1.45% x gross pay) \$6.38 (\$440 X .0145)

6. **Total Deductions (total lines 2 through 5)** \$81.76

Net Pay (subtract line 6 from line 1) \$358.24

Visual 3

IMAGINE YOU ARE A NEW ASSISTANT MANAGER AT A GOURMET COFFEE SHOP

The coffee shop pays its employees each week. You have claimed single and zero allowances on your Form W-4. You work 40 hours per week at \$12.00 per hour. Use this background information, the Federal and State Tax tables on the following pages, and information on the form below to calculate your net pay.

Key for Exercise 4, Calculating a Paycheck #2

Employee's name: _____

Pay period Weekly Semimonthly Monthly

Number of allowances 0 (0 or more) Single Married

GROSS PAY

1. You work 40 hours at \$ 12.00 per hour = \$480.00

Gross Pay = \$480.00

DEDUCTIONS

2. Federal Income Tax (See Federal Tax table on page 12.) \$46.00

3. State Income Tax (See State Tax table on page 13.) \$19.20

4. FICA: Social Security Tax (6.20% x gross pay) \$29.76 (\$480 X .062)

5. FICA: Medicare Tax (1.45% x gross pay) \$6.96 (\$480 X .0145)

6. **Total Deductions (total lines 2 through 5)** \$101.92

Net Pay (subtract line 6 from line 1) \$378.08

Exercise 5

Questions

Using the chart below, decide how each employee should ask to be paid.

1. Should Bobby ask to be paid differently if he opens a bank account while working for the coffee shop? **Yes. Bobby should ask to be paid by direct deposit.**

2. Valerie just opened a bank account and started working for a local restaurant that offers paycards and direct deposit. How should she ask to be paid?

Valerie should ask to be paid by direct deposit.

3. Emily's company pays employees by direct deposit or paycards only. Emily doesn't have a bank account. How should she ask to be paid?

Emily should ask to be paid by paycard.



Your company offers direct deposit only	+	You DO have a checking account	=	Direct Deposit
Your company offers direct deposit AND paycards	+	You do NOT have a checking account	=	Paycards



Bring Home the Gold

2018 Teacher Workbook

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