Name _____ Date _____

Reading a Pay Stub: Gross Pay, Deductions and Net Pay

Directions: Use Marisol's pay stub to answer each question, and remember that the totals have been left off for you to calculate. For number answers, type digits only, without a dollar sign, percent sign or comma.

Marisol's Pay Stub

Marisol's pay stub for one two-week pay period, during which she worked 48 hours at a wage of $25.00 an hour. Real tax amounts vary by state and by year. Year-to-date amounts include the current pay period, and the totals are left off.

Pay stub line	This pay period (dollars)	Year to date (dollars)
Earnings	1,200.00	14,000.00
Federal income tax withheld	96.00	1,120.00
State income tax withheld	36.00	420.00
Social Security and Medicare	90.00	1,050.00
Health insurance premium	30.00	360.00
Retirement savings contribution	48.00	560.00

1. According to her pay stub and the hours she worked, what is Marisol's gross pay for this two-week pay period? Type your answer without a comma.

_____ dollars

2. What is the combined total of the five separate deductions that appear on Marisol's pay stub for this pay period?

_____ dollars

3. After all five deductions are subtracted from her gross pay, how much money does Marisol actually take home for these two weeks?

_____ dollars

4. Each of these terms appears on pay stubs, so match every term with the meaning that describes it.

Write the letter of the matching answer on each line.

1. _____ Gross pay
2. _____ Net pay
3. _____ Deduction
4. _____ Year to date

Choices for question 4

A. What lands in the worker's hands once every deduction has come out

B. The whole amount earned in a pay period, with nothing yet removed

C. A single amount subtracted from earnings, such as a tax or an insurance premium

D. A running total that adds up every pay period so far this year, including the current one

E. A refund a worker might receive after filing an income tax return

5. Which three deductions on Marisol's pay stub are taxes collected by the government?

☐ A. Health insurance premium

☐ B. Retirement savings contribution

☐ C. Social Security and Medicare

☐ D. Federal income tax withheld

☐ E. State income tax withheld

6. What happens to the $96 of federal income tax that Marisol's employer withheld from her pay this pay period?

A. It is deposited into her retirement savings account for later.

B. Her employer keeps it to cover the expense of processing payroll.

C. Her employer sends it to the federal government, where it counts toward the income tax she owes for the year.

D. It remains in her bank account until she decides whether to pay it.

7. Comparing Marisol's take-home pay with her gross pay for this pay period, what percent of her gross pay does she take home as net pay?

_____ percent

8. Knowing that the year-to-date column already includes this pay period, how much gross pay had Marisol earned this year before this pay period began? Type your answer without a comma.

_____ dollars

9. Marisol's health insurance deduction is the same $30 every pay period, and she is paid every two weeks, or 26 times a year. How much does she pay for health insurance through her paychecks over one year?

_____ dollars

10. Before her next payday, Marisol must pay $600 for her share of the rent, $55 for her phone bill and $80 for a monthly bus pass, and she also wants a $200 concert ticket. Will the money she actually receives from this paycheck cover all four costs?

A. Yes. Her year-to-date earnings of $14,000 easily cover all four costs.

B. No. Her take-home pay falls $35 short of the four costs combined.

C. Yes. Her $1,200 in earnings leaves $265 after paying all four costs.

D. Yes. Her take-home pay leaves $35 after paying all four costs.