

## EMPLOYMENT COMPENSATION

# Reading and Checking a Pay Statement

*Detailed practice, calculation, decision-making, and assessment*

|                                                                                                                                                       |                           |                                      |                            |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|--------------------------------------|----------------------------|
| <b>GRADES</b><br>9-12                                                                                                                                 | <b>TIME</b><br>2 x 42 min | <b>GROUPING</b><br>I / pairs / whole | <b>PRODUCT</b><br>Response |
| <b>YOUR CHALLENGE</b> Verify earnings, reconcile deductions and net pay, interpret year-to-date totals, and report a possible payroll problem safely. |                           |                                      |                            |

## A Job Offer Is More Than the Advertised Wage

A pay statement should connect hours, rates, earnings, deductions, net pay, and year-to-date totals. A careful review uses arithmetic, keeps records, and asks payroll specific questions without sharing sensitive information.

| Term                                                                                                                                                                                                               | Student-friendly meaning                                                              |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| Pay period                                                                                                                                                                                                         | Dates covered by the payment.                                                         |
| Gross pay                                                                                                                                                                                                          | Total earnings before deductions.                                                     |
| Deduction                                                                                                                                                                                                          | Amount subtracted from gross pay.                                                     |
| Net pay                                                                                                                                                                                                            | Amount remaining after deductions.                                                    |
| Year to date                                                                                                                                                                                                       | Total from the start of the calendar or stated year through this statement.           |
| Withholding                                                                                                                                                                                                        | Money an employer sends toward taxes based on payroll rules and employee information. |
| <b>CLASSROOM USE</b> All people, employers, figures, brackets, and documents in this packet are fictional. Never place a real Social Security number, employer ID, bank number, or tax document in classroom work. |                                                                                       |

## Part 1 - Verify Hours and Earnings

Use the fictional pay statement. Regular rate is \$18.00; overtime rate shown is \$27.00.

| Item      | Hours | Rate    | Current amount |
|-----------|-------|---------|----------------|
| Regular   | 72    | \$18.00 |                |
| Overtime  | 6     | \$27.00 |                |
| Bonus     | -     | -       | \$125.00       |
| Gross pay |       |         |                |

Calculate each amount and confirm gross pay.

## Part 2 - Reconcile the Deductions

Treat the listed amounts as fictional payroll results.

| Deduction               | Current  | Required or chosen? | Question |
|-------------------------|----------|---------------------|----------|
| Federal income tax      | \$132.00 |                     |          |
| Social Security         | \$98.15  |                     |          |
| Medicare                | \$22.96  |                     |          |
| State/local tax         | \$58.00  |                     |          |
| Health premium          | \$75.00  |                     |          |
| Retirement contribution | \$63.30  |                     |          |

Add deductions and classify them. Do not recompute tax rates.

---

---

---

---

---

---

---

---

---

Part 3 - Calculate and Check Net Pay

Use gross pay minus total deductions.

| Check            | Equation   | Result |
|------------------|------------|--------|
| Total deductions |            |        |
| Net pay          |            |        |
| Direct deposit   | \$1,219.59 |        |
| Difference       |            |        |

Determine whether the direct deposit reconciles.

## Part 4 - Interpret Year-to-Date Information

The statement shows year-to-date gross pay of \$9,845.00 and year-to-date federal withholding of \$812.00.

| Question                                     | Answer | Evidence |
|----------------------------------------------|--------|----------|
| What does YTD mean?                          |        |          |
| Is YTD gross this paycheck?                  |        |          |
| Can one pay statement prove annual tax owed? |        |          |
| When should withholding be reviewed?         |        |          |

Use current official IRS tools for personal withholding decisions.

## Part 5 - Write a Payroll Check Message

Assume the employee expected 80 regular hours and did not authorize the health premium.

| Message element        | My wording/evidence |
|------------------------|---------------------|
| Neutral subject        |                     |
| Pay period/date        |                     |
| Expected hours         |                     |
| Statement hours        |                     |
| Question about premium |                     |
| Requested record/check |                     |
| No sensitive data      |                     |
| Professional closing   |                     |

Write a concise message to payroll without accusing anyone of wrongdoing.