Paycheck Decoder

Name _____ Date _____

Jordan expected $1,600. The deposit was $1,188. Where did $412 go? Decode the pay stub.

Maple & Main Market
Earnings statement

Employee: **Jordan Rivera**
Pay period: Oct 5–18, 2026 · Pay date: Oct 23, 2026

EARNINGS		DEDUCTIONS	
Hours	80	Federal income tax	118.00
Rate	$20.00/hr	Social Security (6.2%)	99.20
Gross pay	**1,600.00**	Medicare (1.45%)	23.20
		State income tax	63.60
		Health insurance	44.00
		401(k) retirement (4%)	64.00
		Total deductions	**412.00**

NET PAY $1,188.00

Made-up pay stub for practice. Real withholding depends on your tax form (W-4) and your state. Social Security and Medicare rates are the real 2026 rates.

1. Gross pay is what you earn before anything is taken out. Net pay is what you take home. Write both.

Gross $ _____

Net $ _____

2. What percent of the gross pay was taken out? Show your math.

3. Social Security + Medicare together are called FICA. What did FICA cost on this paycheck?

4. Sort the $412 into three buckets.

Government $ _____ **Future you $** _____ **Protection $** _____

5. Jordan is paid every two weeks (26 paychecks a year). If Jordan budgets like the paycheck is $1,600, how short will Jordan be over a year?

MY MONEY CHOICE

What's the first thing you'd do with your first paycheck? Why?

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The quick lesson (read aloud, about 1 minute)

> **Gross pay** is what you earn. **Net pay** is what lands in your account. In between come **deductions**: income taxes, **FICA** (Social Security and Medicare, which fund benefits for retirees and others, and health care mainly for people 65 and older), and choices like health insurance or a 401(k) retirement account. Some of that money comes back to you later.

Two teaching points

1. Budget with your **net** pay, never your gross pay.
2. Not every deduction is lost money: the 401(k) is your own savings, and insurance protects you.

Answer key

1. Gross $1,600.00 · Net $1,188.00. 2. 412 ÷ 1,600 = 25.75% (about 26%). 3. FICA = 99.20 + 23.20 = **$122.40**. 4. Government $304.00 (federal 118 + Social Security 99.20 + Medicare 23.20 + state 63.60) · Future you $64.00 (401(k)) · Protection $44.00 (health insurance). 5. $412 × 26 = **$10,712**.

10-minute run

1. Circle gross and net pay (2 min).
2. Answer 1–5 with a partner (6 min).
3. Discuss: which deductions come back to you later?

Ask

"Why might a first paycheck feel smaller than expected?"

Goal

Read a pay stub and explain the gap between gross and net pay.

Take it further

Ask: "Jordan's 401(k) takes $64 each paycheck. How much is that in a year?" ($1,664)

Standard: National Standards for Personal Financial Education (Council for Economic Education and Jump$tart), area: **Earning Income**. Print double-sided: the activity on the front, this teaching side on the back.

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