

Take-Home Pay Teacher Notes

Lesson: Take Home Pay

Grade: 10th-12th

Oregon State Standard: HS.PFE.D.2, HS.PFE.D.3, HS.PFE.D.4

Objectives:

1. Students will understand the difference between net and gross pay.
2. Students will be able to read a paycheck and understand where the money that is taken out is distributed to.

Vocabulary:

1. Net Pay
2. Gross Pay
3. Payroll Withholdings
4. Exemptions
5. Federal Withholding
6. State Withholding
7. Appropriations

Procedure:

1. Have the Take-Home Pay PowerPoint projected to begin the lesson. Follow the slides to guide your lesson.
2. Allow for natural class discussion and pause for questions after every slide.
3. Look at slide 9 on the PowerPoint and lead a class discussion. Possible discussion questions?
 1. **Who got the largest amount of the paycheck?** (the employee)
 2. **Where did the second largest amount go to?** (Federal Taxes)
 3. **Who decides how the money from Federal Taxes are spent?** (Appropriations are annual decisions made by Congress about how the federal government spends some of its money. In general, the appropriations process addresses the discretionary portion of the budget – spending ranging from national defense to food safety to education to federal employee salaries – but excludes mandatory spending, such as Medicare and Social Security, which is spent automatically according to formulas.)
 4. **So, what does that mean Federal Taxes are spent on?** (Social Security, Medicaid/Medicare, Defense, Safety Net Programs (Providing aid to families who need it), interest on national debt, benefits for national retirees and veterans, education, transportation, science and medical research, along with other smaller spending categories)
 5. **What else was taken out of your paycheck?** (State taxes and FICA)
 6. **What is FICA?** (The Federal Insurance Contributions Act (FICA) is a U.S. law that mandates a payroll tax on the paychecks of employees, as well as contributions from employers, to fund the Social Security and Medicare programs. For self-employed people, there is an equivalent law called the Self-Employed Contributions Act (SECA).)
 7. **What are State Taxes spent on?** (See Slide 6 of PowerPoint)
4. Once finished, hand out the “Take-Home Pay Discovery Activities” Packet and allow students time to work. Depending on the teacher’s preference, students may work with partners or on their own.