

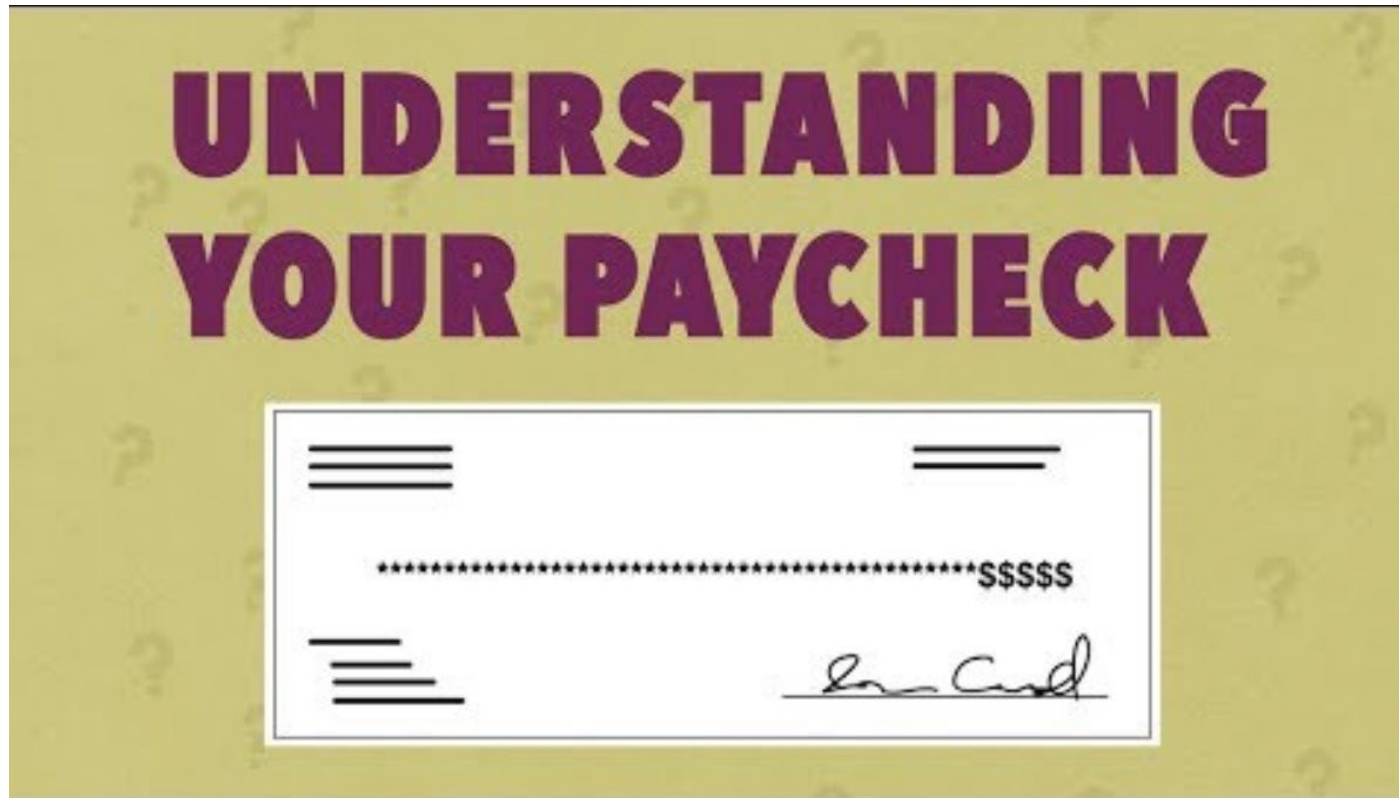


**PACIFIC NW**  
FEDERAL CREDIT UNION

# Take-Home Pay

How much of your  
money is *really* your  
money?

Watch this video to better understand your paycheck!



Video link: <https://youtu.be/3fDrDZAqf-8?si=1-oGAI2usUCMG3oj>



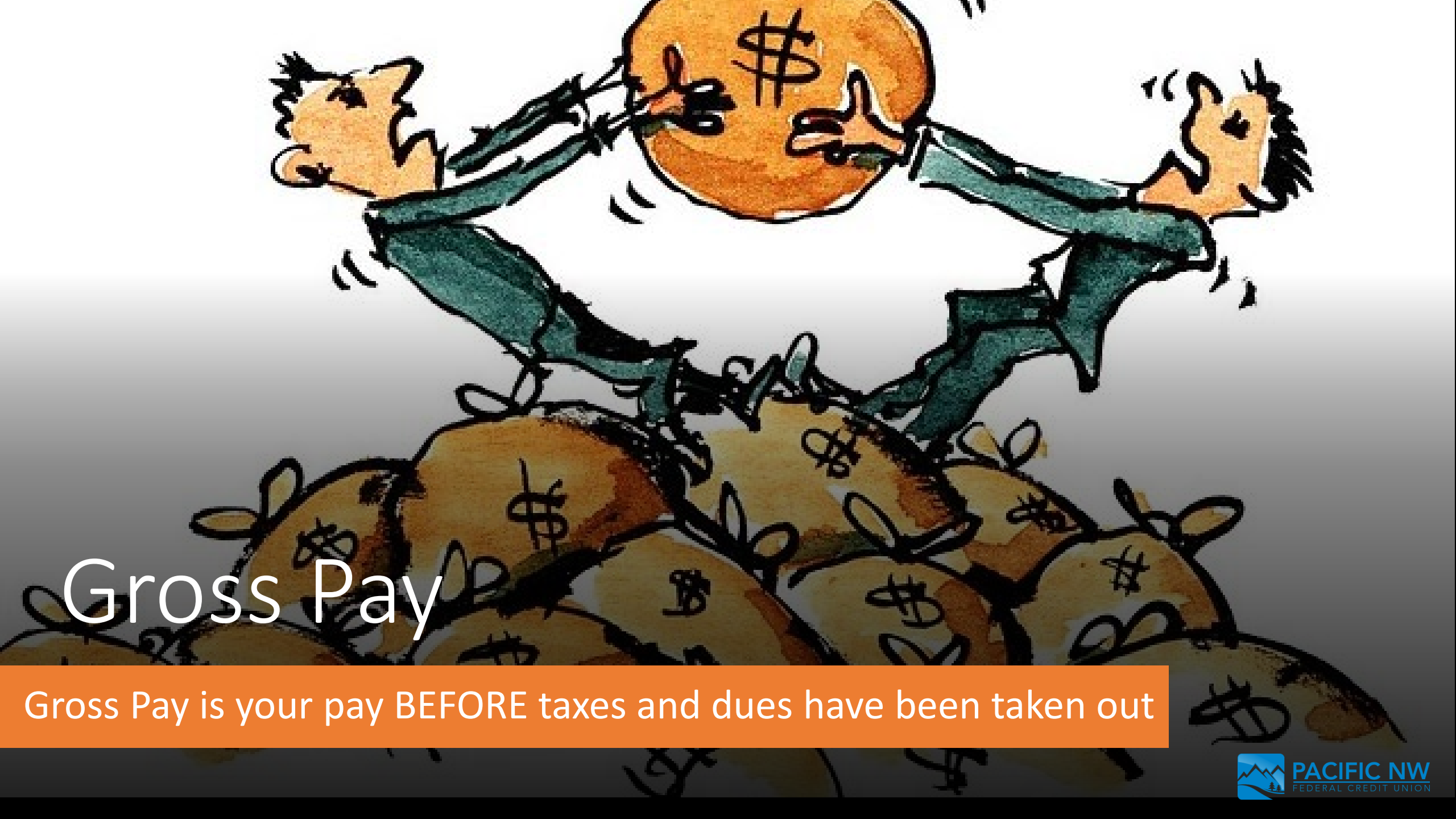


What will you net?

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Net Pay is what you take home  
after taxes and dues have been  
taken out of your paycheck





# Gross Pay

Gross Pay is your pay BEFORE taxes and dues have been taken out

# Deductions from your Paycheck

**Payroll Withholdings** – The amount of money subtracted from the gross pay for taxes. Typically, 25-30% of your paycheck! Yikes!

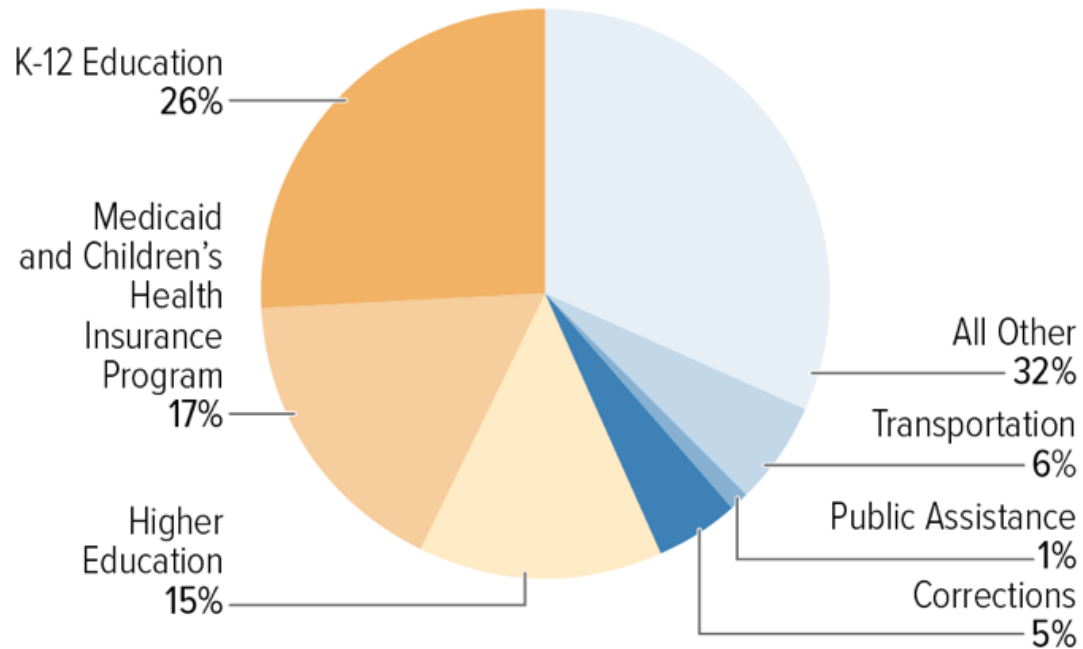
**But where does the extra money go!?** From Federal and State Taxes/Contributions to Employee Benefits

**Who Decides how the money is spent and what is it spent on?**

**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 ranges from national defense to food safety to education to federal employee salaries. It excludes mandatory spending, such as Medicare and Social Security, which is spent automatically according to formulas.

## More Than Half of State Tax Revenues Fund Education and Health Care

Percentage of state spending



Note: "All Other" includes care for residents with disabilities, pensions, and health benefits for public employees, economic development, environmental projects, state police, parks and recreation, and general aid to local governments. Numbers might not sum to 100 due to rounding.

Source: National Association of State Budget Officers State Expenditure Report, Fiscal Year 2016

CENTER ON BUDGET AND POLICY PRIORITIES | CBPP.ORG

## State Taxes

How are state taxes spent?

- Education
- Health Insurance
- Higher Education
- Transportation
- Public Assistance
- Corrections
- Other

# How does your employer know how much to withhold?

Once you are hired for a job, there are various forms you must complete. One of these is Form W-4. This is a federal form. There are state forms that must be completed as well, which vary from state to state.

- Your W-4 is a form required by the Internal Revenue Service (IRS).
- The W-4 allows employers to determine what amount of income tax they should deduct from each employee's paycheck based on that person's situation, such as whether he or she is married or single, has kids, etc.
- Even if you are a student, it isn't likely that you are exempt from tax withholdings.
- Each April, anyone who earned income must file a federal income tax return with the IRS. If over the course of the year more of your income than necessary was withheld, you will receive a refund from the federal government.

# *Exemptions*

If you are **exempt** from paying taxes it means you don't have to pay taxes that year. Some groups that are exempt include:

1. **Not for Profit Organizations** such as churches, synagogues, hospitals, universities, the Red Cross, homeless shelters, and other groups that seek to improve our society.
2. **U.S. Citizens Working Abroad** may be exempt from paying taxes dependent upon their individual situation.
3. **Low Income Taxpayers** – You only count as low income if your parents DO NOT claim you as a dependent.
4. **Taxpayers with Many Deductions** - Some people write off most or all their taxable income with personal deductions.
5. **Taxpayers with Many Dependents** – Dependent on income, families with dependent children might not have to pay taxes because of child tax credits.



Pacific NW Federal Credit Union				
Employee Paycheck, Pete	SSN/Employee ID Number 123-45-6789	Check # 152	Check Amount (Net Pay) \$146.68	
Employee Address 12005 NE Erin Way Portland, OR 97220				
	Pay Type- Gross Pay	Deductions	Current	Year-to-date
	\$180.00	Federal Withholding	\$14.10	\$296.10
		State Withholding	\$5.45	\$130.80
		FICA	\$13.77	\$330.48
		Totals	\$33.32	\$757.38
Pay Period 9/15/2020-9/29/2020				



**Questions? Contact: [kristinm@pnwfcu.org](mailto:kristinm@pnwfcu.org)**