Pay Stub Basics (Tutor Guide)

Note to Tutor: This lesson can be a stand-alone lesson, or used as part of a series of financial literacy lessons on specific topics available in Tutor Resources under the Volunteer section of the LVGH website.

- **Target Audience**: ESOL or BL class interested in learning about financial literacy concepts, with a focus on understanding pay stubs. This lesson involves listening, writing, reading and speaking language skills. (Level 4+)
- **Objectives**: Students will be able to explain what a pay stub is and use the vocabulary and concepts that are often found on pay stubs. Students will also read about Social Security and learn related vocabulary.
- **Class time**: 45-60 minutes
- **Resources/Materials**:
  - Copies of Student Handout

A. **Introduction: What is a Pay Stub?** Ask students if they have received a paycheck. Ask a volunteer to explain what a pay stub is. (*A piece of paper or online record provided to an employee with each paycheck. It shows the amount of money that the employee earned and the amount that was taken out for taxes, insurance costs, etc. It is also called a Paycheck Stub*).

B. **Activity: New Vocabulary (Pairs)**
Ask a volunteer to read the directions. Assign pairs to work together to match the vocabulary words with the correct definitions using the sample pay stub to help them.
   Key:

1) **Pay Period (d)**	a) *A program in the U.S. that requires workers to make regular payments to a government fund that is used to make payments to people who are disabled or retired.*
2) **Hourly Rate (e)**	b) *Money that is subtracted or taken out of your pay.*
3) **Gross Pay (f)**	c) *A government program that provides medical care especially for people who are over 65.*
4) **Deductions (b)**	d) *The length of time over which an employee's time is recorded and paid. Examples include: weekly, bi-weekly, semi-monthly, and monthly.*
5) **Net Pay (h)**	e) *The amount of pay you receive for each hour worked.*
6) **Federal Tax (g)** ("Federal Tax Withheld")	f) *The amount of money in your paycheck before any deductions have been taken out.*
7) **Medicare (c)**	g) *A percentage of an employee's wages that goes to the Federal Government.*
8) **Social Security (a)**	h) *The amount of money an employee receives after all of the deductions have been taken out.*

SAMPLE PAY STUB

C.   Activity: Fill in the Correct Response

Ask a volunteer to read the directions. Discuss responses. Ask students what else they see on the sample pay stub, e.g., "SSN", Employee Number, Hours (28).

> **Key:**
>
> 1.   Pablo works for the <u>Mills Brothers</u> Company.
>
> 2.   His net pay is his gross pay minus the <u>deductions</u>.
>
> 3.   Pablo's <u>hourly rate</u> is $15.25 per hour.
>
> 4.   The deduction for <u>federal tax</u> is $42.70.
>
> 5.   Pablo's <u>gross pay</u> for this week is $427.
>
> 6.   The <u>pay period</u> is one week starting on 01/10/08.
>
> 7.   Pablo paid $6.20 for <u>Medicare</u>.

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Activity from CASAS Study Packet
Blue Ridge Literacy Council

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D.   Reading, New Vocabulary and Discussion
   1.   Ask volunteers to read the facts about Social Security. Discuss each fact and highlight the new vocabulary (in bold).
   2.   Have students write sentences using three of the new vocabulary words.
   3.   Ask what they know about Franklin D. Roosevelt*.

E. *Optional: More about Franklin D. Roosevelt (Readworks.org)

The link below is to a short, easy article and a one-minute audio about Franklin D. Roosevelt. You could play the audio on a laptop or ask students to go to the lab to listen to the story. As an alternative, you can print the article and read it in class. Look for the print button located on the upper right side of the Readworks site:

Readworks is an excellent tutor resource. If this is the first time you have used Readworks, you can sign up for an account at no charge. Going forward, you can use the site to find other articles that may be of interest to your students.

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Link to Readworks article and audio about Franklin D. Roosevelt:

https://www.readworks.org/article/Franklin-D-Roosevelt/d9eb8c89-180e-4620-a637-b52520de75cf#!vocabularySection:plan/articleTab:content/
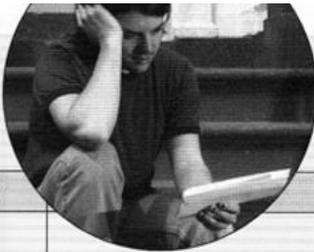
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Pay Stub Basics (Student Handout)

A. **What is a Pay Stub?** *A piece of paper or online record provided to an employee with each paycheck. It shows the amount of money that the employee earned and the amount that was taken out for taxes, insurance costs, etc. It is also called a Paycheck Stub.*

B. **New Vocabulary - Pairs Activity**

<u>Directions:</u> Work with a partner to match the word to the correct meaning. Locate the vocabulary words on the sample paystub below.

1) Pay Period	*a) A program in the U.S. that requires workers to make regular payments to a government fund that is used to make payments to people who are disabled or retired.*
2) Hourly Rate	*b) Money that is subtracted or taken out of your pay.*
3) Gross Pay	*c) A government program that provides medical care especially for people who are over 65.*
4) Deductions	*d) The length of time over which an employee's time is recorded and paid. Examples include: weekly, bi-weekly, semi-monthly, and monthly.*
5) Net Pay	*e) The amount of pay you receive for each hour worked.*
6) Federal Tax ("Federal Tax Withheld")	*f) The amount of money in your paycheck before any deductions have been taken out.*
7) Medicare	*g) A percentage of an employee's wages that goes to the Federal Government.*
8) Social Security	*h) The amount of money an employee receives after all of the deductions have been taken out.*

SAMPLE PAY STUB

C. Sentence Completion Activity

Directions: Complete the sentences by looking at the sample pay stub.

1. Pablo works for the _____ Company.

2. His net pay is his gross pay minus the _____.

3. Pablo's _____ is $15.25 per hour.

4. The deduction for _____ is $42.70.

5. Pablo's _____ for this week is $427.

6. The _____ is one week starting on 01/10/08.

7. Pablo paid $6.20 for _____.

D. Reading, New Vocabulary and Discussion

Read the following facts about Social Security. Then pick <u>three</u> vocabulary words from the list below. Write sentences using the vocabulary words.

What is Social Security?

Facts from Wikipedia and Investopedia

- In the United States, Social Security is the **commonly used** name for the federal **Old Age**, **Survivors**, and **Disability** Insurance (OASDI) program. It is managed by the Social Security Administration.
- The Social Security Act was signed into law by President Franklin D. Roosevelt in 1935.
- One in seven Americans receives a Social Security benefit and more than 90% of all American workers are in jobs covered by Social Security.
- The largest part of Social Security is the payment of **retirement benefits** that we know as Social Security. **Eligible** people can receive retirement benefits beginning at age 62.
- Social Security is funded through **payroll taxes**. The amount of the monthly Social Security retirement benefit that a worker receives will depend upon the taxes he or she has paid, and the age that the retiree chooses to begin receiving benefits.

<u>Vocabulary</u>

- ❖ **Commonly used:** often used
- ❖ **Old Age:** the state of being old
- ❖ **Survivors:** persons who continue to live after other family members have died
- ❖ **Disability:** a condition (such as an illness or an injury) that limits a person's physical or mental abilities
- ❖ **Retirement benefits:** money that you receive once you retire from a job or profession
- ❖ **Eligible:** able to receive something based on certain rules
- ❖ **Payroll taxes:** a tax that is based on the amount of money that the company spends paying all of its employees

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My Sentences:

1.

2.

3.