Project Prosper

Presents

Understanding Payroll

Paystubs, Payment Options, Income Taxes

Participant Guide

www.projectprosper.org

www.facebook.com/projectprosper
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Updated 8-2017
Step One:

I. Providing Personal Information When Applying for a Job

Submitting a job application is common in America. Sometimes the application is completed online while others are done in person either on paper or at a company provided computer. When completing an application, employers require a lot of personal information. This is a time when it is ok to provide sensitive information as long as you believe the company is reputable.

Information you may have to provide on an application

- Name
- Address
- Social Security Number
- Date of Birth
- Education History
- Work history
- Days and times of Availability
- Signature
- Personal and professional references

Depending on the occupation, a potential employer may ask you to authorize a background and/or credit check. These checks allow employers to investigate your

- employment history
- criminal records
- credit history
- motor vehicle and license record

For example, if you choose to work at a child day care center or a school, the employer would be very interested to learn about your criminal and educational history. You would more than likely be required to submit to a background check.
**Potential Job Scams**
Unfortunately criminals, known as scammers, often troll online job boards looking for victims. Here are some signs of potential employment fraud.

<table>
<thead>
<tr>
<th>Scam Alert</th>
<th>Reality</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The employer requires you to pay money in order to get a job.</td>
<td>• You never have to pay money in order to get a job. This is a sure sign of a scam.</td>
</tr>
<tr>
<td>• Job requires upfront credit card and bank account.</td>
<td>• Your bank account information would only be required when you have the job and are signing up for direct deposit.</td>
</tr>
<tr>
<td>• Advertised as &quot;Work from Home&quot; or &quot;Easy Money&quot;</td>
<td>• If it seems too good to be true, it probably is.</td>
</tr>
<tr>
<td>• You are contacted by an employer without request.</td>
<td>• Get the person's name, then research company reviews and complaints via online search engines and the Better Business Bureau.</td>
</tr>
<tr>
<td>• The email does not include the business contact information and/or the email address does not match the business name.</td>
<td>• If the company is well known, call the business and ask if the person who contacted you works there.</td>
</tr>
<tr>
<td>• The email provides a hyperlink that sends you to another website to complete an application.</td>
<td>• This could be ok. Only make sure the application is on a secure website showing https://: in the address bar.</td>
</tr>
</tbody>
</table>

**Employment Activity:**
1. An employer offers you a great paying job, but requires that you pay for training.

   Scam__________  Probably a scam__________  Definitely a scam__________

2. On an employment application, a potential employer requests bank account information to set up direct deposit or asks you to open a new bank account and provide the information to them.

   Scam__________  Probably a scam__________  Definitely a scam__________
Step Two: Understanding Employment Documents

I got the job, now what?

Congratulations! Now that you have the job, there are several steps that must be taken; on the job training, getting to know your co-workers, and setting up your method of payment.

Most larger companies have a Human Resources Department, also known as H.R. This is the department that handles payroll, insurance and retirement plan enrollment. If your employer does not have an H.R. department, there will be a manager or company director who handles these tasks.

The first two forms you will need to complete are forms titled I-9 and W-4. These are documents required of you by the federal government.

A. What is an I-9

According to USCIS.gov, an I-9 form is required to prove that you, the new employee, are authorized to work in the United States. Both employers and employees are supposed to complete this form together. At the time of completion, employees must show two forms of original documents that prove they are authorized to work in the United States.

1. Your employer cannot discriminate on the basis of citizenship status or national origin in connection with the employment eligibility verification and reverification processes or any part of the E-Verify process. Your employer must avoid discrimination in connection with these processes, by:

   - honoring documentation that on its face reasonably appears to be genuine, relates to the person, and satisfies the requirements above;
   - not requesting more or different documents than are required by law;
   - and permitting all employees to present any document or combination of documents acceptable by law.

In compliance with the Immigration Reform and Control Act of 1986, every employee must complete Section 1 on the first day of work and submit genuine documents to a member of the management team within three (3) days of hire that attest to being who the employee claims to be and being eligible to work in the United States. The I-9 form contains three sections. You must complete Section 1. If you cannot complete Section 1 by yourself, or need the form translated, someone may help you. A manager will complete Section 2 of the form. He/she will review the documentation that you provide, as discussed above, and will sign the form. Section 3 of the I-9 may be relevant if you have a temporary work authorization. Employers are required to reverify
or, in certain situations, if you are rehired after a break in employment. Former employees who are rehired also may be required to complete USCIS Form I-9.

2. Acceptable Forms of Identity and Work Authorization Proof:

<table>
<thead>
<tr>
<th>LIST A</th>
<th>LIST B</th>
<th>LIST C</th>
</tr>
</thead>
<tbody>
<tr>
<td>Documents that Establish Both Identity and Employment Authorization</td>
<td>Documents that Establish Identity AND Documents that Establish Employment Authorization</td>
<td></td>
</tr>
<tr>
<td>1. U.S. Passport or U.S. Passport Card</td>
<td>1. Driver's license or ID card issued by a State or outlying possession of the United States provided it contains a photograph or information such as name, date of birth, gender, height, eye color, and address</td>
<td></td>
</tr>
<tr>
<td>2. Permanent Resident Card or Alien Registration Receipt Card (Form I-551)</td>
<td>2. ID card issued by federal, state or local government agencies or entities, provided it contains a photograph or information such as name, date of birth, gender, height, eye color, and address</td>
<td></td>
</tr>
<tr>
<td>3. Foreign passport that contains a temporary I-551 stamp or temporary I-551 printed notation on a machine-readable immigrant visa</td>
<td>3. School ID card with a photograph</td>
<td>1. A Social Security Account Number card, unless the card includes one of the following restrictions:</td>
</tr>
<tr>
<td>4. Employment Authorization Document that contains a photograph (Form I-766)</td>
<td>4. Voter's registration card</td>
<td>(1) NOT VALID FOR EMPLOYMENT</td>
</tr>
<tr>
<td></td>
<td>5. U.S. Military card or draft record</td>
<td>(2) VALID FOR WORK ONLY WITH INS AUTHORIZATION</td>
</tr>
<tr>
<td></td>
<td>6. Military dependent's ID card</td>
<td>(3) VALID FOR WORK ONLY WITH DHS AUTHORIZATION</td>
</tr>
<tr>
<td>For a nonimmigrant alien authorized to work for a specific employer because of his or her status:</td>
<td>7. U.S. Coast Guard Merchant Mariner Card</td>
<td>2. Certification of Birth Abroad issued by the Department of State (Form FS-545)</td>
</tr>
<tr>
<td>a. Foreign passport  and  b. Form I-94 or Form I-94A that has the following:</td>
<td>8. Native American tribal document</td>
<td>3. Certification of Report of Birth issued by the Department of State (Form DS-150)</td>
</tr>
<tr>
<td>(1) The same name as the passport, and</td>
<td>9. Driver's license issued by a Canadian government authority</td>
<td>4. Original or certified copy of birth certificate issued by a State, county, municipal authority, or territory of the United States bearing an official seal</td>
</tr>
<tr>
<td>(2) An endorsement of the alien's nonimmigrant status as long as that period of endorsement has not yet expired and the proposed employment is not in conflict with any restrictions or limitations identified on the form.</td>
<td>For persons under age 18 who are unable to present a document listed above:</td>
<td>5. Native American tribal document</td>
</tr>
<tr>
<td></td>
<td>10. School record or report card</td>
<td>6. U.S. Citizen ID Card (Form I-197)</td>
</tr>
<tr>
<td></td>
<td>11. Clinic, doctor, or hospital record</td>
<td>7. Identification Card for Use of Resident Citizen in the United States (Form I-179)</td>
</tr>
</tbody>
</table>
Here is an example of an I-9 form completed by a noncitizen national of the U.S.

Employment Eligibility Verification
Department of Homeland Security
Citizenship and Immigration Services

EmpID: 01234567

Screen: (I-9) Form I-9
OMB No. 1015-0047
Expires 06/30/2019

START HERE: Read instructions carefully before completing this form. The instructions must be available, either in paper or electronically, during completion of this form. Employers are liable for errors in the completion of this form.

ANTI-DISCRIMINATION NOTICE: It is illegal to discriminate against work-authorized individuals. Employers CANNOT specify which document(s) an employee may present to establish employment authorization and identity. The refusal to hire or continue to employ an individual because the documentation presented has a future expiration date may also constitute illegal discrimination.

Section 1. Employee Information and Attestation (Employees must complete and sign Section 1 of Form I-9 no later than the first day of employment, but not before accepting a job offer.)

Last Name (Family Name) Stanford
First Name (Given Name) Employee
Middle Initial N/A
Other Last Names Used (If any) N/A

Address (Street Number and Name) 123 Stanford Ave.
 Apt. Number N/A
 City or Town stanford
 State CA
 ZIP Code 94305

Date of Birth (mm/dd/yyyy) 11/01/1985
U.S. Social Security Number 123-45-6789
Employee’s E-mail Address employee@stanford.edu
Employee’s Telephone Number (650)723-2300

I am aware that federal law provides for imprisonment and/or fines for false statements or use of false documents in connection with the completion of this form.

I attest, under penalty of perjury, that I am (check one of the following boxes):

☐ 1. A citizen of the United States 

☒ 2. A noncitizen national of the United States (See instructions) 

☐ 3. A lawful permanent resident (Alien Registration Number/USCIS Number) 

☐ 4. An alien authorized to work until (expiration date, if applicable, mm/dd/yyyy) 

Some aliens may write “N/A” in the expiration date field. (See instructions)

Aliens authorized to work must provide only one of the following document numbers to complete Form I-9:
An Alien Registration Number/USCIS Number OR Form I-94 Admission Number OR Foreign Passport Number.

☐ 1. Alien Registration Number/USCIS Number 

☐ 2. Form I-94 Admission Number 

☐ 3. Foreign Passport Number 

Country of Issuance 

Signature of Employee Employee Stanford

Today’s Date (mm/dd/yyyy) 03/27/2017

Preparer and/or Translator Certification (check one): 

☒ I did not use a preparer or translator. 
☐ A preparer(s) and/or translator(s) assisted the employee in completing Section 1.
(Fields below must be completed and signed when preparers and/or translators assist an employee in completing Section 1.)

I attest, under penalty of perjury, that I have assisted in the completion of Section 1 of this form and that to the best of my knowledge the information is true and correct.

Signature of Preparer or Translator

Today’s Date (mm/dd/yyyy)

Last Name (Family Name) 
First Name (Given Name) 

Address (Street Number and Name) 
City or Town 
State 
ZIP Code 

Click to Finish

Form I-9 11/14/2016 N
Updated 8-2017
Employment Eligibility Verification
Department of Homeland Security
U.S. Citizenship and Immigration Services

EmpID: 01234567

Section 2. Employer or Authorized Representative Review and Verification

(Employers or their authorized representative must complete and sign Section 2 within 3 business days of the employee's first day of employment. You must physically examine one document from List A or a combination of one document from List B and one document from List C as listed on the "List of Acceptable Documents").

<table>
<thead>
<tr>
<th>Employee Info from Section 1</th>
<th>List A Identity and Employment Authorization</th>
<th>List B Identity</th>
<th>List C Employment Authorization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Last Name (Family Name)</td>
<td>Passport</td>
<td>Document Title</td>
<td></td>
</tr>
<tr>
<td>Stanford</td>
<td>Issuing Authority</td>
<td></td>
<td></td>
</tr>
<tr>
<td>First Name (Given Name)</td>
<td>Micronesia</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee</td>
<td>Document Number</td>
<td></td>
<td></td>
</tr>
<tr>
<td>N/A</td>
<td>G123456</td>
<td></td>
<td></td>
</tr>
<tr>
<td>M/L</td>
<td>Expiration Date (if any) (mm/dd/yyyy)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>09/01/2026</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Citizenship/Immigration Status</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Document Title</th>
<th>Issuing Authority</th>
<th>Document Number</th>
<th>Expiration Date (if any) (mm/dd/yyyy)</th>
</tr>
</thead>
<tbody>
<tr>
<td>I-94</td>
<td>DHS</td>
<td>000000000000</td>
<td>D/S</td>
</tr>
</tbody>
</table>

Additional Information

Certification: I attest, under penalty of perjury, that (1) I have examined the document(s) presented by the above-named employee, (2) the above-listed document(s) appear to be genuine and to relate to the employee named, and (3) to the best of my knowledge the employee is authorized to work in the United States.

The employee's first day of employment (mm/dd/yyyy): 03/27/2017 (See instructions for exemptions)

Signature of Employer or Authorized Representative: Joe Stanford

Today's Date (mm/dd/yyyy): 03/27/2017

Title of Employer or Authorized Representative: HR Admin

Last Name of Employer or Authorized Representative: Stanford

First Name of Employer or Authorized Representative: Joe

Employer's Business or Organization Address (Street Name and Number): 123 Your Department Road

City or Town: Stanford

State: CA

ZIP Code: 94305

Section 3. Reverification and Rehires (To be completed and signed by employer or authorized representative.)

A. New Name (if applicable)

B. Date of Rehire (if applicable)

C. If the employee's previous grant of employment authorization has expired, provide the information for the document or receipt that establishes continuing employment authorization in the space provided below.

Document Title

Document Number

Expiration Date (if any) (mm/dd/yyyy)

I attest, under penalty of perjury, that to the best of my knowledge, this employee is authorized to work in the United States, and if the employee presented document(s), the document(s) I have examined appear to be genuine and to relate to the individual.

Signature of Employer or Authorized Representative

Today's Date (mm/dd/yyyy)

Name of Employer or Authorized Representative

Updated 8-2017
B. What is a W-4?

Most employers are required to withhold money from your pay that you will owe for personal income tax. A W-4 is the tax document that informs your employer how much money to withhold from your paycheck. This amount depends upon how many dependents you claim on the the W-4.

This form requires your:

- Name and address
- Social security number
- Marital status
- Number of dependents

C. Independent Contractor W-9 form

If you are an independent contractor, not an employee, then you will have to complete a W-9 form. This form captures your tax information, much like a W-4. However, as an independent contractor you are responsible for paying your own taxes when due. If a company pays you more than $600 a year, then they must report those payments to the Internal Revenue Service (I.R.S.). Most workers are actually employees. If you are told where to work, provided a schedule, and you do not supply your own equipment, you are probably being misclassified.
D. Additional Documents

You may have to complete additional required documents in order to enroll in employee benefits. This could include:

- Group Health Insurance Benefits
- Retirement Benefits
- Other Employee Benefits

Step Three: Understanding your Payment Options

Now that you have completed the official tax documents you will need to understand your payroll account. After all, you work hard for your money.

A. Salary vs. Hourly Wages

Employees are generally paid a salary or hourly wage. A wage is a fixed regular payment paid by an employer.

1. Salary - Salaries are based on an annual (yearly) amount. If you accept a job offer with a salary of $40,000 a year, then your employer divides this salary into pay periods.

2. Hourly - This pay is based on an hourly wage and you are only paid for the hours you worked. A job posting may read $10/hr or $10 per hour meaning for each hour you work, you will get paid $10.00.

A. Types of hourly employees

Part-Time Employee -

- If you work less than 35 hours a week at a job, then you are considered a Part-Time Employee.
- It is not common for a part time employee to receive employment benefits like health insurance, or retirement packages. However, under the Affordable Care Act, generally an employee is considered full-time if he or she is reasonably expected to work on average at least 30 hours per week, or 130 hours per month.
- You can have more than one part-time job.

Full-Time Employee -

- If you work more than 35 hours a week, then you are considered a Full-Time employee.
• Full time status can qualify you to enroll in employment benefit programs like group health insurance and retirement plans if the benefits are available.
• You can have more than one full time job.

3. Getting All of Your Entitled Pay

A. **Overtime Pay**: If you work more than 40 hours in a week, you are eligible for Overtime Pay. According to the Fair Labor Standards Act (FLSA) employers are required to pay most employees at least one and one-half times an employee's regular rate of pay after 40 hours of work in a workweek. Certain kinds of workers (such as professionals and managers) who receive a salary of at least $23,660 annually are considered exempt from these overtime pay requirements.

B. **Paid and Unpaid Breaks**: Generally, employers are not required to provide you with breaks. If you take a break between 5 and 20 minutes, you should be paid for that time. Employers can require you to take an unpaid lunch break, but they cannot let you work during that time. Employers also cannot automatically deduct unpaid breaks if you do not take them.

C. **Wage Theft**: Wage theft is the non-payment or underpayment of earned wages to employees by employers. Examples of wage theft include: paying employees less than minimum wage (Florida's minimum wage is $8.10/hr), not paying workers overtime, or taking workers' tips.

If you believe that you are a victim of Wage Theft you can make a complaint with the following agencies.

| Pinellas County Office of Human Rights | Phone number: 727-464-4880 | http://www.pinellascounty.org/forms/wage-theft.htm |
| Pinellas County Office of Human Rights | Phone Number: (727) 464-4880 | http://www.pinellascounty.org/Humanrights/wage_theft.htm |
| U.S. Department of Labor Wage and Hour Division | Phone Number: 1-866-487-9243 | https://www.dol.gov/whd/ |
**Overtime Activity**

1. You are a part-time employee at a clothing store working 32 hours a week. However, during the holiday season, you are asked to work 40 hours. Should you receive overtime pay? _______Yes     _______No

2. You are a full time employee and are paid an hourly wage of $15/hr. During the last pay period, you worked 10 hours of overtime. How much should you get paid for the overtime hours worked? $ ________/hr.

---

**4. Pay Period Examples**

Your paystub will show the start and end date the pay period.

<table>
<thead>
<tr>
<th>Typical Employer Pay Periods</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Daily</strong></td>
</tr>
<tr>
<td>- Payment is made at the end of a daily shift and is usually paid in cash.</td>
</tr>
<tr>
<td>- If employed through a staffing agency, you may receive payment in the form of a check.</td>
</tr>
<tr>
<td><strong>Weekly</strong></td>
</tr>
<tr>
<td>- Payment is made once per week and would consist of hours worked from Sunday to Saturday (or some variation).</td>
</tr>
<tr>
<td>- Weekly pay provides a total of 52 pay checks in a calendar year.</td>
</tr>
<tr>
<td><strong>Bi-Weekly</strong></td>
</tr>
<tr>
<td>- Payment is made every two weeks.</td>
</tr>
<tr>
<td>- Bi-Weekly pay provides a total of 26 pay checks in a calendar year.</td>
</tr>
<tr>
<td><strong>Semi Monthly</strong></td>
</tr>
<tr>
<td>- Payment is made twice a month typically on the 15th and last day of the month.</td>
</tr>
<tr>
<td>- Semi-Monthly pay provides a total of 24 pay checks in a calendar year.</td>
</tr>
<tr>
<td><strong>Monthly (uncommon)</strong></td>
</tr>
<tr>
<td>- Payment is made once a month, typically on the 1st of the month.</td>
</tr>
<tr>
<td>- Monthly pay provides a total of 12 pay checks in a calendar year.</td>
</tr>
</tbody>
</table>
5. How do I get paid?

Every employer offers different methods of payment. Usually this is a first day conversation with your human resources department. It is at this time that H.R. will inform you of your payroll options.

1. Paper Check

A paper check is the most common way employers use to pay employees. It is a simple paper check that can be cashed or deposited at a bank or credit union. If an employee is without a financial institution, they can also use the services of a check cashing store, and pay a fee to cash their check.

2. Payroll Debit Cards

Some employers offer to pay workers with a payroll debit card. These cards look and act just like regular debit cards and display a visa or mastercard logo on the front.

Payroll Cards can be subject to a number of fees, including fees for:

- Monthly Account Fee
- Withdrawals
- Purchases
- Deposits
- Paper statement reprints
- Closing the account
- Inactivity

Federal law mandates that employees must be provided certain consumer protections when employers pay with payroll cards, such as:

- **Payroll Options:** Your employer can’t require you to receive your wages on a payroll card. Your employer has to offer you at least one alternative to a payroll card. For example, your employer might offer you a choice between direct deposit to your own bank account or a prepaid card you choose, or a payroll card.

- **Disclosure of fees:** Payroll card holders are entitled to receive disclosures of any fees that they may incur for electronic transfers of funds to or from the card. These disclosures must be clear, in writing, and in a form that consumers may keep.

- **Access to account history:** The card issuer must either provide periodic statements or generally make card holders’ account balances and 60-day account histories available — by phone for the balance, and

Updated 8-2017
online, as well as in writing if requested, for the account history. The account history must include information on any fees imposed for fund transfers.

- **Limited liability for unauthorized use:** Payroll card holders’ liability for unauthorized use of their cards is limited, provided the unauthorized use is reported within a certain period of time.

- **Error resolution rights:** If a card holder reports a payroll card account error, the financial institution must respond so long as the report is received within a certain period of time.

### 3. Direct Deposit

This method of payment is when an employer or government agency makes a deposit directly into your checking account without the use of a check or deposit slip. Direct deposit is usually the most popular option for employees, but you have to have a checking account with a financial institution.

Your employer will provide you a direct deposit form on which you must provide the following:

- Checking account number
- Financial institution ABA or routing number
- A copy of a voided check
- Your bank or credit union’s address

This may take 2-4 weeks to start, but once it begins, you will no longer have to take your payroll check to the bank.

**IMPORTANT:** Not all employers offer direct deposit.

### Step Four: Understanding Pay Stubs

**A. What is a Pay Stub?**

A pay stub is a piece of paper that comes with a paycheck. It shows the amount of money the employee earned, hours worked, and the amount that was withheld for taxes, insurance costs, etc, during the current pay period and year to date earnings/deductions. This piece of paper is a very important payroll document that you should keep for future uses. Most businesses store these electronically in a system that you can access.

If you have signed up for direct deposit, you will still receive a pay stub. It will either be mailed to your home address, or handed to you by your manager or H.R. Department.

Sometimes, an employer will provide you online access to your pay stub where you can view and print this document. This online account will require a user name I.D. and password that will be set up by your H.R. department.

Updated 8-2017
Whether you are paid via pay check, direct deposit, or payroll debit cards, you SHOULD also receive a pay stub. If not, it is important to inform H.R. or management.

**B. Gross Income vs. Net Income**

- **Gross income** is the total amount you earn before taxes and insurance are deducted from your paycheck.
- **Net income** is the amount you take-home after taxes, insurance premiums and retirement costs have been deducted.

**C. Pay Stub Examples:**

<table>
<thead>
<tr>
<th>#</th>
<th>NAME</th>
<th>Address</th>
</tr>
</thead>
<tbody>
<tr>
<td>1941</td>
<td>Whitley</td>
<td>Antonio TX 78217</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>MARITAL STATUS</th>
<th>EXEMPTIONS</th>
<th>SSN</th>
<th>EMPLOYEE ID</th>
<th>PAY PERIOD</th>
<th>PAY DATE</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>INCOME</th>
<th>RATE</th>
<th>HOURS</th>
<th>CURRENT TOTAL</th>
<th>DEDUCTIONS</th>
<th>CURRENT TOTAL</th>
<th>YEAR-TO-DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>REGULAR</td>
<td>12.00</td>
<td>80</td>
<td>960.00</td>
<td>FICA MED TAX 14.44</td>
<td>375.49</td>
<td></td>
</tr>
<tr>
<td>OVERTIME</td>
<td>18</td>
<td>2</td>
<td>36.00</td>
<td>FICA SS TAX 61.75</td>
<td>1,605.55</td>
<td></td>
</tr>
<tr>
<td>HOLIDAY</td>
<td>0.00</td>
<td>0</td>
<td>0.00</td>
<td>FED TAX     119.50</td>
<td>3,078.15</td>
<td></td>
</tr>
<tr>
<td>VACATION</td>
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<td>0</td>
<td>0.00</td>
<td>STATE TAX   0.00</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
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<tr>
<td>FLOAT</td>
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</table>

<table>
<thead>
<tr>
<th>3. YTD GROSS</th>
<th>25,896.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>4. YTD NET PAY</td>
<td>20,808.06</td>
</tr>
</tbody>
</table>

Pay Stub Example

1. **Pay Period-** These are the dates that your job is paying you for (e.g. weekly, biweekly, semiweekly, etc...).
2. **Deductions-** These are monies subtracted from your paycheck for Federal taxes, Social Security and Medicare.
   - 2A. **Additional deductions-** If your job offers special benefits like health insurance and a 401k and you have enrolled in the programs, then you will see the deductions on your pay stub as well.
3. **YTD Gross Pay-** Year to Date pay before taxes, insurance, and retirement is subtracted from your check.
4. **YTD Net Pay-** Year to Date amount you actually received after taxes
5. **Net Pay-** This is the amount of money you will take home for this pay period.

Updated 8-2017
**Pay Stub Activity:** Review the paystub below for the answers.

1. What is John Smith’s Hourly Wage? $__________

2. How often is John paid? _____Bi-Weekly _____Weekly _____Semi Monthly

3. Did John work overtime this pay period? _____Yes _____No

   If yes, how many overtime hours did he work and what was his rate of pay?

   _______ Hours $_______ Rate of Pay

4. What was John's Take Home Pay? $__________

5. How much has been withheld YTD, for federal income taxes? $__________
If you have enrolled in direct deposit, your pay stub may look like this. There appears to be a check below the pay stub, however a closer look shows the words "Non Negotiable" and "This Is Not A Check". This means, you are not able to cash or deposit the check, because you were already paid via direct deposit.

**D. Keep Your Pay Stubs**

Often times lenders require you to submit the copies of your last two pay stubs when you apply for a loan. They do this to verify your income. Another reason is for tax purposes.

When you are finished with your pay stubs, usually after a year, make sure to destroy them by shredding before throwing away in the trash.

**E. Why Are There Deductions?**

Your employer must deduct some amounts from your paycheck according to federal law.

These amounts include:

- 1. Federal Income Tax Withholdings-
  - These amounts are given to the federal government to help fund government programs such as defense, health care, housing assistance, education, and veterans’ benefits.
2. Medicare Tax-
   - Federal government program that provides health care coverage (health insurance) if you are 65 or older, under 65 and receive Social Security Disability Insurance (SSDI) for a certain amount of time, or under 65 and have End-Stage Renal Disease (ESRD).

3. Social Security Tax-
   - This is the federal government’s economic safety net that provides income for retirees (66 or older), eligible disabled, and survivors of deceased workers.

4. State Income Tax-
   - (Not Applicable in the State of Florida)

Step Five: Understanding Personal Income Taxes

A. Income Taxes

At the beginning of each year (by April 15th), we must file a tax return for the previous year. The amount of taxes owed will depend on how much income you earned, your marital status and the number of your dependents for that year. The government offers several types credits that may be beneficial to taxpayers who are considered low to moderate income. Some of those credits are

- Earned Income Tax Credit
- The Child and Dependent Care Credit
- Lifetime Learning Credit
- American Opportunity Tax Credit (to help pay costs for higher education)

All workers will receive W-2 Tax forms, from each employer, that shows how much money you made in the previous year and how much of your pay was contributed to Federal Income taxes.
If the amount of money your employer withheld from your paycheck for taxes was more than what you owe, you can get a tax refund.

B. Self Employed Taxes
If you are self employed or a private contractor, then more than likely taxes were not taken out of your pay. You still have to pay taxes!

Usually during the tax season self employed people will receive 1099MISC Tax Forms that show how much money others paid for your services during the year. Remember, if you earned more than $600 within that year, the company you worked for will submit your earnings. If you were contracted by multiple companies, you would receive multiple 1099MISC forms.
C. Is Earned Interest taxable?

- Yes. The interest you earn in your bank accounts is considered income, so it is taxable and must be reported on your tax return.
- The bank will send you a 1099 INT form at the end of the year if the interest amount earned is $10 or more.

D. Tax Preparation Help

There are many ways to obtain help with preparing your annual taxes. A person can hire an accountant, visit a tax preparation service office or visit a VITA Program center for free tax preparation services.

1. V.I.T.A. Program (Volunteer Income Tax Assistance)

- Offers free tax help to people who generally make $54,000 or less, persons with disabilities and limited English speaking taxpayers who need assistance in preparing their own tax returns.
- VITA sites are generally located at community and neighborhood centers, libraries, schools, shopping malls and other convenient locations across the country. To locate the nearest VITA near you, use the VITA Locator Tool at https://irs.treasury.gov/freetaxprep/ or call 800-906-9887.
GLOSSARY

Annual
Occurring once every year.

Background Check
The process of looking up and compiling criminal records, commercial records, and financial records of an individual or an organization.

Benefits
Additional and various types of non-wage compensation provided to employees in addition to their normal wages or salaries.

Entitled
A legal title, right, or claim to something.

Fees
A payment made to a professional person or to a professional or public body in exchange for advice or services.

Income Taxes
Annual charge levied on both earned income (wages, salaries, commission) and unearned income (dividends, interest, rents).

Pay Check
A check for salary or wages made out to an employee.

Quarterly
Occurring four times a year.
References

An individual that serves as the point of contact for employers seeking to verify or ask questions about a potential employee's background, work experience, or work ethic.

Scam

a dishonest scheme; a fraud.

Unpaid Breaks

A break at work is a period of time during a shift in which an employee is allowed to take time off from his/her job without pay.

VITA Program

The Volunteer Income Tax Assistance program utilizes volunteers to help provide free tax preparation services to low income taxpayers.

Wages

a fixed regular payment, typically paid on a daily or weekly basis, made by an employer to an employee, especially to a manual or unskilled worker.

Year To Date

A period, starting from the beginning of the current year (either the calendar year or fiscal year) and continuing up to the present day.

For more information about our small No-interest loan program for immigrants and refugees you can reach us at:

www.projectprosper.org
727-538-4179
facebook.com/projectprosper
Join Our Facebook Group- Project Prosper: Money Talks

Updated 8-2017
Understanding Employment Operations
Post Course Survey

Please answer the following questions. When finished remove this paper and hand it to our instructor. Thank you for attending our class!

1. Which tax document informs your employer how much money to withhold from your paycheck?
   - [ ] A W-2 Form
   - [ ] An I-9 Form
   - [ ] A W-4 Form
   - [ ] I don’t know

2. When should you receive overtime pay?
   - [ ] When you work more than 35 hours in a week.
   - [ ] When you work more than 40 hours in a week.
   - [ ] Only when you work on holidays.
   - [ ] I don’t Know

School Name__________________________________________