

# Your First Paycheck: EXPLAINED



## Required Deductions

Are ones everyone has to pay. They are required when you work in the United States.

**Federal, state, and local taxes (if applicable):** Varies based on where you live and how many deductions you claimed on your W-4 form.

**Medicare:** A portion funds Medicare, which provides health insurance for Americans age 65 and older.

**Social Security Tax:** The remainder of your social security tax funds benefits for current recipients—seniors and the disabled. You pay into the system now, and you'll be eligible for benefits when you're older.

**SDI (state disability insurance):** Not all states collect it, but the ones that do use it to fund disability benefits for workers who can't work due to injury or other disability.

**SUI (state unemployment insurance):** Varies from state to state and is used to fund unemployment benefits.

**Other Deductions** Aren't required by law, but are thing you can opt into.

**Medical, dental, and vision insurance:**

Your employer may offer some or all of these benefits, and it's likely you'll have to pay a premium to receive them.

**Retirement benefit (aka a 401(k)):** An account you can set up through your employer that allows you to save money—tax-free—toward retirement.

**Life insurance:** If you purchase, life insurance will pay a portion or more of your salary in benefits upon your death.

**Disability insurance:** If you buy in, you'll be paid if you are unable to work due to illness or injury for a short or long terms; depends on your type of plan(s).

**Additional deductions:** healthcare flexible spending accounts, stock plans, and tax-free commuter benefits.

**Your Employer**  
1234 Main Street  
Somewhere, NY 12345-001

**EARNINGS STATEMENT**  
Aug 1, 2017 - August 15, 2017

**Your Employer**  
Employee ID: XXX234  
Taxable Marital Status: Single

**John Smith**  
1234 Park Avenue  
Smalltown, NY 12345-002

Exemptions/Allowances:  
Federal: 1  
State: 1

Earnings	rate	hours	this period	year to date	Other Benefits and Information
Regular	1400	80	1400	11,200	
Gross Pay			1400	11,200	Available Sick 38.16
<b>Deductions</b>					Available Vacation 24.32
	<b>Statutory</b>				
	Federal Income Tax		-98.00	784.00	
	State Income Tax		-70.00	560.00	
	Social Security Tax		-42.00	336.00	
	Medicare Tax		-56.00	448.00	
	<b>Other</b>				
	Health		-25.00	200.00	
	Dental		-15.00	120.00	
	Retirement*		-50.00	400.00	
	<b>New Pay</b>		<b>1044.00</b>		*Excluded from federal taxable wages

Your Employer  
1234 Main Street  
Somewhere, NY 12345-001

DATE 8/15/17 0001

PAY TO THE ORDER OF **JOHN SMITH** \$ 1044.00

one thousand forty four 00/100 DOLLARS Security Features. Indent. Details on back.

**BANK** Savings Bank  
Any Street, Anytown  
Tel: (001) 555-5555

RE Aug 01-Aug 15

*Your Boss*

\*001\* = 00002 = 003 = 4567 \* 890 =

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