

# Breaking Down Your Paycheck

Content Area: **Gifted and Talented**  
Course(s): **Generic District Course, Gifted and Talented**  
Time Period: **Week 8**  
Length: **6 Weeks**  
Status: **Published**

## Unit Overview

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During this unit, students build upon the research they conducted in the previous unit by using the career path that was assigned to them. Based on the salary information they acquired, students examine how that salary is divided into weekly, biweekly, or monthly pay periods. Students are faced with the reality of their take-home pay versus their salary when they examine the deductions from paychecks to account for taxes, disability, insurance, Social Security, and others. Finally, students complete a mock tax form and W-4.

## Standards

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WORK.5-8.9.2.8.9.2.8.A.64	Examine how labor market trends and the cost of living can affect real income, spending decisions, and lifestyle.
WORK.5-8.9.2.8.A.2	Differentiate among ways that workers can improve earning power through the acquisition of new knowledge and skills.
WORK.5-8.9.2.8.A.3	Relate earning power to quality of life across cultures.
WORK.5-8.9.2.8.A.4	Relate how the demand for certain skills determines an individual's earning power.
WORK.5-8.9.2.8.A.5	Explain the difference between "earned income" and "unearned income" (e.g., gifts) and why earned income is important.
WORK.5-8.9.2.8.A.7	Explain the purpose of the payroll deduction process, taxable income, and employee benefits.
WORK.5-8.9.2.8.A.8	Differentiate among the types of taxes and employee benefits.
WORK.5-8.9.2.8.A.9	Differentiate between taxable and nontaxable income.
WORK.5-8.9.2.8.B.4	Analyze the effect of the economy on personal income, individual and family security, and consumer decisions.
WORK.5-8.9.2.8.G.3	Explain the purpose and importance of health, disability, life, and consumer insurance protection.
WORK.5-8.9.2.8.G.4	Determine criteria for deciding the amount of insurance protection needed.
WORK.5-8.9.2.8.G.5	Analyze the need for and value of different types of insurance and the impact of deductibles.

## Essential Questions

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- Why is the amount of money a person takes home different than his/her salary?
- Why do people need insurance?
- How does the government compute how much taxes to deduct for each person?

## **Application of Knowledge and Skills...**

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### **Students will know that...**

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- A person's lifestyle and personal factors such as marital status impact the amount of money in each deduction.
- Both the government and private companies take deductions from paychecks for a variety of reasons.
- Salary and take-home pay are different amounts and depend on a wide variety of factors.
- Some payroll deductions are taxable while others are not.

### **Students will be skilled at...**

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- Assess how payroll deductions contribute to a person's quality of life.
- Calculate the deduction amount of different items such as health insurance, taxes, and unemployment.
- Infer mathematical trends about paycheck deductions by examining multiple examples of paychecks.

## **Assessments**

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- My paycheck Summative: Other visual assessments Students create personal pay stubs based on the anticipated salary for their particular jobs and reflecting all of the deductions researched and discussed in this unit. Students provide a rationale for how they determined the amount deducted for each item.
- Insurance presentations Formative: Oral Report In small groups, students research the different types of insurance that could possibly be deducted from their paychecks. The research will also include various insurance companies that may provide the services and their different rates and deductions.
- What is taken out of a paycheck? Diagnostic: Self Assessment Brainstorm to create a list of items deducted from a paycheck. Examine sample paychecks and add/edit the list.
- What is your money paying for? Formative: Other written assessments Assign each student or pair of students a different payroll deduction to research. They will determine the purpose of the deduction, the amount (percentage) of the deduction, whether the deduction is mandatory or voluntary, and the benefits that come from the deduction.

## **Activities**

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- Using examples of pay stubs, students accumulate a list of various payroll deductions
- Students research various paycheck deductions to determine whether they are a percentage of the salary, a flat rate, or determined by the job they perform.
- Students use the W-4 calculator to determine how many deductions they would have and how they would affect their take-home pay.
- Students calculate the earning difference between their projected salaries and their take-home pay.
- Small groups of students research each of the types of insurance that could be deducted from one's paycheck and present to their peers the purpose of the insurance, the anticipated costs, the benefits of the insurance, and their reasoning as to why it is or is not a valuable deduction.
- Complete a mock income tax form
- Create a pay stub for one's assigned job reflecting the anticipated salary and all of the pertinent deductions that have been calculated based on their individual needs and positions.

### **Activities to Differentiate Instruction**

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- Students show their work when making mathematical calculations and, if necessary, use a calculator to assist in the process.
- Provide multiple examples of information to help students draw connections and understand trends in data.
- Allow students to present information in a format that is appropriate for their learning style.





### **Integrated/Cross-Disciplinary Instruction**





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Coordinate with the mathematics teachers for assistance in the paycheck deductions calculations.

### **Resources**

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- Sample W-2:  <http://www.irs.gov/pub/irs-pdf/fw2.pdf>
- Sample Income Tax Form:  <http://www.irs.gov/pub/irs-pdf/f1040.pdf>
- Sample W-4:  <http://www.irs.gov/pub/irs-pdf/fw4.pdf>
- IRS Withholding Calculator:  <http://www.irs.gov/Individuals/IRS-Withholding-Calculator>

-  [Sample W-2](#)
-  [Sample Income Tax Form](#)
-  [Sample W-4](#)
-  [IRS withholding calculator](#)

