



Statement of Earnings

Vocab:

Net Pay - the take home pay

Remember:

Gross Pay: the pre tax pay

FIT: Fed tax; A2-AS, % method

SIT: State tax; Flat tax; grad state tax

SS: Social Sec; 6.2% of up to \$97,500

Med: Medicare; 1.45%

Insurance: group ins.

**LESSON
2.6**

Complete the problems. Check your answers in the back of the book.

- Ron King is a single airline ticket agent who claims 1 allowance. His gross weekly salary is \$320.00. Each week he has deducted federal, Social Security, and Medicare taxes; \$26.20 for medical insurance; 1.5% state tax; and \$25.00 for the credit union.

Find the total deductions and net pay.

A2-AS

Deductions		Amount
Federal Tax	(from table on page 142)	a. \$24
Social Security	6.20% of 320 = $0.062(320)$	b. \$19.84
Medicare	1.45% of \$320 = $0.0145(320)$	c. \$4.64
State Tax	1.50% of \$320 = $0.015(320)$	d. \$4.80
Medical Insurance		e. \$26.20
Credit Union		f. \$25.00
Total		g. \$104.48

Net pay: $320 - 104.48$
\$215.52

LESSON 2.6

Find the deductions and the net pay. Social Security is 6.2% of the first \$97,500. Medicare is 1.45% of all income. Use the tax tables on pages A2-A5 for federal tax. For Problems 4-8, the state tax is 2% of gross pay, and the local tax is 1.5% of gross pay.

...4. Terence Hall is single and claims 1 allowance.

Dept	Employee	Check Number	Gross Pay	Net Pay			
23	Terence Hall	463	\$598.00	f.			
FIT	SS	Medicare	State	Local	Medical	Union Dues	Others
a.	b.	c.	d.	e.	\$15.50	\$14.00	\$6.00

Handwritten calculations and arrows pointing to the table cells:

- FIT (a):** A2 \$65
- SS (b):** $0.062(598) = \$37.08$
- Medicare (c):** $0.0145(598) = \$8.67$
- State (d):** $0.02(598) = \$11.96$
- Local (e):** $0.015(598) = \$8.97$

Total Deductions:

total \$167.18

598 - 167.18 = \$430.82

LESSON 2.6

Senior Consumer Net Pay Worksheet

The following is a list of employees at a local business. Input the information for each individual below. Use the tax tables on pages 42-45 to find the federal income tax. Assume that state tax is 2% and local tax is 1.5%

1. Name: Blanco, Alberto Hours: 35 Hourly rate: \$15.85 Married, claims 2
 Medical: \$25.00 Union dues: \$14.23 Other: \$15.00

$35(15.85) = 554.75$ $554.75 - 142.08$

1.)

EMPLOYEE NAME		HOURS WORKED	RATE	GROSS PAY	NET PAY		
Alberto Blanco		35	\$15.85	\$554.75	\$412.67		
TAX DEDUCTIONS				PERSONAL DEDUCTIONS			
FIT	S.S.	MED	STATE	LOCAL	MEDICAL	UNION DUES	OTHER
\$ 26	\$	\$	\$	\$	\$ 25	\$ 14.23	\$ 15

Handwritten calculations and arrows pointing to the table:

- Green arrow from FIT: $0.062(554.75) = \$34.39$
- Blue arrow from S.S.: $0.0145(554.75) = \$8.04$
- Red arrow from STATE: $0.02(554.75) = \$11.10$
- Green arrow from LOCAL: $0.015(554.75) = \$8.32$
- Handwritten total: $total: \$142.08$