

## Understand Taxes

When you're hired, you and your employer will determine how much money should be withheld from your paycheck for taxes. If you withhold more than you need, you'll get a refund check at the end of the year. If you don't withhold enough, you will have to pay additional taxes.

As a general rule, about 25% of your paycheck will be withheld to pay taxes. *Be wary of any business that wants to pay you cash and not withhold taxes.*

The amounts withheld for federal, state, and local taxes depend on how much you earn. State and local tax amounts also depend on where you live. Here are the basic withholding categories and the amounts generally withheld:

- ▶ **Federal Income Tax – 10% to 39% of your pay**
- ▶ **State Income Tax – usually 3% to 7% of your pay**
- ▶ **Local Income Tax – generally less than state tax**
- ▶ **Social Security Tax (FICA) – around 6% of your pay**  
*Social Security is a mandatory retirement plan run by the federal government. When you are 65, you can apply to receive income from Social Security.*
- ▶ **Medicare Tax – approximately 1.5% of your pay**  
*Medicare is a government health insurance program, primarily for individuals 65 and older.*

At the end of each year, your employer will give you a W-2. This form will list your earnings for the year and the amounts that were withheld. You will need a W-2 in order to prepare your taxes.

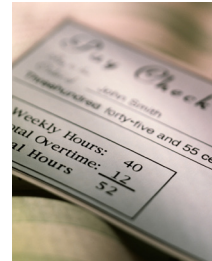


## Sample Pay Stub

Sophia works 40 hours a week and she makes \$10 an hour. She has worked at **Johnson's Grocery** for 8 weeks. Sophia's weekly gross pay is \$400 (\$10 per hour x 40 hours). After deductions, her net or "take-home" pay is \$296.05.

| Johnson's Grocery  |                  |            |
|--------------------|------------------|------------|
| EMPLOYEE           | Sophia Adams     |            |
| SOC-SEC-#          | 123-45-6789      |            |
| CHECK NO.          | 06501            |            |
| PAY PERIOD         | 6/4/22 - 6/10/22 |            |
| PAY DATE           | 6/15/22          |            |
| NET PAY            | \$296.05         |            |
| EARNINGS           |                  |            |
| Desc               | Hrs              | Amount     |
| Regular            | 40               | \$400.00   |
| GROSS YTD          |                  | \$3,200.00 |
| NET YTD            |                  | \$2,368.40 |
| TAXES & DEDUCTIONS |                  |            |
| Desc               | Current          | YTD        |
| Federal Tax        | \$48.25          | \$386.00   |
| State Tax          | \$16.15          | \$129.20   |
| Local Tax          | \$8.75           | \$70.00    |
| Social Sec         | \$24.80          | \$198.40   |
| Medicare           | \$6.00           | \$48.00    |
| Total              | \$103.95         | \$831.60   |

# Knowing About Your Job



## Job Skills and Strategies

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# Knowing About Your Job

When you start a new job, there is usually a great deal to learn. To get a new job off to a good start, learn as much as you can about the following:

- ▶ the work you will be doing
- ▶ the rules and procedures you will be expected to follow
- ▶ your pay and the benefits you will receive

Employee manuals cover important information that all employees need to know. If your employer has an employee manual, read it carefully. If there's something you don't understand, ask for an explanation.



## Information to Know

Before you start a new job, be sure you know the answers to the following questions.

### The Work

- ▶ What are my duties and responsibilities? Will I receive training? Will I be paid during my training?
- ▶ What is my work schedule? Will this schedule change?
- ▶ How will my job performance be evaluated?

### Procedures

- ▶ What is the dress code? Do I need to buy a uniform?
- ▶ Are there any safety regulations that I must follow?
- ▶ What should I do if I'm going to be late, or if I am sick and can't make it in to work?
- ▶ Do employees get regular breaks? If so, how long?
- ▶ Who should I go to if I have a question or problem?

### Benefits

- ▶ How much will I earn? When and how will I be paid? Do I need a checking account for direct deposit?
- ▶ Will I receive health insurance? If so, where can I find details on this?
- ▶ Do I get paid sick days? Paid holidays? Overtime pay?
- ▶ Are there opportunities for advancement? If so, how can I take advantage of these opportunities?



## Additional Benefits



If you plan to work for an organization for a year or more, find out if your employer offers any of these additional benefits.

### Paid Vacation

Many companies give their employees two weeks paid vacation after a year.

### Insurance

Medical, dental, vision, life, and disability insurance are valuable benefits.

### Bonus

Some organizations offer bonuses to employees who exceed an established goal or quota.

### 401k Retirement Plan

A 401k plan allows employees to invest part of their wages in a retirement account. There are tax benefits and employers often contribute additional funds.

### Promotion

Employees who work hard and do a good job often get promoted. A promotion generally comes with additional responsibilities and a pay increase.

### Additional Benefits

Some employers offer additional benefits such as discounts on company products or a company car.