

Class Level: 3	Topic: Daily Living	Estimated Class Length: 3hrs.	Date:
<b>Lesson Objectives:</b> <ul style="list-style-type: none"> <li>• Understand personal pay stubs</li> <li>• Identify parts of a pay stub</li> <li>• Discuss and explain parts of the pay stub</li> </ul>			
Language Skill Proficiency: <ul style="list-style-type: none"> <li>▪ Speaking</li> <li>▪ Listening</li> <li>▪ Reading</li> <li>▪ Writing</li> </ul>		 <b>Materials and Equipment:</b> <ul style="list-style-type: none"> <li>▪ Computers, tablets, or Ipads with internet</li> <li>▪ LCD Projector</li> <li>▪ Instructor will need to explore the online lesson provided on the website and adjust to your class  <a href="http://eslblogs.waketech.edu/job?s=pay+stub">http://eslblogs.waketech.edu/job?s=pay+stub</a>  If link does not work, go to <b>eslblogs.waketech.edu</b>, <b>job skills</b> link and search <b>pay stubs</b></li> </ul>	
<h2>Activity Plan</h2> <p><b>Warm Up:</b> Have Ss share in groups or with the class different places they have worked and what their responsibilities were. Did they like the work, the co-workers, the pay, etc.? Review any unknown vocabulary that arises.</p> <p><b>Introduction:</b> Ask Ss if they understand their pay checks. Ask if they understand the portion that explains the different parts of the check. Share the name for this; <b>pay slip, pay stub, pay advice</b>. Tell Ss that today's class will explain the parts and vocabulary of the pay stub.</p> <p><b>Presentation:</b> <i>(this is a technology lesson but there is an attachment for a paper lesson below)</i>  Have Ss go to; <a href="http://www.eslblogs.waketech.edu">www.eslblogs.waketech</a> and search for <b>pay stub</b> or go to <a href="http://eslblogs.waketech.edu/job?s=pay+stub">http://eslblogs.waketech.edu/job?s=pay+stub</a>  Help Ss go through the lesson on this page. You may decide what is best for your class; what to do independently and what to work on as a class. There is reading with comprehension questions, as well as a vocabulary list with explanations. There is also more comprehension practice at the end.</p> <p><b>Practice:</b> After Ss work on the lesson, review the question and answers together. Ask for any additional questions from the class. Have Ss help you write a list of where their taxes that get taken out of their paychecks go.</p> <p><b>Evaluation:</b> Have Ss review the parts of the pay stub with a partner. Then as a whole class review the: wage, net income, gross income, year to date income, etc.  Pay is a private matter so encourage Ss to look at their personal pay stubs after taking notes and practicing this lesson.</p>			

**Employee Pay Stub Lesson** (from [www.eslblogs.waketech.edu](http://www.eslblogs.waketech.edu) )

**Employer Name:** Raleigh ESL Hotel  
**Employer Address:** 2958 Gorman St./Raleigh, NC 27607  
**Employer Phone Number:** (919) 555-1234

**Employee Name:** Ibrahim Mohammed Ali  
**Employee Address:** 2947 Wade Ave./Raleigh, NC 27606  
**Employee Phone Number:** (919) 555-5678

**Employee No.:** 3957293  
**Employee Social Security Number:** XXX-XX-1234  
**Pay Period:** 9/4/2014-9/18/2014  
**Pay Date:** 10/3/14

Current Earnings				Taxes Withheld		
Type	Hours	Wage	Total	Type	Current	Year to Date
Regular	80	\$10.00	\$800.00	FICA-Medicare	\$18.30	\$63.50
Overtime	20	\$15.00	\$300.00	FICA-Social Security	\$77.59	\$486.27
				Federal Tax	\$176.24	\$1,090.62
				State Tax	\$52.19	\$292.43

**Total Gross Income:** \$1,100.00  
**Y.T.D. Gross Income:** \$7,850.00

Total Taxes Withheld for this Pay Period: \$324.32  
Y.T.D. Taxes Withheld: \$1932.82

Total Net Income: \$775.68  
Y.T.D. Total Net Income: \$5917.18

1. How many hours did Ibrahim work?
2. How much money did Ibrahim receive before taxes?
3. How much money did Ibrahim receive after taxes? How much money will he take home?
4. How many weeks did Ibrahim work to earn this money?
5. Why does Ibrahim earn more money for some of the hours he works? Does he do two different jobs?
6. What are the four different types of tax that Ibrahim has to pay? Why do you think he needs to pay four different types of tax?
7. Is this paycheck correct? Check the math to make sure that Ibrahim received the correct amount of money for his work.
8. What is the minimum amount that Raleigh ESL Hotel can legally pay Ibrahim for his work in the state of North Carolina? Does Ibrahim earn more than or less than this amount? If you do not know the minimum wage in North Carolina, read the information below.

This pay stub has a lot of difficult vocabulary. These are words that we need to understand finance in the United States. Let's look at some of these difficult vocabulary words and phrases:

- **Current Earnings** – A person's current earnings are the amount of money a person is receiving from a paycheck.
  - When you receive a paycheck, it is usually giving you money that you earned one week ago, two weeks ago, or even a month ago. This gives your manager time to complete paperwork and send your taxes in for you.
    - This is very difficult for new employees, who often have to wait an extra week, two weeks, or even a month to receive the money that they already earned.
    - However, when you leave your job, you will probably receive one more paycheck after you leave to cover your last week of work. If you quit your job, remember to ask your manager when you will receive your last paycheck. Some jobs require you to collect a pay check in person, while other jobs mail your paycheck or deposit it directly into your bank account.
- **Wage** – A wage is the amount of money that you receive for one hour of work.
  - The minimum wage in North Carolina is \$7.25 per hour before taxes. This means that it is illegal for an employer to pay less than \$7.25 per hour before taxes.
    - There is one common exception to this law: If a person is working in a job where he or she is earning tips that are expected to result in more than \$7.25 per hour total, the employer is not required to pay this amount in addition to tips.
      - For this reason, servers in restaurants may earn as little as \$2.13 per hour. However, most people give a 15% to 20% tip to the server, when they pay for a meal. For example, if a person orders a \$20 meal, he or she would normally give a \$3 or \$4 tip to the server in addition to the \$20 that he or she pays for the meal. This causes many servers to earn significantly more than \$7.25 per hour for their work. They receive most of their money in cash.
  - Employees who work more than 40 hours in one week are required to receive **overtime pay**.
  - **Overtime** – An employee who works more than 40 hours receives **overtime pay**. This is an increased wage for all hours worked after 40 hours.
  - **Overtime pay** is usually 1.5 (or one and one half) times the regular pay rate of an employee.
    - If an employee earns \$7.25 per hour, overtime pay would be \$10.88 per hour.
    - If an employee earns \$8.00 per hour, overtime pay would be \$12.00 per hour.
    - If an employee earns \$10.00 per hour, the overtime pay would be \$15.00 per hour.
    - If an employee earns \$20.00 per hour, how much would the overtime pay be?
- **Gross Income** – Gross income is the amount of money a person receives before taxes. Most people never see this money in person because most companies pay your taxes to the government before they give you your paycheck.
  - Sometimes companies send in too much money for taxes. This is why some people receive part or all of their money back from the government when they file taxes in April.
- **Year-to-Date** – Year-to-Date is a term used to describe the amount of money that is earned or spent on taxes beginning this January and ending with this paycheck. On some pay stubs, the words "Year-to-Date" are written as "Y.T.D."
- **Taxes Withheld** – The taxes withheld are the amount of money the company takes from your paycheck to give to the government.
- **FICA-Medicare** – Medicare taxes are money that we pay to the government, so that we can have Medicare when we are older. Medicare is a form of government health insurance offered to people over the age of 62, who have paid taxes throughout their lives.
- **FICA-Social Security** – Social Security taxes are money that we give to the government, so that when we retire (at age 62 or older) or if we become disabled, the government will give us money each month to live. How much

money the government gives a retired or disabled person each month depends on how much money this person paid in taxes throughout his or her life and how old the person is when he or she accepts the money.

- **Federal Tax** – The Federal Tax is money that we give to the United States government each time we receive a paycheck.
- **State Tax** – The State Tax is money that we give to the state of North Carolina each time that we receive a paycheck.
- **Net Income** – Your net income is the amount of money that you receive after your company pays taxes for you. If you are self-employed, this is the amount of money you receive after you pay taxes. Even if your company pays taxes for you, you still need to file taxes every April to make sure that your company paid the correct amount! Not paying taxes can cause problems later if you apply for a visa, government assistance, or for US citizenship.

### **Reading Comprehension Questions:**

1. What is the difference between gross income and net income?
2. Why do we pay Social Security and Medicare taxes?
3. When is it okay for an employer to pay less than \$7.25 per hour in North Carolina? Why?
4. What does Y.T.D. mean?
5. When does a person earn overtime pay?
6. If a person who earns \$12 per hour earns 2 hours of overtime, how much **overtime pay** will this person receive?