

# MoneyWise Week 4 :

## Module 6 - Understanding Your Paycheck Taxes:

### Overview:

### Introduction:

You just got paid...where did all your money go? This week, we'll look at taxes and benefits that impact your paycheck.

### Objectives:

- Understand the different types of payroll deductions, including Federal and State Income Tax, FICA, and benefit deductions. FICA refers to the combined taxes withheld for Social Security and Medicare (FICA stands for the Federal Insurance Contributions Act).
- Calculate the impact these deductions have on your paycheck.

### Content:

#### VIEW:

#### Lecture 5: Understanding your Paycheck Taxes (10:33 minutes):

Again, this lecture was moved from its original Module 5 to Module 6.

A 0.9% additional Medicare tax may also apply if earnings exceed \$200,000 if you're a single filer or \$250,000 if you're filing jointly.

For 2024, FICA is deducted from your check until you earn \$168,600.

#### Notes:

- Federal and State income tax, Social Security and Medicare tax. On top of that there is likely payroll deductions for your share of employer benefits
- Federal income Tax is based on income, generated when W4 is filled. Income taxes used to pay for government programs
- State income tax is tax on your income, varies from state to state and used for state programs
- Social Security(FICA) supplements American workers in retirement. 3 workers support 1 retiree. Social security is deducted from your check until you earn \$118,000
- Payroll Deductions:  
Social security 12.4%. Split between employer and employee. Medicare 2.9%. Split between employer and employee. Total FICA deductions equal 7.65% plus employers contribution  
Example: 100,000\$. Employer pays 6,200 in SS and 1,450 in Medicare. Total is 7650 in FICA tax. It means the company needs 107,650 to pay person 100,000.  
All the taxes you are paying will go to support retirees.
- Medicare is essentially health care insurance for retired people.

COMPLETE & SUBMIT:

Breakdown of a Paycheck Form

Submit by 11:59 pm on Saturday, November 16

## Module 7 - Developing a Budget

### Overview:

#### Introduction:

Budgeting...the word spreads fear into the hearts of many a wage earner. However, learning to budget and account for every dollar will help you identify problems and find money for savings and debt repayment.

#### Objectives:

- Learn how to develop a personal budget by knowing the components needed.
- Understand that  $\text{Income} - \text{Expenses} = \text{Reality}$ .
- Decide what personal expenses are discretionary and which are essential.

### Content:

#### VIEW:

Lecture 6: Developing a Budget (11:26 minutes)

As in earlier lectures, the week the lecture is presented has changed. Lecture 6 appears in Module 7.

Notes:

- Think of your budget as a blueprint for financial success
- To have a budget, know take home pay, keep track of where money is spent now, do this for 1-3 months. Keep track of every cash item you spend
- Get bank statements to keep track of much spent per month. Make lists of debt. All essential expenses, and things you like each month.
- If u have left over money, you should save or invest
- If not, cut unnecessary expenses

COMPLETE & SUBMIT:

Personal Budget Assignment

Submit by 11:59 pm on Saturday, November 16

