


Applications

They take the money out of your paycheck before you can go out and spend it.

Robert Hopkins, Financial Advisor

- How can the quote be interpreted in light of what you have learned?
- Joe makes an hourly wage of \$8.10. For hours worked over 40, he is paid at a rate of \$12.15 per hour. Last week, Joe worked 45 hours.
 - What is Joe's gross pay for this pay period?
 - What is Joe's Social Security deduction?
 - What is Joe's Medicare tax deduction?
 - Joe's other deductions are: federal tax \$61.12, state tax \$21.03, city tax \$6.01, retirement insurance \$4.12, disability insurance \$1.31, medical insurance \$13.05, and dental insurance \$5.46. What are Joe's total deductions for this pay period?
 - What is Joe's net pay for this pay period?
 - If Joe pays the same amount for medical insurance each weekly pay period, what is his annual premium?
 - Does Joe receive time-and-a-half, double-time, or triple-time for each hour of overtime?
- Leslie works for Blanck Corporation. His annual salary is \$57,285.50.
 - What is Leslie's annual Social Security deduction?
 - What is Leslie's annual Medicare deduction?
 - Leslie is paid every other week. What is his biweekly gross pay?
 - Each pay period, Leslie's employer deducts \$418.63 for federal withholding tax. What percentage of Leslie's yearly salary is deducted for federal withholdings?
 - If Leslie is taxed at an annual rate of 3.65% for city tax, how much is deducted from his salary per paycheck for city tax?
 - Leslie's net pay for each pay period is \$1,347.34. What percent of his biweekly gross pay is deducted from his salary to yield this net pay amount?
 - As of January 1, Leslie will receive a 12.5% raise. What will Leslie's new annual salary be?
 - If the percentage of his biweekly deductions remains the same, what should Leslie's new net pay be for each pay period?
- Use the partial information given in this electronic W-2 form to calculate the amount in Box 1.

45-0008		Safe, accurate, FAST! Use 		Visit the IRS website at www.irs.gov/efile.	
1	Wages, tips, other compensation	2	Federal income tax withheld		
3	Social security wages	4	Social security tax withheld		
5	Medicare wages and tips \$73,094.00	6	Medicare tax withheld		
7	Social security tips	8	Allocated tips		
9	Advance EIC payment	10	Dependent care benefits		
11	Nonqualified plans	12a	See instructions for box 12 E	\$1,900.00	
13	<input type="checkbox"/> Statutory employee <input type="checkbox"/> Retirement plan <input type="checkbox"/> Third-party sick pay	12b			
14	Other caf125 \$4,500.00	12c			
		12d			
me tax	18 Local wages, tips, etc.	19 Local income tax	20 Locality name		