

PUTTING YOUR PAYCHECK TO WORK

FEDERAL RESERVE BANK of KANSAS CITY

FACT SHEET 4: GETTING YOUR PAYCHECK: DIRECT DEPOSIT, CHECK OR PAYROLL CARD

[HTTP://PAYCHECK.KCFED.ORG](http://PAYCHECK.KCFED.ORG)

OBJECTIVES FOR FACT SHEET 4

- Describe the different ways to receive payment of income: paycheck, payroll card and direct deposit.
 - Explain the advantages and disadvantages of each payment of income method.
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OVERVIEW OF FACT SHEET 4 ACTIVITIES

- Read Fact Sheet 4 and discuss payment of income methods.
 - Do Paycheck Adventure simulation to experience the use of different payment methods.
 - Review the simulation to share advantages and disadvantages of each method.
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TIME REQUIRED: 60 minutes

MATERIALS TO ACCOMPANY FACT SHEET 4

- Copy of Visual 1 to display examples of payment methods
 - Copies of Visuals 2A, 2B and 2C to distribute to appropriate groups
 - Copies of Visual 3A and 3B signs to post at the following “Pay Adventure” stations around the room: Check-Cashing; Payroll Card; ATM; McDougs Restaurant; Games Galore Video Game Store; Horizon Cell Phone; Money Mystery
 - Copies of Visuals 4A, 4B and 4C. Cut these direction cards and leave these cards at stations for groups
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SUGGESTED ACTIVITIES FOR FACT SHEET 4

1. Distribute Fact Sheet 4 - Getting Your Paycheck: Direct Deposit, Check or Payroll Card, and ask students to read the information and underline or highlight important facts about each type of payment. Discuss key facts for each payroll method after reading is completed.
2. After the fact sheet discussion, divide students into three groups, and designate them as the Paycheck, Payroll Card and Direct Deposit groups.
3. Tell students that they will be participating in a “Pay Adventure” simulation, with each group’s member getting their pay of \$200 by either paycheck, payroll card or direct deposit. Display Visual 1: Ways to Pay to show examples of the different payment methods.
4. Distribute Visual 2: Pay Adventure Steps and Register. Explain that they will follow each step to find their direction card at different stations. Their direction card will tell them what they have spent on lunch, a video game, a cell phone payment and fees along the way. Students should keep track of each transaction on their registers, subtracting payments and possible fees at each station to keep a running balance of dollars left.
5. Tell groups that after they have visited all stations, they will share their final balance and discuss the advantages and disadvantages of each type of payroll payment with the class.
6. Ask groups to begin the activity, following their steps to move quickly and quietly to each station and record transactions. When a group is finished with the simulation, they should make sure their final balances agree and be ready to share.
7. Discuss the activity with the class, comparing final balances, fees for payment transactions, and “Money Mystery” situations among the three payment groups.



Your Employer
1234 Some Street
Milwaukee, WI ZIPCODE

Check Number:
Pay Date: 06/19/06

PAY ***Four hundred eighteen dollars and 00 cents*****\$418.00

To the Order of
John R. Doe
555 Some Street
Milwaukee, WI ZIP CODE



Pay Inquiry

Pay Begin Date: 05/10/2003		Pay End Date: 05/24/2003		Check Date: 05/30/2003				
General								
Name:	Jess Trainer	Business Unit:	JMDSN					
Employee ID:	18095	Pay Group:	Semi-Monthly					
Address:	88 Easy Street Weyers Cave, VA 24486	Department:	100017 - Sch Speech Comm Studi					
		Location:	James Madison University					
		Job Title:	Administrative Office Spec III					
		Pay Rate:	\$28,568.00	Annual				
Tax Data								
Fed Marital Status:	Single	VA Marital Status:						
Fed Allowances:	0	VA Allowances:	0					
Fed Addl Percent:	0.000	VA Addl Percent:	0.000					
Fed Addl Amount:	\$0.00	VA Addl Amount:	\$0.00					
Paycheck Summary								
	Gross Earnings	Fed Taxable Gross	Total Taxes	Total Deductions	Net Pay			
Current	2,419.13		185.09		2,234.04			
YTD	13,132.10	10,662.57	2,614.30	189.00	10,328.80			
Earnings								
Description	Hours	Rate	Amount	YTD Amount	Description	Amount	YTD Amount	
Vac Leave	132.80	13,734615	1,823.96	1,823.96	Fed Withholding		1,168.11	
VSDP			476.13	6,113.96	Fed MED/EE	35.08	189.69	
Regular			119.04	5,194.18	Fed OASDI/EE	150.01	811.09	
					VA Withholding		445.41	
Total:	132.80		2,419.13	13,132.10	Total:	185.09	2,614.30	
Before-Tax Deductions			After Tax Deductions			Employer Paid Benefits		
Description	Amount	YTD Amount	Description	Amount	YTD Amount	Description	Amount	YTD Amount
VehRegFee		54.00	JMU Flex		135.00	VRS Retire	29.76	565.44
						RHC	5.30	100.61
						VSDP	6.37	121.03
						ImpLife*	0.40	4.00
Total:		54.00	Total:		135.00	* Taxable		
						Total:	41.83	791.08
Net Pay Distribution								
Payment Type	Paycheck Number	Account Type	Account Number	Amount				
Check	11640			2,234.04				

Putting your paycheck to work

TaxableGr	Total Taxes	Total Earnings	Cur TaxableGr	Total Taxes	Total Deductions	Net Pay
2,630.55	573.04	2,742.00	2,630.55	573.04	138.43	2,030.53
42,798.32	11,217.59	44,135.72	42,798.32	11,217.59	1,654.65	31,263.48

Amount	YTD Amount	Description	Rate	Amount	YTD Amount	Description	Amount	YTD Amount
2.00	27,451.16	Fed Withholding		2,742.00	27,451.16	Fed Withholding	293.33	6,327.91
11,200.55	11,200.55	Fed MED E				Fed MED E	39.76	639.98
		Fed OASDI E				Fed OASDI E	170.00	2,736.39
		CA Withholding				CA Withholding	69.95	1,513.31
2.00	44,135.72	Total:		2,742.00	44,135.72	Total:	573.04	11,217.59

Federal Reserve Bank of Kansas City

Visual 2a

Pay Adventure Steps and Register/ Paycheck Group

Follow each step in order to read the group's direction card at each station. Subtract payments and fees as directed on the register below.

- Step 1: Go to the Check-Cashing station.
- Step 2: Buy lunch at McDougs.
- Step 3: Pay for your new video game at Games Galore.
- Step 4: Make your monthly cell phone payment at Horizon Phones.
- Step 5: Visit the Money Mystery station to reveal your group's mystery.
- Step 6: Go back to your seats to check your final balance.

Payment Register						
	Date	Ck#	Transaction	Credit	Debit	Balance
	April 15		Payroll Check	\$200		\$200

Putting your paycheck to work

TaxableGr	Total Taxes	Total Earnings	Cur TaxableGr	Total Taxes	Total Deductions	Net Pay
2,630.55	573.04	2,742.00	2,630.55	573.04	138.43	2,030.53
42,798.32	11,217.59	44,135.72	42,798.32	11,217.59	1,654.65	31,263.48

Amount	YTD Amount	Description	Rate	Amount	YTD Amount	Description	Amount	YTD Amount
2.00	27,451.16	Fed Withholding		2,742.00	27,451.16	Fed Withholding	293.33	6,327.91
11,200.55	11,200.55	Fed MED E			11,200.55	Fed MED E	39.76	639.98
		Fed OASDI E				Fed OASDI E	170.00	2,736.39
		CA Withholding				CA Withholding	69.95	1,513.31
2.00	44,135.72	Total:		2,742.00	44,135.72	Total:	573.04	11,217.59

Pay Adventure Steps and Register/ Payroll Card Group

Follow each step in order to read the group's direction card at each station. Subtract payments and fees as directed on the register below.

- Step 1: Go to the Check-Cashing station.
- Step 2: Buy lunch at McDougs.
- Step 3: Pay for your new video game at Games Galore.
- Step 4: Make your monthly cell phone payment at Horizon Phones.
- Step 5: Visit the Money Mystery station to reveal your group's mystery.
- Step 6: Go back to your seats to check your final balance.

Payment Register						
	Date	Ck#	Transaction	Credit	Debit	Balance
	April 15		Payroll Card	\$200		\$200

Putting your paycheck to work

TaxableGr	Total Taxes	Total Earnings	Cur TaxableGr	Total Taxes	Total Deductions	Net Pay
2,630.55	573.04	2,742.00	2,630.55	573.04	138.43	2,030.53
42,798.32	11,217.59	44,135.72	42,798.32	11,217.59	1,654.65	31,263.48

Amount	YTD Amount	Description	Rate	Amount	YTD Amount	Description	Amount	YTD Amount
2.00	27,451.16	Fed Withholding		2,742.00	27,451.16	Fed Withholding	293.33	6,327.91
11,200.55	11,200.55	Fed MED E			11,200.55	Fed MED E	39.76	639.98
		Fed OASDI				Fed OASDI	170.00	2,736.39
		CA Withholding				CA Withholding	69.95	1,513.31
2.00	44,135.72	Total:		2,742.00	44,135.72	Total:	573.04	11,217.59

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Visual 2c

Pay Adventure Steps and Register/ Direct Deposit Group

Follow each step in order to read the group's direction card at each station. Subtract payments and fees as directed on the register below.

- Step 1: Go to the Check-Cashing station.
- Step 2: Buy lunch at McDougs.
- Step 3: Pay for your new video game at Games Galore.
- Step 4: Make your monthly cell phone payment at Horizon Phones.
- Step 5: Visit the Money Mystery station to reveal your group's mystery.
- Step 6: Go back to your seats to check your final balance.

Payment Register						
	Date	Ck#	Transaction	Credit	Debit	Balance
	April 15		Direct Deposit	\$200		\$200

**CHECK-CASHING
STATION**

**PAYROLL CARD
STATION**

**BANK ATM
STATION**

**MONEY MYSTERY
STATION**

**McDOUGS
RESTAURANT**

**GAMES GALORE
VIDEO GAME
STORE**

HORIZON CELL PHONES

Putting your paycheck to work

TaxableGr	Total Taxes	Total Earnings	Cur TaxableGr	Total Taxes	Total Deductions	Net Pay
2,630.55	573.04	2,742.00	2,630.55	573.04	138.43	2,030.53
42,798.32	11,217.59	44,135.72	42,798.32	11,217.59	1,654.65	31,263.48

		Taxes			
Amount	YTD Amount	Description	Amount	YTD Amount	Description
27,451.16	27,451.16	Fed Withholding	293.33	6,327.91	Fed Withholding
11,200.55	11,200.55	Fed MED Tax	39.76	639.98	Fed MED Tax
		Fed OASDI Tax	170.00	2,736.39	Fed OASDI Tax
		CA Withholding	69.95	1,513.31	CA Withholding
44,135.72	44,135.72	Total:	573.04	11,217.59	

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Visual 4a

Paycheck Group

Step 1: Check-Cashing

Pay \$5.00 to have your paycheck cashed.

Subtract this amount from your register.

Paycheck Group

Step 2: Lunch at McDougs

Pay \$7.35 for your combo meal.

Subtract this amount from your register.

Paycheck Group

Step 3: Games Galore

Pay \$64.85 for the newest video game.

Subtract this amount from your register.

Paycheck Group

Step 4: Horizon Phone

Make your monthly cell phone payment of \$78.20.

Subtract this amount from your register.

Paycheck Group

Step 5: Money Mystery

YOU LOST A \$20 BILL!

Subtract this amount from your register.

Paycheck Group

Check your final balance with your group members.

Putting your paycheck to work

TaxableGr	Total Taxes	Total Earnings	Cur TaxableGr	Total Taxes	Total Deductions	Net Pay
2,630.55	573.04	2,742.00	2,630.55	573.04	138.43	2,030.53
42,798.32	11,217.59	44,135.72	42,798.32	11,217.59	1,654.65	31,263.48

Amount	YTD Amount	Description	Rate	Amount	YTD Amount	Description	Amount	YTD Amount
2.00	27,451.16	Fed Withholding		2,742.00	27,451.16	Fed Withholding	293.33	6,327.91
11,200.55	11,200.55	Fed MED			11,200.55	Fed MED	39.76	639.98
		Fed OASDI				Fed OASDI	170.00	2,736.39
		CA Withholding				CA Withholding	69.95	1,513.31
2.00	44,135.72	Total:		2,742.00	44,135.72	Total:	573.04	11,217.59

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Visual 4b

Payroll Card Group

Step 1: Payroll Card

Pay \$3.00 in monthly payroll card fees.
Subtract this amount from your register.

Payroll Card Group

Step 2: Lunch at McDougs

Pay \$7.35 for your combo meal.
Subtract this amount from your register.

Payroll Card Group

Step 3: Games Galore

Pay \$64.85 for the newest video game.
Subtract this amount from your register.

Payroll Card Group

Step 4: Horizon Phone

Make your monthly cell phone payment of \$78.20.
Subtract this amount from your register.

Payroll Card Group

Step 5: Money Mystery

YOU LOST YOUR PAYROLL CARD!
Pay \$10.00 for a replacement card.
Subtract this amount from your register.

Payroll Card Group

Check your final balance with your group members.

Putting your paycheck to work

TaxableGr	Total Taxes	Total Earnings	Cur TaxableGr	Total Taxes	Total Deductions	Net Pay
2,630.55	573.04	2,742.00	2,630.55	573.04	138.43	2,030.53
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11,200.55	11,200.55	Fed MED			11,200.55	Fed MED	39.76	639.98
		Fed OASDI				Fed OASDI	170.00	2,736.39
		CA Withholding				CA Withholding	69.95	1,513.31
2.00	44,135.72	Total:		2,742.00	44,135.72	Total:	573.04	11,217.59

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Visual 4c

<p>Direct Deposit Group</p> <p>Step 1: Bank ATM</p> <p>Pay \$2.00 in banking fees.</p> <p>Subtract this amount from your register.</p>	<p>Direct Deposit Group</p> <p>Step 2: Lunch at McDougs</p> <p>Pay \$7.35 for your combo meal.</p> <p>Subtract this amount from your register.</p>
<p>Direct Deposit Group</p> <p>Step 3: Games Galore</p> <p>Pay \$64.85 for the newest video game.</p> <p>Subtract this amount from your register.</p>	<p>Direct Deposit Group</p> <p>Step 4: Horizon Phone</p> <p>Make your monthly cell phone payment of \$78.20.</p> <p>Subtract this amount from your register.</p>
<p>Direct Deposit Group</p> <p>Step 5: Money Mystery</p> <p>YOU LOST YOUR DIRECT DEPOSIT NOTICE! NO WORRIES—NO FEE INVOLVED!</p>	<p>Direct Deposit Group</p> <p>Check your final balance with your group members.</p>