

Understanding Your Paycheck

Why is the money you receive in your paycheck less than your total earnings?
Learn where that money goes.



What you MAKE and what you TAKE

GROSS PAY

Total amount of regular pay, overtime and any other reimbursements you receive during a pay period. Could include hours worked at an hourly rate, or annual salary divided by number of pay periods per year.

NET PAY

The amount you receive after your employer takes out withholdings and deductions.



Payments made for you by your employer



MANDATORY WITHHOLDINGS

VOLUNTARY DEDUCTIONS

MANDATORY WITHHOLDINGS

Federal income taxes
Social Security
Medicare
State and local taxes
Court-required withholding

VOLUNTARY DEDUCTIONS

Medical insurance
Retirement savings/401K
Uniform fees
Parking fees



Hint: Learn how to read your paystub - the form you get each time you get paid - to better understand your withholdings and deductions.



FEDERAL RESERVE BANK *of* KANSAS CITY

Put your paycheck to work with our resources:

Paycheck.KCFed.org