

Youth Village – Pay Stub & Tax Facilitator's Guide

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Facilitator Legend

		
Activity: Designates the start of an activity	Slide: Indicates the slide to be shown	SAY: Designates key talking points that need to be presented to the class
*Instructor Note: Indicates key actions for the instructor to perform or key points for the instructor to know during a specific lesson.	ASK: Designates a question that needs to be presented to the class and discussed.	Highlights Highlighted areas denote key topics and points that facilitators must draw careful attention to

Timing

Workshop Timing

Content	Length in Minutes
Welcome, Introductions, and Ice Breaker Activity	15
Understanding Your Pay Stub	30
W4s & W2s	25
Team Challenge	15

Welcome, Introductions, And Orientation

Introduction & Objectives

*****Instructors Note:*** Since this program will be delivered by a variety of individuals, prepare a standard opening regarding your experience to blend into the introduction to the objectives.



Slide #2-3

SAY: Good evening, everyone. My name is Herbert Mason, and I am the Talent Development & Training Manager for Reading Cooperative Bank. For the past 26 years one of the parts of my job has been designing and facilitating learning programs for Retail Banking Industry. This has been everything to banking computer systems, sales, leadership, mortgages, small business management, and for some odd reason, email.

SAY: Our objectives here today are to make you comfortable with the following:

- Read and understand the lines of a pay stub.
- Explain the difference between gross vs. net pay.
- Understand W-2 and W-4 forms.
- Know what taxes are and why they're required.
- Prepare for the basics of filing taxes.



ASK: Is there anything else that is screaming at you that you would want to get out of our time together before we get started.

*****Instructors Note:*** Acknowledge responses and take notes. Make sure to bring up topics when relevant as part of workshop or parking lot them for follow-up afterwards.

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Welcome, Introductions, And Orientation, Continued

Intro Activity



*****Instructor Note:*** The goal of this activity is to stimulate recall of prior knowledge as well as to normalize their confusion and surprise. Your goal is to be able to relate their pain points and findings to the curriculum. That way they can see immediate value of the lessons as they arise through the next 1.5 hours.



ASK: I want to ask a question of all of you to start our time together. What was the biggest surprise or question that you noticed on your pay checks?



Take a minute to talk to the person to your right about your biggest surprise or what triggered you the most.

SAY: Thank you for sharing. We need to keep these pain points in mind as we begin to understand our pay stubs.

Slide #

Understanding Your Pay Stub

The Pay Stub



****Instructors Note:** Animate the slide through the talking points.

SAY: Now let's interpret a pay stub. We are going to use a fictitious one from the Bank. There is a lot going on with these documents, but as long as you tackle them one section at a time, you can make sense of it.



Slide #4

Part	Description
Earnings Section	This section shows all the money you earned before anything is taken out, including regular hours, overtime, and bonuses
Deductions	This section lists all the amounts taken out of your pay—such as taxes, Social Security, Medicare, and any benefits you chose.
Other Benefits and Information	This section shows the value of additional benefits you receive from your employer, like health insurance or retirement contributions, even if they don't come out of your paycheck



SAY: We will dive into each one of these sections one at a time.

Earnings



****Instructors Note:** Animate the slide through the talking points.

SAY: Earnings is our first section: In this paycheck we can see the following:

1. Our **Regular Pay Rate** of 29.2077
2. There is a **Long-term disability** premium. Our company pays this for us, so it shows as earnings.
3. **PTO is Paid time off**; this is your vacation time. So, in this bi-weekly paycheck we have 1 week of worked time and 1 week of vacation.
4. **Short-term disability** also is covered for us.
5. For our total **gross pay** of \$2249.59
6. On the right you can see the year-to-date totals thus far. Since January there are only a few weeks.



Slide #5

ASK: What questions do you have about this section before we move on to the sad part of your paycheck???

Continued on next page

Understanding Your Pay Stub, Continued

Deductions



****Instructors Note:** Animate the slide through the talking points.

SAY: Now we get to the sad part. This is where everyone dips their hand into your pocket for their share.



Slide #5

1. **Federal Income Tax:** This money pays for national defense, veterans' benefits, foreign affairs, social programs, law enforcement, and interest on the national debt.
2. **Social Security Tax:** Primarily providing monthly benefits to retirees, disabled workers, their dependents, and survivors.
3. **Medicare Tax:** Is a mandatory federal payroll tax that funds the Medicare program, specifically supporting the Hospital Insurance (HI) Trust Fund. This fund provides health insurance coverage for individuals aged 65 and older, as well as certain younger people with disabilities.
4. **MA State Income Tax:** Finance annual operating expenses, including public education, infrastructure, transportation, and healthcare.



So, to summarize these: **Federal Income Tax:** The U.S. government's 'keep-the-lights-on' fund. **Social Security:** Your future 'Grandparent Paycheck.' **Medicare:** Healthcare for older adults — future-you will appreciate this. **MA State Tax:** The stuff that pays for the roads we complain about and the schools you go to.

ASK: What questions do you have so far as you watch your paycheck disappear?

****Instructors Note:** Possible answers could be: This transforms taxes from abstract obligations into shared community resources OR Taxes are basically the membership fee for living in a functioning world.



SAY: Again, our taxes pay for the roads you use, the schools you attended, the hospitals your family relies on, and the benefits you'll need someday. And here's the real power move: once you understand taxes, you get to make smarter choices — like how you fill out your W-4, how you file your taxes, and how you maximize your refund. That's how you keep more of your money.

It doesn't take the sting out of it short term, but money isn't a short-term game. It's a long-term game. As you start to learn more about your money through other programs, you understand that better and it will change your approach to money.

Continued on next page

Understanding Your Pay Stub, Continued

Deductions, cont

SAY: As we move on, we hit a Mass specific program: PFML, paid family medical leave.



1. **PFMLA:** provides eligible employees with paid, job-protected time off for bonding with a new child, caring for a family member with a serious health condition, or addressing their own serious health issue.
 - 1) These funds go into the state's Family and Employment Security Trust Fund, which is used to provide income replacement to workers for qualified medical or family leave.



Slide #5

SAY: Now we hit the other part of the deductions section: Other. **Other** is kind of like your electives. Things you opt to pay for: Here we see the company's contribution to **std & ltd**. However, we see that the employee has opted into the company's insurance plan: **Medical, dental, and vision**. These items all come out pre-tax. This means none of the previous people can get a piece of that money before you pay for these items. The last one you see is the employees **401k** contribution.



ASK: Who here can explain to me what a 401k is? (*acknowledge answers*). A 401(k) is a special savings account for your future that you put money into from your paycheck before you even see it — and your employer might even add free money to it. This money can be invested in many ways and has the benefit of compound interest.

What that means if you contribute 7-10% a year on a 50k starting salary and your employer matches 3%. Your average value at 65 is 1.6m. You start at 35, your value will be 615k. See the difference of compound interest????

If you start saving for your future at 22 instead of 35, you could end up with almost a MILLION dollars more — even though you are saving the same amount every year. Time is doing the work, not you.

Continued on next page

Understanding Your Pay Stub, Continued

Net Pay



SAY: Now lastly, we get to what we have all been waiting for, your **Net Pay**. What you're taking home. Understanding it is essential because it determines your **real spending power**, not the salary number on paper.

Your paycheck should never be a mystery. When you understand it, you control your money — not the other way around.

ASK: What remaining questions do you have about reading your paycheck?



Slide #6

SAY: Next, we are going to jump into the realm of the W4 and W2. These are important as they affect your earning potential as well as your tax filings.

W4 & W2s – Understanding the Taxes of it All

W4



SAY: Now, the W4, this is basically the instruction sheet for your employer. It tells them how much tax to take out of every paycheck, so you don't get hit with a surprise bill at tax time.

If your W4 is filled out correctly, your **net pay**, the money you actually take home, will be accurate. If not, your paycheck may be too small...or you might owe the IRS hundreds later. Think of it this way:



Slide #7

- **Too high** → too much tax taken → small paycheck now, big refund later
- **Too low** → bigger paycheck now, but you might owe taxes in April
- **Set it right** → your paycheck matches what you *should* take home



SAY: Let's take a look at a job aid we have prepared for you, so you have feel more comfortable with the government form!

*****Instructors Note: Review 5 sections of the job aid with them and answer any additional questions.***



SAY: Don't forget: This one piece of paper controls how much money you actually get every payday! If you don't fill it out right, your paycheck will be off — either too small now, or too small later when the IRS wants more money from you. This form gives **YOU** the power to decide what's right for your situation.

ASK: What additional questions do you have about the W4?

Continued on next page

W4 & W2s – Understanding the Taxes of it All, Continued

W2



SAY: Now it is time for the W4s angrier cousin the W2! Your W-2 is like your report card for how much you earned last year and how much tax you already paid, you *need it* to file your taxes.

- It lists your total earnings
- It lists everything you already paid in taxes
- It helps you find out if you get a refund or owe money



Slide #8-9

SAY: Think of it like the receipt for your entire year of working. If you want your money, you need your W-2.

SAY: **Now** let's take a few moments to review the job we have that covers the ins and outs of your W2.



****Instructors Note:** Review the 3 major sections of the job aid with them and answer any additional questions. Advance to the next slide and animate highlights for the 3 sections.

Section 1: Shows all your taxpayer information.

Section 2: Shows reported wages, the taxes withheld and benefits.

Section 3: Is your state and local tax reporting.



SAY: The job aid goes into it a lot more in detail, but you don't have to read it all now. The good part is when you file your taxes online, the system you use will either pull all the data in for you, or you just enter what is asks.

ASK: What questions do you have about the W2? Don't forget once you get your W2 in January, you have until April 15th every year to file them.

Team Challenge



****Instructors Note:** Using the FG addendum and the PPT slides, conduct the group activity. Break up the class in supportable sizes.
