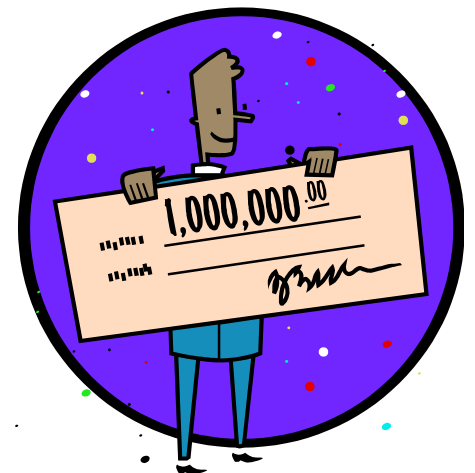
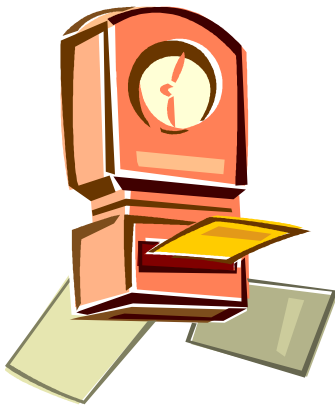


# Understanding Timecards, Taxes and Paychecks

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# Why do we need to keep a record of hours worked?

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- ✓ To be paid for hours worked
- ✓ Employers keep detailed records of work that is finished.
- ✓ There are many forms or ways to keep track of hours worked.
  - The most common is a time card.

# Time Cards

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Time cards will have the following information on them:

- a. Your Name
- b. Date of time period
- c. Days of the week
- d. Slots for the time in and time out
- e. Some cards are stamped by a time clock
- f. Also in the form of a daily log.
- g. Time frame - monthly, bimonthly or weekly



# What is the purpose of a daily log?

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- ✓ Daily Logs are similar to time cards but have an area to write a description of the work and time spent
- ✓ Colorado FFA record books use a daily log to track student work completed on a job.
- ✓ Large business use electronic time cards
  - a magnetic strip card with employee information on it is swiped like a credit card
  - A computer keeps track of the employees hours worked.

# What are state and federal pay check deductions?

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Deductions for things like taxes, insurance and social security are subtracted from your gross pay before you get the paycheck

1. Federal income tax.
2. State income tax.
3. Federal Insurance Contribution Act (FICA)
  - A. Social Security
  - B. Medicare

# What are state and federal pay check deductions?

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## **Federal Income Tax**

- The amount of federal income tax withholding is based on marital status and withholding allowances.
- Employees may not base their withholding amounts on a fixed dollar amount or percentage.
- Employees may specify a dollar amount to be withheld in addition to the standard amount deduction from Form W-4.

# What are state and federal pay check deductions?

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## **State Income Tax**

- Depends on the state and how much the withholding percentage is.
- Most states have a scale based on income that is used with the W-4 form and federal tax rates.

# What are state and federal pay check deductions?

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**FICA – is both Social Security and Medicare Deduction.**

## Social Security

- The employee tax rate for social security is 6.2% (amount withheld).
- The employer tax rate for social security is also 6.2% (contributed by employer)
- The 2005 wage base limit was \$90,000, in 2006 the wage base limit is \$94,200.



# What are state and federal pay check deductions?

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## Medicare

- The employee tax rate for Medicare is 1.45% (amount withheld).
- The employer tax rate for Medicare tax is also 1.45% (contributed by employer).
- There is no wage base limit for Medicare tax; all covered wages are subject to Medicare tax.

# What are some other paycheck deductions?

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Depending on the employer there may be other deductions in your paycheck.

Retirement – Your employer may sponsor a retirement plan where they will match your contribution up to a certain %

- Example - if you contribute 3% of your income they will match 3%.

Work related expenses – employer may deduct for items like uniforms or other expenses that they will pay for you.



# Review

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1. Why do we need to keep records of hours worked?
2. What is the purpose of a daily log?
3. What are state and federal paycheck deductions?
4. What are some other paycheck deduction?