
James's Pay Stub: Beginning

Read the dialogue aloud with a partner:

Sam: Hello?

James: Hi, Sam. This is James.

Sam: Hi, James. How are you? How's it going?

James: I'm okay, Sam. Things are going well, but I just got my first paycheck and I don't understand why I didn't get all my money from working.

Sam: Oh, that's because of deductions.

James: Deductions? What are those?

Sam: Deductions are the money your employer withholds from your check for taxes and other benefits.

James: What happens to the money?

Sam: Some of it goes to government programs like Social Security and Medicare. Do you participate in a retirement plan?

James: No.

Sam: Well, then it's probably just your standard deductions, and you definitely have to pay federal and state income taxes.

James: Thanks, Sam. Now I understand.

Sam: Sure, James. Happy to help.