



## Your Paycheck

### What It Is

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### What is a paycheck?

Your paycheck is the money your employer pays you for doing your job. To get the money, you cash your paycheck at a business.

You can deposit your paycheck in your bank or credit union account. Or you can cash your paycheck with a bank, credit union, or another business.

### What is direct deposit?

Direct deposit is when your employer puts your paycheck into your bank or credit union account. Many employers offer direct deposit.

### What is a pay stub?

When you get a paycheck, you also get a pay stub. A pay stub is sometimes called an earnings statement.

Your pay stub tells you:

- how much money you earned
- the time, or pay period, you are getting paid for
- what taxes and other money have been taken out, or deducted, from your pay

### What is gross pay?

Gross pay is all the money you earned at your job. But you do not keep all of your gross pay. Your employer will take money out of your gross pay for taxes and benefits.

### What is take-home pay?

Take-home pay, also called net pay, is the money you get in your paycheck. Your employer takes money from your gross pay for taxes and benefits. The money left in your paycheck is your take-home pay.

### What is FICA?

FICA stands for Federal Insurance Contributions Act. FICA is money the federal government takes out of your paycheck. This money is used for the government's Social Security and Medicare programs.

### What are tax withholdings?

The law says your employer must take money out of your paycheck for taxes. You can choose how much money to withhold from — or take out of — your paycheck. When you have a big change in your life, you might owe more or less money in taxes than before. To have the right amount of money come out of your paycheck for taxes, you change your withholdings.

### What is a W-2?

A W-2 is a form your employer sends you at the end of every year. A W-2 says how much money you earned during the year. Your W-2 also says how much money was



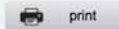
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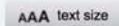
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### How often will I get a paycheck?

Most jobs pay you either:

- once a week
- once every two weeks
- once or twice a month

### Where can I cash my paycheck?

Many businesses let you cash checks. Sometimes, they charge a fee. You can cash your paycheck at:

- banks and credit unions
- some convenience stores, grocery stores, and other stores
- check-cashing stores

Cashing a paycheck at your bank or credit union is usually free. Sometimes, the bank named on the check might cash a paycheck if you do not have an account.

Businesses charge different fees for cashing a check. Call, visit, or go online to find out what a business charges.

### Why might I use direct deposit?

If you use direct deposit, you get your money on pay day. You:

- do not have to wait to cash or deposit your paycheck
- get your cash without paying fees to cash your check
- do not risk losing the check

To use direct deposit, you need to have a bank or credit union account. Ask your employer if it offers direct deposit. You might need to sign up for it.

### Why would I want my employer to take out money for retirement savings?

The money can grow in a retirement account until you retire. A 401(k) is one type of retirement account.

Some employers offer a match. A match means the employer will put extra money into your retirement account if you put some of your money into the account.

### When do I need to change my tax withholdings?

Check your withholdings when you have a big change in your life. You might owe more or less money in taxes than before. You would want to withhold more money if you owe more in taxes. You would want to withhold less money if you owe less in taxes.

Changes that affect your taxes could be if you:

- get married or divorced



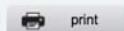
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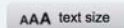
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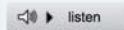
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Your paycheck is the money your employer pays you to do your job. You also get a pay stub, sometimes called an earnings statement. A pay stub tells you how much you earned and how much money your employer took out for taxes and benefits.

### How do I compare fees to cash my paycheck?

You can cash your paycheck at a business to get money in your hands. You might cash your paycheck at:

- a bank or credit union
- some convenience stores, grocery stores, or other stores
- check-cashing stores

Cashing a paycheck at your bank or credit union is usually free. Sometimes, the bank named on the check might cash a paycheck if you do not have an account.

Businesses charge different fees for cashing a check. Call, visit, or go online to find out what a business charges. Check-cashing stores sometimes charge high fees.

### How do I sign up for direct deposit?

Many employers will put your paycheck into your bank or credit union account. This is called direct deposit. You do not have to pay fees to cash your check. You will get your money sooner.

Ask your employer if it has direct deposit. To sign up for direct deposit, give your employer information about your bank or credit union account.

### What do I do with my pay stubs?

Keep your pay stubs for a year. Your employer will send you a W-2 form each year. A W-2 form says how much money you earned during the year. Your W-2 also says how much money your employer took out for taxes. When you see that your W-2 is right, you can get rid of your pay stubs for that year.

Shred your pay stubs before you throw them away. Your pay stubs might have your Social Security number on them. Someone could use that to steal your identity.

