



BIZ KID\$

Episode 125: Understanding Your Paycheck

Episode 125 Synopsis:

What's on your stub, bub? The Biz Kid\$ use a modern American pay stub to explore various social movements of the last century. From unions to social security and from workman's compensation to the 401(k) plans of today – it's all there on the stub. Plus, you'll meet entrepreneurs and explore how they started their businesses.

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Biz Kid\$ Curriculum Package #125



BIZ KID\$

BIZ TERMS

Episode 125: Understanding Your Paycheck

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|----------------------------|----------------------------|
| 1. benefits | 12. Medicare tax |
| 2. earnings statement | 13. net pay |
| 3. elective deductions | 14. outsource |
| 4. employee | 15. pay check |
| 5. federal tax | 16. pay period |
| 6. gross pay | 17. payroll deductions |
| 7. health insurance | 18. pay summary |
| 8. income | 19. retirement savings |
| 9. income tax | 20. Social Security tax |
| 10. independent contractor | 21. state tax |
| 11. insurance | 22. wage and tax statement |

Suggestions for using Biz Terms include:

- Have students research and write dictionary definitions.
- Discuss the use of these terms in the episode of "Biz Kid\$".
- Have students construct sentences using these terms.
- Have students write paragraphs, stories, dialogs, "raps", or lyrics.



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Equipment/Materials/Prep needed:

Day One and Day Two:

- TV or projection system
- DVD player
- DVD of Episode 125

Day Two only:

- Student copies of the "Family Activity Sheet".
- Student copies of the "Biz Terms" Sheet.
- Paper, pens, pencils, color markers, and highlighters for students making ads and posters.
- Computers for students to explore web sites listed.
- Guest speaker to be greeted and directed to the correct location for the session.

Preparation:

- Check to be sure needed equipment is available and operational prior to the sessions.
- Gather listed materials.
- Make an appropriate number of copies of the "Biz Terms" Sheet and the "Family Activity Sheet".
- Invite guest speaker from the local community regarding fraud and how to prevent being scammed.



Episode 125: Understanding Your Paycheck

Day One

Previewing Questions:

Day One Introduction

Welcome students/youth to **"Biz Kid\$"** and introduce yourself, giving your name and job title.

Explain that **"Biz Kid\$"** is a program to help people become financially educated, learn work-readiness skills, and to even become entrepreneurs...Biz Kids!!! They can view the program **"Biz Kid\$"** with their families on Public Television stations all over the country, and also participate by using the **"Biz Kids"** web site. Today, they get to see an episode with you.

Today's pre-viewing questions:

1. Have you been introduced to **"FICA"**, **"IRS"**, **"401 K"**, and **"W-2"???**
2. No? What does it all mean?

Well, these are not new *Star Wars* characters...but you need to know these terms before they surprise you on a pay stub!!!

3. Have you ever done work to earn money?
4. If so, what kind of work did you do?
5. Were you paid in cash or in another form?



(Call on students who want to volunteer responses.)

You were earning **income**. When you have a steady job as an **employee**, or work for others, you will probably receive a **paycheck**.

New employees are often shocked when they see their first **paycheck** because they were not prepared for **payroll deductions**.

Imagine that your first job is at a fast-food restaurant, where you earn \$7 an hour. If you worked 30 hours in a **pay period**, how much money should you receive in your paycheck?

(Students will likely respond that they should receive \$210.)

Explain to the students that \$210 would be their **gross pay**, which is the amount an employee earns before taxes or deductions are subtracted.

Tell them that when a person receives a **paycheck**, the company or employer takes out small amounts of money for a variety of purposes. The amounts of money subtracted are called **payroll deductions**.

Along with a paycheck, an employee will also receive an **earnings statement**. This is a document that shows an employee's wages and the deductions that are withheld.

We're going to watch the episode of "**Biz Kid\$**" titled "**Understanding Your Paycheck**", and then continue our discussion.

Show Episode 125: "Understanding Your Paycheck"



Activity to follow viewing the program together:

Say, **“Welcome to the real world! You don’t get to keep it all, but you do receive other benefits that are important.”**

Can you recall some of the payroll deductions seen in the video?”

List the students’ responses on a blank overhead transparency.

Students should recall some of the following deductions:

- Federal and state taxes
- Social Security tax
- Health insurance
- Savings plans
- Life insurance

Next say, **“I’m going to give you a crossword puzzle to see if you can work together and complete it in the next five minutes.”**

Distribute the puzzle **“What’s in Your Paycheck?”** to all the students. Encourage students to work together to complete the puzzle in the time allotted.

Review answers with the students after five minutes.

Encourage them to take the puzzles home and discuss them with their families and friends.

Thank students for their attention and participation!



Episode 125 Understanding Your Paycheck

Day Two

Day Two Introduction

Play part of the theme music for "Biz Kid\$" from the episode intro to motivate and engage the students. Then stop the music, welcome the students/youth to today's session, and introduce yourself.

Say to the students: Well, you've just had a gross dose of "Biz Kid\$", as they said in the video.

The young entrepreneurs featured today were explaining some of the financial information you need to know.

B-Girl Shorty did quite a dance and said that she works hard for her money. She has to pay 10% of what she earns to an agency, and also pays taxes.

Darrell, the wildlife technician, does a variety of manual labor jobs for his tribe. As hard as he works, he only gets to keep 88 cents out of every dollar he earns.

Lucy and Isaac, the owners of *Inland Empire Autobody and Paint Shop*, have their own employees and also hire independent contractors. They outsource their payroll work to a company who specializes in preparing wage statements and tax paperwork.

Michelle is a self-employed contractor who does voice-overs and models. She has to save money from her paychecks to pay the taxes she owes



because she does not have money withheld. She receives more to begin with, but must be responsible for saving enough money to pay her tax bill.

Michael, Daniel, and Alex teach martial arts in Seattle. They keep time charts to help track their earnings.

There was a lot of specific financial information given to you in a short period of time, but you'll continue to learn about these terms.

I encourage you to discuss what you're learning about paychecks and deductions with your family and friends.

Activity

Distribute a **"Sample Earnings Statement"** to each student.

Explain that each person's actual earnings statement will look slightly different; but they generally will include information about the employee, the employer, employee earnings, and employee deductions.

Show an OHP Transparency of the "Sample Earnings Statement" while reviewing the content with them.

Use the information on the sheet of terms and definitions for guidance. Focus particular attention on sections B through G, introducing the students to specific terms used.

Also, point out that in section H, a person's **net pay**, or take-home salary, is his or her **gross pay minus the deductions withheld**.

Ask the students direct questions related to the **"Sample Earnings Statement"** such as:



- How many hours of overtime did Wally work during this pay period? (Answer: four hours.)
- How much money has Wally paid in Social Security tax so far this year? (Answer: \$226.55)
- Does Wally get medical and dental benefits through this job? (Answer: No)
- What is Wally's regular hourly rate of pay? (Answer: \$7 per hour)

Comment that this Sample Earnings Statement is similar to what many young people will receive at their first job. As employees become more experienced or more educated, their salary tends to rise. However, as people get older and have more responsibilities, their deductions tend to increase.

Activity

Explain that students will now have a chance to see how well they understand the information listed on a paycheck.

Separate the students into groups of four. Within the groups, allow the students to pick a partner.

Explain that the pairs within each group will compete in a game.

Explain and demonstrate the following directions to the students.

Paycheck Mystery Word Game Directions:

1. Once the players are given a stack of **Mystery Word Cards**, they must place it face down between the two teams.
2. Each pair rolls a die. The pair that rolls the highest number begins the game play.
3. A player from the starting team draws a card from the stack. This player will be the team's **Giver**.



4. That **Giver** provides a short (fewer than 10 words) clue to his or her partner (the **Guesser**) that describes the word on the card.
5. The **Guesser** attempts to guess the word based on the Giver's clue.
6. If the Guesser is unable to correctly guess the word on the card, the other team must select a player to serve as the Giver.
7. That Giver provides a short clue (fewer than 10 words) to his or her partner (the Guesser) that describes the word on the card.
8. Play alternates back and forth between the teams until one team guesses the correct answer. That team will earn a point. Tally each team's points on the **Paycheck Mystery Word Score Sheet**.
9. The second team then draws a new word from the pile.
10. Repeat steps 4 through 8 until all cards are used or time is called.

While students are playing the game, circulate around the room, observing the students' behavior and listening to their comments. Provide guidance when necessary.

Distribute a **die**, the **Mystery Word Cards**, and a **Paycheck Mystery Word Score Sheet** to each group. Allow approximately 15 minutes to complete this activity.

Summary and Review

Ask the students if there were any words that were difficult to describe or guess in the "**Paycheck Mystery Word Game**."

Distribute the "**Family Activity Sheet**" and the "**Biz Terms Sheet**" for Episode 125 to all students to share with their families.

Each student should also have a copy of the "**Earnings Statement Worksheet**" and the sheet of terms and definitions to take home and discuss.

Thank students for their participation and attention.



Episode 125 Understanding Your Paycheck

Family Activity Sheet

Episode 125 Synopsis:

What's on your stub, bub? The Biz Kid\$ use a modern American pay stub as an historical text that documents various social movements of the last century. From the union movement to social security, workman's compensation, all the way to the IRA's of today – it's all there on the stub.

Family Activities:

Together with your child, do additional research on the topic of paychecks. Discuss the benefits, such as health care and insurance choices, that are part of an earnings statement.

Explore the subject of federal, state, and local taxes. Help your child understand where the money goes, who decides how it is spent, and how the funds are used.