

Read a Pay Statement

This tool can help you explore the information that is typically found on a pay statement.

- If you work at a job where you receive a pay statement, read it carefully to learn what is on it. This will help you monitor it for accuracy and understand how the amount of money you earn is not the same as the amount of money you receive.
- Pay statements can look complicated and even be a little intimidating. But once you learn the basics about the information they generally contain, they will be a lot easier to understand.
- There are many formats for pay statements, so yours won't look exactly like this one.
- Pay statements may also be called pay stubs, leave and earnings statements, pay slips, pay advice, or something else.

Select each of the eight letters on the pay statement for a description of that section of the statement.

ABC Company		Pay Statement	
Employee Name Julia Wright		A Pay Period 12/1/2020 - 12/14/2020	B Pay Date 12/20/2020
Rate \$12.00	Hours 80	C Gross Pay \$960.00	D Required Deductions
			Current
			Federal Income Tax \$67.25
			State Income Tax \$35.51
			Local Income Tax \$2.35
			FICA: Social Security \$60.22
			FICA: Medicare \$14.78
F Employer Contributions		E	G Voluntary Deductions
FICA: Social Security \$60.57			Health Insurance \$25.32
FICA: Medicare \$14.15			401(K): Retirement Savings Plan \$10.22
Health Insurance \$50.39			Total Deductions \$215.65
401(K): Retirement Savings Plan \$10.29			H Net Pay \$744.35

Item	Definition
A. Pay Period	Pay period is the time period you are being paid for. It could be one week, two weeks, a month, or some other length of time. In this example, the pay period is December 1 to December 14.
B. Pay Date	Pay date is the official date you receive your net pay. If you have direct deposit, you may get your net pay before the official pay date. There's often a delay between the end of the pay period and the pay date. Your pay date could be every Friday, or the first and fifteenth of every month, or something else.
C. Gross Pay	Gross pay is the money you earned during the pay period before anything is taken out of it. Year-to-date gross pay may also be shown.
D. Required Deductions	Deductions are the amounts withheld or subtracted from your gross pay for this pay period and maybe year-to-date. Required deductions include federal income tax and, if applicable, state and local income taxes.
E. Social Security/Medicare	<p>Social Security and Medicare are also required deductions. The Federal Insurance Contributions Act (FICA) requires that taxes for Social Security and Medicare be deducted.</p> <p>The Social Security deduction is sometimes labeled FICA-SS or OASDI. The acronym OASDI reflects that your Social Security contributions help pay for old-age, survivors, and disability insurance.</p> <p>The Medicare deduction is sometimes labeled FICA-MED or just MED. Your Medicare contributions help pay for Medicare. Medicare is a health insurance program for people age sixty-five or older, people under age sixty-five with certain disabilities, and people of all ages with end-stage renal disease.</p>
F. Employer Contributions	Employer contributions are what the employer paid on your behalf, such as health insurance. The pay statement may also show year-to-date employer contributions.

Item	Definition
G. Voluntary Deductions	<p>Elective or voluntary deductions refer to money you decide to have taken out of your pay. This could include money withheld for insurance premiums, union dues, or charitable contributions.</p> <p>Depending on your employer, retirement plan contributions could be required deductions or voluntary deductions.</p>
H. Net Pay	<p>Net pay is your gross pay minus deductions. It's your take-home pay.</p>