LESSON PLAN

Let's Talk Taxes

- IT'S A -
MONEY THING®

INCLUDED IN THIS PACKAGE

- **LESSON PLAN** *(2 pages)*
- **ACTIVITY** *(2 pages)*
- **QUIZ** *(1 page)*
- **ACTIVITY ANSWER KEY** *(1 page)*
- **QUIZ ANSWER KEY** *(1 page)*

COLLECT FROM YOUR LIBRARY

- **VIDEO 32** *(Let's Talk Taxes)*
- **PRESENTATION 32** *(Let's Talk Taxes)*
- **HANDOUT 32** *(Let's Talk Taxes)*

BROUGHT TO YOU BY

CapEd CREDIT UNION

LESSON PLAN

Let's Talk Taxes

GRADES
9 to 12

TIME
45 minutes

OVERVIEW

What's the difference between your earnings and your take-home pay? This lesson introduces the key components of a paycheck, guiding students through the concepts of taxes, withholdings and deductions. Students will learn how to read a pay stub and reflect on how taxes help fund public infrastructure and services.

GOALS

- Introduce students to the concepts of gross pay and net pay
- Help students understand the types of deductions taken from paychecks
- Familiarize students with the structure and key components of a pay stub

OBJECTIVES

- Define gross pay, net pay, withholdings and deductions
- Analyze a sample pay stub to locate key information
- Calculate net pay based on gross earnings and listed deductions
- Explain how withholdings and deductions affect budgeting and saving

ASSESSMENT

Use the activity in this lesson plan to assess students' grasp of the topic. An optional quiz is also provided (the quiz is not factored into the lesson's 45-minute runtime).

Did you know? *This lesson plan explores concepts from Standard 1 (Earning Income) from the* ***Council for Economic Education's National Standards for Personal Financial Education.***

MATERIALS

- ☐ **VIDEO 32**—*Let's Talk Taxes*
- ☐ **PRESENTATION 32**—*Let's Talk Taxes*
- ☐ **HANDOUT 32**—*Let's Talk Taxes*
- ☐ **ACTIVITY**—*Pay Stub and Answer Key*
- ☐ **QUIZ**—*Let's Talk Taxes and Answer Key*

PREPARATION

- *Gather digital materials (video and presentation)*
- *Print one copy of the* **ACTIVITY** *for each student (or pair of students)*
- *Print* **HANDOUT 32** *for each student*
- *(Optional) Print* **QUIZ** *(Let's Talk Taxes) for each student*

LESSON PLAN

Let's Talk Taxes

TIMELINE

5 minutes	Introduce topic and show **VIDEO 32** *(Let's Talk Taxes)*
15 minutes	Go over **PRESENTATION 32**
20 minutes	Distribute **HANDOUT 32** and facilitate the **ACTIVITY**
5 minutes	Wrap up
(Optional)	Assessment: **QUIZ** *(Let's Talk Taxes)*

INSTRUCTIONS

1. Ask students:
   - If you earned $15 an hour and worked 10 hours this week, how much money would you expect to take home?
   - Do you think you get to keep all of it? Why or why not?
   - Has anyone here ever received a paycheck? What did you notice about the amount you actually received?
2. Introduce the video: "It's not unusual for your first paycheck to feel smaller than expected. Let's watch a short video that explains the difference between gross pay and net pay."
3. Show **VIDEO 32**
4. Go over **PRESENTATION 32** and pause at each key term to reinforce the vocabulary
5. Distribute **HANDOUT 32** for students to refer to during the activity
6. Facilitate the **ACTIVITY**
   - Provide each student (or pair of students) with a sample pay stub and a worksheet with comprehension questions
   - Remind students that not all pay stubs look the same; the layout and wording can vary, so it's important to read each section carefully
   - Allow 10 minutes for students to review the sample pay stub and complete the worksheet
   - Review the answers together as a class
7. Wrap up by summarizing the main points from the lesson:
   - Your pay stub shows how much you earn and where your money goes
   - Withholdings (like taxes) and voluntary deductions (like benefits) reduce your take-home pay
   - Knowing your net pay helps you budget realistically and make informed decisions about spending and saving
8. (Optional) Distribute **QUIZ** for individual assessment, or answer the questions together as a class; decide whether or not students can reference their notes/handouts during the quiz

NOTES

ACTIVITY

Let's Talk Taxes

BROUGHT TO YOU BY

PAY STUB

Directions: Use the sample pay stub below to answer the questions on page 2.

Boxes & Beyond Inc.
778 Industrial Park Drive
Riverview, OH 44123

Earnings Statement

EMPLOYEE INFORMATION	EMPLOYEE ID	PAY PERIOD	PAY DATE
Morgan Chen Unit 2, 560 Westfield Way Riverview, OH 44117	003215	04/28/2025 – 05/11/2025	05/16/2025

INCOME	RATE	HOURS	TOTAL
EARNINGS			
Regular	$15.00	40.00	$600.00
Overtime	–	–	

DEDUCTIONS	TOTAL	YTD
MANDATORY		
Federal Income Tax	$54.00	$324.00
State Income Tax	$21.00	$126.00
Social Security	$37.20	$223.20
Medicare	$8.70	$52.20
OPTIONAL		
Health Insurance	$25.00	$150.00
401(k) Contribution	$18.00	$108.00

GROSS PAY (CURRENT)	TOTAL DEDUCTIONS	NET PAY (CURRENT)	YTD GROSS	YTD DEDUCTIONS	YTD NET PAY
$600.00	$163.90	$436.10	$3,600.00	$983.40	$2,616.60

- IT'S A -
MONEY
THING®

ACTIVITY

Let's Talk Taxes

BROUGHT TO YOU BY

CapEd CREDIT UNION

PAY STUB WORKSHEET

Directions: Use the information found on the sample pay stub to answer the following questions.

1. What is this employee's hourly wage? ________________
2. How many hours did they work this pay period? ________________
3. What is their gross pay? ________________
4. What is their net pay? ________________
5. What is the total amount of deductions? ________________
6. What percentage of their gross pay was deducted? Show your work below. ________________
7. Why do you think the deductions are split into different categories?

   ____

   ____
8. Another word for mandatory deductions is withholdings. Based on the pay stub, which items are considered withholdings?

   ____

   ____
9. How could this employee increase their take-home pay?

   ____

   ____
10. Why is it important to use your net pay—not your gross pay—when planning a budget?

    ____

    ____
11. **Bonus question:** What is one other benefit an employee might see on a real pay stub?

    ____

QUIZ

Let's Talk Taxes

NAME: ______________________

TOTAL
/ 7 pts

MULTIPLE CHOICE

Directions: CIRCLE the best possible answer from the given options.

1. What can you usually find in the Year-to-Date (YTD) section of a pay stub?
    a. Total earnings and deductions so far this year
    b. Your total hours worked in the current pay period
    c. Your employer's annual revenue
    d. Your estimated tax refund

2. What does FICA stand for?
    a. Federal Income and Credit Act
    b. Federal Insurance Contributions Act
    c. Financial Interest Contributions Act
    d. Federal Income Compensation Agreement

/2 pts

MATCHING

Directions: Match each term to its description by writing the corresponding letter in the blank. Some terms may be used more than once.

A. Deductions	B. Net pay	C. Withholdings	D. Gross Pay

_______ 3. The total amount you earn before any money is deducted from your paycheck

_______ 4. The money you actually take home after taxes and other deductions

_______ 5. Amounts subtracted from your paycheck for things like taxes and benefits

_______ 6. Legally required amounts withheld from your paycheck, like income tax

_______ 7. A category that includes both withholdings and optional costs like insurance

/5 pts

- IT'S A -
MONEY
THING®

ACTIVITY ANSWER KEY

Let's Talk Taxes

PAY STUB WORKSHEET

Directions: Use the information found on the sample pay stub to answer the following questions.

1. What is this employee's hourly wage? *$15.00/hour*
2. How many hours did they work this pay period? *40 hours*
3. What is their gross pay? *$600.00*
4. What is their net pay? *$436.10*
5. What is the total amount of deductions? *$163.90*
6. What percentage of their gross pay was deducted? Show your work below. *27.32%*

   ($163.90 / $600) x 100 = 27.32%

7. Why do you think the deductions are split into different categories?
   To separate required deductions (withholdings/taxes) from optional ones (benefits), so employees can see which amounts are mandatory and which are based on personal choices.
8. Another word for mandatory deductions is withholdings. Based on the pay stub, which items are considered withholdings?
   Federal Income Tax, State Income Tax, Social Security, Medicare
9. How could this employee increase their take-home pay?
   By working more hours, getting a raise or reducing optional deductions like benefits.
10. Why is it important to use your net pay—not your gross pay—when planning a budget?
    Using your gross pay instead of your net pay can make your budget unrealistic. You'll plan to spend money you don't actually have after deductions.
11. **Bonus question:** What is one other benefit an employee might see on a real pay stub?
    Sample answers: Paid time off (PTO), vacation accrual, bonuses, retirement contributions

- IT'S A -
MONEY THING®

QUIZ ANSWER KEY

Let's Talk Taxes

MULTIPLE CHOICE

Directions: CIRCLE the best possible answer from the given options.

1. What can you usually find in the Year-to-Date (YTD) section of a pay stub?
   a. Total earnings and deductions so far this year
   b. Your total hours worked in the current pay period
   c. Your employer's annual revenue
   d. Your estimated tax refund

2. What does FICA stand for?
   a. Federal Income and Credit Act
   b. Federal Insurance Contributions Act
   c. Financial Interest Contributions Act
   d. Federal Income Compensation Agreement

/2 pts

MATCHING

Directions: Match each term to its description by writing the corresponding letter in the blank. Some terms may be used more than once.

A. Deductions B. Net pay C. Withholdings D. Gross Pay

D 3. The total amount you earn before any money is deducted from your paycheck

B 4. The money you actually take home after taxes and other deductions

A 5. Amounts subtracted from your paycheck for things like taxes and benefits

C 6. Legally required amounts withheld from your paycheck, like income tax

A 7. A category that includes both withholdings and optional costs like insurance

/5 pts