Understanding your paycheck.

Understanding a paycheck involves understanding the various components and terms used. Here's a guide to help you interpret your paycheck:

1. Employee Information

- **Name and Address:** Your personal information to ensure the paycheck is for you.
- **Employee ID or Social Security Number:** A unique identifier for your employment records.

2. Employer Information

- **Company Name and Address:** The details of your employer for reference.

3. Pay Period

- **Start and End Dates:** The specific dates that the paycheck covers. Pay periods can be weekly, bi-weekly, semi-monthly, or monthly.

4. Earnings

- **Gross Pay:** The total amount earned before any deductions. This includes:
    - **Regular Pay:** Your standard earnings based on your hourly wage or salary.
    - **Overtime Pay:** Additional earnings for hours worked beyond the standard workweek, usually calculated at a higher rate.
    - **Bonuses and Commissions:** Any additional earnings from bonuses or sales commissions.
    - **Other Earnings:** Any other types of compensation, such as holiday pay or shift differentials.

5. Deductions

- **Federal Income Tax:** The amount withheld for federal income taxes based on your W-4 form.
- **State Income Tax:** The amount withheld for state income taxes (if applicable).
- **Social Security Tax:** A percentage of your earnings withheld for Social Security benefits.
- **Medicare Tax:** A percentage of your earnings withheld for Medicare benefits.
- **Local Taxes:** Any local taxes that may be applicable in your area.
- **Other Deductions:** These can include health insurance premiums, retirement plan contributions (e.g., 401(k)), flexible spending account (FSA) contributions, union dues, and other voluntary deductions.

6. Net Pay

- **Take-Home Pay:** The amount you receive after all deductions have been subtracted from your gross pay. This is the actual amount deposited into your bank account or given to you as a check.

7. Year-to-Date (YTD) Totals

- **Gross Pay YTD:** The total gross earnings you have received so far this year.
- **Deductions YTD:** The total amount deducted from your pay for taxes and other items so far this year.
- **Net Pay YTD:** The total take-home pay you have received so far this year.

8. Other Information

- **Leave Balances:** Information on your available leave, such as vacation days, sick days, and personal days.
- **Benefit Contributions:** Details on your contributions to benefits like retirement plans, health insurance, and other employer-provided benefits.

Example Breakdown

Gross Pay Calculation:

- Regular Pay: 80 hours x $20/hour = $1,600
- Overtime Pay: 10 hours x $30/hour (time and a half) = $300
- Total Gross Pay: $1,600 + $300 = $1,900

Deductions:

- Federal Income Tax: $200
- State Income Tax: $50
- Social Security: $117.80 (6.2% of $1,900)
- Medicare: $27.55 (1.45% of $1,900)
- Health Insurance: $100
- 401(k) Contribution: $95 (5% of $1,900)
- Total Deductions: $590.35

Net Pay Calculation:

- Net Pay: $1,900 - $590.35 = $1,309.65

Understanding each section of your paycheck helps ensure accuracy and allows you to better manage your finances. If you have questions about any part of your paycheck, your employer's payroll department can provide further clarification.

Remember, UBI Financial Credit Union is local and here for you! Please let us know how we can help with your banking and financial needs! 860-747-4152 or find us at www.UBIFCU.com