PENNY HOLLOW / LIFEREADY

AGES 14-18 | FINANCIAL LITERACY WORKBOOK

Your First Paycheck: Real-Life Money Toolkit

Employment, earnings, and everyday money decisions

LEARN / PRACTICE / INVESTIGATE / GROW



Penny



Sammy



Benny



Ernie



Izzy



Cleo

Where Little Money Habits Grow Into Big Futures.

Family & classroom edition | Educational examples | 2026

Printable activities, worked examples, reflections, and answer keys

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MODULE 3 | TAXES AND DEDUCTIONS

Case A: a first weekly paycheck

FICTIONAL / EDUCATIONAL PAY STUB - not valid for employment, banking, or tax filing.

Maya, age 17 | Maple Lane Library. Pay period: June 1-7, 2026. Pay date: June 12, 2026. Frequency: Weekly. No real employee or account identifiers are used.

Earnings type	Paid hours	Rate	Current earnings
Regular	20.00	$15.00	300.00

Pay-stub line	Current period	Prior YTD	New YTD
Gross pay	$300.00	$1,500.00	$1,800.00
Social Security	$18.60	$93.00	$111.60
Medicare	$4.35	$21.75	$26.10
Federal withholding	$12.00	$60.00	$72.00
State withholding	$6.00	$30.00	$36.00
Total deductions	$40.95	$204.75	$245.70
Net pay	$259.05	$1,295.25	$1,554.30

Assume all 20 paid hours are regular hours in one workweek. Federal and state amounts are supplied illustrative withholding. All earnings are taxable under this book's simplified employee model.

Investigate: find the hourly rate, gross pay, two payroll taxes, total deductions, and net pay. Which amount could Maya budget? Then prove that prior YTD plus current equals new YTD for both gross and net pay.

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MODULE 4 | READING COMPLETE PAY STUBS

Case D: an overtime week

FICTIONAL / EDUCATIONAL PAY STUB - not valid for employment, banking, or tax filing.

Rowan, age 18 | Willow Community Center. Pay period: June 15-21, 2026. Pay date: June 26, 2026. Frequency: Weekly. No real employee or account identifiers are used.

Earnings type	Paid hours	Rate	Current earnings
Regular	40.00	$18.00	720.00
Overtime	6.00	$27.00	162.00

Pay-stub line	Current period	Prior YTD	New YTD
Gross pay	$882.00	$7,200.00	$8,082.00
Social Security	$54.68	$446.40	$501.08
Medicare	$12.79	$104.40	$117.19
Federal withholding	$60.00	$450.00	$510.00
State withholding	$22.00	$180.00	$202.00
Post-tax benefit	$30.00	$300.00	$330.00
Total deductions	$179.47	$1,480.80	$1,660.27
Net pay	$702.53	$5,719.20	$6,421.73

Assume a covered nonexempt adult, one regular rate, no other earnings, and federal weekly overtime. Employee benefit is post-tax. Income-tax amounts are illustrative. Prior YTD comes from earlier checks, not a new flat tax formula.

Investigate: verify overtime hours, rate, gross pay, and separate rounded payroll taxes. Compare net pay with Case A without assuming the difference is solely a difference in tax rates. Explain why relying on weekly overtime could make a budget fragile.

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MODULE 5 | PAYROLL ERRORS AND SAFE DEPOSITS

Case E: the correction and the inquiry

The verified timecard totals 5 + 5 + 6 + 5 + 5 = 26 hours. Payroll used 24, omitting two hours. Correct gross pay is 26 x $16 = $416, a $32 increase. The original stub's arithmetic was internally consistent; its hours did not match the evidence.

Correct replacement line	Calculation	Correct amount
Social Security	$416 x 0.062	$25.79
Medicare	$416 x 0.0145	$6.03
Federal / state	Supplied $20 + $8	$28.00
Total deductions	$25.79 + $6.03 + $28	$59.82
Net pay	$416 - $59.82	$356.18

The correct net exceeds the original $328.62 by $27.56. Gross rises $32, while total deductions rise $4.44. Correct new YTD gross is $1,536 + $416 = $1,952; new YTD net is $1,314.48 + $356.18 = $1,670.66. Do not add both original and full replacement checks into YTD as though both were earned.

Model inquiry: "Please review the July 6-12 paid hours. My verified timecard totals 26, while the stub lists 24. At $16 an hour, I calculate $416 gross. Could you confirm the hours and explain any correction and updated deductions?"

This model requests review and does not promise when a correction will arrive. Keep the original record, the inquiry, and the employer's response; follow up through a verified payroll contact.

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MODULE 7 | COMPARE OFFERS AND MANAGE UNCERTAINTY

Compare two offers using the same week

Fictional adult Taylor compares two nonhazardous, eligible jobs. Hours are assumed available for this exercise, not guaranteed by a general wage rate. Both use the book's post-tax benefit model. Compare the same weekly time period before considering schedule, training, or future opportunities.

Weekly offer information	Offer A	Offer B
Hourly rate / paid hours	$17.50 / 24	$18.50 / 20
Gross pay	$420.00	$370.00
Social Security	$26.04	$22.94
Medicare	$6.09	$5.37
Federal / state assumptions	$20.00 / $8.00	$15.00 / $7.00
Post-tax employee benefit	$10.00	$0.00
Transportation / extra meals	$25.00 / $15.00	$8.00 / $6.00

A larger rate does not guarantee a larger paycheck. Offer B pays $1 more per hour but offers four fewer hours. Calculate total deductions, net pay, and money after the listed work costs. Keep the benefit cost separate from the transportation and meal costs so you do not subtract it twice.

Your comparison

1. Calculate each offer's net pay and spendable amount after the listed work costs.

2. Which leaves more weekly cash under these assumptions?

3. What nonfinancial question could change Taylor's preference?

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MODULE 8 | THE FINAL PAYCHECK INVESTIGATION

Final challenge: budget, then handle a surprise

For this fictional exercise only, assume Avery receives two corrected $1,195.64 net checks in a month. Income is $2,391.28. This is a practice assumption; overtime is not guaranteed. In real planning, build fixed commitments around reliable earnings and verify actual local costs.

Monthly use of net pay	Planned amount
Shared rent / utilities	$850.00 / $150.00
Groceries / transportation	$260.00 / $160.00
Phone	$45.00
Emergency saving / education goal	$200.00 / $120.00
Personal choices / giving	$100.00 / $40.00
Buffer	$466.28
Total	$2,391.28

Choose and defend

1. Add every planned amount and prove the budget balances.

2. A necessary $280 repair occurs. Revise the plan without assuming extra income or guaranteed borrowing.

3. If Avery no longer receives overtime, which assumptions must be revisited?

Model: all categories except buffer total $1,925, so $2,391.28 - $1,925 = $466.28. Paying the repair from buffer leaves $186.28 and preserves the planned $200 emergency contribution. Another defensible plan may differ, but it must balance and explain consequences. A smaller future check requires a new plan rather than repeating this month's figures.

Avoid double counting: the $40 health and $25 Roth deductions per check were removed before net pay; these rows do not subtract them again.

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