

# ACTIVITY #2

Name: \_\_\_\_\_

For use with pages 14–15 in the November 8 & 22, 2010, issue of Scholastic *MATH* Magazine.

## Pool Paycheck Percents

When people discuss the various taxes and deductions on their paychecks, they normally speak in terms of what percent of their total pay is being subtracted. A percent is a number out of 100. To find a percent of a number, we first rewrite the percent as a decimal (drop the percent sign and move the decimal point two places to the left). Then we multiply that decimal times the number.

Let's try the questions from the activity with each tax or deduction expressed as a percent. If allowed, use a calculator.

**1** I get paid \$14 an hour in the summer. (During the school year, I make only \$10 an hour, because the pool managers know I don't have to pay taxes then.) I worked 57 hours during one pay period in July. How much did I earn before taxes were taken out? (This total is called my *gross earnings*.)

**2** The first deduction on my paycheck is for FICA, the Federal Insurance Contributions Act. This money goes to a program called Social Security, which helps the elderly and people with disabilities. The FICA tax is 6.199% of my gross earnings. To find how much that FICA tax was, rewrite the percent as a decimal number, multiply that decimal by my gross earnings (from question #1), and round your answer to the nearest penny.

**3** Medicare is a government program that provides health insurance, medications, and hospital care to people 65 and older. The Medicare deduction is 1.45% of my gross earnings. How much was that deduction, rounded to the nearest penny?

**4** The U.S. collects federal income tax to pay for the military, highway repair, government employees' salaries, and much more. With this tax, the more you earn, the greater the percent of your earnings you have to pay! I only pay a small percent. The federal income tax is 6.933% of my gross earnings. How much was that tax, rounded to the nearest penny?

**5** States also take out taxes to pay for many services, such as garbage collection, road construction, and water purification. In New York, where I work, for my earnings level, the state tax is 2.641% of my gross earnings. How much was that tax, rounded to the nearest penny?

**6** After paying all these taxes and deductions, how much money did I actually get to take home? Add up your answers from questions #2 through #6 and subtract that sum from my gross earnings. Also subtract \$1.20, which my job is required to deduct each month for disability insurance (which helps any employees who can't work because of illness or injury). What was the actual amount?