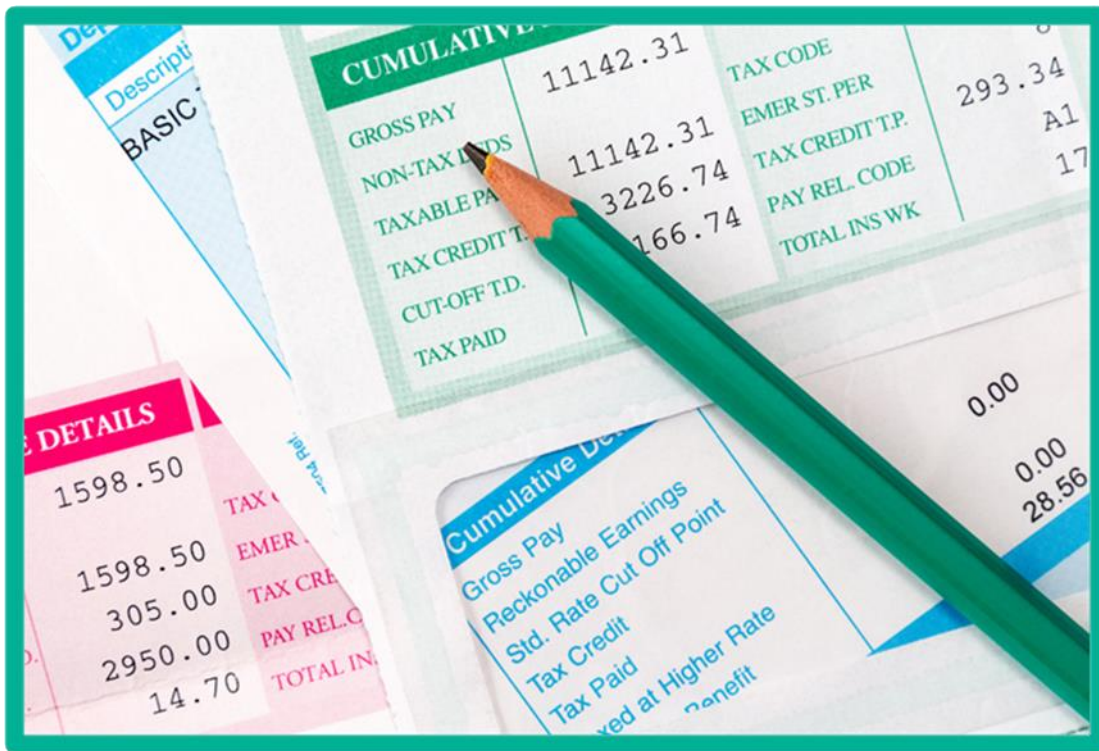


NEW MEXICO 4-H

Aggie Next Step

Money, Money, Money Decoding the Pay Stub



Post Secondary Pathways



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Decoding the Pay Stub

INTRODUCTION

Everyone looks forward to payday, but many people don't fully understand their paycheck. Confusing terms, unfamiliar deductions, and differences between gross pay and net pay can make it hard to track earnings. In this lesson, participants will explore the parts of a pay stub, decode common terms and deductions, and learn how understanding a pay stub can support smarter financial decisions.

SET UP

Review lesson materials and determine which worksheets and handouts you will use for the lesson. Print enough pre/post assessments, worksheets, and handouts for each participant.

ACTIVITY

1. Have participants complete the **Pre-assessment**.
2. Activate prior knowledge with a whole group discussion:
Q: Who has seen a pay stub before?
Q: Why might it be important to understand your paycheck?
Q: Why does the government require taxes to be taken out of every paycheck?
3. Distribute **Understanding Your Pay Stub**. Review terms using Think-Pair-Share. Participants first review the terms on their own. Then, pair up to explain/clarify any terms they are unsure about. Finally, come together as a whole group to clarify definitions and answer questions.

***Optional Movement Activity (This can be used in place of – or alongside – the group review; prior printing and cutting of materials is required.) *Directions on next page**

Supplies

- Worksheets
- Handouts
- Pens/Pencils

OUTCOMES

Students will be able to:

- **Identify and define** key terms found on a pay stub.
- **Interpret** common deductions and describe their purpose
- **Analyze** sample pay stubs to track earnings, deductions, and year-to-date totals
- **Explain** why reviewing the pay stub regularly is an important part of financial responsibility.



Decoding the Pay Stub

Optional: Distribute 1-2 *Understanding Your Pay Stub: Quiz-Quiz-Trade* card(s) to each participant (depending on size of group).

- Quiz:
 - Participant A shows one side of their card (term or definition)
 - Participant B answers (definition or term)
 - Participant A confirms if correct or clarifies if incorrect.
 - Then they switch: Participant B quizzes Participant A
- Trade: After both have quizzed each other, they trade cards.
- Move: Each participant finds a new partner and repeats the process with their new card.

4. Distribute *Decoding Pay Stubs Worksheet*. Participants work in pairs or small groups to answer the questions using the three sample pay stubs.

5. *Exit Ticket* – depending on time, this can be done as a class discussion, or students can complete the worksheet in class, as homework, or in the following class.

6. Have participants complete *Post-assessment*.

WRAP UP

Understanding your pay stub is about more than just numbers – it's about taking control of your financial life. By knowing where your money comes from, where it goes, and what deductions mean, you build knowledge and habits that support independence, smart choices, and a more secure future.



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Decoding the Pay Stub

RESOURCES

NM Standards:

NM PED Standards: Career and Technical Education (CTE):

CTE 1.1.2: Demonstrate knowledge and skills in language arts

CTE 2.1.1: Select and employ appropriate reading and communication strategies

CTE 2.1.9: Listen to and speak with diverse individuals to enhance communication skills

CTE 3.1.1: Employ critical thinking skills to solve problems and make decisions

CTE 9.1.1: Identify and demonstrate the use of positive work behaviors and personal qualities needed to be employable (budgeting)

Common Career Technical Core (CCTC) Standards: Career Ready Practices (CRP):

CRP-3: Attend to personal health and financial well-being

CRP-4: Communicate clearly, effectively, and with reason

Optional ELA Alignment (Grades 6-12):

RI1: Read closely to determine what the text says

SL1: Participate in a range of conversations

L4: Determine the meaning of unknown words

L6: Acquire and use a range of domain-specific words and phrases

Video Resources:

Note: Please preview all videos before showing them to students to ensure they are age-appropriate, relevant, and aligned with your classroom needs.

Here's How to Read a Pay Stub [With Sample Paycheck]

https://youtu.be/-4qkis2FooU?si=X1zMngr_nbHR5yj1

Understanding Your Paycheck

<https://youtu.be/3fDrDZAqf-8?si=u6Wzan11Di3Pn0qr>

Understanding Your Paycheck (Where Did All My Paycheck Money Go?)

https://youtu.be/XQ0f87stf_o?si=cYNxDOPg8yriHSFz