



FINANCE AND ADMINISTRATION CABINET
KENTUCKY HIGHER EDUCATION ASSISTANCE AUTHORITY

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Money Tip for Students, February 2019

Understanding pay stubs

When you work, you will receive a pay stub each time you get paid, although it may not be a paper stub. Understanding your pay stub is vital to managing your money and budgeting.

Each employer's pay stub is different, according to the Kentucky Higher Education Assistance Authority (KHEAA), but you will usually see these items:

- **Gross Pay:** This is what you earned that pay period before any taxes or benefits, such as insurance, were withheld.
- **Net Pay:** This is your take-home pay after withholdings.
- **Federal Tax:** This might be abbreviated as Fed Tax, FT or FWT. It shows how much was withheld in federal income taxes.
- **State Tax:** State taxes might be abbreviated as St Tax, STW or simply by the abbreviation of the state in which you reside.
- **Local Tax:** Some cities or counties levy a local tax. Depending on where you live or work, you may not be subject to this tax and won't see anything withheld.
- **Social Security Tax:** Social Security tax might be abbreviated FICA, SS, SSWT or OASDI. The federal government requires that 6.2 percent of your wages be withheld.
- **Medicare:** Medicare tax might be abbreviated MWT or Med. The federal government requires that 1.45 percent of your wages be withheld.
- **Year-to-date** (for pay and deductions): The year-to-date fields show how much you have earned up to that point and what has been deducted for each tax or benefit.

KHEAA is the state agency that administers Kentucky's grant and scholarship programs, including the Kentucky Educational Excellence Scholarship (KEES). The agency also provides financial literacy videos at <http://itsmoney.kheaa.com> and free copies of "It's Money, Baby," a guide to financial literacy, to Kentucky schools and residents upon request at publications@kheaa.com.

Its sister agency, the Kentucky Higher Education Student Loan Corporation (KHESLC), offers low-cost Advantage Loans to help students and parents pay for college or to refinance student loans. For more information about Advantage Loans, visit www.advantageeducationloan.com.

For more information about Kentucky scholarships and grants, visit www.kheaa.com; write KHEAA, P.O. Box 798, Frankfort, KY 40602; or call 800-928-8926, ext. 6-7214.

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