

Math for Financial Literacy © 2013
Chapter 2: Understanding Your Paycheck—Glossary

deduction. Adjustment to income that comes after the adjusted gross income is determined.

dependent. Child or other person whom an individual is supporting financially.

employee benefits. Anything of value that is offered or provided to employees in addition to wages; also called *fringe benefits*.

FICA tax. Percentage of the employee's gross pay that is withheld from each paycheck.

flat-rate tax. Same rate of taxation paid by all taxpayers, regardless of income level; also called *flat tax*.

fringe benefits. Anything of value that is offered or provided to employees in addition to wages; also called *employee benefits*.

job expense. Any cost an employee has to pay because of the job he or she was hired to do.

Medicare. Federal health insurance program for people over 65 years of age.

monetary value. Amount something is worth in money alone.

net pay. Final calculated amount of a paycheck after federal taxes, FICA taxes, and state taxes are withheld; also called *take-home pay*.

pre-tax deductions. Payments employees make for the cost of benefits.

progressive tax. The more a person makes, the higher the rate of taxation.

raise. Increase in pay.

Social Security tax. Contributes to retirement and disability benefits.

stipend. Payment for taking on additional work duties or for completing work-related classes.

taxable income. Portion of earnings taxed when a person files his or her tax return.

withholding allowance. Number of dependents a person claims on his or her W-4 form.