

Paychecks and taxes

How to read your pay stub, line by line

Your pay stub shows what you earned, what came out and where it went. A quick look each payday can catch mistakes and help you keep more of your pay.



6-minute read • Updated October 2026 • Checked against its sources

The short version

- ✓ Start at the top: check the pay period, your hours, your rate and any time off.
- ✓ Social Security (6.2%) and Medicare (1.45%) come out of most paychecks. Federal income tax depends on the W-4 you gave your employer.
- ✓ Question any deduction you don't recognize, and check that your savings and benefits match what you signed up for.

From a nonprofit. Every volunteer adviser is a fiduciary, which means they must put your interests first. We never sell your information.

Rather talk it through?

A volunteer financial adviser can help with your situation, one-on-one, for free.



Point your phone's camera at the code, or go to:

go.advisersgiveback.org/start

1

Why your pay stub deserves a look

On payday, most of us check one number: how much landed in the bank. But your pay stub tells the whole story. It shows what you earned, what came out, and where the rest went.

Pay problems do happen, and some leave workers underpaid. When investigators from the U.S. Department of Labor's Wage and Hour Division find violations, they ask the employer to pay any back wages owed. ¹ In fiscal year 2025, the division recovered more than \$259 million in back wages for nearly 177,000 workers, an average of \$1,465 each. ²

A quick look at your own stub is how you catch a problem early. Start with the parts you can check yourself: your dates, your hours and any time off.

2

Start at the top: your pay and your hours

The top of the stub shows your gross pay. That's everything you earned before anything comes out. Check these each time:

- **The pay period.** Do the dates match the days you worked?
- **Hours and rate.** Are your regular hours, overtime and pay rate right?
- **Time off.** If you took paid time off, was it paid? Does your balance look right?
- **Extras.** Are the tips, bonus or commission you expected listed?

It helps to keep your own record of the hours you work, even as notes on your phone. Then a mismatch is easy to spot. The Labor Department has a free timesheet app for iOS and Android that tracks your hours and pay. ²

The main federal wage law, the Fair Labor Standards Act, doesn't require employers to hand out pay stubs, but it does require them to keep accurate records of your hours and pay. ³ State laws can go further. In California, for example, you must get an itemized pay stub each time you're paid, or twice a month, even if you're paid in cash. It has to list things like your hours, pay rates and deductions. ⁴

If something looks wrong, ask your payroll or HR team first, and keep a copy of what you sent. If you're owed wages and can't get them paid, you can call the U.S. Department of Labor's Wage and Hour Division. Complaints are kept confidential, and your employer can't retaliate against you for filing one. ¹ Your state's labor agency may help too. In California, you can file a wage claim with the Labor Commissioner's Office, and the state's labor laws protect all workers, whatever their immigration status. ⁵

3

The taxes that come out

Next come taxes. Two of them come out of most paychecks. Together they're known as FICA taxes, after the law that created them. ⁷

7.65%

of most paychecks goes to Social Security and Medicare taxes

6.2% for Social Security, on pay up to \$184,500 in 2026, plus 1.45% for Medicare on all pay. Your employer pays the same again.

Source: Internal Revenue Service, Topic no. 751, Social Security and Medicare withholding rates (Updated September 24, 2026)

- **Social Security: 6.2%.** It applies to your pay up to a yearly limit. In 2026, the limit is \$184,500. ⁶
- **Medicare: 1.45%.** It applies to all of your pay, with no limit. Your employer pays a matching amount of both taxes on its own. ⁶

Then there's federal income tax. How much comes out depends on the Form W-4 you gave your employer. If too little is withheld, you'll generally owe when you file, and you may owe a penalty. If too much is withheld, you'll generally get a refund. ⁸ If you live in a state with an income tax, look for state withholding too.

If you earn tips or overtime, there's something new for 2025 through 2028. You may be able to deduct part of that pay on your federal return, which can lower your income tax. For overtime, it's only the extra "half" of the time-and-a-half that federal law requires. Social Security and Medicare taxes generally still apply. You can give your employer an updated W-4 that counts the deduction, so you get more in each paycheck instead of waiting until you file. ⁷



Why a bonus check can look smaller

When a bonus is listed separately from your regular pay, your employer can often withhold federal income tax on it at a flat 22%. ⁹ That may be more or less than you'll owe. What you really owe gets settled when you file your return.

The IRS suggests checking your withholding every January, and again after a big life change like a new job, a marriage or a new child. Its Tax Withholding Estimator asks for your latest pay stub and does the math for you. ¹⁰ Our guide to [making your refund work for you](#) explains what to do with the answer.

Online: advisersgiveback.org/resources/make-your-refund-work-for-you/

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Pre-tax and after-tax deductions

Below the taxes, you'll see money taken out for benefits and savings. Some of it comes out before taxes, which lowers the tax you pay now. Some comes out after.

- **Traditional 401(k).** Money you put in generally isn't subject to federal income tax withholding. Social Security and Medicare taxes still apply. ⁷
- **Health insurance and FSAs.** When your employer offers them through a "cafeteria plan," a plan that lets you take part of your pay as benefits, they come out before taxes. ¹¹
- **Roth 401(k).** This money goes in after taxes. In return, qualified withdrawals later aren't taxed. ¹²



Saving before taxes costs less than it looks

Here's an example. Say your federal income tax rate is 12% and your state has no income tax. If you put \$100 more per paycheck into a traditional 401(k), your take-home pay drops by about \$88, not \$100. That's because about \$12 less is withheld for federal income tax. Social Security and Medicare still apply to the full \$100.

Some stubs mark the pre-tax items with a symbol or list them in their own section. Check that each amount matches what you signed up for. Is your retirement savings the percent you chose? If your employer adds a match, is it there?

5

Deductions worth a second look

Look closely at any deduction you don't recognize. Vidalia Cornwall, a CFP® professional who volunteers with Advisers Give Back, points to extras like legal insurance, hospital indemnity or critical illness coverage. If you're paying for one, Vidalia says, make sure it's a benefit you'd really use. Vidalia adds that the companies that offer these plans make money on them, and that a lot of employees don't use some of these benefits.¹³ Small charges add up when they come out of every check.

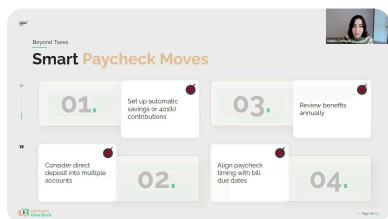
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Two free paycheck moves

Two no-cost paycheck moves: check your deductions for add-on benefits you don't use, and split your direct deposit so part of every paycheck goes straight to savings.

Vidalia Cornwall, a volunteer CFP® professional

Scan the code to watch it, or go to advisersgiveback.org/resources/dont-skip-the-stub/



Your benefits guide or HR team can tell you what each deduction covers and when you can change it. Jot down your questions as they come up, so you're ready at open enrollment.

The bottom of the stub shows your net pay, the amount you take home, and where it went. Vidalia also suggests splitting your direct deposit, if your employer offers it, so part of each check goes straight to savings.¹³ Our guide to [letting automation do the work](#) shows how to set it up.

Online: advisersgiveback.org/resources/let-automation-do-the-work/

**Try this on your next payday**

Pull up your latest pay stub and find five things: the pay period, your hours, your gross pay, each deduction and your net pay. Circle anything you don't recognize, and ask about it.

6

Make it a payday habit

A pay stub check works best as a routine. Set a reminder for payday, and go through the same short list each time:

1

Dates and hours.

The pay period, your hours, any overtime and any time off.

2

Gross pay.

Your rate times your hours, plus any extras.

3

Taxes.

Social Security, Medicare, and federal and state withholding.

4

Deductions.

Each benefit and savings amount, and whether it came out before or after taxes.

5

Net pay.

The amount, and the account or accounts it went to.

Keep your last pay stub of the year. Its year-to-date totals are a handy check when your W-2 arrives. And if a pay stub is something you'd rather not look at, our guide to [why we avoid our finances](#) may help.

Online: advisersgiveback.org/resources/why-we-avoid-our-finances/

Vidalia walks through every part of a paycheck, from withholding to benefits, in the workshop [The Paycheck Advantage](#).

Online: advisersgiveback.org/resources/workshops/the-paycheck-advantage/

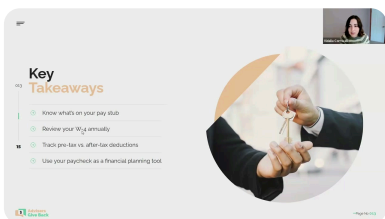
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A paycheck checkup, and a free review

A paycheck checkup checklist: read your pay stub, revisit your W-4 after life changes or big refunds or bills, and know pretax from after-tax. Then how to get a free paycheck review from a volunteer adviser.

Vidalia Cornwall, a volunteer CFP® professional

Scan the code to watch it, or go to
advisersgiveback.org/resources/dont-skip-the-stub/



Your pay stub is the receipt for your work. A quick look each payday protects both your money and your peace of mind.

If a line on your stub still doesn't make sense, or you'd like help with your W-4 or your benefits, a volunteer adviser can go through it with you, one-on-one and for free.

A volunteer adviser is ready when you are.

A volunteer adviser can look at your numbers with you and help you decide what to do first.

go.advisersgiveback.org/start



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Updated October 2026. This guide is general information, not advice for your situation. We check every number against its source; if something has changed, tell us at advisersgiveback.org/contact. Read it online, with its calculators and videos, at advisersgiveback.org/resources/dont-skip-the-stub/. Advisers Give Back is a 501(c)(3) nonprofit (EIN 84-4685390), and we never sell your information.