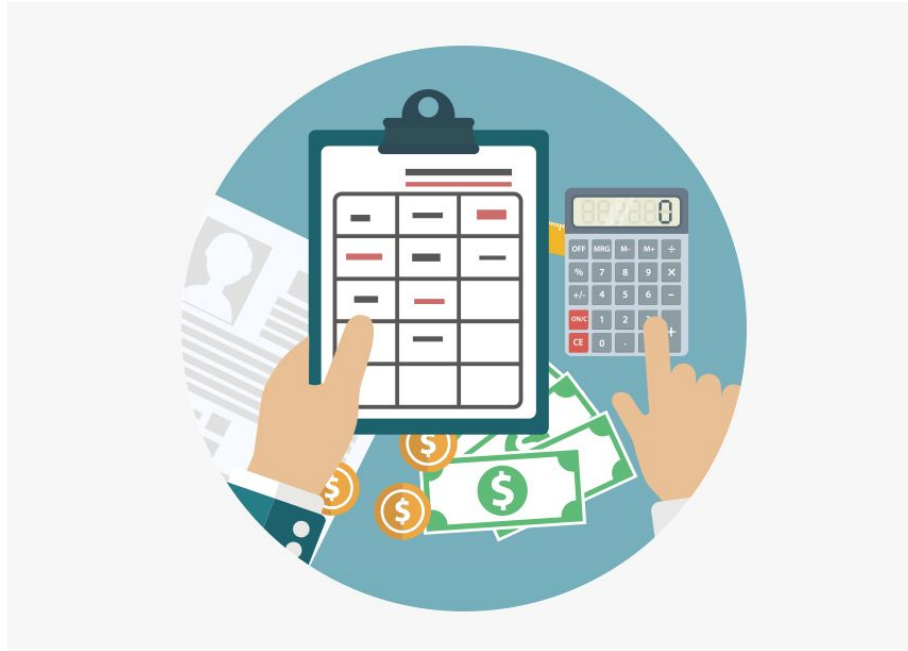


Paychecks

SAFA Financial Literacy Lesson

What is income?

Income is the money that you earn on a regular basis due to work or investments.



What are paychecks?

Paychecks equate to the net income that you earn regularly. Gross income has deductions, including taxes, removed from it.



Income Tax

Income Tax is a tax that is taken from your income. There are different percents taken on different brackets(2021-2022 and for single filers):

\$0-\$9,950- Tax Rate: 10%

\$9,951-\$40,525- Tax Rate: 12%

\$40,526-\$86,375- Tax Rate: 22%

\$86,376-\$164,925- Tax Rate: 24%

\$164,926 to \$209,425- Tax Rate: 32%

\$209,426 to \$523,600- Tax Rate: 35%

\$523,601 or more- Tax Rate: 37%



Why is income (paychecks) important?

Income is important because it dictates your income tax. As shown previously, there can be drastic variance in tax rates dependent on income, and you should be aware of which bracket your income falls into to plan accordingly with your money. Your financial decisions should be shaped by your income.



What should you do if your wages are not provided?

If your employer does not pay you, you can file a wage claim with the Illinois Labor Department.

