

Paycheck Terms and Definitions

Net Pay

The amount you actually get paid after all deductions have been applied.

State Tax

A tax that is deducted to assist in funding government agencies in the state.

Federal Tax (Fed Tax)

Employers are required by law to withhold this tax from the wages you earn. The amount you pay depends on the amount of money you earn and the information you provide on your W-4 (marital status and children affect the deductions).

Federal Income Contribution Act

**(a.k.a. FICA or Social
Security)**

This amount goes toward the nation's retirement program that provides income to the elderly and disabled.

Emergency and Municipal Services Tax (EMST)

A local tax in PA imposed by the municipality in which you work, not the municipality in which you reside. This tax is primarily to serve the community with emergency services.

Medicare	A tax that might be abbreviated MWT or Med. This is a federal tax that is withheld so you'll be covered by health insurance when you reach age 65.
State Unemployment Insurance (SUI)	This deduction from your paycheck is used to provide funds to your state for temporary support of workers who have lost their jobs.
Earned Income Tax (EIT)	A local tax that is collected for the township or school district where you live. Your employer deducts the amount (usually 1%).
Check Number	A number that helps you keep track of the checks you write. It will help you balance your checkbook, keep track of which checks your bank has processed, and which checks are still outstanding. This number usually appears in the upper right hand corner of the check.
Payee	The name of the person or organization that you wish to pay. They are the only one that is allowed to negotiate the check (by depositing it, cashing it, or endorsing it so that somebody else can negotiate it).

Memo	Can be used to write an unofficial note on your check and can be handy for you, or for your payee.
Pay Stub	A piece of paper that you get from your employer when you are paid showing how much money you have earned and how much tax has been taken away.
Check Amount	On this line, you should write the amount of your check using words. Writing out the amount with words reduces confusion and helps to avoid fraud.
Routing Number	The American Bankers Association (ABA) number is located on the bottom of a check. They serve as an "address" for your bank. With that number other banks can get in touch with your bank to collect funds when you write a check. ABA numbers are written in a strange font with magnetic ink so they can easily be read by computers.
Gross Pay	The entire amount you earned before deductions have been made.