

How to Read Employee Paystubs

INTRODUCTION

Paystubs are about more than just the “bottom line.”

Everyone loves pay day. For employees, it's a day when bank accounts are replenished and bills can get paid. For HR professionals, it marks another payroll processing cycle in the rearview mirror.

Getting paid on time, every time might seem like magic. When the dust settles, employees are left with slips of paper to help make sense of it all: their paystubs.

The humble paystub includes some of the most important information an employer can convey to its staff. It includes a breakdown of how much they are being taxed, what benefits are being paid for, and other pieces of critical compensation information.

Unfortunately, “important” seldom translates to “intuitive.” Many employees only read the bottom line of their paystub, simply because the rest of it can seem so complicated. In this guide, we'll break down the nuances of employee paystubs and why it's important to always “check your check.”



THE PAYSTUB AT A GLANCE

This is Sarah Jevo's paystub. We'll divide it into three sections and explain what each one includes.

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1 Lost Highway
Chicago, IL 60007
888-123-4567

Check Date: 06/22/2018
Employee ID: 12345
Federal W/H: S-0
State W/H: IL-0

Earnings Statement

Period Start: 06/01/2018
Period End: 06/15/2018
Pay Date: 06/22/2018

Please note that some records may not appear on this report in order to fit to single page for check printing

Sarah Jevo
123 Sesame St.,
Chicago, IL 60007

Type		Calculation		Amount		Pay Code: 2222-3333-4444-5555				
Check		Balance		\$2,589.64						
EARNINGS					TAXES			DEDUCTIONS		
Type	Hours	Rate	Current	YTD	Type	Current	YTD	Type	Current	YTD
Employee					Federal	\$601.29	\$8,755.31	Employee Cost		
Salary	0.00	\$3,719.45	\$3,719.45	\$50,052.75	Medicare	\$52.93	\$713.84	Dental	\$14.89	\$178.68
					Social	\$226.35	\$3,052.29	Medical	\$50.22	\$602.64
Total	0.00		\$3,719.45	\$50,052.75	Security			Vision	\$3.41	\$40.92
					State-IL	\$180.72	\$2,436.94	Totals	\$68.52	\$822.24
					Totals	\$1,061.29	\$14,958.38	Employer Paid Cost		
					Note:			Basic AD&D	\$0.18	\$2.16
						Basic Life	\$0.42	\$5.04		
						Long Term	\$3.92	\$47.04		
						Disability				
						Medical	\$147.46	\$1,769.52		
						Short Term	\$17.02	\$204.24		
						Disability				
						Totals	\$169.00	\$2,028.00		
Benefit Type		Current Pay Period			Year-to-date					
	Begin Balance	Used	Earned		Ending Balance	Used	Earned			
Sick Time - Chicago	60.0000	0.0000	0.0000		60.0000	0.0000	60.0000			
Sick Time - Chicago (FMLA)	40.0000	0.0000	0.0000		40.0000	0.0000	40.0000			

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1 Lost Highway
Chicago, IL 60007
888-123-4567

Date: 06/22/2018

TWO THOUSAND FIVE HUNDRED EIGHTY-NINE & 64/100*** DOLLARS

Pay to the Order of: Sarah Jevo

Pay This Amount:

\$2,589.64

Sarah Jevo
123 Sesame St.,
Chicago, IL 60007

SECURITY FEATURES INCLUDED. DETAILS ON BACK.

SECTION 1: Personal Information

Sarah's home address, marital status, and more.

SECTION 2: Breakdown

A detailed account of her pay before and after taxes and deductions.

SECTION 3: The Check

If Sarah opts to receive a paper check, it would be located here.

SECTION 1: PERSONAL INFORMATION

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1 Lost Highway
Chicago, IL 60007
888-123-4567

Check Date: 06/22/2018
Employee ID: 12345
Federal W/H: S-0
State W/H: IL-0

2 Earnings Statement

Period Start: 06/01/2018
Period End: 06/15/2018
Pay Date: 06/22/2018

Please note that some records may not appear on this report in order to fit to single page for check printing

Sarah Jevo
123 Sesame St.,
Chicago, IL 60007

Pay Code: 2222-3333-4444-5555

Type	Calculation	Amount
Check	Balance	\$2,589.64

1 FEDERAL AND STATE WITHHOLDINGS (W/H)

When Sarah completed her [Form W-4](#) during onboarding, she shared whether she was married and the number of allowances she wanted to claim. Allowances are claims an employee can make to reduce their taxable income. Employees can claim a child, dependent, spouse, or even themselves as an allowance. Under federal withholdings, Sarah is listed as **S-0**, meaning “single with zero allowances.” Under state withholdings, the **IL-0** simply means “Illinois taxes with zero allowances.”

2 EARNINGS STATEMENT

This section clarifies what timeframe the paystub represents. Businesses will typically have a few days between their payroll processing days and paydays. If you’re wondering why your recent overtime wasn’t included on your paystub, for example, check this section first before going to HR.

3 PERSONAL INFORMATION

It’s best practice to routinely review this section. If your home address or name is incorrect here, there’s a good chance it’ll also be wrong on your Form W-2. That could cause problems come tax filing season. At the very worst, it could also mean your form (which includes your social security number) could be mailed to the wrong address.

SECTION 2: BREAKDOWN

1					2			3		
EARNINGS					TAXES			DEDUCTIONS		
Type	Hours	Rate	Current	YTD	Type	Current	YTD	Type	Current	YTD
Employee					Federal	\$601.29	\$8,755.31	Employee Cost		
Salary	0.00	\$3,719.45	\$3,719.45	\$50,052.75	Medicare	\$52.93	\$713.84	Dental	\$14.89	\$178.68
					Social Security	\$226.35	\$3,052.29	Medical	\$50.22	\$602.64
					State-IL	\$180.72	\$2,436.94	Vision	\$3.41	\$40.92
Total	0.00		\$3,719.45	\$50,052.75	Totals	\$1,061.29	\$14,958.38	Totals	\$68.52	\$822.24
								Employer Paid Cost		
								Basic AD&D	\$0.18	\$2.16
								Basic Life	\$0.42	\$5.04
								Long Term Disability	\$3.92	\$47.04
								Medical	\$147.46	\$1,769.52
								Short Term Disability	\$17.02	\$204.24
								Totals	\$169.00	\$2,028.00
					Note:					

SECTION 3: THE CHECK

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Initech Software
1 Lost Highway
Chicago, IL 60007
888-123-4567

Date: 06/22/2018

TWO THOUSAND FIVE HUNDRED EIGHTY-NINE & 64/100*** DOLLARS

Pay to the Order of: Sarah Jevo

Pay This Amount: **\$2,589.64**

Sarah Jevo
123 Sesame St.,
Chicago, IL 60007

SECURITY FEATURES INCLUDED. DETAILS ON BACK.

Last but not least, here's the check!

Though direct deposit has supplanted [paper checks](#) as the most common method of payment in the U.S., there are still plenty of Americans who prefer getting paid the old fashioned way.

As you might have gleaned already, paystubs are designed by payroll service providers in a way that, if a client desires, they can easily be printed onto check paper. The only thing missing from Sarah's check is a signature from her employer. You'll also notice that both the employer and employee addresses are perfectly located to show through a double-windowed envelope, making the check easy to mail.

So that's how to read a paystub. Next up, we'll share a glossary of common federal and state tax codes that you might find listed in middle third of your paystub.

To the untrained eye, some of the taxes on your paystub can read like alphabet soup. Below you'll find a list of some of the most common federal and state taxes and their most common abbreviations and codes. Depending on your payroll processor, these codes may differ slightly.

RECURRING ABBREVIATIONS:

FUTA : Federal Unemployment

SDI : State Disability

SUI : State Unemployment

Tax Code	Description
AK-UI	Alaska Unemployment Tax
AL-City/County LF	Alabama City/County License Fee
AL-UI	Alabama Unemployment Tax
AL-UI-Tennessee	Alabama Residence/Tennessee UI Tax
AR-CityCounty	Arkansas City/County Tax
AR-UI	Arkansas Unemployment Tax
AZ-JTT	Arizona Job Training Tax
AZ-UI	Arizona Unemployment Tax
CA-ETT	California Employment Training Tax
CA-SDI	California State Disability Tax
CA-UI	California Unemployment Tax
CO-UI	Colorado Unemployment Tax
CT-UI	Connecticut Unemployment Tax
DC-UI	District of Columbia Unemployment Tax
DC-UI-Maryland	DC Residence/Maryland UI
DE-UI	Delaware Unemployment Tax
Federal	Federal Income Tax
FL-UI	Florida Unemployment Tax
FUTA	Federal Unemployment Tax
GA-UI	Georgia Unemployment Tax
GA-UI-Tennessee	Georgia Residence/Tennessee UI
Guam State UT	Guam State Unemployment Tax
Guam Territory	Guam Territory Tax
HI-SDI	Hawaii State Disability Tax
HI-UI	Hawaii Unemployment Tax
IA-UI	Iowa Unemployment Tax
ID-UI	Idaho Unemployment Tax
IL-UI	Illinois Unemployment Tax

Tax Code	Description
IN-UI	Indiana Unemployment Tax
Iowa Administrative Surch	Iowa Administrative Surcharge Tax
Iowa Reserve Fund	Iowa Reserve Fund
KS-UI	Kansas Unemployment Tax
KY-UI	Kentucky Unemployment Tax
LA-UI	Louisiana Unemployment Tax
MA-UI	Massachusetts Unemployment Tax
Maryland-Local	Maryland - Local Tax
MA Employer Me	Massachusetts Employer Medical Assistance Contribution
MD-UI	Maryland Unemployment Tax
ME-CSSF	Maine Competitive Skills Fund
ME-UI	Maine Unemployment Tax
Medicare	Medicare
Medicare Additional	Medicare Additional
MI-UI	Michigan Unemployment Tax
MN-UI	Minnesota Unemployment Tax
MO-UI	Missouri Unemployment Tax
MS-UI	Mississippi Unemployment Tax
MT-UI	Montana Unemployment Tax
MT-WCOFLT	Montana Workers Compensation Old Fund Liability Tax
NC-UI	North Carolina Unemployment Tax
NE-UI	Nebraska Unemployment Tax
NH-UI	New Hampshire Unemployment Tax
NJ Waterfront Payroll Tax	New Jersey Waterfront Payroll Tax
NJ-FLI-EE	New Jersey Family Leave Insurance
NJ-SDI-EE	New Jersey SDI
NJ-Trans	New Jersey Transportation Tax
NJ-UI	New Jersey Unemployment Tax
NJ-WF-ER	New Jersey Work Force Development
NM-UI	New Mexico Unemployment Tax
NM-WC	New Mexico Workers Compensation
NV Bond	Nevada Bond Tax
NV-CEP	Nevada Career Enhancement Program
NV-UI	Nevada Unemployment Tax
NY PFL	New York Paid Family Leave
NY-RSF	New York Re-Employment Service Fund
NY-SDI	New York State Disability Insurance
NY-UI	New York Unemployment Tax

Tax Code	Description
NYC-NonRes	New York City Non-Resident
NYC-Res	New York City Resident
OH-UI	Ohio State Unemployment Tax
OK-UI	Oklahoma Unemployment Tax
OR-Trans - Lane	Oregon Transportation Tax - Lane District
OR-Trans - Trimet	Oregon Transportation Tax - Trimet District
OR-UI	Oregon Unemployment Tax
OR-WBF	Oregon EE Workers Benefit Fund
OR-WBF-ER	Oregon ER Worker's Benefit Fund
Oregon Transit Tax	Oregon Transit Tax
PA-Local Services Tax	Pennsylvania Local Services Tax
PA-OPT	Pennsylvania Occupational Privilege Tax
PA-UI-EE	Pennsylvania Unemployment Tax
PR-SDI	Puerto Rico State Disability Insurance
RI-JDF	Rhode Island Job Development Fund
RI-SDI	Rhode Island State Disability Insurance Fund
RI-UI	Rhode Island Unemployment Tax
SC-UI	South Carolina Unemployment Tax
SC-UI Assessment	South Carolina UI Contingency Assessment
SD-UI	South Dakota Unemployment Tax
Social Security	Social Security
State-AK	Alaska State Tax
State-AL	Alabama State Tax
State-AR	Arkansas State Tax
State-AS	American Samoa State Tax
State-AZ	Arizona State Tax
State-CA	California State Tax
State-CO	Colorado State Tax
State-CT	Connecticut State Tax
State-DC	District of Columbia State Tax
State-DE	Delaware State Tax
State-FL	Florida State Tax
State-GA	Georgia State Tax
State-GU	Guam State Tax
State-HI	Hawaii State Tax
State-IA	Iowa State Tax
State-ID	Idaho State Tax
State-IL	Illinois State Tax

Tax Code	Description
State-IN	Indiana State Tax
State-KS	Kansas State Tax
State-KY	Kentucky State Tax
State-LA	Louisiana State Tax
State-MA	Massachusetts State Tax
State-MD	Maryland State Tax
State-ME	Maine State Tax
State-MI	Michigan State Tax
State-MN	Minnesota State Tax
State-MO	Missouri State Tax
State-MS	Mississippi State Tax
State-MT	Montana State Tax
State-NC	North Carolina State Tax
State-ND	North Dakota State Tax
State-NE	Nebraska State Tax
State-NH	New Hampshire State Tax
State-NJ	New Jersey State Tax
State-NM	New Mexico State Tax
State-NV	Nevada State Tax
State-NY	New York State Tax
State-OH	Ohio State Tax
State-OK	Oklahoma State Tax
State-OR	Oregon State Tax
State-PA	Pennsylvania State Tax
State-PR	Puerto Rico State Tax
State-RI	Rhode Island State Tax
State-SC	South Carolina State Tax
State-SD	South Dakota State Tax
State-TN	Tennessee State Tax
State-TX	Texas State Tax
State-UT	Utah State Tax
State-VA	Virginia State Tax
State-VI	Virgin Islands State Tax
State-VT	Vermont State Tax
State-WA	Washington State Tax
State-WI	Wisconsin State Tax
State-WV	West Virginia State Tax
State-WY	Wyoming State Tax

Tax Code	Description
TN-UI	Tennessee Unemployment Tax
TX-ETT	Texas Employee Training Tax
TX-UI	Texas Unemployment Tax
UT-UI	Utah Unemployment Tax
VA-UI	Virginia Unemployment Tax
VT-UI	Vermont Unemployment Tax
WA- L and I	Washington Worker's Compensation
WA-EAF	Washington State Employment Administration Fund
WA-UI	Washington Unemployment Tax
WI-UI	Wisconsin Unemployment Tax
WY-UI	Wyoming Unemployment Tax
Wyoming Worker's Compensa	Wyoming Worker's Compensation - Employer
Yonkers-NonRes	Yonkers Non-Resdient
Yonkers-Res	Yonkers Resident

Note: While not all of the above items are employee-paid taxes, note that employer-paid taxes will sometimes also be reflected on paystubs.