

First Job, First Paycheck

The dream: you're trapped at a party with your parents and their friends.

It gets worse: you can't just hang out. Your parents expect you to converse. Don't panic. Try this sure-fire entertainment instead: Ask your parents' friends about their first jobs. Then sit back and let them interview themselves!

What you'll discover is that most people start out at the bottom and are surprised where they end up.

Here are three first-job realities that are true for just about everyone:

1. You'll be shocked when you see the difference between gross income and net income.

You're not the only one who has claims on what you earn! "When I got my first check, I remember wondering 'Who are these FICA people and why are they taking this much out of my check before I even get it?'" says Javier.

"My father explained the tax thing to me before," but Javier admits it didn't really hit him until he saw it in writing."

Suddenly, "I realized the difference between how much you earn and how much you really end up with," he says.

You should pocket your hourly wage times the number of hours you worked, right? Wrong!

Your gross income (hourly wage X number of hours you worked) will be reduced by deductions.



To see your deductions, look at the earnings statement attached to your check. Along with your identification information and the pay period (dates the check covers), it includes:

Employee name:	Your name
Social Security number:	Your Social Security number
Pay period:	Typically weekly or every 2 weeks
Gross income	\$206.00
DEDUCTIONS	
Federal income tax:	\$15.00
State income tax:	\$6.50
FICA:	\$12.77
Medicare tax:	\$2.99
TOTAL DEDUCTIONS	\$37.26
Net income:	\$168.74

Gross Income: What you've earned before payroll deductions are subtracted. Gross income is usually figured by multiplying your hourly wage by the number of hours you worked during the pay period.

Net Income: Your total earnings minus your required and elective payroll deductions. Commonly known as "take-home pay."

Net income is the amount you get to keep. Which leads to reality #2...

2. You'll think you should be paid more.

"I worked at Ben Franklin as a cashier and stocker," says Candy, who was 16 when she started working in 1967.

"I made \$1.10 an hour and worked 16 hours a week for a grand total of \$17.60." Candy says her friends who worked in a nearby grocery store made \$1.60 an hour, which "seemed like a fortune."

Most teenagers start at the bottom of the pay scale. You can't control all the factors that help you move up. However, you can do two things to raise your pay:

1. Make smart decisions about your education;
2. Offer to take on more responsibility at the job.

And you can do one thing to make your money grow: Save some money every time you get a paycheck.

Fact: Everyone who works, whether they are 13, 22, or 56, has basic needs for clothes, food, housing, health care, entertainment, and transportation.

Fact: Most teenagers don't have to pay for all of those basic needs.

That means you have more choices about how you use your money.

3. You'll feel great when you buy items with money you've earned.

"I took my first job when I was 13 because I wanted to buy a bike," says Damien.

Damien's parents were going to buy him a used Raleigh. Working enabled him to get a new, lightweight Bianchi that he really wanted.

"It felt good when I walked in the store and pulled out my own money to pay for it," Damien was pleased to say.

How good does it feel? It hits you in two ways:

Self respect. Turn your labor into purchasing power and watch your self-respect skyrocket.

Freedom. It's your money. That means you have more choices about the things you can buy.

Find a first job you like!

With your first paycheck you have the opportunity to make important decisions. Find your balance among the competing demands for your income.

Javier puts it this way: "Make sure you get a paycheck or two before you decide what your life style will be."

How do you want to spend the money left after the government takes its share? What do you want now; what do you need to save for; what are your big dreams?

As Javier says, "If you don't plan how you're going to spend your money, your money will spend you!"