

## Answer on Question #76467 – Math – Financial Math Question

Bonnie claims single with 2 federal withholding allowances, and contributes state tax of 20% of her federal tax. Below is a copy of Bonnie's biweekly statement of earnings. Bonnie knows that her gross earnings and federal tax are correct, but she thinks that her net pay is not correct.

Earnings  
Deductions

Week Ended  
Regular  
FED. SOC. MED STATE  
WITH. WITH. CARE. WITH.  
NET PAY  
4/15  
\$760.00  
\$50.00 \$47.12 \$110.20 \$10.00  
\$542.68

Using the fact that Social Security is 6.2% and Medicare is 1.45% of gross pay, explain why the given net pay is not correct. Determine how the error can be corrected, and what the net pay should be.

### Solution

Contributes state tax of 20% of her federal tax(\$50) is \$10. Social Security (6.2%) is  $\$760.00 \times 6.2\% = \$47.12$ .

The amount of Medicare tax has been calculated incorrectly. The Medicare tax should be  $\$760.00 \times 1.45\% = \$11.02$ , not \$110.20. The actual net pay should be \$641.86.

$\$110.20 - \$11.02 = \$99.18$

$\$542.68 + \$99.18 = \$641.86$

**Answer:** \$641.86.