



Financial Literacy with Mr. 401(k)
Spring Term 2026
March 23, 2026

Making & Spending
Money

Class 6: Making Money I: Understanding Earned Income



Monday Money Matter\$

The government reported that wholesale prices, what businesses pay for supplies and products, rose 0.7% in February, more than double what economists expected. Over the past year, wholesale prices are up 3.4%. The Federal Reserve wants inflation at 2%, so prices are still rising too fast. Fresh vegetable prices alone jumped 49% in a single month. When businesses pay more, they often pass those costs to consumers, meaning your family's groceries, gas, and everyday purchases all cost more than they did a year ago.

Source: CNBC; "Wholesale prices rose 0.7% in February, more than expected;" <https://www.cnbc.com/2026/03/18/ppi-inflation-february-2026.html>; Reference Date: March 18, 2026.



Class Discussion

If prices keep rising but your wage stays the same, what happens to the value of your income?



Class Discussion

*What could you
do about it?*

Important Financial Terms



How money flows:

 **Income**

Making Money

Earned, passive, or portfolio

—

 **Expenses**

Spending Money

Needs, wants, and taxes

=

 **Profit (or Loss)**

What's left over after spending

Positive = profit | Negative = loss

What you're worth:

 **Assets**

The Stuff You Own

Cash, investments, property

—

 **Liabilities**

The Stuff You Owe

Loans, debts, bills due

=

 **Equity (Net Worth)**

Your true financial position

The goal: grow this number over time

Income Recap & Today's Focus



Earned Income

Money made from your work. Often known as compensation, salary, or wages.

TODAY'S FOCUS



Passive Income

Money made from the stuff you own, which are assets.

COVERED IN CLASS 7



Portfolio Income

Also known as Capital Gains. Money made from appreciation in the value of the stuff you own, which are assets.

COVERED IN CLASS 7

Teenager Earned Income Ideas



BABYSITTER



CONTENT
CREATOR



DOG WALKER



FAST FOOD
WORKER



GRAPHIC
DESIGNER



LIFEGUARD



OFFICE
WORKER



PET SITTER



YARD
WORKER



VIDEO
GAMER

Teenager Earned Income Ideas



Let's Do The Math

How much might you earn by doing this work?

Babysitter



Rate: \$20/hr (1 child) or \$25/hr (2+)

Blended Average: \$22/hour

Hours per Week: 5 hours (1 evening)

Weeks per Year: 52 weeks

$$\$22 \times 5 \text{ hrs} \times 52 \text{ weeks} =$$

\$5,720 / year

Yard Worker



Rate: \$20/hour (or \$40/mow)

Hours per Week: 6 hours (1 day)

Weeks per Year: 52 weeks

$$\$20 \times 6 \text{ hrs} \times 52 \text{ weeks} =$$

\$6,240 / year

Practical Application

Consider these two job offers:

Job Offer #1

McDonald's Crew Member

Hourly Wage: \$16.69

Hours: Part-time, up to 20 hours per week

Benefits: Employee discounts on meals; flexible scheduling to accommodate school and extracurricular activities; opportunity for advancement to team leader or management roles; training and skill development programs.

Job Offer #2

Starbucks Barista

Hourly Wage: \$17.00

Hours: Part-time, up to 25 hours per week

Benefits: Free coffee or tea during shifts; discounted prices on Starbucks products; inclusive and diverse work environment; access to Starbucks College Achievement Plan (tuition coverage for online degree programs)

Practical Application

Use this framework in your Money Journal to compare the two job offers – and any future job decisions!

Factor	McDonald's	Starbucks	Winner?
Hourly Wage	\$16.69	\$17.00	_____
Max Hours/Week	20 hours	25 hours	_____
Max Weekly Pay	\$333.80	\$425.00	_____
Key Benefits	Meal discounts, flexible scheduling, advancement path	Free drinks, product discounts, college tuition coverage	_____
Growth Opportunity	Team leader / management roles	College tuition plan	_____

How Earned Income Can Vary

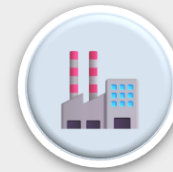
Four factors shape how much you can earn from a job



Location

The same job pays differently depending on where you live. Big cities pay more — but cost more, too.

Lifeguard in Seattle: ~\$18/hr vs. Small town: ~\$13/hr



Industry

Some industries pay more because they generate more revenue or require specialized knowledge.

Tech intern: ~\$25/hr vs. Retail clerk: ~\$15/hr



Skill Level

The more skilled and experienced you are, the more you can earn. Practice and time on the job matter.

Experienced barista: ~\$19/hr vs. New hire: ~\$16/hr



Education

Education and certifications can unlock higher-paying jobs. We'll explore this more in later classes.

College graduate avg: ~\$30/hr vs. No degree: ~\$18/hr

With Jobs, You Don't Keep All You Earn



Gross Income

What You Earn

Your full earnings before any cuts. The total money you earn before anything is taken out for taxes or other items.



Deductions & Withholdings

What Gets Taken Out

Amounts taken out of your pay for taxes and other things like health insurance, retirement savings, etc.



Net Income

What You Keep

This is what you get to keep to spend or save. This is what remains after subtracting withholdings and deductions from gross income.

Practical Application



Review the pay stub handout that has been distributed. It's o.k. if you don't recognize what everything means. We will go through it together.

Pay stubs provide details about an employee's earned income.

Pay stubs show how much money was earned, how much money was subtracted, and how much money the employee kept.

Pay Stubs Provide Earning Details



EARNINGS STATEMENT

Pay Date: March 27, 2028
Pay Period: March 9, 2028 – March 22, 2028

EMPLOYER

Splash Zone Aquatics Center
4200 Lakeview Drive, Tacoma, WA 98407
EIN: 91-1234567

EMPLOYEE

Jordan A. Rivera
1025 Cedar Street, Tacoma, WA 98405
SSN: XXX-XX-6789 ID: EMP-2028-0147

EARNINGS

Description	Hours	Rate	Current	YTD
Regular Pay	24.0	\$17.25	\$414.00	\$828.00
Overtime Pay	0.0	\$0.00	\$0.00	\$0.00
GROSS PAY			\$414.00	\$828.00

DEDUCTIONS

Description	Rate / Basis	Current	YTD
Federal Income Tax	Withholding	\$21.94	\$43.88
State Income Tax (WA)	N/A	\$0.00	\$0.00
Social Security (OASDI)	6.20%	\$25.67	\$51.34
Medicare	1.45%	\$6.00	\$12.00
TOTAL DEDUCTIONS		\$53.61	\$107.22

NET PAY (Take-Home)

YTD: \$720.78

\$360.39

PAY SUMMARY

Job Title: Lifeguard Filing Status: Single
Pay Frequency: Bi-Weekly Allowances: 1
Payment Method: Direct Deposit

This is a sample pay stub created for educational purposes only. It does not represent actual employment or earnings.
Washington State does not have a state income tax. Federal income tax withholding is based on the 2020 tax tables for a single filer with 1 allowance.
FICA taxes consist of Social Security (6.2%) and Medicare (1.45%). Your employer also pays a matching amount of these taxes.

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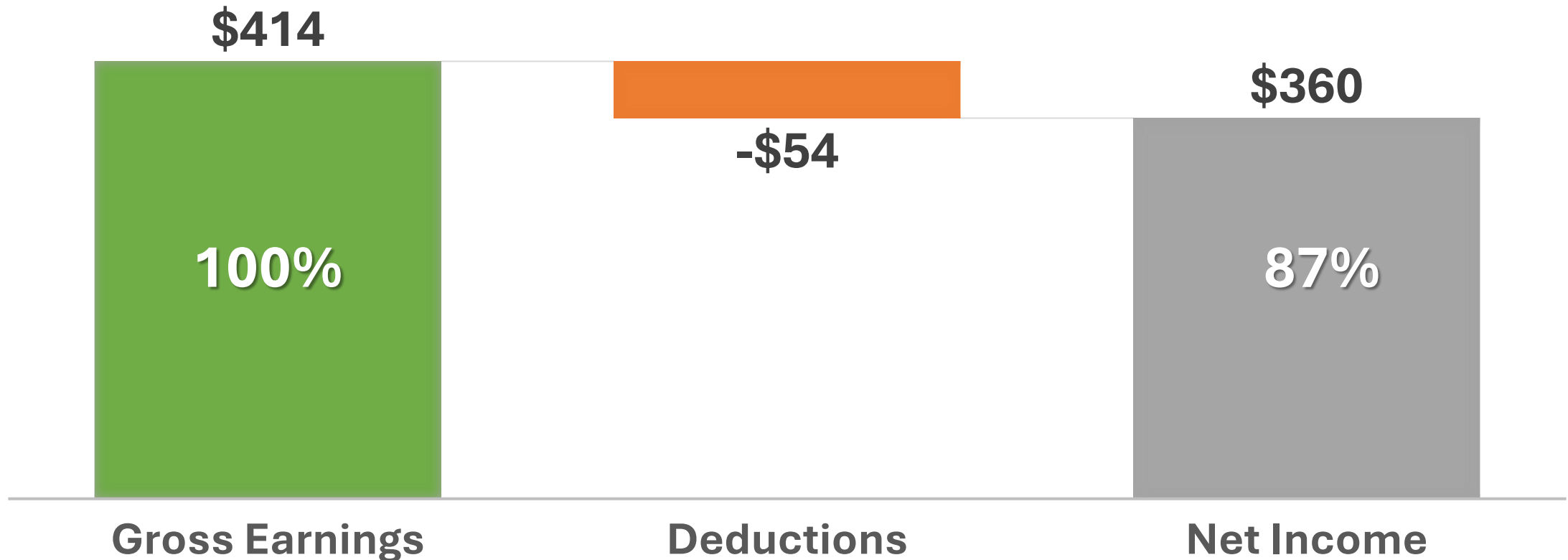
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What You Earn vs. What You Keep

Gross Earnings or Gross Income = What You Earn
Net Income = What You Actually Keep



Money Mavericks

Objective: Reference the pay stub handout. What other important information do you see in the pay stub? Identify any questions about the terms used in the pay stub. Be ready to discuss your answers or share your questions with the class.





Three Key Takeaways

1. Earned income is money you make from your work.
2. Pay stubs are important documents that detail earnings, withholdings, deductions, and net pay, helping to understand exactly how much money is earned and received.
3. Evaluating job offers requires looking beyond wages to consider factors like benefits, hours, and nature of the work.



Where to Learn More

- [Youth & Young Worker Employment Resources](#) from the U.S. Department of Labor
- [What's On a Pay Stub Activity](#) from the U.S. Consumer Finance Protection Bureau
- Book: [The New Career Planning for Teens Guide](#) by Harrison Thorogood

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Learn. Save. Grow.

Empowering Young Minds to
Understand Money

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<https://petros.us/about-finlit>

