

BUILDING BLOCKS STUDENT WORKSHEET

Choosing how to get paid

When deciding how to distribute wages, employers can choose how they'll pay you (payment method) and how often you'll get paid (payment schedule).

Common payment methods are direct deposit, paper check, cash, or payroll card. Common payment schedules – also called pay periods – range from weekly to monthly. Understanding the similarities and differences of these methods and pay periods can help you manage your wages and budget your money.

Instructions

- 1 Review different methods for getting paid and different pay periods.
- 2 Write questions or thoughts you may have about each method and pay period.
- 3 Participate in a poll where you choose your preferred payment method and pay period, both now and in the future. Discuss your choices with classmates.
- 4 Answer the reflection questions.

Common payment methods

Method	Features	Questions or thoughts
Cash Paper or coin money	<ul style="list-style-type: none"> ▪ Can spend anywhere ▪ Easy to access ▪ Higher risk of loss or theft ▪ More difficult to track spending for taxes or budgeting ▪ Harder to pay bills with cash 	



Method	Features	Questions or thoughts
<p>Direct deposit Money electronically sent to your bank account, credit union account, or prepaid card (such as a payroll card)</p>	<ul style="list-style-type: none"> ▪ Less risk of loss or theft ▪ Usually available once deposited ▪ Access funds by using a debit, ATM, or prepaid card or by writing a check ▪ No fees to cash checks ▪ Can split deposit between checking and savings accounts ▪ Bank may charge fees to keep account open 	
<p>Paper check A paper order to a bank or credit union to pay someone from a checking account</p>	<ul style="list-style-type: none"> ▪ Can cash or deposit into savings or checking account ▪ Must be deposited or cashed before you can use the money ▪ May need a bank account to deposit or cash it (or pay a fee to cash it) ▪ After depositing, may have to wait a few days until check clears to access funds ▪ If lost or stolen, may be cancelled and reissued 	
<p>Payroll card A type of prepaid card you get from your employer that you receive your paycheck on (Note: Employers can't require you to receive your pay on a payroll card. They have to offer you at least one other method of payment.)</p>	<ul style="list-style-type: none"> ▪ Can use like a gift card or debit card ▪ Has some consumer protections in case of error or theft ▪ May not have the same protections as checking and savings accounts (e.g., for unauthorized transfers or other errors) ▪ May lose money to fees for use or inactivity ▪ Must go to an ATM (could pay a fee) or get cash back at a store to access your money ▪ May have limits on how many times a day you can use the card 	

While you may be able to choose the payment method you prefer, it's less likely you'll get to choose how often you get paid. Still, it's helpful to know the most common pay periods employers use for paychecks so you can think about how each might affect your spending and saving habits.

Common pay periods

Pay period	No. of payments per year	Description	Questions or thoughts
Weekly	52	Employees are paid every week, usually on the same day.	
Biweekly	26	Employees are paid every two weeks – for example, every other Friday.	
Bimonthly	24	Employees are paid twice each month, usually on the same days – for example, on the 15th and 30th.	
Monthly	12	Employees are paid once each month, usually on the same day.	

Reflection questions

Which payment method and pay period do you think would make it easier to pay monthly bills? Why?