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Take-Home Pay Means What's Left

WE don't know just when the terms "disposable income" and "take-home pay" crept into our economic terminology but they generally are understood to mean what's left after "deductions" are made.

Many people now living can remember when a man who earned \$100 had enough economic freedom to decide which bills would be paid first and how the remainder would be spent. He took his pay home and decided how to dispose of it.

That no longer is the case. Increasing amounts of our earnings are obligated even before we perform work, to pay costs which may or may not be optional. It's not all done by the government, either, although those agencies do spend a lot of our money.

State and federal taxes take an average of around \$35 out of every \$100 of our incomes. If you pay less than that, somebody else pays more. Tax collectors go where the money is.

This page isn't large enough to list all the ways that government spends our money, but two things

are certain. Government will keep on spending, and amounts aren't likely to become less.

The national debt limit has been raised to a trillion dollars (\$1 followed by 12 zeros), meaning that Congress soon will have 230 million Americans owing approximately \$4,347 each. The \$100 billion deficit (that's only 11 zeros) for 1982-1983 will add an average of \$434 for every man, woman and child in the U.S.A.

This is in addition to what various branches of government collect and disburse for current expenses. If you live long enough, probably you will depend upon government for income or other direct benefits established by law or regulation.

"Hidden income" is a term used to describe the part of earnings spent by employers on behalf of workers. It is neither "take home pay" nor "disposable income," but employers generally account for these benefits in total payroll costs.

Included are such things as company-paid health benefits, days off for illness, accident and life insurance,

retirement programs, employee publications, vacations, employers' shares of Social Security and unemployment taxes, company picnics, awards and scholarships, club memberships, cars, credit cards and personal privileges.

The list is being extended. An electronic firm reportedly allows employees to take home computers for personal use. Another serves free ice cream on certain days. Some companies provide space for employees to plant vegetables and day camps for their kids.

Few companies offer all of these benefits but most provide some. Not all of the items are listed as deductions on payroll check stubs, but statistics indicate that employee benefits average 33 per cent of payroll total, more or less, within a wide range.

With the government spending \$35 out of every \$100 and employers spending another \$33, on the average, that leaves the employees with power of disposal over only about \$32 of their earnings. The ability to dispose of it appears to be adequate.