

Student name: _____ Date: _____

Identify personal financial goals and prepare a budget.*

Objectives:

- A. Define a budget or spending plan.
- B. Develop goals and estimate cash available.
- C. Maintain a daily record of cash and prepare a budget.

MODULE 10C: INFORMATION SHEET

TO THE STUDENT: Read and study this information sheet and then complete the student activities at the end of this module.

What is managing income?

In order to provide for our needs and wants, we must learn to match income and expenses by developing a balanced spending plan.

A spending plan or budget is an estimate of cash available to be spent or saved. This plan enables us to get as many of the things we need and want as soon as possible. Everyone has different wants and different life goals and must set up his/her individual plan.

Budgeting requires three things:

1. Determining short- and long-term goals.
2. Estimating available cash (income) for spending or saving.
3. Planning expenses or payments.

Developing goals

You must first determine some of your short-term goals and long-term goals. A short-term goal can be accomplished within a year. An example of a short-term goal might be to buy a new coat. A long-term goal would take longer to complete. An example of a long-term goal might be to take a vacation in California. You need to be careful that the money you spend on short-term goals does not wipe out the money you need for your long-term goals.

*(This is also CAPS Module 25, used with permission.)

List two of your short-term goals and one of your long-term goals below:

Short-term (1) _____ (2) _____

Long-term (1) _____

Estimating cash

In order to estimate available cash for saving or spending, you must keep track of both income and expenses. A simple method of keeping track of cash would be to write down daily all cash earned and all cash spent. Keeping track of money you spend will give you the elements to include in your budget. You must determine what your total income and total expenses are and make a list of each over a period of at least one month.

For example, Sally takes home \$200.00 a month from working at the Weis Markets in town. Her expenses for the month include: clothing - \$74.00, gas for her car - \$40.00, savings - \$60.00. Sally would keep track of her income and expenses in the following way:

<u>Income:</u> Salary	\$200.00	<u>Expenses:</u>	Clothing	\$74.00
			Gas	40.00
			Savings	60.00
			Miscellaneous	<u>26.00</u>
Total	<u>\$200.00</u>			\$200.00

Now you must determine what your income and expenses are by keeping a record over a period of at least one month as illustrated below:

<u>Income and Expense Record</u>								
<u>Date</u>	<u>Income</u>	<u>Food</u>	<u>Clothing</u>	<u>Car</u>	<u>Insurance</u>	<u>Recreation</u>	<u>Savings</u>	<u>Total</u>
Totals:								

Planning your income

After determining an estimate of your income and expenses, you can think about developing a budget and setting up an amount to be set aside in each category. If you are living at home, your budget should be quite simple; if not, you will have many more budget categories to consider. Preparing a budget involves setting up a plan for spending and saving. After listing your short- and long-range goals, you will be able to make decisions on how your spending or saving will enable you to reach your goals. You must set up a particular budget amount for each category in your budget based on your needs, wants, and goals. This spending plan must be evaluated and revised periodically to keep it working. Remember, the main purpose of a budget is to live within your income. In addition, budgeting provides you with important financial records needed for taxes and other purposes.

When setting up budget categories, one of the most important items to include is savings. Every budget should include a definite amount for savings. This category would provide you with emergency funds for unexpected expenses and would enable you to satisfy your goals.

Budget Form for One Month

Date	Income						
Totals:							
Budget:							

Set up budget categories

You will set up a list of budget categories.

Look at this sample case:

Carl Samsel is 25 years old and works in the computer center in a large city hospital. He has a college degree in computers and takes home \$1200 a month after taxes and Social Security. He rents an apartment for \$350 a month. He spends \$250 on food and \$100 for personal care. He has health insurance

coverage at work, but he must pay \$70 for car insurance. Carl has a car payment of \$200 a month. The upkeep on the car is \$40. He saves \$150 a month.

Carl needs:

1. A new suit
2. Two winter tires

His wants are:

1. A disc player
2. A microwave

Two of his goals are:

1. To go to Canada on vacation.
2. To take some management courses.

What categories does Carl need and how much has he spent in these areas?

Categories	Amount Spent
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____

Make out a new budget for Carl with the new categories and amounts included. List them on the form provided on page 3.

If you understand what has been covered so far, you should be able to set up a budget and adjust it to your special circumstances. If you do not, review the steps previously given.

Now you have completed all the steps required in preparing a budget. All you have to do is continue keeping a record of income and expenses and adjusting the budget categories as your needs change. New decisions will have to be made in the way you distribute your income in budget categories as your goals are accomplished. Always include a savings category in your budget. Good luck in developing your individual spending plan.

Budget Steps

1. ***Determine short- and long-term goals.***
2. ***Estimate available cash (income) for spending or savings.***
3. ***Prepare a budget plan.***

MODULE 10C: STUDENT ACTIVITIES

***TO THE STUDENT:** After you have read and studied the Information Sheet, complete the following activities.*

Activity 1: Answer the following questions:

1. Define a budget.
 2. What must be done first in order to estimate available cash?
 3. What category should be included in all budgets?
 4. What three things does budgeting require?
 - a.
 - b.
 - c.
-

Activity 2: Complete a Personal Budget Worksheet:

Use the Personal Budget worksheet below to record your budget information for two months. Additional forms could be used to show how your budget compares over a year's time. Explain in a complete paragraph how you determined the budget categories and what might cause those categories to change over time.

PERSONAL BUDGET WORKSHEET		
TOTAL INCOME:		
TOTAL FROM SAVINGS:		
EXPENSES:	FOOD	
	CLOTHING	
	CAR	
	PERSONAL	
	OTHER	
	TOTAL EXPENSES:	
TOTAL SAVINGS AND EXPENSES		

MODULE 10C: STANDARDS ADDRESSED IN THIS MODULE

Pennsylvania's Academic Standards for Career Education and Work**13.3.11 Career Retention and Advancement**

D. Develop a personal budget based on career choice, such as, but not limited to:

- Charitable contributions
- Fixed/variable expenses
- Gross pay
- Net pay
- Other income
- Savings
- Taxes

Pennsylvania's Academic Standards for Reading, Writing, Speaking and Listening (RWSL)**1.1.11. Learning to Read Independently**

E. Establish a reading vocabulary by identifying and correctly using new words acquired through the study of their relationships to other words. Use a dictionary or related reference.

Pennsylvania's Academic Standards for Mathematics**2.2.11 Computation and Estimation**

A. Develop and use computation concepts, operations and procedures with real numbers in problem-solving situations.

Student name: _____ Date: _____

Demonstrate the ability to file federal, state, and local tax forms.*

Objectives:

- A. Explain the difference between gross and net pay.
- B. List the deductions taken from an employee's paycheck.
- C. Explain how to file a Federal Income Tax return.

MODULE 10D: INFORMATION SHEET

TO THE STUDENT: Read and study this information sheet and then complete the student activities at the end of this module.

TO THE TEACHER: Current IRS information can be found on the Internet at www.irs.gov. A complete IRS publication on Understanding Taxes can be found at this website. This publication includes 36 lesson plans, links to educational standards and extensive background information.

Understanding taxes

All governments must have some kind of tax system. It costs money to run a government, and the tax system is the government's way of obtaining this money.

In our country there are three levels of government -- federal, state, and local. Since the government at each level needs money to operate, each government must levy, or require, people to pay taxes. Some of the taxes you pay go to the federal government, other taxes go to the state government, and still others go to your local government.

At the federal level, Congress has the power to levy and collect taxes. Congress was given this power by the Constitution of the United States.

The Constitution also gave Congress the authority it needed to establish the Department of the Treasury. One branch of the Treasury Department is the Internal Revenue Service, commonly referred to as the IRS. The IRS is the federal agency responsible for collecting taxes. Congress passed the laws that say what kinds of taxes will be levied, who must pay, and how much. The IRS then enforces these laws and collects the taxes. All the tax money collected goes into the U.S. Treasury.

**(This is also CAPS Module 28, used with permission.)*

Each state and local government has its own version of the IRS. Although much smaller and less complex, these state and local agencies have authority to levy and collect taxes from their citizens. The money then goes into the state or local treasury.

How tax dollars are spent

The federal, state, and local governments collect taxes because they need money to maintain the government. It costs money to run any government. It costs a great deal of money to run a government as large as your state government, and even more to maintain the federal government. In 2001, for example, our federal government collected \$2.0 trillion in taxes.

Why do governments need so much money? One part of the answer is salaries for government employees. The president of the United States, the governor of your state, legislator, judges -- all of these people are government employees. Money is also used to fund Social Security, Medicare and other retirement programs for the elderly; for National defense; for community development and support for education; and for many other social programs in public health and research.

Filing Federal Income Tax Returns

In our country everyone is responsible for figuring and paying his or her own federal income taxes. This is done by filing an income tax return. An income tax return is a formal statement of a person's income and taxes. Filing is the process of turning in (usually by mail) the completed return to the IRS.

Unless you live in one of the few states that does not levy an income tax, you will have to file a state income tax return as well. The laws for filing state returns are usually similar to those for filing federal returns. Some returns are filed at the same time as the federal returns.

Who has to file?

Anyone who earns above a certain income is required to file a tax return. Workers below that level must also file if they are due a refund. Income includes wages, tips, and bonuses. It also includes interest or dividends from savings and investments.

Usually, workers do not receive the full amount they have earned. The total amount of income an employer owes a worker for a given period is called gross pay. Workers usually receive less than that amount because of payroll deductions. These are amounts subtracted from gross pay to cover certain kinds of regular payments. Some deductions are required. An employer must hold out money from workers' income for government taxes and for social security taxes (called FICA, which stands for Federal Insurance Contributions Act). There may be other

deductions as well, such as union dues, charitable contributions, pension payments, and insurance premiums. The amount left after subtracting various deductions from gross pay is called net pay. That is the amount a worker actually receives. Usually, a pay stub is attached to each paycheck. The stub lists gross pay, deductions, and net pay.

Employers deduct money from their employees' checks on the basis of the employees' W-4 forms. A W-4 form is a legal statement allowing an employer to deduct pay from an employee's check. If you have a job now, you filled out and signed a W-4 form when you started. The information that you supplied told the employer how much to deduct from your checks.

Each January, employers are required to send each employee a W-2 form. A W-2 form is a statement of how much money was earned and how much was deducted for taxes during the preceding year. You must have this form to prepare your tax return. If you worked for more than one employer during that year, you should receive a W-2 from each employer. Employers must send a W-2 to every employee, even if the employee worked only one day during the year.

How to file?

Filing an income tax return can be a quick and easy process, or a long and difficult one. It depends on how much money you made, how you made your money, and many other factors. When you are just starting out in the world of work, your income tax returns are usually fairly simple to do.

There are three basic federal tax forms. Each one is designed for a specific group of taxpayers.

Form 1040EZ. This form is for the use of single taxpayers under the age of 65 who are not blind and claim no dependent. The upper income limit for this form is \$50,000 in taxable income. The limit on interest earned is \$400. In addition, the taxpayer must receive no dividends and claim only one personal exemption. Exemptions are reductions in taxable income given to taxpayers for themselves and their children.

An exemption is a set amount of money that is not taxed. The IRS lets you set aside a fixed amount of money for each of several possible exemptions. You are allowed an exemption for yourself. Under certain conditions you are also allowed exemptions for your spouse, blindness, deafness, and each dependent. In the case where a taxpayer is claimed as a dependent on another's tax return, no personal exemption is allowed.

A dependent is a person who is supported by a taxpayer. If you live at home and your parents pay most of the bills, you are a dependent. Your parents will list you as a dependent on their tax form. Since each dependent qualifies as one

exemption, your parents will be able to subtract a fixed amount from their income because you are their dependent.

Form 1040EZ is, as its name suggests, easy to use. There is just one sheet fill out. This form is often referred to as the short form. A copy for 2002 is at the end of this module.

Form 1040A. This expanded short form can be used by taxpayers who take tax deductions for payments to an individual retirement account (IRA). (A tax deduction is an expense that reduces the income on which taxes must be paid.) Married taxpayers filing separately or jointly may also use Form 1040A, as may taxpayers filing as heads of households. This is also the form for people who claim credit for child- and dependent-care expenses. As with Form 1040EZ, taxable income must be less than \$50,000.

Form 1040 long form. All taxpayers may use this form if they choose. You must use this form if you are self-employed or if you wish to take more than the standard tax deductions. Form 1040 enables you to itemize deductions, or list each one separately. Itemizing deductions may allow a taxpayer to pay lower taxes, providing the deductions are over a certain amount. If, for example, you have had medical and dental expenses above a certain level, on Form 1040 you may deduct part of these expenses.

Figuring your tax

If you can use Form 1040EZ, figuring your tax is not that difficult. It is essentially a three-step procedure:

1. Total your income from all sources. Include wages, salaries, tips, and bank interest (provided it's under \$400).
2. Subtract the standard deduction and your personal exemption. This amount is provided for you on the form, right next to the line where it must be entered. The result is your taxable income.
3. Look up the tax on your income in the tax table, and compare it to the amount of your withholding. If more money has been withheld than you owe, you have a refund coming. If less money has been withheld, you will have to enclose a check or money order with your return.

For information purposes only, a copy of the 1040EZ form for 2002 can be found at the end of this module.

None of these steps is complicated, especially with the form guiding you. Still, if you are not sure how to go about filing your return, don't worry. There is plenty of help available. There are instructions for every form and additional booklets and instructions for every part of the filing procedure. Toll-free numbers are listed under the IRS in the telephone book. By calling these numbers you can talk to someone who can answer your questions. You can also access all the forms and instructions by going to the Internet: www.irs.gov.

MODULE 10D: STUDENT ACTIVITIES

TO THE STUDENT: After reading and studying the information sheet, complete these activities to demonstrate your understanding.

NOTE: You will need a copy of one of your paycheck stubs or a sample from your teacher for Activity 4.

Activity 1: Figuring Your Withholding Allowance

When you begin your first job, your employer will ask to fill out Form W-4, "Employee's Withholding Allowance Certificate." The information you write on this form will tell the employer how much money to withhold from your pay for federal income tax.

Each allowance that you claim lowers the amount of tax that must be withheld from your pay. You may claim an allowance for yourself, allowances for dependents, and certain other deductions and credits.

Using the information below about Mary Smith, complete the Personal Allowance Worksheet and fill out the W-4 form on the next page.

Mary Smith is single. No one claims her as a dependent and she has no dependents. She has one job and expects to earn over \$12,000 this year. Last year she earned a little less and paid income tax. Her social security number is 990-00-4321. Her address is 1920 May Street, Pittsburgh, PA 66762. She shares the rent with two other roommates.

Form W-4 (2003)

Purpose. Complete Form W-4 so that your employer can withhold the correct Federal income tax from your pay. Because your tax situation may change, you may want to refigure your withholding each year.

Exemption from withholding. If you are exempt, complete only lines 1, 2, 3, 4, and 7 and sign the form to validate it. Your exemption for 2003 expires February 16, 2004. See **Pub. 505**, Tax Withholding and Estimated Tax.

Note: You cannot claim exemption from withholding if: (a) your income exceeds \$750 and includes more than \$250 of unearned income (e.g., interest and dividends) and (b) another person can claim you as a dependent on their tax return.

Basic instructions. If you are not exempt, complete the **Personal Allowances Worksheet** below. The worksheets on page 2 adjust your withholding allowances based on itemized

deductions, certain credits, adjustments to income, or two-earner/two-job situations. Complete all worksheets that apply. **However, you may claim fewer (or zero) allowances.**

Head of household. Generally, you may claim head of household filing status on your tax return only if you are unmarried and pay more than 50% of the costs of keeping up a home for yourself and your dependent(s) or other qualifying individuals. See line E below.

Tax credits. You can take projected tax credits into account in figuring your allowable number of withholding allowances. Credits for child or dependent care expenses and the child tax credit may be claimed using the **Personal Allowances Worksheet** below. See **Pub. 919**, How Do I Adjust My Tax Withholding? for information on converting your other credits into withholding allowances.

Nonwage income. If you have a large amount of nonwage income, such as interest or dividends, consider making estimated tax payments using

Form 1040-ES, Estimated Tax for Individuals. Otherwise, you may owe additional tax.

Two earners/two jobs. If you have a working spouse or more than one job, figure the total number of allowances you are entitled to claim on all jobs using worksheets from only one Form W-4. Your withholding usually will be most accurate when all allowances are claimed on the Form W-4 for the highest paying job and zero allowances are claimed on the others.

Nonresident alien. If you are a nonresident alien, see the **Instructions for Form 8233** before completing this Form W-4.

Check your withholding. After your Form W-4 takes effect, use **Pub. 919** to see how the dollar amount you are having withheld compares to your projected total tax for 2003. See **Pub. 919**, especially if your earnings exceed \$125,000 (Single) or \$175,000 (Married).

Recent name change? If your name on line 1 differs from that shown on your social security card, call 1-800-772-1213 for a new social security card.

Personal Allowances Worksheet (Keep for your records.)

<p>A Enter "1" for yourself if no one else can claim you as a dependent A _____</p> <p>B Enter "1" if: • You are single and have only one job; or • You are married, have only one job, and your spouse does not work; or • Your wages from a second job or your spouse's wages (or the total of both) are \$1,000 or less. B _____</p> <p>C Enter "1" for your spouse. But, you may choose to enter "-0-" if you are married and have either a working spouse or more than one job. (Entering "-0-" may help you avoid having too little tax withheld.) C _____</p> <p>D Enter number of dependents (other than your spouse or yourself) you will claim on your tax return D _____</p> <p>E Enter "1" if you will file as head of household on your tax return (see conditions under Head of household above) E _____</p> <p>F Enter "1" if you have at least \$1,500 of child or dependent care expenses for which you plan to claim a credit F _____</p> <p>(Note: Do not include child support payments. See Pub. 503, Child and Dependent Care Expenses, for details.)</p> <p>G Child Tax Credit (including additional child tax credit): • If your total income will be between \$15,000 and \$42,000 (\$20,000 and \$65,000 if married), enter "1" for each eligible child plus 1 additional if you have three to five eligible children or 2 additional if you have six or more eligible children. • If your total income will be between \$42,000 and \$80,000 (\$65,000 and \$115,000 if married), enter "1" if you have one or two eligible children, "2" if you have three eligible children, "3" if you have four eligible children, or "4" if you have five or more eligible children. G _____</p> <p>H Add lines A through G and enter total here. Note: This may be different from the number of exemptions you claim on your tax return. H _____</p> <p>For accuracy, complete all worksheets that apply. • If you plan to itemize or claim adjustments to income and want to reduce your withholding, see the Deductions and Adjustments Worksheet on page 2. • If you have more than one job or are married and you and your spouse both work and the combined earnings from all jobs exceed \$35,000, see the Two-Earner/Two-Job Worksheet on page 2 to avoid having too little tax withheld. • If neither of the above situations applies, stop here and enter the number from line H on line 5 of Form W-4 below.</p>	<p>----- Cut here and give Form W-4 to your employer. Keep the top part for your records. -----</p>
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<p>Form W-4 Department of the Treasury Internal Revenue Service</p>	<p>Employee's Withholding Allowance Certificate</p> <p>► For Privacy Act and Paperwork Reduction Act Notice, see page 2.</p>	<p>OMB No. 1545-0010 2003</p>
<p>1 Type or print your first name and middle initial _____ Last name _____</p>		<p>2 Your social security number _____</p>
<p>Home address (number and street or rural route) _____</p>		<p>3 <input type="checkbox"/> Single <input type="checkbox"/> Married <input type="checkbox"/> Married, but withhold at higher Single rate. Note: If married, but legally separated, or spouse is a nonresident alien, check the "Single" box.</p>
<p>City or town, state, and ZIP code _____</p>		<p>4 If your last name differs from that shown on your social security card, check here. You must call 1-800-772-1213 for a new card. ► <input type="checkbox"/></p>
<p>5 Total number of allowances you are claiming (from line H above or from the applicable worksheet on page 2) 5 _____</p>		<p>6 Additional amount, if any, you want withheld from each paycheck 6 \$ _____</p>
<p>7 I claim exemption from withholding for 2003, and I certify that I meet both of the following conditions for exemption: • Last year I had a right to a refund of all Federal income tax withheld because I had no tax liability and • This year I expect a refund of all Federal income tax withheld because I expect to have no tax liability. If you meet both conditions, write "Exempt" here ► 7 _____</p>		
<p>Under penalties of perjury, I certify that I am entitled to the number of withholding allowances claimed on this certificate, or I am entitled to claim exempt status.</p>		
<p>Employee's signature (Form is not valid unless you sign it.) ► _____</p>		
<p>8 Employer's name and address (Employer: Complete lines 8 and 10 only if sending to the IRS.) _____</p>		<p>9 Office code (optional) _____</p>
<p>10 Employer identification number _____</p>		

Cat. No. 10220Q

Activity 2: Federal Income Tax Form W-2

Refer to the W-2 form below to answer the following questions.

1. How much money was withheld for federal income tax? \$_____
2. How much money was withheld for social security? \$_____
3. How much money did Carol earn working for Jackson Manufacturing Co.?
\$_____
4. Which copy of the W-2 form will be attached to Carol's federal tax returns? _____
5. How much money was withheld from Carol's paycheck for state and local taxes? \$_____

a Control number		OMB No. 1545-0008		Safe, accurate, FAST! Use  Visit the IRS Web Site at www.irs.gov .	
b Employer identification number 743-2126-48		1 Wages, tips, other compensation 8755.60		2 Federal income tax withheld 544.67	
c Employer's name, address, and ZIP code Jackson Manufacturing Co. Box 2480 Tucson, AZ 85718		3 Social security wages 8755.60		4 Social security tax withheld 669.80	
		5 Medicare wages and tips		6 Medicare tax withheld	
		7 Social security tips		8 Allocated tips	
d Employee's social security number 123-45-6789		9 Advance EIC payment		10 Dependent care benefits	
e Employee's first name and initial Last name Carol A. Wallis 201 East Arminta Way Tucson, AZ 85718		11 Nonqualified plans		12a See instructions for box 12	
		13 Statutory employee Retirement plan Third-party sick pay <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		12b	
		14 Other		12c	
				12d	
f Employee's address and ZIP code					
15 State Employer's state ID number AZ 51-0174610	16 State wages, tips, etc. 8755.60	17 State income tax 101.40	18 Local wages, tips, etc.	19 Local income tax 87.56	20 Locality name

Form **W-2** Wage and Tax Statement

2003

Department of the Treasury—Internal Revenue Service

Copy B To Be Filed with Employee's FEDERAL Tax Return.
This information is being furnished to the Internal Revenue Service.

Activity 3: Figuring out amount of income tax owed

Taxpayers have a choice when figuring out the amount of income tax they must pay. One way is to allow the Internal Revenue Service to figure the amount of tax owed. The second way is for the taxpayers to determine the amount themselves by using the tax tables found in the tax preparation booklet. Read the example at the top of the Tax Table on the next page. Then find the amount of tax for each of the following examples.

<u>Single</u>	<u>Married (filing jointly)</u>
\$18,732 _____	\$20,546 _____
\$20,888 _____	\$26,574 _____
\$18,215 _____	\$26,312 _____
\$18,976 _____	\$18,101 _____
\$26,326 _____	\$20,395 _____

Activity 4: Studying a paycheck stub

A paycheck has two main parts: the check itself and the check stub. The paycheck stub contains an employee's record of the deductions that are subtracted from the total wages earned.

Using one of your pay stubs, or one provided by the teacher to fill in the following items. Each block lists information about the employee's deductions. A list of the types of deductions follows. Find the correct amount of each deduction, if available, and write the amount next to the term.

1. Gross pay \$ _____
2. Net pay \$ _____
3. FICA \$ _____
4. Federal withholding tax \$ _____
5. State taxes \$ _____
6. Local taxes \$ _____
7. Health insurance \$ _____
8. Other insurance \$ _____
9. Overtime pay \$ _____
10. Adjustment \$ _____
11. Retirement 401K \$ _____
12. Days/hours worked \$ _____
13. Yearly gross pay \$ _____
14. Yearly withholding \$ _____

2002 Tax Table								Example. Mr. Brown is single. His taxable income on line 6 of Form 1040EZ is \$26,250. First, he finds the \$26,250–26,300 income line. Next, he finds the "Single" column and reads down the column. The amount shown where the income line and filing status column meet is \$3,641. This is the tax amount he should enter on line 10 of Form 1040EZ.				At least		But less than		Single		Married filing jointly	
												26,200	26,250	3,634	3,334	Your tax is— 3,634 3,334			
												26,250	26,300	3,641	3,341	3,641 3,341			
												26,300	26,350	3,649	3,349	3,649 3,349			
												26,350	26,400	3,656	3,356	3,656 3,356			

If Form 1040EZ, line 6, is—				And you are—				If Form 1040EZ, line 6, is—				And you are—				If Form 1040EZ, line 6, is—				And you are—			
At least		But less than		Single	Married filing jointly	At least		But less than		Single	Married filing jointly	At least		But less than		Single	Married filing jointly	At least		But less than		Single	Married filing jointly
Your tax is—						Your tax is—						Your tax is—						Your tax is—					
15,000				18,000				21,000				24,000											
15,000	15,050	1,954	1,654	18,000	18,050	2,404	2,104	21,000	21,050	2,854	2,554	24,000	24,050	3,304	3,004	24,000	24,050	3,304	3,004				
15,050	15,100	1,961	1,661	18,050	18,100	2,411	2,111	21,050	21,100	2,861	2,561	24,050	24,100	3,311	3,011	24,050	24,100	3,311	3,011				
15,100	15,150	1,969	1,669	18,100	18,150	2,419	2,119	21,100	21,150	2,869	2,569	24,100	24,150	3,319	3,019	24,100	24,150	3,319	3,019				
15,150	15,200	1,976	1,676	18,150	18,200	2,426	2,126	21,150	21,200	2,876	2,576	24,150	24,200	3,326	3,026	24,150	24,200	3,326	3,026				
15,200	15,250	1,984	1,684	18,200	18,250	2,434	2,134	21,200	21,250	2,884	2,584	24,200	24,250	3,334	3,034	24,200	24,250	3,334	3,034				
15,250	15,300	1,991	1,691	18,250	18,300	2,441	2,141	21,250	21,300	2,891	2,591	24,250	24,300	3,341	3,041	24,250	24,300	3,341	3,041				
15,300	15,350	1,999	1,699	18,300	18,350	2,449	2,149	21,300	21,350	2,899	2,599	24,300	24,350	3,349	3,049	24,300	24,350	3,349	3,049				
15,350	15,400	2,006	1,706	18,350	18,400	2,456	2,156	21,350	21,400	2,906	2,606	24,350	24,400	3,356	3,056	24,350	24,400	3,356	3,056				
15,400	15,450	2,014	1,714	18,400	18,450	2,464	2,164	21,400	21,450	2,914	2,614	24,400	24,450	3,364	3,064	24,400	24,450	3,364	3,064				
15,450	15,500	2,021	1,721	18,450	18,500	2,471	2,171	21,450	21,500	2,921	2,621	24,450	24,500	3,371	3,071	24,450	24,500	3,371	3,071				
15,500	15,550	2,029	1,729	18,500	18,550	2,479	2,179	21,500	21,550	2,929	2,629	24,500	24,550	3,379	3,079	24,500	24,550	3,379	3,079				
15,550	15,600	2,036	1,736	18,550	18,600	2,486	2,186	21,550	21,600	2,936	2,636	24,550	24,600	3,386	3,086	24,550	24,600	3,386	3,086				
15,600	15,650	2,044	1,744	18,600	18,650	2,494	2,194	21,600	21,650	2,944	2,644	24,600	24,650	3,394	3,094	24,600	24,650	3,394	3,094				
15,650	15,700	2,051	1,751	18,650	18,700	2,501	2,201	21,650	21,700	2,951	2,651	24,650	24,700	3,401	3,101	24,650	24,700	3,401	3,101				
15,700	15,750	2,059	1,759	18,700	18,750	2,509	2,209	21,700	21,750	2,959	2,659	24,700	24,750	3,409	3,109	24,700	24,750	3,409	3,109				
15,750	15,800	2,066	1,766	18,750	18,800	2,516	2,216	21,750	21,800	2,966	2,666	24,750	24,800	3,416	3,116	24,750	24,800	3,416	3,116				
15,800	15,850	2,074	1,774	18,800	18,850	2,524	2,224	21,800	21,850	2,974	2,674	24,800	24,850	3,424	3,124	24,800	24,850	3,424	3,124				
15,850	15,900	2,081	1,781	18,850	18,900	2,531	2,231	21,850	21,900	2,981	2,681	24,850	24,900	3,431	3,131	24,850	24,900	3,431	3,131				
15,900	15,950	2,089	1,789	18,900	18,950	2,539	2,239	21,900	21,950	2,989	2,689	24,900	24,950	3,439	3,139	24,900	24,950	3,439	3,139				
15,950	16,000	2,096	1,796	18,950	19,000	2,546	2,246	21,950	22,000	2,996	2,696	24,950	25,000	3,446	3,146	24,950	25,000	3,446	3,146				
16,000				19,000				22,000				25,000											
16,000	16,050	2,104	1,804	19,000	19,050	2,554	2,254	22,000	22,050	3,004	2,704	25,000	25,050	3,454	3,154	25,000	25,050	3,454	3,154				
16,050	16,100	2,111	1,811	19,050	19,100	2,561	2,261	22,050	22,100	3,011	2,711	25,050	25,100	3,461	3,161	25,050	25,100	3,461	3,161				
16,100	16,150	2,119	1,819	19,100	19,150	2,569	2,269	22,100	22,150	3,019	2,719	25,100	25,150	3,469	3,169	25,100	25,150	3,469	3,169				
16,150	16,200	2,126	1,826	19,150	19,200	2,576	2,276	22,150	22,200	3,026	2,726	25,150	25,200	3,476	3,176	25,150	25,200	3,476	3,176				
16,200	16,250	2,134	1,834	19,200	19,250	2,584	2,284	22,200	22,250	3,034	2,734	25,200	25,250	3,484	3,184	25,200	25,250	3,484	3,184				
16,250	16,300	2,141	1,841	19,250	19,300	2,591	2,291	22,250	22,300	3,041	2,741	25,250	25,300	3,491	3,191	25,250	25,300	3,491	3,191				
16,300	16,350	2,149	1,849	19,300	19,350	2,599	2,299	22,300	22,350	3,049	2,749	25,300	25,350	3,499	3,199	25,300	25,350	3,499	3,199				
16,350	16,400	2,156	1,856	19,350	19,400	2,606	2,306	22,350	22,400	3,056	2,756	25,350	25,400	3,506	3,206	25,350	25,400	3,506	3,206				
16,400	16,450	2,164	1,864	19,400	19,450	2,614	2,314	22,400	22,450	3,064	2,764	25,400	25,450	3,514	3,214	25,400	25,450	3,514	3,214				
16,450	16,500	2,171	1,871	19,450	19,500	2,621	2,321	22,450	22,500	3,071	2,771	25,450	25,500	3,521	3,221	25,450	25,500	3,521	3,221				
16,500	16,550	2,179	1,879	19,500	19,550	2,629	2,329	22,500	22,550	3,079	2,779	25,500	25,550	3,529	3,229	25,500	25,550	3,529	3,229				
16,550	16,600	2,186	1,886	19,550	19,600	2,636	2,336	22,550	22,600	3,086	2,786	25,550	25,600	3,536	3,236	25,550	25,600	3,536	3,236				
16,600	16,650	2,194	1,894	19,600	19,650	2,644	2,344	22,600	22,650	3,094	2,794	25,600	25,650	3,544	3,244	25,600	25,650	3,544	3,244				
16,650	16,700	2,201	1,901	19,650	19,700	2,651	2,351	22,650	22,700	3,101	2,801	25,650	25,700	3,551	3,251	25,650	25,700	3,551	3,251				
16,700	16,750	2,209	1,909	19,700	19,750	2,659	2,359	22,700	22,750	3,109	2,809	25,700	25,750	3,559	3,259	25,700	25,750	3,559	3,259				
16,750	16,800	2,216	1,916	19,750	19,800	2,666	2,366	22,750	22,800	3,116	2,816	25,750	25,800	3,566	3,266	25,750	25,800	3,566	3,266				
16,800	16,850	2,224	1,924	19,800	19,850	2,674	2,374	22,800	22,850	3,124	2,824	25,800	25,850	3,574	3,274	25,800	25,850	3,574	3,274				
16,850	16,900	2,231	1,931	19,850	19,900	2,681	2,381	22,850	22,900	3,131	2,831	25,850	25,900	3,581	3,281	25,850	25,900	3,581	3,281				
16,900	16,950	2,239	1,939	19,900	19,950	2,689	2,389	22,900	22,950	3,139	2,839	25,900	25,950	3,589	3,289	25,900	25,950	3,589	3,289				
16,950	17,000	2,246	1,946	19,950	20,000	2,696	2,396	22,950	23,000	3,146	2,846	25,950	26,000	3,596	3,296	25,950	26,000	3,596	3,296				
17,000				20,000				23,000				26,000											
17,000	17,050	2,254	1,954	20,000	20,050	2,704	2,404	23,000	23,050	3,154	2,854	26,000	26,050	3,604	3,304	26,000	26,050	3,604	3,304				
17,050	17,100	2,261	1,961	20,050	20,100	2,711	2,411	23,050	23,100	3,161	2,861	26,050	26,100	3,611	3,311	26,050	26,100	3,611	3,311				
17,100	17,150	2,269	1,969	20,100	20,150	2,719	2,419	23,100	23,150	3,169	2,869	26,100	26,150	3,619	3,319	26,100	26,150	3,619	3,319				
17,150	17,200	2,276	1,976	20,150	20,200	2,726	2,426	23,150	23,200	3,176	2,876	26,150	26,200	3,626	3,326	26,150	26,200	3,626	3,326				
17,200	17,250	2,284	1,984	20,200	20,250	2,734	2,434	23,200	23,250	3,184	2,884	26,200	26,250	3,634	3,334	26,200	26,250	3,634	3,334				
17,250	17,300	2,291	1,991	20,250	20,300	2,741	2,441	23,250	23,300	3,191	2,891	26,250	26,300	3,641	3,341	26,250	26,300	3,641	3,341				
17,300	17,350	2,299	1,999	20,300	20,350	2,749	2,449	23,300	23,350	3,199	2,899	26,300	26,350	3,649	3,349	26,300							

Form **1040EZ** Department of the Treasury—Internal Revenue Service **Income Tax Return for Single and Joint Filers With No Dependents (99) 2002** OMB No. 1545-0675

Label
(See page 14.)
Use the IRS label.
Otherwise, please print or type.

Presidential Election Campaign (page 14)

Important!
You must enter your SSN(s) above.

You ☐ Yes ☐ No **Spouse** ☐ Yes ☐ No

Note. Checking "Yes" will not change your tax or reduce your refund.
Do you, or your spouse if a joint return, want \$3 to go to this fund?

Income
Attach Form(s) W-2 here.
Enclose, but do not attach, any payment.

Note. You must check Yes or No.

1 Total wages, salaries, and tips. This should be shown in box 1 of your W-2 form(s). Attach your W-2 form(s). 1

2 Taxable interest. If the total is over \$1,500, you cannot use Form 1040EZ. 2

3 Unemployment compensation and Alaska Permanent Fund dividends (see page 16). 3

4 Add lines 1, 2, and 3. This is your **adjusted gross income**. 4

5 Can your parents (or someone else) claim you on their return?
Yes. Enter amount from worksheet on back. ☐ No. If single, enter \$7,700. If married, enter \$13,850. See back for explanation. ☐ 5

6 Subtract line 5 from line 4. If line 5 is larger than line 4, enter -0-. This is your **taxable income**. 6

Payments and tax

7 Federal income tax withheld from box 2 of your W-2 form(s). 7

8 Earned income credit (EIC). 8

9 Add lines 7 and 8. These are your **total payments**. 9

10 Tax. Use the amount on line 6 above to find your tax in the tax table on pages 25–29 of the booklet. Then, enter the tax from the table on this line. 10

Refund
Have it directly deposited! See page 21 and fill in 11b, 11c, and 11d.

11a If line 9 is larger than line 10, subtract line 10 from line 9. This is your **refund**. 11a

b Routing number c Type: ☐ Checking ☐ Savings

d Account number

Amount you owe

12 If line 10 is larger than line 9, subtract line 9 from line 10. This is the **amount you owe**. For details on how to pay, see page 22. 12

Third party designee
Do you want to allow another person to discuss this return with the IRS (see page 22)? ☐ Yes. Complete the following. ☐ No

Designee's name Phone no. () Personal identification number (PIN)

Sign here
Joint return? See page 13. Keep a copy for your records.

Under penalties of perjury, I declare that I have examined this return, and to the best of my knowledge and belief, it is true, correct, and accurately lists all amounts and sources of income I received during the tax year. Declaration of preparer (other than the taxpayer) is based on all information of which the preparer has any knowledge.

Your signature Date Your occupation Daytime phone number ()

Spouse's signature. If a joint return, **both** must sign. Date Spouse's occupation

Paid preparer's use only

Preparer's signature Date Check if self-employed ☐ Preparer's SSN or PTIN

Firm's name (or yours if self-employed), address, and ZIP code EIN

Phone no. ()

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see page 24. Cat. No. 11329W Form **1040EZ** (2002)

Form 1040EZ (2002)

Page 2

**Use
this
form if**

- Your filing status is single or married filing jointly.
- You (and your spouse if married) were under 65 and not blind at the end of 2002. If you were born on January 1, 1938, you are considered to be age 65 at the end of 2002.
- You do not claim any dependents.
- Your taxable income (line 6) is less than \$50,000.
- You do not claim a deduction for educator expenses, the student loan interest deduction, or the tuition and fees deduction (see page 10).
- You do not claim an education credit, the retirement savings contributions credit (see page 10), or the health insurance credit for eligible recipients (see page 10).
- You had **only** wages, salaries, tips, taxable scholarship or fellowship grants, unemployment compensation, or Alaska Permanent Fund dividends, and your taxable interest was not over \$1,500. **But** if you earned tips, including allocated tips, that are not included in box 5 and box 7 of your W-2, you may not be able to use Form 1040EZ. See page 15. If you are planning to use Form 1040EZ for a child who received Alaska Permanent Fund dividends, see page 16.
- You did not receive any advance earned income credit payments.

If you are not sure about your filing status, see page 13. If you have questions about dependents, use TeleTax topic 354 (see page 8). If you **cannot use this form**, use TeleTax topic 352 (see page 8).

**Filling in
your
return**

For tips on how to avoid common mistakes, see page 23.

If you received a scholarship or fellowship grant or tax-exempt interest income, such as on municipal bonds, see the booklet before filling in the form. Also, see the booklet if you received a Form 1099-INT showing Federal income tax withheld or if Federal income tax was withheld from your unemployment compensation or Alaska Permanent Fund dividends.

Remember, you must report all wages, salaries, and tips even if you do not get a W-2 form from your employer. You must also report all your taxable interest, including interest from banks, savings and loans, credit unions, etc., even if you do not get a Form 1099-INT.

**Worksheet
for
dependents
who
checked
"Yes" on
line 5**

(keep a copy for
your records)

Use this worksheet to figure the amount to enter on line 5 if someone can claim you (or your spouse if married) as a dependent, even if that person chooses not to do so. To find out if someone can claim you as a dependent, use TeleTax topic 354 (see page 8).

A. Amount, if any, from line 1 on front	_____	A. _____
	+ 250.00 Enter total ►	B. 750.00
B. Minimum standard deduction	_____	C. _____
C. Enter the larger of line A or line B here	_____	D. _____
D. Maximum standard deduction. If single , enter \$4,700; if married , enter \$7,850	_____	E. _____
E. Enter the smaller of line C or line D here. This is your standard deduction	_____	F. _____
F. Exemption amount.		
• If single, enter -0-.		
• If married and—		
—both you and your spouse can be claimed as dependents, enter -0-.		
—only one of you can be claimed as a dependent, enter \$3,000.		
G. Add lines E and F. Enter the total here and on line 5 on the front .	_____	G. _____

If you checked "No" on line 5 because no one can claim you (or your spouse if married) as a dependent, enter on line 5 the amount shown below that applies to you.

- Single, enter \$7,700. This is the total of your standard deduction (\$4,700) and your exemption (\$3,000).
- Married, enter \$13,850. This is the total of your standard deduction (\$7,850), your exemption (\$3,000), and your spouse's exemption (\$3,000).

**Mailing
return**

Mail your return by **April 15, 2003**. Use the envelope that came with your booklet. If you do not have that envelope or if you moved during the year, see the back cover for the address to use.



Form 1040EZ (2002)

MODULE 10D: STANDARDS ADDRESSED IN THIS MODULE

Pennsylvania's Academic Standards for Career Education and Work**13.3.11 Career Retention and Advancement**

- D. Develop a personal budget based on career choice, such as, but not limited to:
- Charitable contributions
 - Fixed/variable expenses
 - Gross pay
 - Net pay
 - Other income
 - Savings
 - Taxes

Pennsylvania's Academic Standards for Reading, Writing, Speaking and Listening (RWSL)**1.1.11. Learning to Read Independently**

- E. Establish a reading vocabulary by identifying and correctly using new words acquired through the study of their relationships to other words. Use a dictionary or related reference.