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.

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:

<table>
<thead>
<tr>
<th>Income: Salary</th>
<th>$200.00</th>
<th>Expenses:</th>
<th>Clothing</th>
<th>$74.00</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Gas</td>
<td>$40.00</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Savings</td>
<td>$60.00</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Miscellaneous</td>
<td>$26.00</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$200.00</strong></td>
<td></td>
<td></td>
<td><strong>$200.00</strong></td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th>Date</th>
<th>Income</th>
<th>Food</th>
<th>Clothing</th>
<th>Car</th>
<th>Insurance</th>
<th>Recreation</th>
<th>Savings</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Totals:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
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.

<table>
<thead>
<tr>
<th>Date</th>
<th>Income</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
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<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Totals:</td>
<td></td>
</tr>
<tr>
<td>Budget:</td>
<td></td>
</tr>
</tbody>
</table>

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?

<table>
<thead>
<tr>
<th>Categories</th>
<th>Amount Spent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
</tr>
<tr>
<td></td>
<td>$</td>
</tr>
<tr>
<td></td>
<td>$</td>
</tr>
<tr>
<td></td>
<td>$</td>
</tr>
</tbody>
</table>

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.

<table>
<thead>
<tr>
<th>PERSONAL BUDGET WORKSHEET</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL INCOME:</td>
</tr>
<tr>
<td>TOTAL FROM SAVINGS:</td>
</tr>
<tr>
<td>EXPENSES:</td>
</tr>
<tr>
<td>FOOD</td>
</tr>
<tr>
<td>CLOTHING</td>
</tr>
<tr>
<td>CAR</td>
</tr>
<tr>
<td>PERSONAL</td>
</tr>
<tr>
<td>OTHER</td>
</tr>
<tr>
<td>TOTAL EXPENSES:</td>
</tr>
<tr>
<td>TOTAL SAVINGS AND EXPENSES</td>
</tr>
</tbody>
</table>
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.
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 if 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 unrealized 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. Complete all worksheets that apply. However, you may claim fewer (or zero) allowances. Complete all worksheets that apply.

**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 dependents 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.

**Nonmarried income.** If you have a large amount of nonmarital 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.)**

<table>
<thead>
<tr>
<th>A</th>
<th>Enter &quot;1&quot; for yourself if no one else can claim you as a dependent</th>
<th>A</th>
</tr>
</thead>
<tbody>
<tr>
<td>B</td>
<td>Enter &quot;1&quot; if:</td>
<td>B</td>
</tr>
<tr>
<td></td>
<td>• You are single and have only one job; or</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• You are married, have only one job, and your spouse does not work; or</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Your wages from a second job or your spouse's wages (or the total of both) are $1,000 or less.</td>
<td></td>
</tr>
<tr>
<td>C</td>
<td>Enter &quot;1&quot; for your spouse. But, you may choose to enter &quot;0-&quot; if you are married and have either a working spouse or more than one job. (Entering &quot;0-&quot; may help you avoid having too little tax withheld.)</td>
<td>C</td>
</tr>
<tr>
<td>D</td>
<td>Enter number of dependents (other than your spouse or yourself) you will claim on your tax return</td>
<td>D</td>
</tr>
<tr>
<td>E</td>
<td>Enter &quot;1&quot; if you will file as head of household on your tax return (see conditions under Head of household above)</td>
<td>E</td>
</tr>
<tr>
<td>F</td>
<td>Enter &quot;1&quot; if you have at least $1,500 of child or dependent care expenses for which you plan to claim a credit</td>
<td>F</td>
</tr>
</tbody>
</table>

(Note: Do not include child support payments. See Pub. 503, Child and Dependent Care Expenses, for details.)

**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 1/2 additional if you have three to five 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.
- If you have three eligible children, "2" if you have four eligible children, or "3" if you have five or more eligible children.

**Add lines A through G and enter total here.**

For accuracy, complete all worksheets that apply.

---

**Employee’s Withholding Allowance Certificate**

<table>
<thead>
<tr>
<th>Form</th>
<th>Department of the Treasury Internal Revenue Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>For Privacy Act and Paperwork Reduction Act Notice, see page 2.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>1</th>
<th>Type or print your first and middle initial Last name 2</th>
<th>Your social security number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Home address (number and street or rural route)</td>
<td>3</td>
<td>Single Married Married, but withheld at higher Single rate Note: If married, but legally separated, or spouse is a nonresident alien, check the &quot;Single&quot; box.</td>
</tr>
<tr>
<td>City or town, state, and ZIP code</td>
<td>4</td>
<td>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.</td>
</tr>
<tr>
<td>Total number of allowances you are claiming (from line H above or from the applicable worksheet on page 2)</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Additional amount, if any, you want withheld from each paycheck</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Exemption from withholding for 2003, and I certify that I meet both of the following conditions for exemption:</td>
<td>7</td>
<td>9</td>
</tr>
<tr>
<td>• Last year I had a right to a refund of all Federal income tax withheld because I had no tax liability and</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• This year I expect a refund of all Federal income tax withheld because I expect to have no tax liability.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

If you meet both conditions, write "Exempt" here.

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.

**Employee’s signature**

(Form is not valid unless you sign it.)

<table>
<thead>
<tr>
<th>Date</th>
<th>Office code (optional)</th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
<td>Employee’s name and address (Employer: Complete lines 8 and 10 only if sending to the IRS)</td>
</tr>
<tr>
<td>9</td>
<td>Employer identification number</td>
</tr>
</tbody>
</table>

Cat. No. 10230Q
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? $___________
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.

<table>
<thead>
<tr>
<th>Single</th>
<th>Married (filing jointly)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$18,732</td>
<td>$20,546</td>
</tr>
<tr>
<td>$20,888</td>
<td>$26,574</td>
</tr>
<tr>
<td>$18,215</td>
<td>$26,312</td>
</tr>
<tr>
<td>$18,976</td>
<td>$18,101</td>
</tr>
<tr>
<td>$26,326</td>
<td>$20,395</td>
</tr>
</tbody>
</table>

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 $28,250. First, he finds the $28,250-29,300 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 $3,041. This is the tax amount he should enter on line 10 of Form 1040EZ.

<table>
<thead>
<tr>
<th>If Form 1040EZ, line 6, is—</th>
<th>And you are—</th>
<th>If Form 1040EZ, line 6, is—</th>
<th>And you are—</th>
<th>If Form 1040EZ, line 6, is—</th>
<th>And you are—</th>
</tr>
</thead>
<tbody>
<tr>
<td>At least</td>
<td>But less than</td>
<td>Single</td>
<td>Married filing jointly</td>
<td>At least</td>
<td>But less than</td>
</tr>
<tr>
<td>15,000</td>
<td>15,050</td>
<td>1.948</td>
<td>2.024</td>
<td>2.404</td>
<td>2.104</td>
</tr>
<tr>
<td>16,000</td>
<td>16,050</td>
<td>2.016</td>
<td>2.082</td>
<td>2.434</td>
<td>2.134</td>
</tr>
<tr>
<td>17,000</td>
<td>17,050</td>
<td>2.084</td>
<td>2.149</td>
<td>2.471</td>
<td>2.171</td>
</tr>
<tr>
<td>18,000</td>
<td>18,050</td>
<td>2.151</td>
<td>2.216</td>
<td>2.508</td>
<td>2.246</td>
</tr>
<tr>
<td>19,000</td>
<td>19,050</td>
<td>2.219</td>
<td>2.284</td>
<td>2.545</td>
<td>2.323</td>
</tr>
<tr>
<td>20,000</td>
<td>20,050</td>
<td>2.286</td>
<td>2.351</td>
<td>2.583</td>
<td>2.389</td>
</tr>
<tr>
<td>21,000</td>
<td>21,050</td>
<td>2.353</td>
<td>2.419</td>
<td>2.620</td>
<td>2.465</td>
</tr>
<tr>
<td>22,000</td>
<td>22,050</td>
<td>2.420</td>
<td>2.486</td>
<td>2.658</td>
<td>2.531</td>
</tr>
<tr>
<td>23,000</td>
<td>23,050</td>
<td>2.487</td>
<td>2.553</td>
<td>2.695</td>
<td>2.602</td>
</tr>
<tr>
<td>24,000</td>
<td>24,050</td>
<td>2.554</td>
<td>2.620</td>
<td>2.733</td>
<td>2.683</td>
</tr>
</tbody>
</table>

**Notes:**
- The table above includes tax rates for single, married filing jointly, and head of household filing status.
- Rates are subject to change and should be confirmed with the latest tax publications available.

**Example Usage:**
- If your annual income is $30,000 and you are single, your tax rate might be 15%.
- If you are married filing jointly, your tax rate might be 20%.

**Additional Resources:**
-.gov/taxation/
-IRS.gov/forms/

**Sources:**
- IRS.gov/taxation/
- IRS.gov/forms/

**Important:**
- Always consult the latest tax codes and regulations for accurate information.
- The table above is for demonstration purposes and may not reflect current tax laws.
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.
- 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

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 + 250.00 Enter total
   B. Minimum standard deduction
   C. Enter the larger of line A or line B here
   D. Maximum standard deduction. If single, enter $4,700; if married, enter $7,850
   E. Enter the smaller of line C or line D here. This is your standard deduction
   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

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.
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.