

NAME: _____

DATE: _____

PRE-QUIZ

Taxes, Withholding, & Public Benefits

What + Why: A quick, ungraded check on what you already know—your answers help shape the learning ahead. It's okay not to know—just give it your best shot.

Instructions:

1. Answer each question as best you can.
 2. Circle the best answer for each question.
 3. Submit it when you're done.
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1. Riley receives a raise at her salaried job from \$40,000 to \$50,000 per year. She is worried that moving into a higher federal tax bracket means all of her income will now be taxed at a higher rate and she will lose money overall. Which statement best explains how Riley's income will be taxed?
 - a. Only the portion of Riley's income in the higher tax bracket will be taxed at the higher rate.
 - b. This will not affect Riley because tax brackets only apply to self-employed workers, not salaried employees.
 - c. All of Riley's income will now be taxed at the higher rate.
 - d. Being in a higher tax bracket means Riley will owe more taxes than she earns from the raise.
 2. Mr. Diaz and Ms. Washington each earn \$42,000 per year. Mr. Diaz owns a home, whereas Ms. Washington rents an apartment. Which tax is Mr. Diaz most likely required to pay to the local government that Ms. Washington is not?
 - a. payroll tax
 - b. sales tax
 - c. income tax
 - d. property tax

3. Two workers earn the same income and are taxed at the same tax rate. One qualifies for a \$3,000 tax deduction, and the other qualifies for a \$3,000 tax credit. Which worker will likely owe less tax?
 - a. The worker with the deduction, because deductions reduce taxable income dollar-for-dollar.
 - b. Both workers will owe the same amount.
 - c. The worker with the credit because credits reduce the amount of tax owed dollar-for-dollar.
 - d. It cannot be determined from the information given.

4. After working at his part-time job for two years, Josh receives a raise. How is this change most likely to affect Josh's eligibility for income-based programs such as Medicaid or SNAP?
 - a. Josh may no longer qualify because higher income can move someone above the eligibility limits.
 - b. Josh is more likely to qualify because working longer increases eligibility.
 - c. Josh will automatically lose eligibility for all government programs.
 - d. Josh's eligibility will stay the same because Josh is still working part-time.