



JA FINANCIAL LITERACY®

Student Guide

UNIT 1: EMPLOYMENT, INCOME, & FINANCIAL DECISION-MAKING
Topic 3: Taxes, Withholding, & Public Benefits

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.
-
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.

NAME: _____

DATE: _____

ACTIVITY

Taxed or Not Taxed?

What + Why: Test your instincts about everyday purchases and see where taxes quietly sneak into real life.

Taxes don't just show up on paychecks—they're often part of everyday purchases. Sometimes you see them clearly, and sometimes they're easy to miss.

Test your instincts about which items are taxed and which are not.

Instructions:

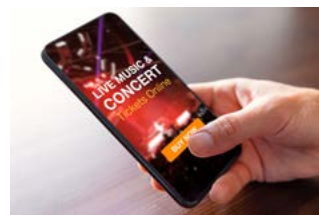
Choose whether you expect to pay taxes on each purchase or if taxes won't be added.



sneakers

☐ taxed☐ not taxed

a car

☐ taxed☐ not taxed

concert tickets

☐ taxed☐ not taxed

gasoline

☐ taxed☐ not taxed

home purchase

☐ taxed☐ not taxed

rent

☐ taxed☐ not taxed

groceries

☐ taxed☐ not taxed

prescription medication

☐ taxed☐ not taxed

a doctor's visit

☐ taxed☐ not taxed

NAME: _____

DATE: _____

ACTIVITY

Follow One Hundred Dollars

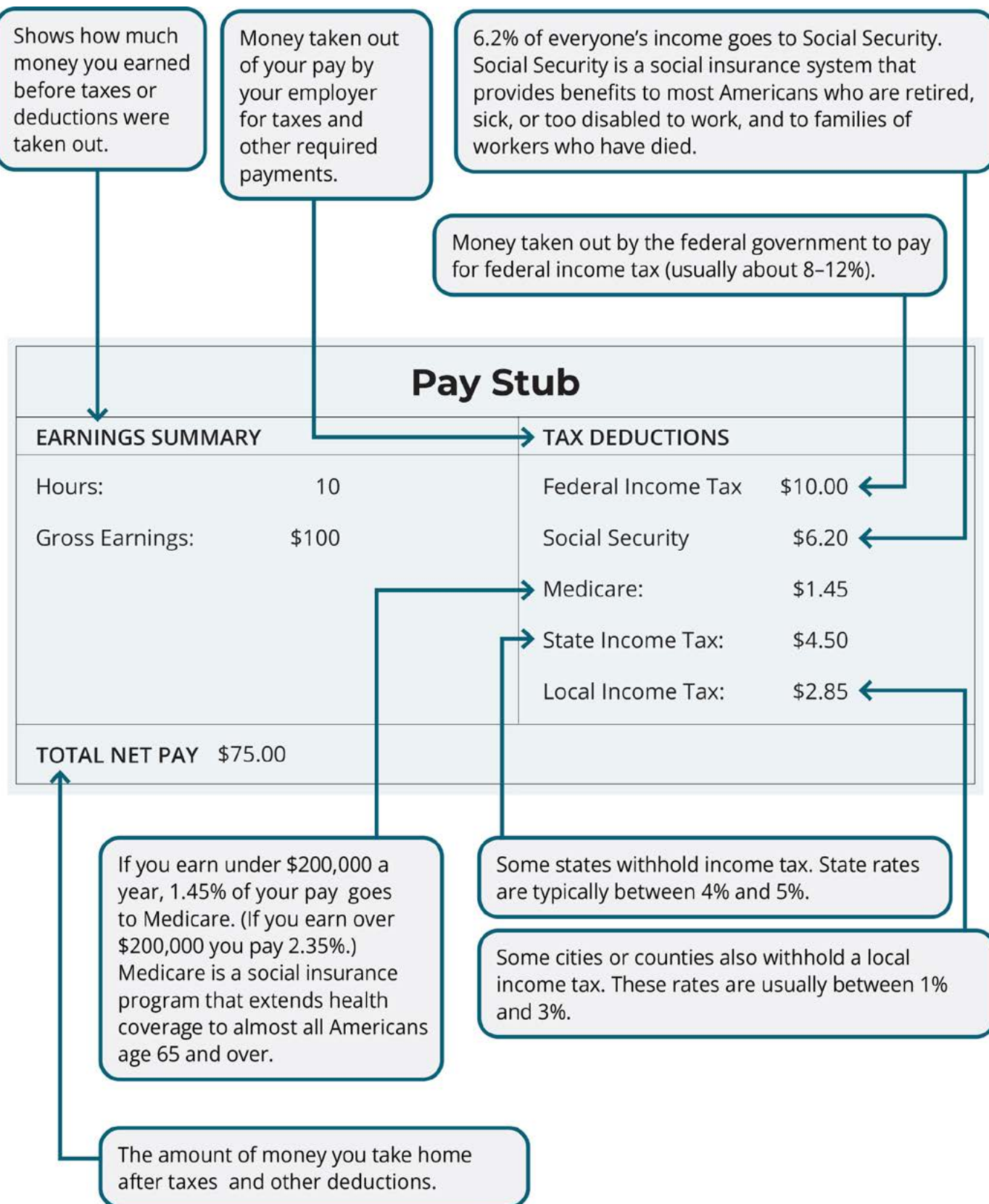
What + Why: Discover what really happens to your money before it hits your pocket, and why that matters when you earn and spend.

Imagine you just got your paycheck from your part-time job. Based on your hours worked, you earned \$100 this week—nice!

But wait—how much of your paycheck do you expect to take home?

Instructions:

1. Review the information provided on your pay stub to see where your “missing” funds ended up. Write down what stands out to you. What surprises you? What questions do you have about these paycheck deductions?
2. Look at the gross earnings. How do the deductions change the amount of net pay?



NAME: _____

DATE: _____

CASE STUDY

Who Benefits?

What + Why: Explore how people in different situations benefit from public services, setting the stage for bigger questions about taxes and choices.

Local, state, and federal tax dollars help pay for things you see every day—schools, parks, roads, police and fire departments, and programs that support people in need. You might not use all of these services, but someone does. Even if our lives look different, we're all connected through the same public systems that keep our communities running.

Supporting Materials:

Topic 3: Introduction (Case Study)

Profiles (Case Study)

Pay Stubs (Case Study)

Instructions:

1. Read the **Topic 3: Introduction** to familiarize yourself with updated case study information.
2. Then, examine your group's selected **Profile** and **Pay Stub** to find evidence of their current needs and daily situation.
3. Review the government-funded services listed in the matrix.
4. Decide which services would most likely benefit your selected person right now. (For instance, Trey is saving for health coverage, so Medicaid is a potential benefit for him.)
5. Write a short reason for each choice in the matrix based on details from the profile.
6. Be prepared to briefly share how and why those services benefit your profile.

Who Benefits Matrix

Service	Kiana Thompson	Rafael Martinez	Maya Patel	Brianna Parker	Trey Williams
Emergency Services 					
SNAP* 					
Education 					
Roads & Transportation 					
Medicaid/ Medicare 					
Recreation & Community Spaces 					

*(Supplemental Nutrition Assistance Program)

NAME: _____

DATE: _____

ACTIVITY

How Much Does That Cost?

What + Why: From paychecks to price tags, find out where the money really goes.

When people earn money, they don't keep all of it—some goes to taxes that help fund public services. In this activity, you'll look at average U.S. income and the average amount paid in taxes to see how earnings and deductions compare.

Because states and local governments make different tax decisions, two people purchasing the same item will likely spend different amounts, based on their location. As you work with a partner, pay attention to what stands out, what surprises you, and what patterns you notice.

Supporting Materials:

Graphs and Map Raw Data (PDF)

Instructions:

- With a partner, review the graphs showing the average American income and the average amount paid in taxes.

- Average American Middle Class Income**



Average family taxes by family income percentile, 2021

■ All taxes (federal, state, local)

■ Federal taxes only

Source: [USAFacts analysis of IRS and Census Bureau data](#)

- **Average Amount of Taxes Paid**



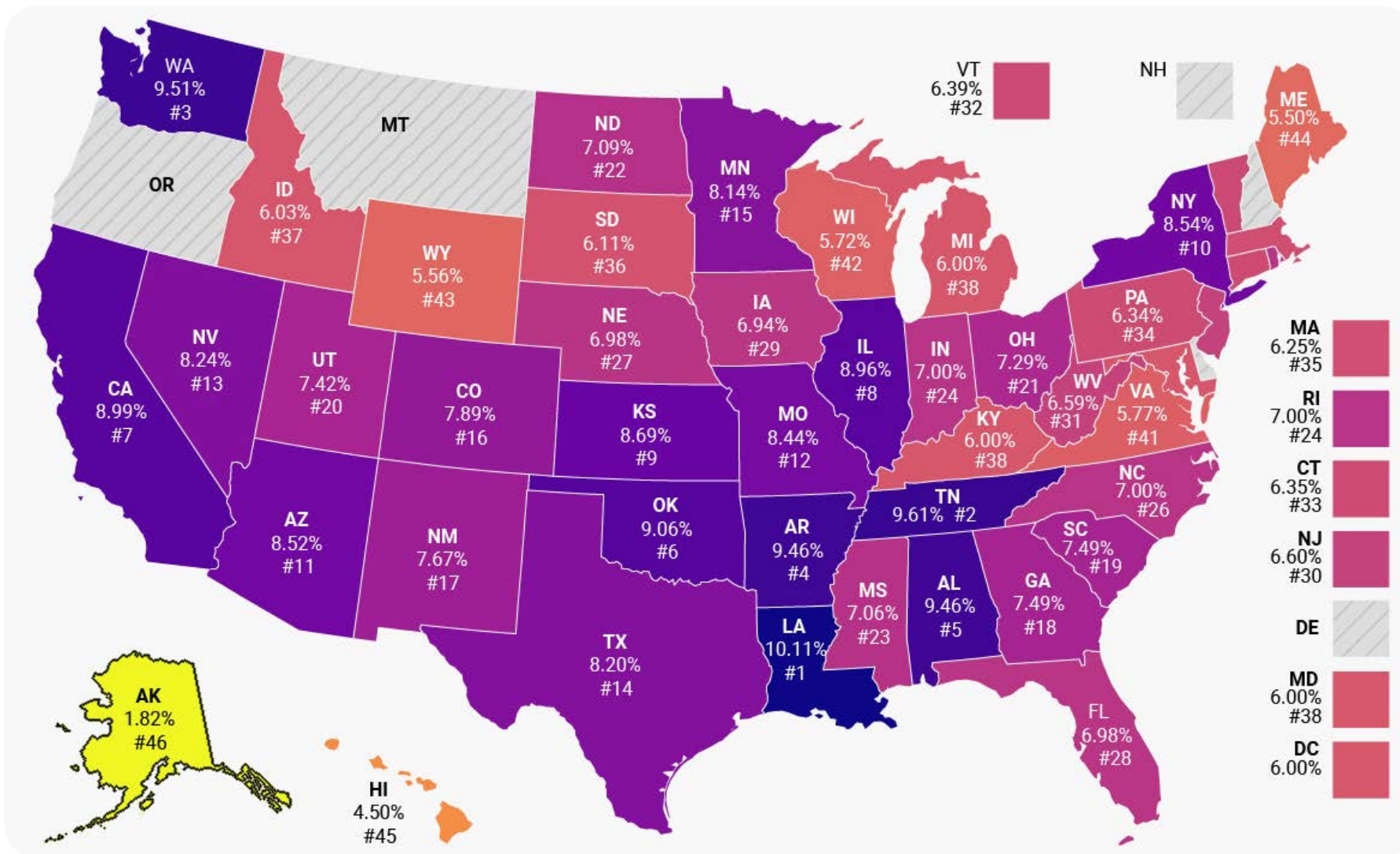
2. Don't worry about specific numbers. What patterns do you see? What stands out to you about the relationship between income and taxes?
3. Next, use the State and Local Sales Tax Rates (see map on next page or reference the Graphs and Raw Data PDF) to look up the sales tax rate and determine the final price of a \$40 hoodie in:
 - California
 - Alaska
 - One state of your choice
4. Compare the final prices. What do you notice about the differences?
5. What do you notice about how taxes affect both earnings and the price of the same item, and what questions does that raise for you?

Be ready to share one observation and one question with the class.

2026 Sales Tax Rates Sales Taxes by State

Combined State & Average Local Sales Tax Rates, January 2026

Source: [Sales Tax Clearinghouse](#); Tax Foundation calculations; State Revenue Department websites.



NAME: _____

DATE: _____

ACTIVITY

Tax Exploration

What + Why: Take a closer look at real-world documents to discover how taxes quietly shape everyday life.

Every day, people pay different kinds of taxes—often without realizing it—and those taxes support the services and systems communities rely on. Looking at real tax documents helps make these systems visible by showing how different taxes appear in everyday life. Because tax rates and tax types vary by location, people may experience the same tax differently depending on where they live.

Supporting Materials:

Pay Stub (Case Study - Brianna Parker)

Tax Exploration Documents

- Vehicle Tax Statement
- Sales Tax Receipt
- Rideshare Receipt
- W-2 (Kiana Thompson)

Instructions:

1. Use the one tax type assigned to your group.
2. Examine your tax document:
 - a. Where does the tax appear on the document? (circle or highlight this information)
 - b. What is the rate of this tax?
 - c. How and when is this tax paid or withheld?

Be prepared to share during the class debrief.

Tax Exploration Documents

Personal Property Tax Statement



Evergreen City Tax Office

VEHICLE TAX STATEMENT

Taxpayer: Rafael Martinez
Mailing Address: 8844 Sycamore St.

Vehicle Information

Make/Model: Toyota Tacoma
VIN: 1NXBR12E7YZ821433
Assessed Vehicle Value: \$11,400

TAX CALCULATION

Taxable Units (Assessed Vehicle Value /100 = 114)
 County Property Tax Rate ($\$3.10 \times 114 = \$353.40$)
 Transportation Fund ($\$0.40 \times 114 = \$45.60$)

Total Vehicle Property Tax Due: \$399.00

Due Date: September 30

Sales Tax Receipt



Riverside Bistro Receipt

120 Riverfront St.
 (555)987-6543

Caesar Salad	\$12.50
Grilled Salmon	\$18.95
Iced Tea	\$2.50
Subtotal	\$33.95
Sales Tax (8.8%)	\$2.99
TOTAL	\$36.94

Signature

THANK YOU
HAVE A NICE DAY

Rideshare Receipt



Goober Trip Receipt

April 22

Start: 123 Main St., Chicago, IL

End: 456 Oak St., Chicago, IL

Trip Fare:	\$16.40
Booking Fee:	\$2.25
Chicago Ground	
Transportation Tax:	\$1.25

TOTAL \$19.90

Thank you for riding with Goober!



ABC-3455-EFG-235

W2 for Kiana Thompson

a Employee's social security number 987-65-4320		OMB No. 1545-0029		Safe, accurate, FAST! Use				Visit the IRS website at www.irs.gov/efile .			
b Employer identification number (EIN) 00-9876543				1 Wages, tips, other compensation \$29,520.00		2 Federal income tax withheld \$2,290.00					
c Employer's name, address, and ZIP code Morning Grind Coffee Co. 100 Business Drive, Kansas City, MO 64030				3 Social security wages \$28,800.00		4 Social security tax withheld \$1,890.00					
				5 Medicare wages and tips \$29,520.00		6 Medicare tax withheld \$442.00					
				7 Social security tips		8 Allocated tips					
d Control number				9		10 Dependent care benefits					
e Employee's first name and initial Last name Suff. Kiana Thompson 123 Main Street, Kansas City, MO 64030				11 Nonqualified plans		12a See instructions for box 12					
				13 Statutory employee Retirement plan Third-party sick pay ☐ ☐ ☐		12b					
				14a Other		12c 401(k) Contribution D \$915.00					
				14b Treasury Tipped Occupation Code(s)		12d Employer Health Coverage DD \$3,600.00					
				f Employee's address and ZIP code							
15 State Employer's state ID number MO 00-7654321		16 State wages, tips, etc. \$29,520.00		17 State income tax \$1,030.00		18 Local wages, tips, etc.		19 Local income tax		20 Locality name	

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

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.

NAME: _____

DATE: _____

ACTIVITY

Exploring How Taxes Are Withheld

What + Why: Your tax money works hard, but where does it actually go?

When people work, some taxes are taken directly out of their paycheck, while others are paid later, depending on a person's job, income, and location.

Looking closely at how and when taxes are withheld helps explain why take-home pay can be different from gross pay and why earnings can look different from one worker to another.

Supporting Materials

- Profiles (Case Study)
- Pay Stubs (Case Study)
- Tax Rules and Reference Guide (given below)

Instructions:

1. Review your group's case study **Profile** and **Pay Stub**.
2. Fill in the following basic information:

Case Study Profile Name: _____

What would your case study profile's filing status be?

- ☐ Single (unmarried individuals)
- ☐ Married filing jointly (a married couple files one tax return together)
- ☐ Head of Household (unmarried individuals who support a dependent)

Case Study Profile's Annual Income: _____

State: _____ (select a state for your profile if one isn't given)

3. Our assigned tax type: _____

Use the **Tax Rules and Reference Guide** to identify:

a. The tax rate

b. The rules that determine when the tax applies and who is required to pay it

4. Does your profile need to pay this tax? Explain your reasoning using the case study exhibits and the **Tax Rules Reference Guide**.

Tax Rules Reference Guide

These are common taxes that reduce take-home pay. The rules below determine when the tax applies and who is required to pay it

Federal income tax

A tax collected by the federal government based on taxable income.

% Rate (progressive tax brackets)

Rates depend on your taxable income.

Tax brackets (single filers)

Taxable income	Tax rate
Up to \$11,925	10%
\$11,926 – \$48,475	12%
\$48,476 – \$103,350	22%
\$103,351 – \$197,300	24%
\$197,301 – \$256,225	32%
\$256,226 – \$640,600	35%
Over \$640,600	37%

When it applies

Withheld from paychecks throughout the year.

Who must pay

Most workers earning income above the federal filing threshold.

\$ Pay stub label

Federal income tax / Fed withholding

State income tax

A tax collected by some state governments based on income.

% Rate

Varies by state.
Ranges from 0% to 13.3%.
Some states have no income tax.

When it applies

Withheld from paychecks in states that collect income tax.

Not required in states with no income tax.

Who must pay

Workers who live in a state that collects income tax and earn income above that state's filing threshold.

\$ Pay stub label

State income tax / State withholding

Social Security Tax (FICA)

A federal payroll tax that funds retirement, disability, and survivor benefits.

% Tax rate overview

If you work for an employer

From your paycheck (you pay):

6.2%

Your employer also pays:

6.2%

Total going to Social Security:

12.4% of wages

If you are self-employed

You pay the full **12.4%** yourself.

When it applies

Withheld from paychecks.
Self-employed workers pay this amount directly.

Who must pay

Most workers earning wages or self-employment income.

\$ Pay stub label

Social Security / FICA

Medicare tax (FICA)

A federal payroll tax that funds Medicare health coverage.

% Tax rate overview

If you work for an employer

From your paycheck (you pay):

1.45%

Your employer also pays:

1.45%

Total going to Medicare:

2.9% of wages

If you are self-employed

You pay the full **2.9%** yourself.

When it applies

Withheld from paychecks.
Self-employed workers pay this amount directly.

Who must pay

Most workers earning wages or self-employment income.

\$ Pay stub label

Medicare / FICA

Note: The federal income tax brackets shown reflect 2026 rates for single filers as released by the IRS. Social Security (6.2%) and Medicare (1.45%) rates have remained stable since 1990 and 1994 respectively, but may be subject to change by Congress. Always check the IRS website (<https://www.irs.gov/>) for the most current rates before using these figures for real financial planning.

NAME: _____

DATE: _____

VIDEO

Tax Forms

What + Why: First job paperwork can feel confusing—until you know how paychecks, tax forms, and refunds fit together.

First job paperwork can feel confusing—until you see how paychecks, tax forms, and refunds connect.

It's Felicity's first day at her new part-time job, and she's excited to start earning her own money. Like all new employees, she must complete required new-hire paperwork before she can begin working.

Before Felicity arrives, her supervisor asks her to bring some documents from home to complete Form I-9, which verifies identity and authorization to work in the United States.

This is the list of documents approved for Form I-9. Some documents prove who Felicity is and that she's allowed to work in the United States (list A). Others need to be used together as proof (lists B and C).



LIST A Documents that Establish Both Identity and Employment Authorization	OR	LIST B Documents that Establish Identity	AND	LIST C Documents that Establish Employment Authorization
1. U.S. Passport or U.S. Passport Card		1. Driver's license or ID card issued by a State or outlying possession of the United States provided it contains a photograph or information such as name, date of birth, sex, height, eye color, and address		1. A Social Security Account Number card, unless the card includes one of the following restrictions: (1) NOT VALID FOR EMPLOYMENT (2) VALID FOR WORK ONLY WITH INS AUTHORIZATION (3) VALID FOR WORK ONLY WITH DHS AUTHORIZATION
2. Permanent Resident Card or Alien Registration Receipt Card (Form I-551)		2. ID card issued by federal, state or local government agencies or entities, provided it contains a photograph or information such as name, date of birth, sex, height, eye color, and address		2. Certification of report of birth issued by the Department of State (Forms DS-1350, FS-545, FS-240)
3. Foreign passport that contains a temporary I-551 stamp or temporary I-551 printed notation on a machine-readable immigrant visa		3. School ID card with a photograph		3. Original or certified copy of birth certificate issued by a State, county, municipal authority, or territory of the United States bearing an official seal
4. Employment Authorization Document that contains a photograph (Form I-766)		4. Voter's registration card		4. Native American tribal document
5. For an individual temporarily authorized to work for a specific employer because of his or her status or parole: a. Foreign passport; and b. Form I-94 or Form I-94A that has the following: (1) The same name as the passport; and (2) An endorsement of the individual's status or parole as long as that period of endorsement has not yet expired and the proposed employment is not in conflict with any restrictions or limitations identified on the form.		5. U.S. Military card or draft record		5. U.S. Citizen ID Card (Form I-197)
		6. Military dependent's ID card		6. Identification Card for Use of Resident Citizen in the United States (Form I-179)
		7. U.S. Coast Guard Merchant Mariner Card		7. Employment authorization document issued by the Department of Homeland Security For examples, see Section 7 and Section 13 of the M-274 on uscis.gov/i-9-central . The Form I-766, Employment Authorization Document, is a List A, Item Number 4 , document, not a List C document.
		8. Native American tribal document		
		9. Driver's license issued by a Canadian government authority		
		For persons under age 18 who are unable to present a document listed above:		
		10. School record or report card		
		11. Clinic, doctor, or hospital record		
6. Passport from the Federated States of Micronesia (FSM) or the Republic of the Marshall Islands (RMI) with Form I-94 or Form I-94A indicating nonimmigrant admission under the Compact of Free Association Between the United States and the FSM or RMI		12. Day-care or nursery school record		

Question 1

Felicity decides to bring one document from both List B and List C. Take a few moments and review the list of acceptable documents and decide which combination of documents Felicity could bring. Select two options.

- ☐ a. Medical Records and Birth Certificate
- ☐ b. Medical Records and Social Security Card
- ☐ c. Driver's License and Social Security Card
- ☐ d. Driver's License and Birth Certificate

Answer: c and d. Felicity could bring her driver's license to prove her identity, and either her birth certificate or Social Security card to show that she is allowed to work.

Felicity has completed the employee section of Form I-9 and has gathered the required documents to bring to work. The employer is now responsible for reviewing those documents, completing the employer section at the bottom of the form, and verifying with the U.S. government that Felicity is authorized to work in the United States.

		Employment Eligibility Verification Department of Homeland Security U.S. Citizenship and Immigration Services		USCIS Form I-9 OMB No. 1615-0047 Expires 3/31/2022	
START HERE: Employers must ensure the form instructions are available to employees when completing this form. Employers are liable for failing to comply with the requirements for completing this form. See below and the Instructions .					
ANTI-DISCRIMINATION NOTICE: All employees can choose which acceptable documentation to present for Form I-9. Employers cannot ask employees for documentation to verify information in Section 1 , or specify which acceptable documentation employees must present for Section 2 or Supplement B, Reverification and Rehire. Treating employees differently based on their citizenship, immigration status, or national origin may be illegal.					
Section 1. Employee Information and Attestation: Employees must complete and sign Section 1 of Form I-9 no later than the first day of employment , but not before accepting a job offer.					
Last Name (Family Name) Curtis		First Name (Given Name) Felicity		Middle Initial (if any) J	Other Last Names Used (if any)
Address (Street Number and Name) 1456 Flower Lane		Apt. Number (if any)	City or Town Dayton		State OH
ZIP Code 45402		Date of Birth (mm/dd/yyyy) 04/07/2007		U.S. Social Security Number 9 8 7 6 5 4 3 2 0	Employee's Email Address felicitycurtis@mail.com
Employee's Telephone Number (937) 555-2222		I am aware that federal law provides for imprisonment and/or fines for false statements, or the use of false documents, in connection with the completion of this form. I attest, under penalty of perjury, that this information, including my selection of the box attesting to my citizenship or immigration status, is true and correct.			
Check one of the following boxes to attest to your citizenship or immigration status (See page 2 and 3 of the instructions.): ☒ 1. A citizen of the United States ☐ 2. A noncitizen national of the United States (See Instructions.) ☐ 3. A lawful permanent resident (Enter USCIS or A-Number.) ☐ 4. An alien authorized to work until (exp. date, if any)		If you check Item Number 4., enter one of these: USCIS A-Number OR Form I-94 Admission Number OR Foreign Passport Number and Country of Issuance			
Signature of Employee <i>Laile</i>		Today's Date (mm/dd/yyyy)			

Felicity arrives at work prepared to begin her day. Before her shift starts, she needs to complete a form called the Employee's Withholding Certificate, or Form W-4. Workers fill out a W-4 when starting a new job. If they live in a state that collects income taxes, they will fill out two W-4 forms, one for federal taxes and one for state taxes. A W-4 form tells Felicity's employer how much federal (or state) income tax to withhold from each paycheck so the right percentage of her income is taken out as she earns money throughout the year. This amount is just an estimate. Felicity can update her W-4s anytime her life changes—such as if she finds a new job, gets married, has children, or earns money from a side gig.

Form <b style="font-size: 24pt;">W-4 Department of the Treasury Internal Revenue Service	Employee's Withholding Certificate Complete Form W-4 so that your employer can withhold the correct federal income tax from your pay. Give Form W-4 to your employer. Your withholding is subject to review by the IRS.			OMB No. 1545-0074
Step 1: Enter Personal Information	(a) First name and middle initial _____ Last name _____		(b) Social security number _____	
	Address _____			Does your name match the name on your social security card? If not, to ensure you get credit for your earnings, contact SSA at 800-772-1213 or go to www.ssa.gov .
	City or town, state, and ZIP code _____			
	(c) ☐ Single or Married filing separately ☐ Married filing jointly or Qualifying surviving spouse ☐ Head of household (Check only if you're unmarried and pay more than half the costs of keeping up a home for yourself and a qualifying individual.)			
	Caution: To claim certain credits or deductions on your tax return, you (and/or your spouse if married filing jointly) are required to have a social security number valid for employment. See page 2 for more information.			
TIP: Consider using the estimator at www.irs.gov/W4App to determine the most accurate withholding for the rest of the year if you: are completing this form after the beginning of the year; expect to work only part of the year; or have changes during the year in your marital status, number of jobs for you (and/or your spouse if married filing jointly), dependents, other income (not from jobs), deductions, or credits. Have your most recent pay stub(s) from this year available when using the estimator. At the beginning of next year, use the estimator again to recheck your withholding.				
Complete Steps 2–4 ONLY if they apply to you; otherwise, skip to Step 5. See page 2 for more information on each step, who can claim exemption from withholding, and when to use the estimator at www.irs.gov/W4App .				
Step 2: Multiple Jobs or Spouse Works	Complete this step if you (1) hold more than one job at a time, or (2) are married filing jointly and your spouse also works. The correct amount of withholding depends on income earned from all of these jobs. Do only one of the following. (a) Use the estimator at www.irs.gov/W4App for the most accurate withholding for this step (and Steps 3–4). If you or your spouse have self-employment income, use this option; or (b) Use the Multiple Jobs Worksheet on page 3 and enter the result in Step 4(c) below; or (c) If there are only two jobs total, you may check this box. Do the same on Form W-4 for the other job. This option is generally more accurate than Step 2(b) if pay at the lower paying job is more than half of the pay at the higher paying job. Otherwise, Step 2(b) is more accurate ☐			
Complete Steps 3–4(b) on Form W-4 for only ONE of these jobs. Leave those steps blank for the other jobs. (Your withholding will be most accurate if you complete Steps 3–4(b) on the Form W-4 for the highest paying job.)				
Step 3: Claim Dependent and Other Credits	If your total income will be \$200,000 or less (\$400,000 or less if married filing jointly): (a) Multiply the number of qualifying children under age 17 by \$2,200 3(a) \$ _____ (b) Multiply the number of other dependents by \$500 3(b) \$ _____ Add the amounts from Steps 3(a) and 3(b), plus the amount for other credits. Enter the total here 3 \$ _____			
Step 4: Other Adjustments	(a) Other income (not from jobs). If you want tax withheld for other income you expect this year that won't have withholding, enter the amount of other income here. This may include interest, dividends, and retirement income 4(a) \$ _____ (b) Deductions. Use the Deductions Worksheet on page 4 to determine the amount of deductions you may claim, which will reduce your withholding. (If you skip this line, your withholding will be based on the standard deduction.) Enter the result here 4(b) \$ _____ (c) Extra withholding. Enter any additional tax you want withheld each pay period 4(c) \$ _____			
Exempt from withholding	I claim exemption from withholding for 2026, and I certify that I meet both of the conditions for exemption for 2026. See <i>Exemption from withholding</i> on page 2. I understand I will need to submit a new Form W-4 for 2027 . . . ☐			
Step 5: Sign Here	Under penalties of perjury, I declare that this certificate, to the best of my knowledge and belief, is true, correct, and complete.			
Employers Only	Employee's signature (This form is not valid unless you sign it.) _____		Date _____	
	Employer's name and address _____		First date of employment _____	Employer identification number (EIN) _____

For Privacy Act and Paperwork Reduction Act Notice, see page 4.

Cat. No. 10220Q

Form **W-4**

Created 12/8/25

When Felicity receives her pay stub, she can see which taxes were taken out of her paycheck and how much was withheld for each one under the deductions section. The Federal Income Tax withheld from Felicity's pay is based on the information she put on her W-4. The state of Pennsylvania is one of many states that withhold state taxes. Felicity lives in a county that also withholds a local earned income tax. FICA Tax is a combination of Medicare and Social Security taxes.

Fresh Roots Grocery		PAY STUB	
Recipient: Felicity Curtis		TOTAL NET PAY \$681.19	
Pay Rate: \$17 per hour		Pay Date: May 20	
Pay Period: May 1–15		Payment Method: Check	
Hours Worked: 50			
PAYMENTS		DEDUCTIONS	
Regular Pay	\$850.00	Federal Tax	\$60.00
Overtime Pay	\$0.00	State Tax	\$26.78
Bonus	\$0.00	FICA	\$65.03
Reported Tips	\$0.00	Local	\$17.00
TOTAL GROSS PAY		TOTAL DEDUCTIONS	
\$850		\$168.81	

Every year, to determine whether the correct amount of taxes was withheld from her pay, Felicity completes a tax return with the Internal Revenue Service (IRS) using Form 1040. This form must be submitted between January 1st and April 15th and is based on the income she earned during the previous year. If too little was withheld in federal or state taxes, Felicity will owe money. If too much was withheld, she will receive a refund.

Form 1040 Department of the Treasury—Internal Revenue Service
U.S. Individual Income Tax Return OMB No. 1545-0074 IRS Use Only—Do not write or staple in this space.

For the year Jan. 1–Dec. 31, 2025, or other tax year beginning , 2025, ending , 20 See separate instructions.

☐ Filed pursuant to section 301.9100-2 ☐ Combat zone ☐ Deceased MM / DD / YYYY Spouse MM / DD / YYYY

☐ Other

Your first name and middle initial Last name Your social security number

If joint return, spouse's first name and middle initial Last name Spouse's social security number

Home address (number and street). If you have a P.O. box, see instructions. Apt. no. Check here if your main home, and your spouse's if filing a joint return, was in the U.S. for more than half of 2025. ☐

City, town, or post office. If you have a foreign address, also complete spaces below. State ZIP code

Foreign country name Foreign province/state/county Foreign postal code

Filing Status ☐ Single ☐ Head of household (HOH) ☐ Qualifying surviving spouse (QSS)
Check only one box. ☐ Married filing jointly (even if only one had income) If you checked the HOH or QSS box, enter the child's name if the qualifying person is a child but not your dependent:
☐ Married filing separately (MFS). Enter spouse's SSN above and full name here:
☐ If treating a nonresident alien or dual-status alien spouse as a U.S. resident for the entire tax year, check the box and enter their name (see instructions and attach statement if required):

Digital Assets At any time during 2025, did you: (a) receive (as a reward, award, or payment for property or services); or (b) sell, exchange, or otherwise dispose of a digital asset (or a financial interest in a digital asset)? (See instructions.) ☐ Yes ☐ No

Dependents (see instructions) **Dependent 1** **Dependent 2** **Dependent 3** **Dependent 4**
If more than four dependents, see instructions and check here ☐

(1) First name (2) Last name (3) SSN (4) Relationship

(5) Check if lived with you more than half of 2025 (a) ☐ Yes (b) ☐ And in the U.S. (a) ☐ Yes (b) ☐ And in the U.S. (a) ☐ Yes (b) ☐ And in the U.S. (a) ☐ Yes (b) ☐ And in the U.S.

(6) Check if ☐ Full-time student ☐ Permanently and totally disabled ☐ Full-time student ☐ Permanently and totally disabled ☐ Full-time student ☐ Permanently and totally disabled ☐ Full-time student ☐ Permanently and totally disabled

(7) Credits ☐ Child tax credit ☐ Credit for other dependents ☐ Child tax credit ☐ Credit for other dependents ☐ Child tax credit ☐ Credit for other dependents ☐ Child tax credit ☐ Credit for other dependents

☐ Check if your filing status is MFS or HOH and you lived apart from your spouse for the last 6 months of 2025, or you are legally separated according to your state law under a written separation agreement or a decree of separate maintenance and you did not live in the same household as your spouse at the end of 2025.

Income **Attach Form(s) W-2 here. Also attach Forms W-2G and 1099-R if tax was withheld.** If you did not get a Form W-2, see instructions.

1a Total amount from Form(s) W-2, box 1 (see instructions) 1a
b Household employee wages not reported on Form(s) W-2 1b
c Tip income not reported on line 1a (see instructions) 1c
d Medicaid waiver payments not reported on Form(s) W-2 (see instructions) 1d
e Taxable dependent care benefits from Form 2441, line 26 1e
f Employer-provided adoption benefits from Form 8839, line 31 1f
g Wages from Form 8919, line 6 1g
h Other earned income (see instructions). Enter type and amount: 1h
i Nontaxable combat pay election (see instructions) 1i
z Add lines 1a through 1h 1z

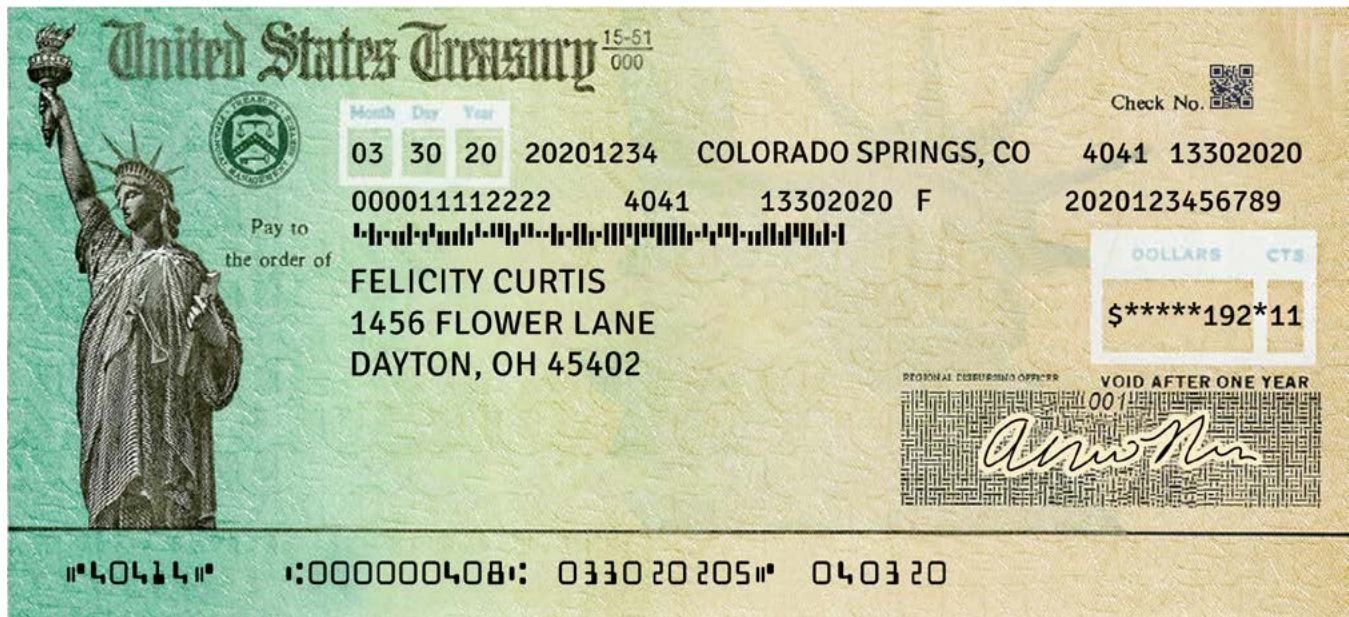
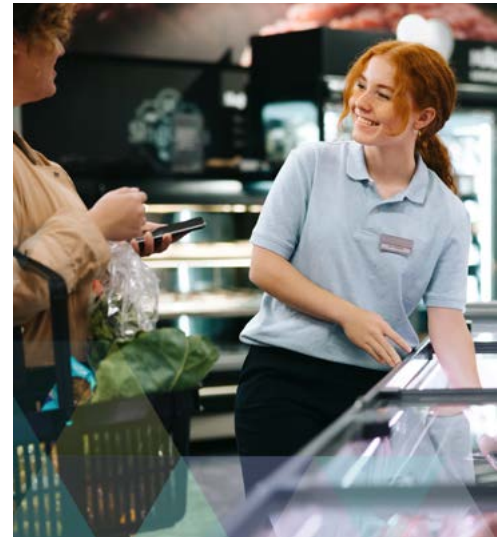
2a Tax-exempt interest 2a
3a Qualified dividends 3a
c Check if your child's dividends are included in 1 ☐ Line 3a
4a IRA distributions 4a
c Check if (see instructions) 1 ☐ Rollover 2 ☐ QCD 3 ☐
5a Pensions and annuities 5a
c Check if (see instructions) 1 ☐ Rollover 2 ☐ PSO 3 ☐
6a Social security benefits 6a
b Taxable amount 6b
c If you elect to use the lump-sum election method, check here (see instructions) ☐
d If you are married filing separately and lived apart from your spouse the entire year (see inst.), check here ☐
7a Capital gain or (loss). Attach Schedule D if required 7a
b Check if: ☐ Schedule D not required ☐ Includes child's capital gain or (loss)
8 Additional income from Schedule 1, line 10 8
9 Add lines 1z, 2b, 3b, 4b, 5b, 6b, 7a, and 8. This is your **total income** 9
10 Adjustments to income from Schedule 1, line 26 10
11a Subtract line 10 from line 9. This is your **adjusted gross income** 11a

Attach Sch. B if required.

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11320B Form 1040 Created 9/5/25

To help Felicity keep more of her money, the government offers deductions and credits that can be reported on the 1040. These deductions and credits may reduce the amount of tax she owes. These benefits exist to support things like education, saving, and caring for family.

After filing her taxes, Felicity receives a refund of \$192.11, which feels like a nice bonus. A refund simply means she paid more tax during the year than she needed to. In other words, she gave the government an interest-free loan.



Question 2

Why does a worker complete a W-4 when starting a new job?

- ☐ a. It reports annual income and determines taxes owed or refunded.
- ☐ b. It verifies their identity and provides authorization to work in the U.S.
- ☐ c. It determines how much Social Security tax to withhold.
- ☐ d. It determines how much federal income tax to withhold.

Answer: d. An employer uses the W-4 to determine how much federal income tax should be withheld from each paycheck.

Question 3

What is the purpose of Form 1040?

- ☐ a. It reports how much Medicare tax was withheld during the year.
- ☐ b. It reports how much state income tax was withheld during the year.
- ☐ c. It reports annual income and determines taxes owed or refunded.
- ☐ d. It reports total earnings recorded for payroll purposes.

Answer: c. Form 1040 is used to report annual income and determine whether a worker owes taxes or receives a refund.

Question 4

When is the deadline to submit Form 1040?

- ☐ a. January 1st
- ☐ b. April 15th
- ☐ c. December 31st
- ☐ d. January 31st

Answer: b. April 15th is the tax filing deadline.

Question 5

Which taxes may appear on a pay stub?

- ☐ a. Federal
- ☐ b. FICA
- ☐ c. State
- ☐ d. Local
- ☐ e. All of the above

Answer: e. Pay stubs typically show federal income tax, FICA taxes, and any state or local taxes.

Key Terms:

- **tax credit:** a dollar-for-dollar amount taxpayers claim on their tax return to reduce the income tax they owe
- **withholding:** the amount an employer withholds or removes from an employee's gross earnings during each pay period; withholding amounts include taxes and voluntary deductions

NAME: _____

DATE: _____

ACTIVITY

Example 1040

What + Why: Explore Form 1040 and Schedule C to learn what each section is used for and how they organize financial information.

When people earn money, they report that income to the federal government using Form 1040. This form shows how much someone earned during the year and helps calculate whether they get a refund or owe taxes.

If someone earns money from a self-owned business, freelance work, or a side job, they use Schedule C to list business income and expenses. The profit or loss from Schedule C is then included on Form 1040. (Note: First-time workers typically use a Form 1040, not a Schedule C.)

Instructions:

1. Review the different parts of Form 1040 and Schedule C to learn what each section of the forms are used for.
2. As you explore, focus on how different sections of the forms organize information and help determine whether someone receives a refund or owes taxes.
3. Respond to each question using details from the forms.

Where on Form 1040 do income, taxes, and payments appear?

What happens between total income and the final amount owed or refunded?

How does Schedule C information flow into Form 1040?

Form 1040 Department of the Treasury—Internal Revenue Service
U.S. Individual Income Tax Return OMB No. 1545-0074 IRS Use Only—Do not write or staple in this space.

For the year Jan. 1–Dec. 31, 2025, or other tax year beginning _____, 2025, ending _____, 20. See separate instructions.

☐ Filed pursuant to section 301.9100-2 ☐ Combat zone ☐ Deceased MM / DD / YYYY Spouse MM / DD / YYYY

☐ Other

Your first name and middle initial _____ Last name _____ Your social security number _____

If joint return, spouse's first name and middle initial _____ Last name _____ Spouse's social security number _____

Home address (number and street). If you have a P.O. box, see instructions. _____ Apt. no. _____

City, town, or post office. If you have a foreign address, also complete spaces below. _____ State _____ ZIP code _____

Foreign country name _____ Foreign province/state/county _____ Foreign postal code _____

Filing Status ☐ Single ☐ Head of household (HOH) ☐ Married filing jointly (even if only one had income) ☐ Qualifying surviving spouse (QSS)

Check only one box. If you are filing a joint return, check the "Married filing jointly" box.

Presidential Election Campaign Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund. ☐ You ☐ Spouse

Personal Information - Enter personal identifying information

Select a filing status.

- **Single or Married Filing Separately** - unmarried, legally separated or married but choosing to file separately
- **Married Filing Jointly** - married and filing together
- **Qualifying Surviving Spouse** - spouse died within the last two years and a dependent child claimed
- **Head of Household** - unmarried and paying most household costs for a dependent

Foreign country name _____ Foreign province/state/country _____ postal code _____ this filing status will not change your tax or refund. ☐ You ☐ Spouse

Filing Status Check only one box.

☐ Single

☐ Married filing jointly (even if only one had income)

☐ Married filing separately (MFS). Enter spouse's SSN above and full name here: _____

☐ Head of household (HOH)

☐ Qualifying surviving spouse (QSS)
If you checked the HOH or QSS box, enter the child's name if the qualifying person is a child but not your dependent: _____

☐ If treating a nonresident alien or dual-status alien spouse as a U.S. resident for the entire tax year, check the box and enter their name (see instructions and attach statement if required): _____

Digital Assets At any time during 2025, did you: (a) receive (as a reward, award, or payment for property or services); or (b) sell, exchange, or otherwise dispose of a digital asset (or a financial interest in a digital asset)? (See instructions.) ☐ Yes ☐ No

Dependents (see instructions)

If more than four dependents, see instructions and check here ☐

	Dependent 1	Dependent 2	Dependent 3	Dependent 4
(1) First name				
(2) Last name				
(3) SSN				
(4) Relationship				
(5) Check if lived with you more than half of 2025	(a) ☐ Yes (b) ☐ And in the U.S.	(a) ☐ Yes (b) ☐ And in the U.S.	(a) ☐ Yes (b) ☐ And in the U.S.	(a) ☐ Yes (b) ☐ And in the U.S.
(6) Status	Full-time ☐ Part-time ☐ Permanently and totally disabled ☐	Full-time ☐ Part-time ☐ Permanently and totally disabled ☐	Full-time ☐ Part-time ☐ Permanently and totally disabled ☐	Full-time ☐ Part-time ☐ Permanently and totally disabled ☐
(7) Credit for other dependents	☐	☐	☐	☐

Dependents - List individuals who receive financial support, including children or qualifying adults

separated according to your state law under a written separation agreement or a decree of separate maintenance and you did not live in the same household as your spouse at the end of 2025.

Income

Attach Form(s) W-2 here. Also attach Forms W-2G and 1099-R if tax was withheld. If you did not get a Form W-2, see instructions.

Attach Sch. B if required.

1a	Total amount from Form(s) W-2, box 1 (see instructions)		1a	
b	Household employee wages not reported on Form(s) W-2		1b	
c	Tip income not reported on line 1a (see instructions)		1c	
d	Medicaid waiver payments not reported on Form(s) W-2 (see instructions)		1d	
e	Taxable dependent care benefits from Form 2441, line 26		1e	
f	Employer-provided adoption benefits from Form 8839, line 31		1f	
g	Wages from Form 8919, line 6		1g	
h	Other earned income (see instructions). Enter type and amount: _____		1h	
i	Nontaxable combat pay election (see instructions)	1i		
z	Add lines 1a through 1h		1z	
2a	Tax-exempt interest	2a		
3a	Qualified dividends	3a		
c	Check if your child's dividends are included in ☐ Line 3a			
4a	IRA distributions	4a		
c	Check if (see instructions) ☐ Rollover			
5a	Pensions and annuities	5a		
c	Check if (see instructions) ☐ Rollover			
6a	Social security benefits	6a		
c	If you elect to use the lump-sum election method, check here (see instructions) ☐			
d	If you are married filing separately and lived apart from your spouse the entire year (see inst.), check here ☐			
7a	Capital gain or (loss). Attach Schedule D if required		7a	
b	Check if: ☐ Schedule D not required ☐ Includes child's capital gain or (loss)			
8	Additional income from Schedule 1, line 10		8	
9	Add lines 1z, 2b, 3b, 4b, 5b, 6b, 7a, and 8. This is your total income		9	
10	Adjustments to income from Schedule 1, line 26		10	
11a	Subtract line 10 from line 9. This is your adjusted gross income		11a	

Instructions. Cat. No. 11320B Form **1040** Created 9/5/25

Income - Report all income earned during the year (use W-2s, 1099s, etc.)

Form 1040 Page **2**

Tax and Credits

11b Amount from line 11a (adjusted gross income) **11b**

12a Someone can claim ☐ You as a dependent ☐ Your spouse as a dependent

b ☐ Spouse itemizes on a separate return **c** ☐ You were a dual-status alien

d You: ☐ Were born before January 2, 1961 ☐ Are blind

Spouse: ☐ Was born before January 2, 1961 ☐ Is blind

e Standard deduction or itemized deductions (from Schedule A) **12e**

13a Qualified business income deduction from Form 8995 or Form 8995-A **13a**

b Additional deductions from Schedule 1-A, line 38 **13b**

14 Add lines 12e, 13a, and 13b **14**

15 Subtract line 14 from line 11b. If zero or less, enter -0-. This is your **taxable income** **15**

16 Tax (see instructions). Check if any from Form(s): **1** ☐ 8814 **2** ☐ 4972 **3** ☐ **16**

17 Amount from Schedule 2, line 3 **17**

18 Add lines 16 and 17 **18**

19 Child tax credit or credit for other dependents from Schedule 8812 **19**

20

21

22

23

24 Add lines 22 and 23. This is your **total tax** **24**

25 Federal income tax withheld from:

a Form(s) W-2 **25a**

b Form(s) 1099 **25b**

c Other forms (see instructions) **25c**

d Add lines 25a through 25c **25d**

26

27a

27b

27c

27d

27e

27f

27g

27h

27i

27j

27k

27l

27m

27n

27o

27p

27q

27r

27s

27t

27u

27v

27w

27x

27y

27z

28 Additional child tax credit (ACTC) from Schedule 8812. If you do not want **28**

29

30

31

32 Add lines 27a, 28, 29, 30, and 31. These are your **total other payments and refundable credits** **32**

33 Add lines 25d, 26, and 32. These are your **total payments** **33**

34 If line 33 is more than line 24, subtract line 24 from line 33. This is the amount you **overpaid** **34**

35a Amount of line 34 you want **refunded to you**. If Form 8888 is attached, check here **35a**

b Routing number **35b**

c Type: ☐ Checking ☐ Savings **35c**

d Account number **35d**

36 Amount of line 34 you want **applied to your 2026 estimated tax** **36**

37 Subtract line 33 from line 24. This is the **amount you owe**.
For details on how to pay, go to www.irs.gov/Payments or see instructions **37**

38 Estimated tax penalty (see instructions) **38**

Third Party Designee

Do you want to allow another person to discuss this return with the IRS? See instructions. ☐ **Yes**. Complete below. ☐ **No**

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

Sign Here

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Your signature Date Your occupation If the IRS sent you an Identity Protection PIN, enter it here (see inst.)

Spouse's signature. If a joint return, **both** must sign. Date Spouse's occupation If the IRS sent your spouse an Identity Protection PIN, enter it here (see inst.)

Joint return? PTIN Check if: ☐ Self-employed

Preparer Use Only

Firm's name Phone no.

Firm's address Firm's EIN

Go to www.irs.gov/Form1040 for instructions and the latest information. Form **1040**

Tax & Credits - Calculate total tax owed based on income, then subtract eligible tax credits

Payments & Refundable Credits - Report taxes already paid to determine final balance

Refund - Calculate the refund amount if total payments exceed total tax

Amount You Owe

Amount You Owe - Calculate the amount still owed if total payments are less than total tax

Business Information - Enter details of your business here

SCHEDULE C (Form 1040)		Profit or Loss From Business (Sole Proprietorship)		OMB No. 1545-0074	
Department of the Treasury Internal Revenue Service		Attach to Form 1040, 1040-SR, 1040-SS, 1040-NR, or 1041; partnerships must generally file Form 1065. Go to www.irs.gov/ScheduleC for instructions and the latest information.		Attachment Sequence No. 09	
Name of proprietor				Social security number (SSN)	
A Principal business or profession, including product or service (see instructions)				B Enter code from instructions	
C Business name. If no separate business name, leave blank.				D Employer ID number (EIN) (see instr.)	
E Business address (including suite or room no.) City, town or post office, state, and ZIP code					
F Accounting method: (1) ☐ Cash (2) ☐ Accrual (3) ☐ Other (specify)					
G Did you "materially participate" in the operation of this business during 2025? If "No," see instructions for limit on losses ☐ Yes ☐ No					
H If you started or acquired this business during 2025, check here ☐					
I Did you make any payments in 2025 that would require you to file Form(s) 1099? See instructions ☐ Yes ☐ No					
J If "Yes," did you or will you file required Form(s) 1099? ☐ Yes ☐ No					
Part I Income					
1 Gross receipts or sales. See instructions for line 1 and check the box if this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked ☐				1	
2 Returns and allowances				2	
				3	
				4	
				5	
				6	
7 Gross income. Add lines 5 and 6				7	
Part II Expenses. Enter expenses for business use of your home only on line 30.					
8 Advertising		8		18 Office expense (see instructions)	
9 Car and truck expenses (see instructions)		9		19 Pension and profit-sharing plans	
				20 Rent or lease (see instructions):	
				a Vehicles, machinery, and equipment	
				20a	
				b Other business property	
				20b	
				21 Repairs and maintenance	
				21	
				22 Supplies (not included in Part III)	
				22	
				23 Taxes and licenses	
				23	
				24 Travel and meals:	
				a Travel	
				24a	
				b Deductible meals (see instructions)	
				24b	
				25 Utilities	
				25	
				26 Wages (less employment credits)	
				26	
				27a Energy efficient commercial bldgs deduction (attach Form 7205)	
				27a	
				b Other expenses (from line 48)	
				27b	
13 Expense deduction (not included in Part III) (see instructions)		13		28 Total expenses before expenses for business use of home. Add lines 8 through 27b	
14 Employee benefit programs (other than on line 19)		14		28	
15 Insurance (other than health)		15		29	
16 Interest (see instructions):		16			
a Mortgage (paid to banks, etc.)		16a			
b Other		16b			
17 Legal and professional services		17			
28 Total expenses before expenses for business use of home. Add lines 8 through 27b		28			
29 Total expenses for business use of home. Subtract line 28 from line 7		29			
Net Profit/Loss - Calculate the final profit or loss after expenses are subtracted from earnings					
30 Net profit or (loss). Subtract line 30 from line 29.					
- If a profit, enter on both Schedule 1 (Form 1040), line 3, and on Schedule SE, line 2. (If you checked the box on line 1, see instructions.) Estates and trusts, enter on Form 1041, line 3. - If a loss, you must go to line 32.					
32 If you have a loss, check the box that describes your investment in this activity. See instructions.					
- If you checked 32a, enter the loss on both Schedule 1 (Form 1040), line 3, and on Schedule SE, line 2. (If you checked the box on line 1, see the line 31 instructions.) Estates and trusts, enter on Form 1041, line 3. - If you checked 32b, you must attach Form 6198. Your loss may be limited.					
32a ☐ All investment is at risk.					
32b ☐ Some investment is not at risk.					

For Paperwork Reduction Act Notice, see the separate instructions.

Cat. No. 11334P

Schedule C (Form 1040)

Created 4/3/25

NAME: _____

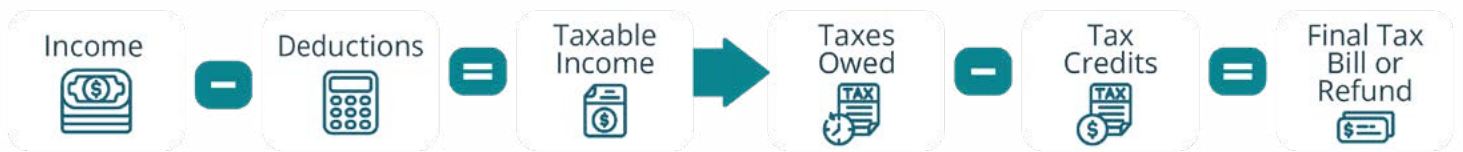
DATE: _____

INSTRUCTION

Tax Credits & Tax Deductions

What + Why: Same income, different tax bill? Learn how deductions and credits shape what people really owe—or get back.

When you earn money, taxes become part of managing your finances. Understanding how deductions and credits work helps you take ownership of how taxes affect your money and prepares you for real-life financial decisions.



Use this page to record key ideas during instruction.

1. How does a tax deduction affect taxes?
2. How does a tax credit affect taxes?
3. What is the difference between refundable and nonrefundable credits?

Key Terms:

- **tax deductions:** expenses or set amounts that reduce the income the government taxes individuals or businesses
- **standard deduction:** a set amount the Internal Revenue Service (IRS) subtracts from your income to lower your tax
- **itemized deduction:** specific expenses you list that lower your taxable income

NAME: _____

DATE: _____

ACTIVITY

Qualifying for Government Programs

What + Why: Use real income rules to crack the code on who qualifies for government programs in real life.

In this activity, you will work with a group to apply real eligibility rules and financial data to determine which government programs your selected case study profile qualifies for.

Supporting Materials:

Profiles (Case Study)

Financial Snapshots (Case Study)

Pay Stubs (Case Study)

Instructions:

1. Review your group's selected profile's income, household size, and monthly expenses.
2. Examine each government program and its eligibility criteria.
3. Use the income cutoffs and calculations provided to determine if the case study individual qualifies.
4. Record your group's decisions and briefly explain the evidence and reasoning used for each decision in the Government Programs Matrix.

Be prepared to share your decisions and explain how your group reached each conclusion.

Government Program Matrix

Government Program	Kiana Thompson	Rafael Martinez	Maya Patel	Brianna Parker	Trey Williams
SNAP 					
Medicaid 					
ACA Marketplace Subsidies 					
Unemployment Insurance 					
Housing Assistance 					
Childcare Assistance 					

Government Programs & Qualification Criteria

Reference List

Note: Eligibility rules and rates vary by state and change over time. Estimated national annual thresholds have been calculated and provided.

SNAP (Supplemental Nutrition Assistance Program):

Helps pay for groceries

Requirements:

- **Single adult:** earns **\$20,000 or less per year**
- **Households of 3–4:** total earn below \$45,000 per year (Roommates may be eligible if the household purchases and prepares food together.)
- Has limited savings (typically less than \$3,000)

Key idea: SNAP is a grocery-assistance program for people whose income is at or below 130% of the federal poverty line.

Medicaid: Low-cost or free health insurance

Requirements:

- **Single adult:** earns **\$20,000 or less per year**
- **Family of 3–4:** earns **\$40,000 or less per year**
- Does not have affordable insurance through work

Key idea: Medicaid is income-based and is often the main option for people with low wages or part-time work.

Unemployment Insurance (UI): Temporary income for workers who have lost a job

Requirements:

- **Recently lost a job through no fault of their own** (for example: layoffs, business closure, reduced hours)
- **Worked and earned wages** during the past year
- **Is actively looking for work**

Key idea: Unemployment insurance replaces part of a worker's previous wages, usually paying up to about \$300–\$600 per week for a limited number of weeks, depending on the state.

ACA Marketplace Subsidies: Reduces monthly health insurance costs

Requirements:

- **Single adult:** earns \$15,650–\$62,600 per year
- **Family of 3:** earns \$26,650–\$106,600 per year
- Does not have affordable insurance through work

Key idea: This supports **moderate-income workers**, not just very low-income households.

Housing Assistance: Helps lower rent costs

Requirements:

- Income is **low compared to housing costs**.
- **Single adult:** under \$30,000
- **Family:** under \$50,000
- Monthly rent is more than 30% of monthly income.

Key idea: Housing assistance is based on income level and how much of that income is spent on rent.

Childcare Assistance: Helps pay for daycare

Requirements:

- Household has **young children**.
- Parent(s) are working or in school.
- **Single parent:** under \$40,000
- **Two-parent household:** under \$60,000

Key idea: Designed to help working parents stay employed.

NAME: _____

DATE: _____

ACTIVITY

If Their Income Changed

What + Why: Discover how small life shifts can lead to big changes in taxes and access to government programs.

An individual's financial situation can change over time due to life events such as changes in employment, family responsibilities, or location. Consider how different situations can lead to different tax outcomes and access to government programs as you explore the scenarios in this activity.

Supporting Materials:

Government Programs & Criteria Reference List (previously provided)

Instructions:

1. With your group, review the three scenarios provided.
2. Refer to the **Government Programs & Qualification Criteria Reference List** to determine how the changes may affect program eligibility or taxes.
3. As a group, explain why the profile's eligibility may change, citing evidence from rules or income thresholds.

Be ready to share your group's reasoning during the class debrief.

Kiana's Job Loss

Kiana Thompson loses her job at Morning Grind Coffee Co. after the company permanently closes. How might this change Kiana's eligibility for government programs and/or unemployment insurance?

Raphael's New Dependent

Raphael Martinez and his spouse take in Raphael's four-year-old nephew, and they are now responsible for his living expenses. How does adding a new dependent to their household impact their eligibility for government programs?

Maya Relocated

Maya Patel currently lives and works in Miami, Florida, where there is no state income tax. Her job needs her to relocate to their home office in Baltimore, Maryland. Based on what you know, how might moving from a no-income-tax state to a state with income tax change Maya's take-home pay?

NAME: _____

DATE: _____

ACTIVITY

Tax Trail

What + Why: Taxes are everywhere! Follow the trail to see how life choices change when taxes appear.

Two people can earn money and still have very different tax experiences. Where you live, whether you rent or own, and how you spend money all affect when taxes show up. In this activity, you'll trace the path taxes take through real-world situations to see how those differences add up.

Instructions:

1. You will be assigned Profile 1 or Profile 2 at the start of the presentation. Pay close attention to the details of your profile as they are revealed.
2. As each annual tax is introduced, subtract only the tax amount from your profile's salary.

My Profile: _____

Their Annual Income: _____

Federal Income Tax: - _____

State Income Tax: - _____

Property Tax: - _____

Funds Remaining

(estimated annual income): _____

NAME: _____

DATE: _____

ACTIVITY

Financially Me: Taxation Documentation

What + Why: Turn what you've learned into a practical checklist you can use when starting a job and handling taxes with confidence.

As people begin working, they take on new responsibilities related to earning income, paying taxes, and keeping accurate records. These responsibilities develop over time as you start a job, receive pay, and prepare to file taxes.

In this activity, you will create a Taxpayer Responsibilities Checklist—a personal reference you can use in the future that captures what to pay attention to as you begin working and earning income.

Your **Taxation Documentation** checklist will become the Financially Me component of your FinanceFolio for this topic.

Instructions:

1. Review previous activities or notes and reflect on what you've learned in this topic about worker responsibilities related to pay, taxes, and documentation.
2. Complete the Taxation Documentation Checklist by listing the specific documents, forms, records, and review the steps to consider when beginning work.
3. In the credits or deductions section, note at least one example of how responsibilities may differ for W-2 employees and 1099 (gig or freelance) workers, and include examples for each.
4. Use accurate terms and spelling, and complete all sections of the checklist to demonstrate your understanding of taxpayer responsibilities.

Taxation Documentation Checklist

Documents to Gather Before Starting a Job

(Items you need to provide to an employer)

- ☐ _____
- ☐ _____
- ☐ _____

Forms to Complete When I Start Working

(Paperwork I may be asked to fill out)

- ☐ _____
- ☐ _____
- ☐ _____

What to Verify on My Pay Stub

(Details to check for accuracy)

- ☐ _____
- ☐ _____
- ☐ _____

Records I Should Keep

(Information to save for future reference)

- ☐ _____
- ☐ _____
- ☐ _____

Documents to Gather for Tax Filing

(Forms that report income or taxes paid)

- ☐ _____
- ☐ _____
- ☐ _____

Tax Filing Deadline

(The date taxes are due each year)

- ☐ _____
- ☐ _____
- ☐ _____

Credits or Deductions Relevant to My Expected Type of Work

(Situations or expenses that may affect taxes)

- ☐ _____
- ☐ _____
- ☐ _____

NAME: _____

DATE: _____

ACTIVITY

Comparing Profiles

What + Why: Compare real work situations to see how taxes, pay, and life circumstances shape financial outcomes differently for different people.

People experience taxes differently based on how much they earn, how they earn income, and what's happening in their lives. These factors shape how taxes are paid and what support someone may qualify for.

In this activity, you'll compare two case study profiles to examine how income taxes, payroll taxes, and life circumstances interact. Focus on patterns and differences rather than exact numbers to understand why financial outcomes vary.

Supporting Materials:

Government Programs & Qualification Criteria Reference List (previously provided)

Profiles (Case Study)

Financial Snapshots (Case Study)

Pay Stubs (Case Study)

Instructions:

1. Select and compare two case study profiles.
2. Examine the case study materials to determine how income taxes, payroll taxes, and life circumstances affect their pay and tax responsibilities.
3. Identify differences in how taxes apply, how pay is received, and what credits or programs may apply, using specific details from the case study materials. Cite evidence and write your answers in the tables provided.
4. Answer the analysis question to help summarize your findings.

Comparing Profiles

Part 1: Tax Burden Comparison

Area	Profile A: _____	Profile B: _____
Job type (W-2 or 1099)		
Annual or monthly income		
Income taxes that apply (federal/state/local)		
Payroll taxes paid (Social Security & Medicare)		
How taxes are paid during the year (withholding or estimated/self-paid)		

Part 2: Net Pay and Income Stability

Area	Profile A: _____	Profile B: _____
Take-home pay per pay period		
Pay frequency		
How predictable is this pay? (consider W-2 and 1099 workers)		

Part 3: Life Circumstances, Credits, and Programs

Area	Profile A: _____	Profile B: _____
Life circumstances that matter for taxes (dependents, housing, employment status, etc.)		
Possible tax credits		
Possible government programs or assistance		
Financial impact of these credits or programs		

Analysis Question

In 3–4 sentences, summarize your answer to **Supporting Question 3**: How do taxes and government programs affect the ability to make ends meet and maintain financial stability? Use evidence from both profiles in your response.

Comparing Profiles Rubric

Criteria	4 – Strong	3 – Proficient	2 – Developing	1 – Beginning
Use of Evidence	Consistently cites specific evidence from profiles, pay stubs, and program criteria to support all comparisons and conclusions.	Cites relevant evidence in most sections; conclusions are generally supported.	Provides limited or vague evidence; some claims are unsupported.	Makes claims with little or no evidence from the provided materials.
Understanding of Taxes	Clearly explains how income type, payroll taxes, and withholding affect net pay and responsibility. Accurately distinguishes W-2 and 1099 implications.	Correctly explains most tax differences and identifies W-2 vs. 1099 distinctions.	Shows partial understanding; may confuse key tax concepts or income types.	Demonstrates minimal understanding of how taxes affect income or responsibilities.
Analysis of Credits & Programs	Thoroughly analyzes how credits and government programs affect financial stability, including eligibility reasoning.	Identifies relevant credits/programs and explains general impact on finances.	Lists credits/programs but offers limited explanation of impact or eligibility.	Shows little understanding of how programs or credits influence outcomes.
Comparison & Reasoning	Insightfully compares both profiles and clearly explains patterns, differences, and financial implications.	Compares profiles accurately with clear reasoning.	Makes basic comparisons but reasoning lacks clarity or depth.	Provides minimal or unclear comparison between profiles.
Analysis Question Response	Provides a clear, well-supported 3–4 sentence summary directly answering Supporting Question 3 using specific evidence from both profiles.	Responds to Supporting Question 3 with a generally accurate explanation that references both profiles.	Response addresses Supporting Question 3, but is brief, one-sided, or only partially supported by evidence.	Response is incomplete, does not reference both profiles, or does not address the Supporting Question 3.

NAME: _____

DATE: _____

REFLECTION

Connected Contributions

What + Why: Step into the role of a decision-maker and decide how shared tax dollars could shape a community.

Decisions about public funding affect many people at once. They shape services like schools, transportation, healthcare, and public safety. Because money is limited, choices about funding require weighing different needs and thinking about how those decisions affect the community.

Reflect:

If you were responsible for deciding what programs tax dollars would fund, what would your priorities be? Feel free to reference case profiles when explaining funding priorities as needed.

As you reflect, consider:

- How one person's choices (like spending, working, or using services) can affect other people in the community.
- What should be considered before making a decision that impacts many people.
- How different priorities (for example, funding schools instead of roads) can change how money is spent.



NAME: _____

DATE: _____

POST-QUIZ

Taxes, Withholding, & Public Benefits

What + Why: You made it to the end of the topic! This quick, ungraded quiz shows how your thinking has grown since the pre-quiz.

Instructions:

1. Answer each question as best you can.
 2. Circle the best answer for each question.
 3. Submit it when you're done.
-
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.

