



CAREER EXPLORATION: Understanding Taxes

LEVEL: 1

ESTIMATED TIME: 60 minutes



CAREER EXPLORATION AREAS

Financial Literacy: Earning Income

Concepts: costs, benefits

4-7a: Describe examples of government-provided goods and services that are paid for with taxes.

4-7b: Explain why citizens are required to contribute to the cost of fire protection, police, public libraries, and schools.



CORE SUBJECTS

Math

Fluently add, subtract, multiply, and divide multi-digit decimals using the standard algorithm for each operation.

Social Studies

Identify key steps in a text's description of a process related to history/social studies (e.g., how a bill becomes law, how interest rates are raised or lowered).



MATERIALS/SUPPLIES

Material A Per group copy of *Taxes Card Sort* page (Scissors to cut out card sort)

Material B Per person copy of *Calculating Your Paycheck*

Material C Access to Pathway2Careers Platform



OVERVIEW OF THE LESSON

In this lesson, students will explore taxes. They will recognize that their net income is not the same as their gross income and learn how to calculate and identify the difference. The goal of this lesson is to help students recognize the purpose of taxes and consider how taxes affect their income.



SUMMARY OF ACTIVITIES

Students will begin by creating a class list of different goods and services available to them in their communities. They will consider which of these goods and services are available due to government assistance. Then, students will do a card sort to explore the different types of taxes: payroll, income, sales, and property tax. Afterward, they will use their chosen career salary to determine what their monthly net income would be after taxes.

Lesson Objectives

- Students will identify the four different types of taxes.
- Students will calculate their net income from given tax percentages.



LAUNCH

Estimated Time: 5 minutes

Explain to students goods are things we buy or things that are given to us. Services are beneficial tasks or activities provided to us by other people. Ask students to list goods and services available to them in their communities. Create and display a list using their suggestions.

Examples of goods and services:

- Library
- Police department
- Fire department
- Military protection
- Public schools
- Book stores
- Grocery stores
- Clothing stores
- Farms
- Parks/community centers

Explain that some of these things are private services paid for by consumers, but some goods and services are provided “free” by the government. Review the class list and ask students to identify which services are “free” to them. Then, explain that these services are actually paid for by taxes. Taxes are amounts of money, collected by the government, that are used to provide public goods and services.



EXPLORE

Estimated Time: 15 minutes

Explain to students that we pay different types of taxes: sales tax, property tax, income tax, and payroll tax. Review each of the taxes with students.

- Sales Tax
 - Taxes we pay on items we buy. We find the total cost of the item by multiplying the sales tax by the price of the item. Then, we add the price and the taxes.
 - **Teacher resource:** Find the sales tax for your state and use it to give an example to the students of how to calculate the total price of an item.
- Property Tax
 - A tax based on the value of a home or land.
 - The more valuable your home or land is, the more you pay in property tax.
- Payroll Tax
 - Taxes paid by the employer based on earnings.
 - Your boss or employer will take this from your paycheck. However, if you work for yourself, you will have to pay this amount.
 - Examples of payroll taxes: social security, Medicare, federal unemployment.
- Income Tax
 - A tax on an employee's earned income.
 - This tax is a percentage of your income.
 - These taxes are used for national defense; veterans and foreign affairs; social programs; physical, human, and community development; law enforcement; and interest on the national debt.

Ask students to work in partners or groups of 3 to complete the *Taxes Card Sort* activity (Material A). Explain that they should cut out each card and place them under the correct heading.



SUMMARIZE

Estimated Time: 5-10 minutes

Explain to students that when they get a job, they will be offered a salary or hourly rate. This amount does not tell them how much money they will take home because it does not include the taxes that are taken from their paychecks; we call this our gross income. If they choose a job where they work full-time for an employer, they will receive a paycheck with taxes taken out already; this is known as our net income. Note that if they are self-employed, they will have to figure out the taxes themselves and send the money to the government.

Ask students to determine the median salary for a career they are interested in by looking through the Career Library resource on the P2C Platform. They should then use the Calculating Your Paycheck sheet (Material B) to determine their net income. Explain that the calculations are just estimations of what the students would pay in real life. Last, they should reflect on what they learned about taxes by answering the questions at the bottom of the page.



MY CAREER PAGE

This lesson includes activities that allow students to collect their ideas and understanding about their new learning. Artifacts from these activities should be saved to each student's My Career Page journal to provide a summary of their career exploration learning and discoveries. Students can choose the format they would like to use for their artifacts, such as journal entries, video/audio entries, and/or document upload.

Suggested Artifacts

1. Students can upload their Calculating Your Paycheck page (Material B).