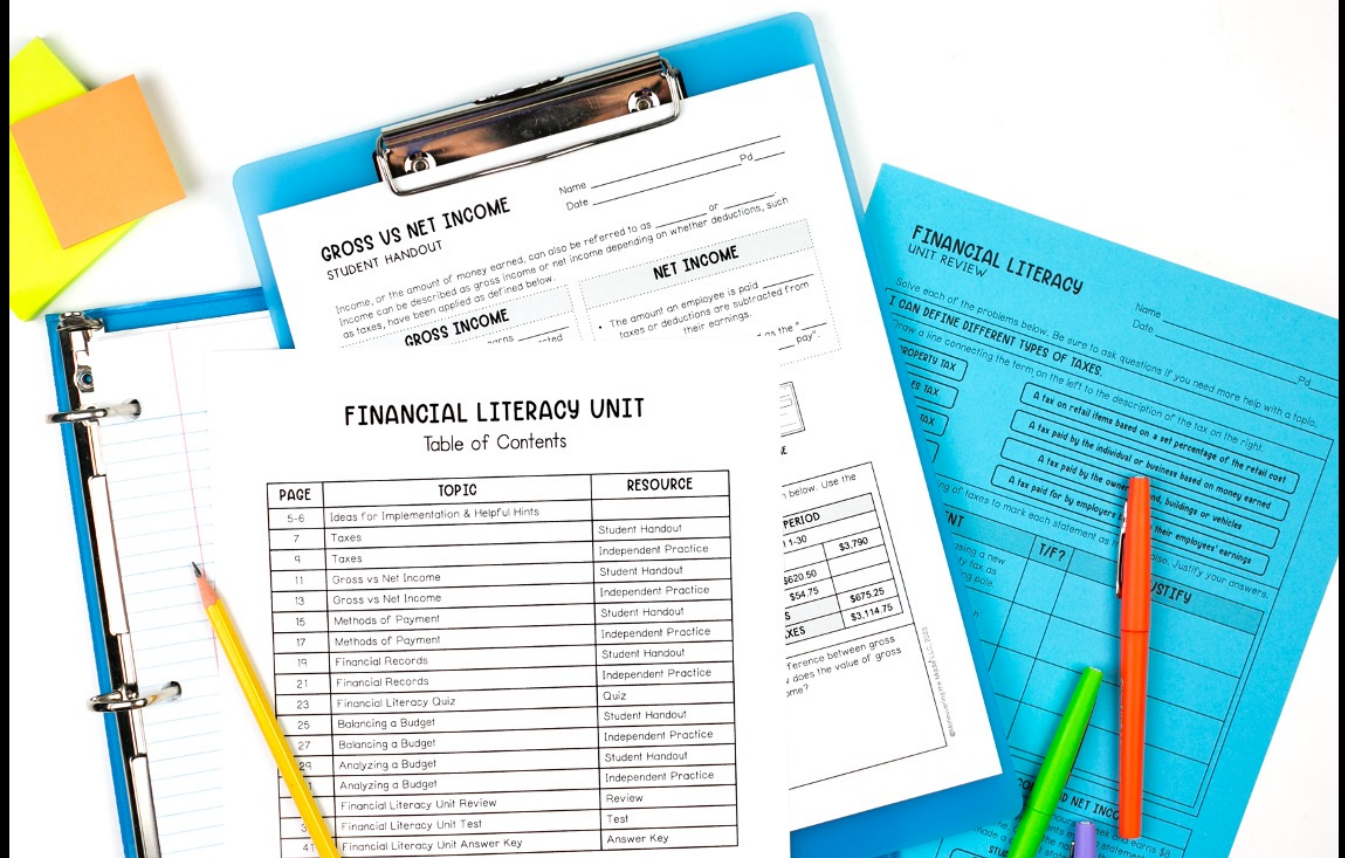


learning focus:

- ✓ define income tax, payroll tax, sales tax, and property tax, gross income and net income
- ✓ identify the advantages and disadvantages of different methods of payment
- ✓ analyze and balance a simple budget and organize a financial record

FINANCIAL LITERACY UNIT

8 DAY TEKS-ALIGNED UNIT



A MANEUVERING THE MIDDLE® RESOURCE

FINANCIAL LITERACY



an 8 day TEKS-aligned unit

TEKS: 5.10A, 5.10B, 5.10C, 5.10D, 5.10E, 5.10F

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student materials**

FINANCIAL LITERACY UNIT

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student friendly + real-world application

scaffolded concepts

GROSS VS NET INCOME

STUDENT HANDOUT

Name _____ Pd _____
Date _____

Income, or the amount of money earned, can also be referred to as _____ or _____. Income can be described as gross income or net income depending on whether deductions, such as taxes, have been applied as defined below.

GROSS INCOME	NET INCOME
<ul style="list-style-type: none"> The amount an employee earns any taxes or deductions are subtracted from their earnings. Gross income is often described as a person's contracted _____, or their hourly wages multiplied by the _____ they've worked. 	<ul style="list-style-type: none"> The amount an employee is paid taxes or deductions are subtracted from their earnings. Net income is often described as the "_____ amount" or "_____ pay".

- TAXES AND DEDUCTIONS = _____ INCOME

Use your understanding of gross and net income to answer #1-3.

1. Imelda works at a law firm as a paralegal. One of Imelda's pay stubs is shown below pay stub to correctly complete each sentence.

EMPLOYEE	PAY PERIOD
Imelda Garcia	April 1-30
Total Earnings	
Federal income tax	\$620.50
Other taxes	\$54.75
TOTAL TAXES	
PAY AFTER TAXES	

a. Imelda's _____ income is what she earned before taxes were deducted and is equal to \$_____.

b. Imelda's _____ income is the amount she was paid after deductions and taxes and is equal to \$_____.

2. Deshaun owns a business and last year his business earned \$95,000. He owed \$32,000 in taxes and deductions.

a. What was the business' gross income?

b. What is the business' net income?

3. Summarize the difference between gross and net income. How does the value compare to net income?

FINANCIAL RECORDS

INDEPENDENT PRACTICE

Name _____ Pd _____
Date _____

Sawyer and James each want to purchase a ticket for a concert in August that costs \$250. Sawyer will earn money from babysitting, and James plans to sell hand painted flowerpots. Use the information given for each friend to organize their financial records. Each person's starting account balance is given in the records.

SAWYER

- 6/7 - Sawyer purchases coloring books and crayons for the kids she is babysitting for \$16.10
- 6/10 - Sawyer takes the kids she is babysitting to the neighborhood pool and buys lunch at the clubhouse for \$20.75
- 6/15 - Mrs. Riley writes Sawyer a check for \$195.50 for a week of babysitting
- 6/18 - Sawyer buys the kids she is babysitting ice cream from the ice cream truck for \$9.20
- 7/1 - Mr. Davis gives Sawyer \$60 cash for babysitting

DATE	DESCRIPTION	RECEIVED	EXPENSES	AVAILABLE FUNDS
6/5	Account Balance			\$58.00

JAMES

- 6/4 PURCHASED FLOWERPOTS FOR \$38.00
- 6/5 PURCHASED PAINT AND PAINTBRUSHES FOR \$18.30
- 6/19 MADE \$192 SELLING HAND PAINTED FLOWERPOTS
- 6/22 PURCHASED FLOWERPOTS FOR \$14.35
- 7/1 MADE \$48 SELLING HAND PAINTED FLOWERPOTS

DATE	DESCRIPTION	RECEIVED	EXPENSES	AVAILABLE FUNDS
6/3	Account Balance			\$72.00

TICKET VALUE: \$250

WHICH FRIEND(S) WILL HAVE ENOUGH MONEY TO PURCHASE THE TICKETS BY JULY 1?

application opportunities

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unit study guide + assessments

✓ quizzes

✓ editable unit test

FINANCIAL LITERACY QUIZ

Name _____ Date _____ Pd _____

Answers

1. _____
2. _____
3. _____

Answer the questions below. Be sure to show your work.

1. Mrs. Gregory is explaining a type of tax to her daughter. Use Mrs. Gregory's quote below to determine the type of tax she is explaining.

"These taxes are based on the value of the property."

a. Property tax
b. Payroll tax
c. Income tax
d. Sales tax

2. Enzo is a firefighter who earns an annual salary of \$30,000 and has \$1,000 in deductions. He owed \$13,481 in taxes last year. Is this true?

I. Enzo's gross income is \$30,000.
II. Enzo's net income is \$29,000.
III. Enzo's net income will always be less than his gross income.

a. II and III b. I only c. I and III

Answer the questions below. Be sure to show your work.

3. Which of the following is NOT true about payroll taxes?

a. Payroll taxes are paid by the employer.
b. Payroll taxes help fund Social Security.
c. Payroll taxes are taken from a paycheck.
d. Payroll taxes are collected on a percentage of an employee's earnings.

5. Mrs. Edmund asked her students to write a paragraph explaining how they completed the task correctly.

ADAM

You can only spend what you have in your account.

The good...

a. Adam and Rebecca only
c. Rebecca and Ziggy only

FINANCIAL LITERACY UNIT REVIEW

Name _____ Date _____ Pd _____

Solve each of the problems below. Be sure to ask questions if you need more help with a topic.

I CAN DEFINE DIFFERENT TYPES OF TAXES.

1. Draw a line connecting the term on the left to the description of the tax on the right.

PROPERTY TAX	A tax on retail items based on a set percentage of the retail cost
SALES TAX	
PAYROLL TAX	
INCOME TAX	

Apply your understanding of taxes to the following situations.

STATEMENT

2. Aiden is planning on purchasing a fishing pole. He will pay property tax on the part of the total cost of the fishing pole that is the value of the pole.

3. Olivia is an employer for a small business. She pays payroll taxes on the money she pays her employees. She will help fund health care for retirees.

4. Nathan does not have a job, so he is not required to pay any type of tax while he is unemployed.

5. Chantal had a swimming pool installed in her backyard. This will cause her property taxes to increase.

I CAN EXPLAIN THE DIFFERENCE

6. Gabbi got her first job working as a server at a restaurant. How would you explain the difference between gross income and net income to Gabbi?

TAXES INDEPENDENT PRACTICE

Name **Answer Key** _____ Date _____ Pd _____

PART I: Match each term on the left with its correct definition on the right.

C 1. Income Tax	A. A tax paid by the owner of land or buildings
D 2. Payroll Tax	B. A tax paid by the consumer when purchasing a product based on a percentage of retail cost
B 3. Sales Tax	C. A tax paid by the individual or business based on money earned
A 4. Property Tax	D. A tax paid for by employers based on their employee's earnings

PART II: Read each description below and determine the type of tax it describes. Record the type and justify your thinking in the table provided.

1. The owner of a coffee shop bought a new espresso machine priced at \$700. The total cost, including tax, was \$757.75.	2. Dave owns a local diner. Each month he withholds a percentage of his employees' paychecks to send to the government.	3. Caisey purchased a new refrigerator for her house. Her purchase included paying \$183 in taxes.
4. Colin added a detached garage behind his house. He will have to pay an additional \$400 in taxes per year because of the garage.	5. Izzy owns a small jewelry business. She paid \$1,058 in taxes on the money she earned from her business last year.	6. Each month, part of Delaney's paycheck is withheld and will be used to help fund programs like Social Security and Medicare.

	TAX TYPE	JUSTIFICATION
1	sales tax	The owner paid a tax on the espresso machine based on a percentage of the retail cost.
2	payroll tax	Dave, an employer, withheld taxes from his employees' paychecks.
3	sales tax	Caisey paid a tax on the refrigerator based on a percentage of the retail cost.
4	property tax	The garage increased the value of Colin's property.
5	income tax	Izzy paid income tax on money earned from her business.
6	payroll tax	Payroll taxes are used to fund Social Security and Medicare.

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answer keys included