



**Money
Smart**

for Grades 6-8



Educator Guide



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TABLE OF CONTENTS

Welcome to Money Smart	4
Getting Started	5
Lesson At-a-Glance	10
Lesson 2: Bread and Butter (Introduction to Taxes)	11
Answer Key	16
Glossary	17

WELCOME TO MONEY SMART

Welcome to **Money Smart**, an exciting interactive exploration of the concepts of money. This standards-aligned, cross-curricular program is designed to promote financial understanding for middle school students in grades 6 through 8. You can use **Money Smart** to add engaging and enriching activities to financial literacy and economics instruction. Extension activities support English Language Arts, Math, Social Studies and Economics, and Technology, while also helping your students build the foundation to become financially responsible adults.

In **Money Smart** you will find:

- **Twelve Lessons** with hands-on, cross-curricular activities that engage sixth- through eighth- grade students in discussing and exploring key financial concepts
- **Teacher Presentation Slides**, which provide helpful visuals, as well as challenge exercises and reflective prompts to support the activities in each lesson
- **A Student Guide** with handouts, worksheets, and resources that let students explore the topics covered in each lesson and apply their new knowledge
- **A Parent/Caregiver Guide** with information about topics and terms being covered in class, conversation starters, online and literary sources, along with activities to try at home and around town

Developing positive financial habits equips students with 21st-century skills and tools that last a lifetime. We hope you and your students enjoy learning about money and its many uses.

We are eager to hear from you about how you use this curriculum. We would like to know what works well and what could be improved to make **Money Smart** even better. If you have any questions, we would like to help. Please contact us with your comments and questions via e-mail at communityaffairs@fdic.gov.

GETTING STARTED

Money Smart provides a comprehensive, developmentally appropriate program for middle school students to build an understanding of key financial concepts.

There are many features that help make the **Money Smart** curriculum engaging, motivating, and easy to use. Each lesson includes learning objectives, essential questions, supplies needed, and preparation required, as well as the following features and components to support easy integration of **Money Smart** activities into your instructional day.

STANDARDS

Each lesson promotes real-world connections through student-centered learning experiences and aligns to the following education standards and learning outcomes, including Common Core State Standards in mathematics and English Language Arts. The **Education Standards Chart** identifies which standards are met in each lesson.

- Financial Literacy Jump\$tart Standards
- English Language Arts Common Core State Standards
- Mathematics Common Core State Standards
- National Standards for Financial Literacy by the Council for Economic Education
- Partnership for 21st-Century Skills

GRADE-LEVEL MODIFICATIONS

Please note the modifications identified throughout lessons to differentiate learning experiences for beginner and advanced students. Modifications provide developmentally appropriate activity recommendations and extension opportunities.

PRESENTATION TIME

Each lesson plan includes an estimated time needed to teach the lesson. Actual time required will vary from classroom to classroom. The estimation includes instructional time spent on the **Warm Up**, **Guided Exploration**, **Group Exploration**, **Independent Exploration**, and **Wrap Up**. Activities may also be taught as several short lessons over a period of days or weeks. **Extended Exploration** activities are included to extend financial literacy learning opportunities throughout the year and provide easy ways to integrate the topics into various content areas.

ASSESSMENTS

A variety of assessments are integrated throughout each of the twelve lessons. Assessments are designed to build value, meaning, and context around a topic, while providing teachers with opportunities to evaluate prior student knowledge, and collect evidence their new understandings of lesson concepts and skills. Pre- (formative) and post- (summative) assessments are noted on the first page of each lesson. Assessments include discussions, reflections, questions and answers, reading, writing, and problem-solving exercises. Assessments are aligned to standards so that teachers may track students' mastery of standards. Student handouts are an especially useful form of written assessment.

LESSON STRUCTURE

Each lesson is designed to include the following:

- **Warm Up** introduces students to the topic and sparks inquiry.
- **Guided Exploration** integrates cross-curricular and developmentally appropriate learning activities and assessments while focusing on the key financial literacy learning objectives of the lesson, with teacher guidance.
- **Money Smart Tips** are provided throughout lessons to offer additional guidance, interesting and relevant financial facts, and additional ideas to help make *Money Smart* a success in your classroom.
- **Group Exploration** allows students to work in small groups to explore concepts and solve problems together. Cooperative learning is considered a “best practice” in middle school instruction.
- **Independent Exploration** activities are designed to engage students in the process of learning through individual discovery, research, and interpretation. These activities are more independent than the Guided and Group Exploration activities and may also be used as homework assignments or independent study.
- **Wrap Up** provides a reflection question or activity to review lesson concepts and allow students to demonstrate their understanding.
- **Extended Exploration** provides teachers with additional opportunities to extend financial literacy concepts throughout the school year within core content areas including English Language Arts and Math. Activities can be completed as a class, in small groups, or by students individually. Useful resources (such as books, web links, games, or videos) are also included to promote even more student engagement. The books and online resources suggested in this guide are just a few of the many available resources that explore these topics, and are not endorsed by the FDIC.
- **Student Handouts** (found in the **Student Guide**), **Group Handouts** (found in this guide), and **Teacher Presentation Slides** provide dynamic instructional support. Student and group handouts create an opportunity for students to apply their knowledge and for teachers to assess their understanding. Teacher presentation slides offer visuals and interactive activities corresponding with lessons.
- The **Answer Key**, **Glossary**, and **Standards Chart** house all of the information needed to check for understanding, define key terms, and check which activities meet specific education standards. Vocabulary words are **bolded** in each lesson as they are introduced. It may be helpful to distribute copies of the entire glossary to students as a reference.

MONEY SMART AT HOME

The *Money Smart* curriculum includes a helpful **Parent/Caregiver Guide** that corresponds to the classroom materials. Families may also use it independently of the curriculum. It contains resources, activities, games, and conversation starters on financial literacy topics covered in each lesson. Use the following ideas to encourage parents to use the guide at home:

- Introduce parents to the *Money Smart* program and share the **Parent/Caregiver Guide** at the start of the school year.
- Discuss the *Money Smart* program during parent-teacher conferences or in monthly parent newsletters home, and emphasize the importance of building healthy financial habits from an early age.
- Hold a *Money Smart* family night. Play games and have students share short skits about financial concepts they have learned.
- Send student handouts from each lesson home in homework folders for parents to review and sign.

INTERDISCIPLINARY PROJECTS

Interdisciplinary project-based learning provides the connectedness that many middle school students need as they make the transition from single classroom instruction in elementary school to subject-specific classrooms at the secondary levels. This section provides a few ideas for connecting financial literacy across disciplines into single projects.

1. Financial Literacy Assembly or Community Awareness Campaign

Use arts-integration to allow students a creative outlet to demonstrate their learning from one, some, or all *Money Smart* lessons. Some options include:

- **Drama:** Write and perform a play, a video advertisement, or a news broadcast. For example: students could combine their learning from **Lesson 1: *The Path to Success*** and **Lesson 2: *Bread and Butter*** to write a play about how to select a career field, how to get a job, and what happens once you get a job.
- **Visual Art:** Study and develop public service announcement (PSA) posters for the school or the community. For example: students could use their learning from **Lesson 10: *Protecting Yourself*** to develop PSA posters on what identity theft looks like, how to avoid it, and what you should do if you suspect that you are a victim of it.
- **Music/Choir:** Write and perform a song or rap. For example: students can demonstrate their learning from **Lesson 12: *Spend, Save, or Give?*** by writing a song that helps other students identify the various ways that they can spend, save, or give their money. The song can be played on the school PA system, posted on the school website or performed at an assembly.
- **Technology:** Create PSAs using PowerPoint, Prezi, Microsoft Publisher, online cartoon creators like <http://www.abcya.com/animate.htm> or <http://scratch.mit.edu/>, or other design programs. For example: students could create an online cartoon to share with others that demonstrates their understanding of **Lesson 7: *How to Stash Your Cash***.

2. Managing a Budget

Planning a field trip, an assembly, or a school party? Develop an interdisciplinary project to allow students to create and manage the budget. Some options include:

- **Social Studies:** Assess the needs and wants of the event. Prioritize necessary items and then wanted items. Students can use their learning from **Lesson 4: *Being a Savvy Shopper*** to research to identify and evaluate costs.
- **Math:** Develop a suggested budget based on assessing needs and wants for the event. If and when the budget is accepted, manage the spending to ensure that the event does not go over budget. Students can use their learning from **Lesson 3: *Designing Dreams*** and **Lesson 5: *Go with the Flow***.
- **English:** Write a persuasive letter to the school administration explaining the needs and wants of the event, analyzing the suggested budget, and requesting the funds to execute the event. Students can use their learning from **Lesson 3: *Designing Dreams*** and **Lesson 5: *Go with the Flow***.

3. School Store

Whether your school has a school store, or it is something that the students might be interested in starting, consider developing a project to provide students with ownership, while allowing them to learn more about financial literacy. Some options include:

- **Social Studies:** In coordination with other students and staff in the building, develop an inventory of needs and wants that can be supplied in the school store. Use research to identify and evaluate costs. Students can use their learning from **Lesson 4: *Being a Savvy Shopper***.
- **Math:** Develop a budget for purchasing bulk items. Consider options for and create sale prices for each item. Create a cash flow statement to determine the amount of product that must be sold in order to turn a profit. Students can use their learning from **Lesson 3: *Designing Dreams*** and **Lesson 5: *Go with the Flow***.
- **Art/Design:** Use advertising techniques to advertise and sell the school store products. Students can use their learning from **Lesson 4: *Being a Savvy Shopper***.
- **English:** Write a persuasive argument to open a school savings account to keep school store profits in a safe place and earn interest. Alternately, write a persuasive argument to invest the profits in an investment vehicle like stocks or bonds. Students can use their learning from **Lesson 7: *How to Stash Your Cash*** and **Lesson 8: *Money Doesn't Grow on Trees***.

4. Create and Use Financial Literacy Games

Playing games is a great way to engage students in learning. Even better, is to allow students to create their own games to play. Students can demonstrate their learning from one, some, or all **Money Smart** lessons. These games can be created and played in several subject areas including Social Studies, English, Math, and Art. Some options include:

- **The Path to Success:** Create a game where you must make choices about your education, your career, the jobs you get and the associated income, the taxes you pay on your income, and the insurance purchases that you can make. **Money Smart** connections: **Lesson 1: *The Path to Success***, **Lesson 2: *Bread and Butter***, **Lesson 11: *Risky Business***.

- **Charge It!** Create a game where you can make choices about which credit card to apply for, make purchases with credit versus cash, and build credit. *Money Smart* connection: **Lesson 9: Credit and Debt.**
- **Money, Money, Money:** Create a game where you can make choices about how to earn and spend money, factoring in cash flow, saving, and charitable giving. *Money Smart* connections: **Lesson 5: Go with the Flow, Lesson 12: Spend, Save, or Give?**

5. Solve a Community Problem

The intersection of problem-solving and real-life application is important for middle school students. What better way to combine the two than to solve a community-wide problem? Start by considering problems in your community. Problems could be split along content lines, for example:

- **Science:** Does your community recycle? How “green” is your community? Investigate science career fields and discover how students might make a career of solving these community problems, using **Lesson 1: The Path to Success.**
- **Technology:** Who has access to technology in your community? Inform your community about online threats after covering **Lesson 10: Protecting Yourself.**
- **Arts:** Does any part of your community need beautifying? Determine a method to raise and spend money on community beautification using **Lesson 5: Go with the Flow.**
- **Foreign Language:** Do non–English speaking members of your community need access to resources? Consider developing a foreign-language PSA that ties to student learning from **Lesson 4: Being a Savvy Shopper.**

Encourage students to use the financial literacy topics learned in *Money Smart* lessons to identify community problem and develop and maintain a budget for solving the problem.

FINANCIAL LITERACY ALL YEAR LONG

Highlight financial literacy at your school all year long, especially in April, during National Financial Literacy and School Library Month.

- Create bulletin boards or posters with students about financial literacy themes learned in *Money Smart.*
- Develop interdisciplinary projects that incorporate financial literacy topics.
- Create a class or school newsletter with students to distribute to the school community about money skills and financial concepts covered in class.
- Integrate real-world applications of financial literacy into content area classes.

The more students are exposed to financial literacy, and the more opportunity they have to practice applying their new knowledge and understanding of concepts, at school and at home, the more prepared they will be to live *Money Smart* lives.

LESSON AT-A-GLANCE

Lesson Title	Topic	Learning Objectives	Time Required
2 Bread and Butter	Introduction to Taxes	<p>Understand and explain the purpose of federal income and state tax and how it affects personal income</p> <ul style="list-style-type: none">• Apply mathematical skills and concepts to tax brackets and personal income• Describe and evaluate the importance of the current federal income tax system	<p>60 min</p> <p>Session 1 (20 min)</p> <ul style="list-style-type: none">• Federal Spending (10 min)• Understanding Important Vocabulary (10 min) <p>Session 2 (40 min)</p> <ul style="list-style-type: none">• Tax Impact (30 min)• Progressive Tax versus Flat Tax (10 min)



LESSON 2: BREAD AND BUTTER

GRADES
6 – 8

LESSON OVERVIEW

Following the module on careers with an overview of **income** and **taxes** is a natural progression for learners to grasp how a paycheck works, and the government’s role in income.

TOPIC: Introduction to Taxes

TIME REQUIRED: 60 minutes
(excluding **Extended Exploration** activities)

LEARNING OBJECTIVES:

Students will be able to...

- Understand and explain the purpose of federal income and state tax and how it affects personal income
- Apply mathematical skills and concepts to tax brackets and personal income
- Describe and evaluate the importance of the current federal income tax system

SUPPLIES:

- Projector (for teacher presentation slides)
- Loose-leaf paper
- Access to the Internet (**optional**)

PREPARATION:

- Make copies of student handouts
- Set up projector with presentation slides
- Cut pay stubs
- Set up individual or group computers with access to the Internet (**optional**)

STUDENT HANDOUTS:

(found in **Student Guide**)

- **Tax Impact**
- **Sample Pay Stub**

TEACHER PRESENTATION SLIDES:

- **Explaining Taxes**
- **Income and Taxes**
- **Tax Bracket for 2014**

ESSENTIAL QUESTIONS:

- *Why do we pay income tax?*
- *How does paying income tax affect my life?*
- *How does paying income tax affect my community?*

ASSESSMENT ACTIVITIES:

Pre-Assessment:

- **Federal Spending** activity

Post-Assessment:

- **Tax Impact** activity
- **Progressive Tax versus Flat Tax** activity

Answer Key 16
Glossary with key vocabulary 17



INSTRUCTION STEPS

WARM UP

FEDERAL SPENDING [10 MINUTES]

Post a recent statistic about the federal government's spending. For example: in the 2013 fiscal year, the U.S. federal government spent \$3.45 trillion. Ask students to write or think about how the government spent all of that money and where it came from. Log student responses and return to them after reviewing the answer below.

After students have been given the chance to share their responses, explain that: \$2.77 trillion of that money came from revenue, such as the federal **income tax**, while the remainder was borrowed. There were three major areas of spending: \$608 billion on defense, which includes such things as paying for our military, their equipment, and their salaries. \$803 billion was spent on Social Security, which includes paying monthly retirement benefits to older people. \$760 billion was spent on health coverage, which includes paying for health care for older people, people who cannot afford health care, and people who are disabled. (Provide students with additional statistics about the 2013 budget using this resource at <https://www.cbo.gov/publication/44716>).

Allow students to share their reactions to this information. Return to the list of their initial answers and discuss their accuracy.

Grade-Level Modification:

Beginner: Show students one of the videos from the English Language Arts Additional Resources to provide background information on taxes.

MONEY SMART TIP!

The Internal Revenue Service (IRS) provides online resources on “Understanding Taxes” both for teachers and students. <http://apps.irs.gov/app/understandingTaxes/index.jspt>.

GUIDED EXPLORATION

UNDERSTANDING IMPORTANT VOCABULARY [10 MINUTES]

Using the **Explaining Taxes** slide, provide students with a background and vocabulary on taxes and income. (These can also be found in the **Glossary**.)

- **Taxes:** A government fee on business and individual income, activities, products and services. Individuals have to pay taxes on their income (salaries, wages, tips, commissions). This is called **income tax**. In some locations, people have to pay a local income tax (to their city or county government), or a state income tax (to their state government), or both, along with a federal income tax (to our federal, or national, government). Businesses have to pay taxes on their profits. In some locations, there is also a tax on products and services that you buy, which is called a **sales tax**. Under the Federal Income Insurance Contributions Act, individuals contribute a certain percentage of their income to Social Security and Medicare.



- **Earned Income:** Money you get from working, including all earnings including commissions and tips. So, if you were working as a car salesperson, you would have to pay taxes on the commissions that you make from selling cars, and if you work as a waiter, you would have to pay taxes on the tips you receive from customers, in addition to your salary. Earned income also includes money earned from investments.
- **Payroll Deduction:** An amount an employer withholds from a paycheck. Mandatory deductions include various taxes. Some people choose to make voluntary deductions like charitable contributions, direct deposits into financial institution accounts, or loan payments.

Optional checks for understanding:

- *What are some of the different taxes that people have to pay?* (For example: income taxes for local, state, and/or federal government; sales tax.)
- *How are those taxes used on the federal, or national, level?* (For example: federal government programs like defense spending, medical coverage and insurance, and Social Security.)
- *What does an income tax apply to?* (For example: the money you earn, including tips and commissions.)

GUIDED GROUP EXPLORATION

TAX IMPACT [30 MINUTES]

Provide each student with a number: 1, 2, or 3. Their number corresponds to an option on the **Income and Taxes** slide. Using the **Tax Impact** handout, allow students to copy down the salary for the assigned number.

After students have discussed their opinions, allow them to use the **Tax Bracket for 2014** slide to locate the correct bracket for their income. Students should log their federal income tax bracket information on their **Tax Impact** handout.

Then, in the appropriate work area on the **Tax Impact** handout, students should calculate the yearly amount of money taken from their salary for federal income tax. Students should then apply their knowledge of percentages to determine what percentage of their salary they paid to taxes.

Grade-Level Modifications:

Beginner: Model computation using the shaded example on the **Tax Impact** handout.

Advanced: Cover up the computation model on the **Tax Impact** handout.

Provide students with the **Sample Pay Stub** handout. Allow students a moment to process the **Sample Pay Stub** and see if they can figure out important information like:

- How frequently this person gets paid
- This person's yearly salary based on their biweekly earnings
- The total yearly federal income tax deduction based on the biweekly federal income tax deductions



Tell students that the **Sample Pay Stub** matches one of the three job options: My First Job, My Second Job, or My Third Job. Ask students to try to figure out which job the stub matches. (Answer: My Second Job)

Allow a student from each assigned job to share his or her salary, tax bracket, yearly income, tax payment, and the percentage of tax taken out of his or her salary. Write this information on chart paper or on the board for student reference in the coming discussion.

Then, take a moment to explain the U.S. “progressive tax” system, in which a larger percentage of federal income taxes are taken from high-income earners and the tax percentage increases as income goes up. Allow students time to discuss: Is this an effective way to tax people in the United States? Why or why not? Can you think of another way that you might want to tax people? Ask students to use the information they learned during the **Tax Impact** activity to support their answer.

WRAP UP

PROGRESSIVE TAX VERSUS FLAT TAX [10 MINUTES]

Ask students to pull out a sheet of loose-leaf paper, on which they will be writing an argument.

In the United States, on the federal level, we currently have a progressive tax system, where people who make less money pay a lower percentage, and people who make more money pay a higher percentage. Some people want to change our tax system to a “flat tax,” where everyone, no matter what their yearly income, will pay the same percentage of taxes. For example: everyone pays 15 percent of their income in taxes. Which tax system do you prefer – the progressive tax or the flat tax? Use mathematical examples to support your reasoning. Remind students that they can use examples from their classwork to support their answer.

EXTENDED EXPLORATION

Note: Use the following ideas to extend financial literacy concepts throughout the school year within core content areas through English Language Arts, Math, Social Studies and Economics, and Technology activities, projects, and discussions. Duration of activities will vary.

ENGLISH LANGUAGE ARTS

- **Writing Prompts:**
 - Some people believe that they should not have to pay any income tax. Write a persuasive argument in which you support or disagree with that perspective. Use statistics, vocabulary, and information from today’s lesson to bolster your argument.
- **Additional Readings/Resources:**
 - *Schoolhouse Rock: Tax Man Max* by Disney Educational Productions. A short cartoon song and video reviewing who pays taxes and how the government uses tax money. (Time of video: 3:23 minutes)
<https://www.youtube.com/watch?v=6Q3NPgHZzDo>



LESSON 2: BREAD AND BUTTER

GRADES
6-8

- *A World Without Taxes* by BizKids. A video production by students for students that discusses how taxes impact your life, what federal, local, and state income taxes pay for, and how taxes affect small business owners. (Time of video: 28:46 minutes)
https://www.youtube.com/watch?v=7SPJ_J1ps1k

MATH

- **Activity/Project Ideas:**
 - Continue with the **Career Game** from Lesson 1 by asking students to calculate the amount of yearly federal income tax they would owe for their salary. Use the tax bracket information from this lesson as a guide.
 - Ask students to imagine that they are working a part-time job in high school, with hourly pay. Provide students with an appropriate number for hourly pay and the amount of hours they work throughout the year. Students should calculate the amount that they earn yearly through their part-time job, and then use the tax bracket information to determine the federal income tax that might be deducted.

SOCIAL STUDIES AND ECONOMICS

- **Activity/Project Ideas:**
 - Research the history of the federal income tax in the United States. How did it come about? How much support for or backlash against it was there? How has it changed over the years?
 - Research the start of the Social Security and Medicare programs and their connection to income taxes.

TECHNOLOGY

- **Online Games/Tools:**
 - *Understanding Taxes* by the IRS. Activities, tutorials, and simulations for students to learn more about taxes. <http://apps.irs.gov/app/understandingTaxes/student/index.jsp>

ANSWER KEY

for Student Handouts

LESSON 2: TAX IMPACT

Answers will vary.

GLOSSARY

Annual Percentage Rate (APR): The cost of borrowing money on a yearly basis, expressed as a percentage rate.

Bank: A financial institution and business that accepts deposits, makes loans, and handles other financial transactions.

Budget: A plan that outlines what money you expect to earn or receive (your income) and how you will save it or spend it (your expenses) for a given period of time.

Career: The type of work a person pursues for the majority of their life that may involve formal education, special training, or be within a specific industry.

Cash Flow: Income and expenses over a given period of time.

Credit: The ability to borrow money and pay it back later.

Credit Card: A plastic card that can be used to obtain credit (such as to purchase goods and services).

Debit: An amount of money taken out of a deposit account to pay for something.

Debit Card: A plastic card that can be used to deposit or withdraw cash from a checking or other bank deposit account, such as at automated teller machines or at retail locations that accept cards.

Debt: Money that is owed.

Discretionary Expenses: Money that is not essential to spend; money spent on wants.

Diversification: The approach of spreading your money among various investments with the hope that if one investment loses money, the others will make up for those losses; also referred to by the phrase "don't put all your eggs in one basket".

Earned Income: Money you get from working, such as wages, commissions and tips.

Expense: The cost of goods and services; the amount of money that is spent.

Federal Deposit Insurance Corporation (FDIC): Preserves and promotes public confidence in the U.S. financial system by insuring deposits in banks and thrift institutions for at least \$250,000. An independent agency of the federal government, the FDIC was created in 1933.

Financial Institution: A bank or credit union.

Fixed Expense: An expense that does not change from month to month.

Goal: Something you wish to achieve or accomplish in a specific amount of time.

Identity Theft: When someone steals another person's identity to commit fraud, such as by using his or her name or Social Security number to get something. Identity theft is a crime.

Income: Money that you receive from jobs, allowances, gifts, interest, dividends, and other sources.

Income Tax: Taxes on income, both earned (salaries, wages, tips, commissions) and unearned (interest, dividends). Income taxes can be levied on both individuals (personal income taxes) and businesses (business and corporate income taxes).

GLOSSARY (continued)

Insurance: A contractual relationship that exists when one party (the Insurer), for a fee (the premium) agrees to reimburse another party (the Insured or third party on behalf of the Insured) for a specific loss.

Interest: Money that a bank or other financial institution pays you for keeping money on deposit with them, or the amount of money you pay a bank as a fee when you borrow money.

Invest: To put money at risk with the goal of making a profit in the future.

Investment Vehicles: The methods that a person (or business) can use to invest money.

Job: A specific duty, task, or activity someone completes using his or her time, skills, and energy to earn money.

Mutual Fund: An investment tool that pools the money of many investors and invests it in stocks, bonds, and money market assets, or other securities.

Need: Something you must have to survive, such as clothes, shelter, or food.

Opportunity Cost: The next best thing that you give up in order to do something else; a trade-off of a decision you make.

Payroll Deduction: Money that an employer withholds from earnings.

Phishing: When fraudsters impersonate a business or government agency to try to get you to give them personal information, such as through an email or text message. Can also be thought of as “fishing for confidential information”.

Profit: The money gained or left over after money spent (expense) is subtracted from money earned (income).

Return: Money made (profit) from an investment.

Risk: The possibility that something unplanned or unintended may happen (such as losing money). Uncertainty about outcomes that are not equally desirable. In finance, it refers to the degree of uncertainty about the rate of return and the potential harm that could arise when financial returns are not what the investor expected.

Risk Management: The process of calculating risk and choosing approaches to minimize or manage loss.

Save: Setting something, like money, aside to use in the future.

Savings Account: A bank account that you can use to set aside money, and that pays you interest.

Savings Bond: People lend money to the Government so it can pay its bills. Over time, the Government gives that money, plus a bit extra (interest), back to those people as payment for using the borrowed money.

Stock: An investment that represents a share of ownership in a company.

Tax: Money that has to be paid to a government to provide public goods and services.

Variable Expense: Money that a person spends or gives away that varies from month to month.

Want: Something that you would like to have but that you could live without, such as a TV or tickets to a baseball game.



Money
Smart

for Grades 6-8 Student Guide



A fun way to help kids
get smart about money.





TAX IMPACT

Name: _____

My **First** / **Second** / **Third** Job (circle one)

Education: _____ Salary: _____

Locate your salary on the tax bracket.

The tax is: _____

Compute to determine how much you will pay in taxes:

Compute to determine how much income you will have after taxes:

Compute to determine the percentage of your salary that is federal income tax:

EXAMPLE:

If my salary is \$35,000, then I am looking at the second row.

The tax is: \$907.50 plus 15% of the excess over \$9,075.

Compute to determine how much you will pay in taxes:

$$\begin{aligned} & \$35,000 - \$9,075 = \$25,925 \times .15 \\ & = \$3,888.75 + \$907.50 = \text{I will pay} \\ & \text{\$4,796.25 in taxes} \end{aligned}$$

Compute to determine how much income you will have after taxes:

$$\begin{aligned} & \$35,000 - \$4,796.25 \\ & = \text{I will have } \$30,203.75 \text{ left} \end{aligned}$$

Compute to determine the percentage of your salary that is federal income tax:

$$\begin{aligned} & \$4,796.23 / \$35,000 = .137 \times 100 = \\ & \text{13.7\% of my earned income goes} \\ & \text{to federal income tax} \end{aligned}$$



SAMPLE PAY STUB

Job Company Inc. 1 Industrial Drive Citytown, MA 12345			Earnings Statement	
Employee No.	Employee Name	Period Beg.	Period End	Check Date
543210	John Doe	10/25/2014	11/07/2014	11/10/2014
Earnings	Current Amount	Withholdings/Deductions		Current Amount
Regular pay	2,923.08	Federal Income Tax	571.39	
		State Income Tax	117.00	
		Social Security	180.00	
		Medicare/Medicaid	45.00	
		Insurance	175.00	
		Retirement Savings Plan	200.00	
		Charity	25.00	
		Health-/Child-Care Flex Plan	75.00	
Current Amount	Current Deductions	Net Pay	Check No.	
2,923.08	1,388.39	1,534.69	2756	