

Why do we pay taxes?

roads

animal

city parks

government buildings

military

government run

social security
medicare

police

firefighters

social security

public library

teachers

usps

homeless programs

gross income - total income before taxes or deductions

I work 5 hours for \$10.⁰⁰ an hour.

\$50.⁰⁰ is my gross income

Net Income - money remaining after taxes are deducted OR other expenses are deducted

$$\begin{array}{r} 50 \\ \times .10 \quad \text{10\% tax deduction} \\ \hline 00 \\ + 500 \\ \hline 500 \end{array} - \$5 \text{ will be deducted}$$

$$\begin{array}{r} 50 - \text{gross income} \\ - 5 - \text{taxes} \\ \hline 45 - \text{Net Income} \end{array}$$

Income - money you earn

- from total salary
- Federal Government
- April 15

income tax - the tax you pay to the government
- it is taken from your income or your earnings

sales tax - tax you pay (at a store) ~~for~~ on items you buy

property tax - tax you pay on property you own

payroll tax - tax taken out by your employer for social security or medicare

- taken out per pay period
- withholding

deficit - spend more than you
make (budget)

overdraw - spend more money than
you have in your account

surplus - you have more money
than you spent

exceed - pay more than you
owe

fixed expense - set amount that
you pay every
month

(ex) house payment

ADVANTAGES

DISADVANTAGES

Cash

- prevents overspending
- can't be hacked
- accepted everywhere in U.S.
- no debt

- some items too expensive to pay for with cash (car)

- cannot use in other countries

- can be lost or stolen

Checks

- safer than carrying around a lot of cash
- pay for items that cost more
- don't have to carry cash
- can be mailed
- pay exact amount

- could be altered

- have to have a bank account

- fees if you overspend (overdraft fees)

ADVANTAGES

credit cards

- widely accepted (even in other countries)
- small, easy to carry around
- incentives; bonuses
- can buy expensive items

debit card

- PIN
- cannot overspend
- money comes right out of your account
- you can use it to get cash at an ATM

DISADVANTAGES

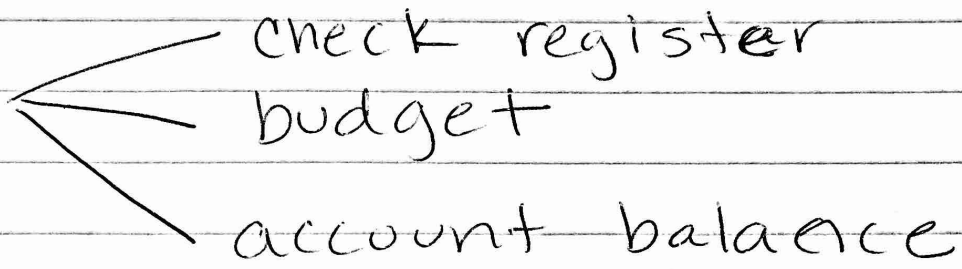
- fraud
- can be lost / stolen
- overspend
- late fees / interest
- must qualify

- remember your PIN

- bank account

- you can only spend what is in your account

to take money away - Subtract
 withdraw
 deduct
 withhold
 expense

financial records  check register
 budget
 account balance

description	income (+)	expense (-)	Balance
paycheck	3000 ⁰⁰		3000 ⁰⁰
grocery		250	<u>2750⁰⁰</u>
cell phone		225	<u>2525⁰⁰</u>
birthday	100		<u>2625⁰⁰</u>