

Understanding jobs, teens, and taxes

Students review Internal Revenue Service webpages and respond to questions to explore the relationship between working and taxes.

Learning goals

Big idea

Taxes are part of every working person's paycheck – including the many teenagers who work part-time jobs during the school year and the summer.

Essential questions

- What are specific things teens should know about taxes?
- What does it mean to file a tax return?

Objectives

- Understand the relationship between working and taxes
- Recognize key terms related to income tax

What students will do

- Conduct Internet research on taxes.
- Answer matching questions about teens and taxes.

KEY INFORMATION

Building block:

 Financial knowledge and decision-making skills

Grade level: High school (9-12)

Age range: 13-19

Topic: Earn (Getting paid, Making money, Paying taxes)

School subject: CTE (Career and technical education), Social studies or history

Teaching strategy: Direct instruction, Blended learning

Bloom's Taxonomy level: Remember, Understand

Activity duration: 15-20 minutes

STANDARDS

Council for Economic Education
Standard I. Earning income

Jump\$tart Coalition
Employment and income - Standard 3

Financial decision-making - Standards 1 and 2

Preparing for this activity

- Secure access to the Internet and computers or tablets so students can conduct research.
 - Note: If you can't arrange for students to have individual or group access, this can be done as a whole-class activity by using a computer and a projector.
- Print copies of all student materials for each student, or prepare for students to access them electronically.
- Become familiar with the Internal Revenue Service (IRS) webpage on teens and taxes at <https://www.irs.gov/newsroom/irs-offers-tips-for-teenage-taxpayers-with-summer-jobs>.

What you'll need

THIS TEACHER GUIDE

- Understanding jobs, teens, and taxes (guide)
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STUDENT MATERIALS

- Understanding jobs, teens, and taxes (worksheet)
cfpb_building_block_activities_understanding-jobs-teens-taxes_worksheet.pdf
- Computers or tablets
- The IRS webpage on teens and taxes at <https://www.irs.gov/newsroom/irs-offers-tips-for-teenage-taxpayers-with-summer-jobs>

Exploring key financial concepts

Taxes are required payments of money to governments, which use the funds to provide public goods and services for the benefit of the community as a whole. Common types of taxes include income, payroll, sales, and property taxes. Income and payroll taxes are both connected to how much you earn. Understanding taxes can be an important step toward growing knowledge and skills related to financial life.

Payroll taxes include Social Security and Medicare taxes. Social Security taxes provide benefits for retired workers, people with disabilities, and the dependents of both. Medicare taxes provide medical benefits for people who are 65 or

older, certain younger people with disabilities, and people with permanent kidney failure requiring dialysis or a transplant. Federal income taxes are used to pay for national programs such as defense, foreign affairs, law enforcement, and interest on the national debt.

Teaching this activity

Whole-class introduction

- Distribute the "Understanding jobs, teens, and taxes" worksheet.
- Be sure students understand key vocabulary:
 - **Income tax:** Federal, state, and local taxes on income, both earned (salaries, wages, tips, commissions) and unearned (interest, dividends). Includes both personal and business or corporate income taxes. Not all states and localities have income taxes.
 - **Tax deduction:** An amount (often a personal or business expense) that reduces income subject to tax.
 - **Taxes:** Required payments of money to governments, which use the funds to provide public goods and services for the benefit of the community as a whole.
 - **Tax refund:** Money owed to taxpayers when their total tax payments are greater than the total tax. Refunds are received from the government.

Individual or group work

- Students can work individually or with a partner to complete the "Understanding jobs, teens, and taxes" worksheet.
- If students are new to the concept of taxes, guide students to the IRS webpage on teens and taxes that can help them answer the questions:
<https://www.irs.gov/newsroom/irs-offers-tips-for-teenage-taxpayers-with-summer-jobs>.

Wrap-up

Review answers with students through whole-class discussion.

TIP

Because terms and laws related to taxes change, students should be encouraged to always look for the most up-to-date information.

TIP

Visit CFPB's financial education glossary at consumerfinance.gov/financial-education-glossary/.

Suggested next steps

Consider searching for other CFPB activities that address the topic of earning, including making money, getting paid, or paying taxes.

Measuring student learning

Students' responses on the worksheet and during discussion can give you a sense of their understanding.

This answer guide provides suggested answers for the "Understanding jobs, teens, and taxes" worksheet.

Answer guide

1. Employer
2. W-4
3. Income
4. Self
5. Refund