

MAKING FINANCE PERSONAL

PROJECT-BASED LEARNING FOR THE PERSONAL FINANCE CLASSROOM

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This activity is under revision and is currently unavailable.	

INTRODUCTION

MAKING FINANCE PERSONAL

PROJECT-BASED LEARNING FOR THE PERSONAL FINANCE CLASSROOM

In my experience, the greatest challenge that teachers of personal finance face is making the concepts relevant and the vocabulary approachable. Laying a foundation through active-learning classroom activities and discussion is the first step in the process. But basic conceptual knowledge and vocabulary aren't enough. Students need to know how to apply information in real-world situations. This is where project-based learning comes into play. The projects assembled here were created to allow students to experiment with developing financial strategies for the future. The accompanying student activities and assignments should complement both textbooks and classroom instruction.

Students receive a series of 11 projects to complete throughout the semester. These projects connect classroom instruction and activities with their personal lives. Of the 11 assignments, students must choose 10 to complete. Each of the projects is worth 20 points. I adopted this pick-and-choose strategy to mitigate push back due to the sensitive nature of personal finance. For example, a student may be reluctant to request (or share) a copy of her credit report. That is fine. I will give students a sample credit report to review when we go over the topic in class, but the student is now down to 10 modules to choose from if she wants to achieve the maximum 200-point total.

Students complete the assignments using their personal information and collect the assignments in a three-ring binder. This binder is a culminating project that represents a large portion of the final grade. Students are given checklists and rubrics throughout the process for guidance. Reflective essays are assigned with essential questions that students must answer to help evaluate their project progress, identify challenges, and apply what they have learned to their developing financial strategy.

I find that once students realize where the project is going and see it coming together, it is exciting. I have had many students comment that they are sharing the personal finance tools and strategies they are learning about in class with friends and family. The shift students undergo, from initially feeling overwhelmed to feeling empowered and even proud at the final binder check, is a powerful transformation. Once students have worked through the project, they leave the class with a financial strategy in hand. This personal financial strategy will always need to be revised and updated, but having a thoughtful plan in place at the beginning of their journeys can help students minimize costly future mistakes.

INTRODUCTION FOR STUDENTS

PERSONAL FINANCE BINDER PROJECT

We will use a project-based learning approach in this course that will require you to actively participate and complete assignments on time. You will be responsible for the assigned reading from your text, as well as projects that will need to be included in a three-ring binder.

WHY PROJECT BASED LEARNING?

<http://www.pbl-online.org/About/whatisPBL.htm>

Project-based learning involves activities that are designed to interest and motivate you as you learn. These activities will help you answer a question or solve a problem and generally reflect the types of learning and work people do in the everyday world, outside the classroom.

Throughout this process, you'll learn 21st century skills, as well as the basics of personal finance. These skills include communication and presentation, organization and time management, research and inquiry, self-assessment and reflection, and group participation and leadership.

Topics covered in this project include:

1. Expense tracking
2. Setting financial goals
3. Balance sheets and cash flow statements
4. Taxes
5. Creating a budget
6. Credit reports
7. Purchasing a vehicle
8. Saving and investing for the long term
9. Important financial documents
10. Retirement savings
11. Insurance inventory

Because of the nature of financial documents, much of the information is sensitive. Feel free to make a copy of the original document and black out any of the information you are uncomfortable sharing. You will only need to bring your binder to class once. We will have a binder check at the end of the semester.

PROJECT 1: EXPENSE TRACKING

INSTRUCTOR OVERVIEW

It is easy to remember how much money is spent on fixed expenses like rent or car payments. Variable expenses can be more difficult. Using the worksheet provided (Student Handout 1B), students will write down all expenses incurred during a 30-day period. They will then categorize the expenses and total them for the month (Student Handout 1C).

INSTRUCTIONAL OBJECTIVES

The first step in creating a budget is to track expenses. In this assignment, students will:

- Identify personal expenses incurred over the course of one month
- Determine how they should categorize or group their expenses
- Sort and compile expenses into groups

CENTRAL QUESTION OR PROBLEM

How do I spend my money?

ASSIGNMENT RESOURCES

For this assignment, students must use the worksheet (Student Handouts 1B and 1C) provided. They may not use phone apps, spreadsheets, or other electronic methods.

ASSIGNMENT LENGTH

One month

NOTES

- It is important to start this project as early as possible in the semester. Because students track expenses for one month, I typically assign this at the first class meeting. This allows for a smooth transition into the budget project later in the semester.
- Remind students each class meeting about the assignment. You may also want to do an expense-tracking assignment check at two weeks to make sure they are on task.
- When I first started using this assignment, I let students use bank statements, websites, spreadsheets, and phone apps to track expenses. I saw a considerable difference in proficiency between those who used pencil and paper and those who used electronic methods. I believe the tactile experience of writing expenses down helps students recall how they are spending their money in a more thoughtful way. I do let them transition to electronic methods for the budget project. My hope is that, by that point, they are more self-aware and have a better sense of their spending habits.
- I grade assignments at the beginning of class and hand them back. Checking assignments at the beginning of class eliminates problems with late work and ensures that students aren't

hastily completing work during class. Anything turned in after we have discussed the assignment is considered late, including the reflective writing.

- When grading, I don't check the dollar amounts for mathematical accuracy; my focus is on ensuring that students are comfortable with the process.
- Student feedback is typically very interesting. They are surprised at how much they spend on things such as gas, coffee, and eating out. After identifying students' spending behaviors, talk about what strategies they should put in place when creating their budgets (e.g., packing a lunch, making coffee at home, or carpooling to school).

PROJECT 1 ASSESSMENT

EXPENSE TRACKING RUBRIC

This project has a total value of 20 points.

The student did not follow directions. (minus 2)	
The expense tracking worksheet was completed as instructed. (plus 8) The expense tracking worksheet was partially completed. (plus 4) The assignment was not completed. (no points)	
The essay was well written. The essay displays clear facility in the use of grammar, mechanics, usage and spelling. The essay is generally free from errors. (plus 6) The essay contained a few mistakes. The essay displays facility in the use of grammar, mechanics, usage, and spelling, though it may contain errors. However, these errors do not overly detract from the overall success of the message. (plus 4) The essay contained many mistakes. The essay displays serious deficiencies in the use of grammar, mechanics, usage, and spelling. The essay contains an accumulation of serious errors in any and/or all these areas. (plus 2)	
The essay answered all questions thoughtfully. The essay contains details that support the author's responses. (plus 6) The essay answered most questions but lacked detail. (plus 4) The essay was vague and lacked detail. (plus 2)	
The assignment was late. (loss of one point per day)	
Total	

PROJECT 1 OVERVIEW: EXPENSE TRACKING

HOW DO I SPEND MY MONEY?

The first step in creating a budget is to track your daily expenses. In this assignment, you will:

- Identify expenses incurred over the course of one month
- Include the date of the expense, a brief identification, and how much was spent
- Determine how you would like to categorize or group your expenses
- Sort and compile tracked expenses into these groups

It is easy to remember how much money you spend on fixed expenses like rent or car payments. Variable expenses can be more difficult.

ASSIGNMENT INSTRUCTIONS

Using the 30-Day Expense Tracking Worksheet (Student Handout 1B), write down all expenses you incur during a 30-day period. At the end of the month, total your expenses on the Expense Totals Worksheet (Student Handout 1C)

- Only write down transactions for goods or services.
- Do not write down ATM cash withdrawals. As you spend the cash you withdrew, record each transaction in your worksheet.
- If you have difficulty remembering how much you have spent, use an envelope to keep track of receipts.
- If you make a purchase that does not provide a receipt, use a scrap of paper to write it down and put it inside the envelope.
- On days that you do not incur expenses, write “none” and put a 0 (zero) in the amount column.
- If you are on a meal plan, divide the cost of your plan by the number of days in your billing cycle. (For instance, if you pay monthly for your meal plan, you’d divide the monthly cost by 30 to find your daily expense.)
- Use the categories listed at the top of your worksheet to label your expenses. If you do not see one that adequately describes the purchase, feel free to use your own. Make sure you add it to the bottom of the list under “other.” This will be an important element when we start building your budget.
- Remember that this exercise is setting a baseline for your future budget. Spend as you would normally spend so that you can get an accurate picture of your spending behavior.

PROJECT 1 ACTIVITY

30-DAY EXPENSE TRACKING WORKSHEET

POSSIBLE EXPENSE CATEGORIES

Groceries • Dining Out • Gas • Entertainment • Car Payment • Car Repair • Car Insurance
 • Gifts • Rent • Renters Insurance • Health Insurance • Utilities • School • Clothing •
 Credit Cards • Loans • Pet Expenses • Savings • Hair/Nails • Fees or Dues • Other

Day 1

Expense Name	Amount

Day 2

Expense Name	Amount

Day 3

Expense Name	Amount

Day 4

Expense Name	Amount

Day 5

Expense Name	Amount

Day 6

Expense Name	Amount

PROJECT 1 ACTIVITY: 30-DAY EXPENSE TRACKING WORKSHEET (CONTINUED)

Day 7

Expense Name Amount

Day 8

Expense Name Amount

Day 9

Expense Name Amount

Day 10

Expense Name Amount

Day 11

Expense Name Amount

Day 12

Expense Name Amount

Day 13

Expense Name Amount

Day 14

Expense Name Amount

Day 15

Expense Name Amount

PROJECT 1 ACTIVITY: 30-DAY EXPENSE TRACKING WORKSHEET (CONTINUED)

Day 16

Expense Name Amount

Day 17

Expense Name Amount

Day 18

Expense Name Amount

Day 19

Expense Name Amount

Day 20

Expense Name Amount

Day 21

Expense Name Amount

Day 22

Expense Name Amount

Day 23

Expense Name Amount

Day 24

Expense Name Amount

PROJECT 1 ACTIVITY: 30-DAY EXPENSE TRACKING WORKSHEET (CONTINUED)

Day 25

Expense Name Amount

Day 26

Expense Name Amount

Day 27

Expense Name Amount

Day 28

Expense Name Amount

Day 29

Expense Name Amount

Day 30

Expense Name Amount

PROJECT 1 ACTIVITY

30-DAY EXPENSE TOTALS WORKSHEET

Groceries	\$_____	Cell Phone	\$_____
Dining Out	\$_____	Credit Cards	\$_____
Gas	\$_____	Loans	\$_____
Entertainment	\$_____	Pet Expenses	\$_____
Car Payment	\$_____	Savings	\$_____
Car Repair	\$_____	Hair/Nails	\$_____
Car Insurance	\$_____	Fees or Dues	\$_____
Gifts	\$_____	Other	\$_____
Rent	\$_____		\$_____
Renters Insurance	\$_____		\$_____
Health Insurance	\$_____		\$_____
Utilities	\$_____		\$_____
School	\$_____		
Clothing	\$_____	Total	\$_____

PROJECT 1 ACTIVITY

30-DAY EXPENSE TRACKING ESSAY

In a one- to two-page reflective essay, typed and double-spaced, answer the following questions. Make sure you proof the essay for grammar and word usage mistakes.

- What challenges did you encounter with the assignment?
- How frequently did you record your transactions?
- Were you surprised by any of your spending habits?
- How would you summarize how you spend your money?
- Will you change your spending behavior? If so, how?

PROJECT 2: SETTING FINANCIAL GOALS

INSTRUCTOR OVERVIEW

Time-related goals can be sorted into three categories:

- **Short-term** – goals that can be achieved in less than one year
- **Intermediate-term** – goals that can be achieved within one to five years
- **Long-term** – goals that will take more than five years to achieve

INSTRUCTIONAL OBJECTIVES

Setting goals helps students visualize the gap between where they are and where they want to be. In this assignment, students will:

- Identify the purpose of financial goals
- Explore the criteria of a well-written goal
- Formulate four financial goals
- Prioritize their goals

CENTRAL QUESTION OR PROBLEM

What do I want to accomplish financially?

ASSIGNMENT RESOURCES

Students should use the worksheet provided to identify their financial goals. They should also use any resource necessary to identify costs, timelines, or steps to achieve the goals identified.

ASSIGNMENT LENGTH

One week

NOTES

- I typically start this assignment the second week of class.
- Try to keep students focused on the financial aspect of their goals. I have students say that their goal is to make better grades. Although that is admirable, it isn't a financial goal.
- If the students have trouble coming up with four goals, encourage them to keep it simple. Saving money for Christmas presents, a new pair of jeans or shoes, a down payment for a car, their first semester of college, or saving money for their first apartment are good examples.
- Most students struggle with putting a dollar value on achieving their goals. This is a wonderful opportunity to discuss saving and budgeting.

- My favorite experience with this project was a dialog with a student about his goal of a spring break trip to Miami. The student's goal was to save \$1,000 for one week in South Beach, with flight, cabs, and incidentals. We had a good time talking about how much a flight would be, how far the airport was from where he wanted to stay, and how expensive food was in that area. We turned it into an opportunity to discuss the research that's needed prior to travel. Don't take for granted that the students have done this before. The next week, the student came to class and had revised his goal to include a beach that was closer to home so he could drive with a group of his friends. I don't want to squash students' dreams, but it's important to show them what it will take to get there.
- Prioritizing the goals is an important piece of this project. When students begin their budget, they will need to incorporate how much they will save to meet their financial goals. This can become tricky, and students need to be able to fall back on what they felt was most important when setting and prioritizing their goals.

PROJECT 2 ASSESSMENT

SETTING FINANCIAL GOALS RUBRIC

This project has a total value of 20 points.

The student did not follow directions. (minus 2)	
The student created four financial goals that were thoughtful and well written. (plus 8) The student created four financial goals but they were not thoughtful or well written. (plus 4)	
The student identified how to achieve the goals. (plus 8) The student partially identified how to achieve the goals. (plus 4) The student did not provide information on how to achieve the goals. (no points)	
The student listed goals in order of importance. (plus 4) The student did not list goals in order of importance. (no points)	
The assignment was late. (loss of one point per day)	
Total	

PROJECT 2 OVERVIEW: SETTING FINANCIAL GOALS

WHAT DO I WANT TO ACCOMPLISH FINANCIALLY?

Setting goals helps you visualize the gap between where you are and where you want to be. In this assignment, you will:

- Identify the purpose of financial goals
- Explore the criteria of a well-written goal
- Formulate four financial goals
- Prioritize your goals

Time-related goals can be sorted into three categories:

- **Short-term** – goals that can be achieved in less than one year
- **Intermediate-term** – goals that can be achieved within one to five years
- **Long-term** – goals that will take more than five years to achieve

If you establish unrealistic short-term goals, you face a high likelihood of failure. Instead, set financial targets that are almost too easy to meet.

ASSIGNMENT INSTRUCTIONS

Use Student Handouts 2B – 2E to fine-tune your financial goals. For each goal, you'll follow these steps:

Step 1: What is your goal?

Step 2: What is the target date for reaching your goal?

Step 3: What is the estimated cost?

Step 4: Can you cut back on current spending to put toward your goal?

Step 5: Can you increase income to put money toward your goal?

Step 6: How much money will you need to save monthly?

Once your goals are clearly identified, you'll prioritize them (using Student Handout 2F). Give priority to paying off high-interest debt. Another way to determine the priority of your goals is to create a list of the benefits that will occur when you reach them. Having goals influences your decisions and helps you stay focused on what is most important to you.

PROJECT 2 ACTIVITY

FINANCIAL GOALS WORKSHEET

Fill out steps one through six below for a **short-term financial goal** you have. Use the worksheet on the next page to complete step 3.

Remember that short-term financial goals can be completed in **less than one year**.

Step 1

•What is your goal? _____

Step 2

•What is the target date for reaching your goal? _____

Step 3

•What is the estimated cost? _____

Step 4

•Can you cut back on current spending to put toward your goal? _____

Step 5

•Can you increase income to put money toward your goal? _____

Step 6

•How much money will you need to save monthly? _____

PROJECT 2 ACTIVITY: FINANCIAL GOALS WORKSHEET (CONTINUED)

To estimate the cost associated with reaching your goal, identify how much each component will cost and then the total amount needed (e.g., for a vacation goal, list the cost of travel, room, food, spending money, etc.).

Estimated Expenses	Cost
Total amount needed:	

PROJECT 2 ACTIVITY: FINANCIAL GOALS WORKSHEET (CONTINUED)

Fill out steps one through six for an **intermediate-term financial goal** you have. Use the worksheet on the next page to complete step 3.

Remember that intermediate-term financial goals can be completed in **between one and five years**.

Step 1	•What is your goal? _____ _____
Step 2	•What is the target date for reaching your goal? _____
Step 3	•What is the estimated cost? _____
Step 4	•Can you cut back on current spending to put toward your goal? _____
Step 5	•Can you increase income to put money toward your goal? _____
Step 6	•How much money will you need to save monthly? _____

PROJECT 2 ACTIVITY: FINANCIAL GOALS WORKSHEET (CONTINUED)

To estimate the cost associated with reaching your goal, identify how much each component will cost and then the total amount needed (e.g., for a vacation goal, list the cost of travel, room, food, spending money, etc.).

Estimated Expenses	Cost
Total amount needed:	

PROJECT 2 ACTIVITY: FINANCIAL GOALS WORKSHEET (CONTINUED)

Fill out steps one through six for a **long-term financial goal** you have. Use the worksheet on the next page to complete the step 3.

Remember that long-term financial goals are projected to be completed in **five years or more**.

Step 1	•What is your goal? _____ _____
Step 2	•What is the target date for reaching your goal? _____
Step 3	•What is the estimated cost? _____
Step 4	•Can you cut back on current spending to put toward your goal? _____
Step 5	•Can you increase income to put money toward your goal? _____
Step 6	•How much money will you need to save monthly? _____

PROJECT 2 ACTIVITY: FINANCIAL GOALS WORKSHEET (CONTINUED)

To estimate the cost associated with reaching your goal, identify how much each component will cost and then the total amount needed (e.g., for a vacation goal, list the cost of travel, room, food, spending money, etc.).

Estimated Expenses	Cost
Total amount needed:	

PROJECT 2 ACTIVITY: FINANCIAL GOALS WORKSHEET (CONTINUED)

Fill out steps one through six below for another financial goal you have. Use the worksheet on the next page to complete the step 3.

Step 1	•What is your goal? _____ _____
Step 2	•What is the target date for reaching your goal? _____
Step 3	•What is the estimated cost? _____
Step 4	•Can you cut back on current spending to put toward your goal? _____
Step 5	•Can you increase income to put money toward your goal? _____
Step 6	•How much money will you need to save monthly? _____

PROJECT 2 ACTIVITY: FINANCIAL GOALS WORKSHEET (CONTINUED)

To estimate the cost associated with reaching your goal, identify how much each component will cost and then the total amount needed (e.g., for a vacation goal, list the cost of travel, room, food, spending money, etc.).

Estimated Expenses	Cost
Total amount needed:	

PROJECT 2 ACTIVITY

FINANCIAL GOAL PRIORITIES EXERCISE

Think of the four financial goals you identified on the Financial Goals Worksheets (Student Handouts 2B – 2E). Which of these is the greatest priority for you to accomplish? List your four financial goals in order of importance below.

	Amount Needed	Date to Achieve Goal	Months to Save	Start Saving Date	Monthly Amount to Save
Goal 1					
Goal 2					
Goal 3					
Goal 4					

PROJECT 3 – CASH FLOW AND BALANCE SHEETS

INSTRUCTOR OVERVIEW

Financial statements are compilations of personal financial data that describe an individual's current financial condition. Financial statements present a summary of assets and liabilities, as well as income and spending.

INSTRUCTIONAL OBJECTIVES

A financial statement captures a person's overall wealth at a specific point in time. In this lesson, students will:

- Define terms associated with financial statements
- Incorporate data into financial statements
- Determine if an item is an asset, liability, or both
- Compare and contrast the benefits of financial statements

CENTRAL QUESTION OR PROBLEM

How do I determine my wealth?

ASSIGNMENT RESOURCES

Students may use any resource to complete this project. Resources could include websites to value assets or personal financial statements.

ASSIGNMENT LENGTH

One week

NOTES

- I incorporated the in-class activity (Student Handouts 3B and 3C) because students were having trouble understanding the concepts in the textbook. I have students work in groups of two to three, with each group sharing a worksheet and a set of scenario cards.
- You will need to make a set of scenario cards for each group of students, or you could simply provide a copy of the cards sheet and have students check them off as they work through them. If you decide to make the card sets, print the cash flow and balance sheet cards on different colors of paper. I use green for the cash flow set and orange for the balance sheet set.
- I give students about 15 minutes to work through the activity and then we discuss. The activity allows them to practice the concepts before applying them to their personal balance sheet. Note that Student Handouts 3D and 3E are answer keys for the two in-class activities. You may wish to distribute the answers when the students have completed the in-class activities and are ready to discuss the process.

- Students have struggled with the idea that an item can be both an asset and a liability. For example a car is an asset, but if there is still a loan balance it is also a liability.
- Students are often surprised at how much wealth they have accumulated.

PROJECT 3 ASSESSMENT

CASH FLOW AND BALANCE SHEET RUBRIC

This project has a total value of 20 points.

The student did not follow directions. (minus 2)	
<p>The student created a cash flow statement that was complete. The cash flow statement provided detail of income and expenses. (plus 10)</p> <p>The student attempted to create a cash flow statement but they were not thorough. (plus 5)</p> <p>The student did not attempt. (0 points)</p>	
<p>The student created a balance sheet that was complete. Detailed information was provided for assets and liabilities. (plus 10)</p> <p>The student attempted to create a balance sheet but they were not thorough. (plus 5)</p> <p>The student did not attempt. (0 points)</p>	
The assignment was late. (loss of one point per day)	
Total	

PROJECT 3 OVERVIEW: CASH FLOW AND BALANCE SHEETS

HOW DO I DETERMINE MY WEALTH?

Financial statements capture your overall wealth at a specific point in time. In this lesson, you will:

- Define terms associated with financial statements
- Incorporate data into financial statements
- Determine if an item is an asset, liability, or both
- Organize personal financial data into a spreadsheet to determine net worth

Financial statements are compilations of personal financial data that describe an individual's current financial condition. They present a summary of assets and liabilities, as well as income and spending.

ASSIGNMENT INSTRUCTIONS

After completing the in-class activities (Student Handouts 3B and 3C), use the answer keys to check your work (Student Handouts 3D and 3E). Once you are comfortable with how to categorize assets, liabilities, income, and expenses, you will use the templates provided (Student Handouts 3F and 3G) to create your own financial statement.

Points to remember:

- A cash flow statement shows how much money has come in as income, and how much money has left in expenses. By subtracting your expenses from your income, you can tell if you have a surplus or a deficit in income.
- Fixed expenses recur at specific intervals. Rent and car payments are examples of fixed expenses. Variable expenses change over time. Examples of variable expenses are food and utilities.
- Once you have completed entering your income and expenses, you will need to determine if you have a monthly surplus (income exceeds expenses) or a deficit (expenses exceed income).
- Having a budget and using a cash flow statement can help you anticipate shortages and surpluses. For example, in December your outflow will be greater than normal because you would like to purchase Christmas gifts. However, in the summer months your cash inflow may be higher because of a summer job. By using a cash flow statement, you can more easily identify the flow of income and expenses.
- A balance sheet is a snapshot of what is happening in your financial life. It covers your overall wealth at a specific point in time. An asset is everything you own that has monetary value. Assets can be classified as monetary (cash or near cash), tangible (personal property) or investment assets (stocks and bonds).

PROJECT 3 OVERVIEW (CONTINUED)

- Liabilities are what you owe. Liabilities can be classified into short-term (debt repaid within one year) or long-term (longer than one year).
- Remember that an asset can also be a liability. For example, a car with a value of \$5,000 would be listed in the asset column. If there were an outstanding loan balance of \$2,500, it would be reflected in the long-term liability column.
- Once you have listed the value of your assets and balances of your liabilities, you will determine your net worth. $\text{Assets} - \text{Liabilities} = \text{Net Worth}$
- By completing a balance sheet, you can easily identify strategies to increase net worth. You should update your balance sheet at least once a year.

PROJECT 3 ACTIVITY

MONTHLY CASH FLOW EXERCISE

Use the following scenario cards to fill out the Monthly Cash Flow Statement worksheet.

You pay a \$150 car payment.	You receive your monthly gross salary of \$2,000.	You pay rent of \$450 per month.	You pay your medical insurance of \$75 a month.
You pay your renter's insurance of \$20.	You pay your car insurance of \$50.	You pay for monthly groceries \$200.	Your monthly utilities are due. You owe \$125.
Your monthly bill for gasoline comes in and you must pay \$75.	It's your mother's birthday. You purchase a \$50 present.	Taxes come out of your paycheck. Federal Tax \$150 State Tax \$50 Social Security \$150	You go to a movie with a friend that costs \$10.
You put \$100 into savings for a vacation at the beach.	You hit a pothole and have a flat tire. You must pay \$75 for a new one.	You go out to dinner with friends. Your bill is \$25.	You find the perfect outfit for your date this weekend. You pay \$100 for the outfit.

PROJECT 3 ACTIVITY: MONTHLY CASH FLOW EXERCISE

MONTHLY CASH FLOW STATEMENT WORKSHEET

Complete this worksheet with the information from the green scenario cards.

Income	
Gross salary	
Total Income	
Expenditures	
Fixed Expenses	
Rent	
Renter's insurance	
Automobile loan payment	
Automobile insurance	
Medical insurance	
Revolving savings fund	
Federal income tax	
State income tax	
Social Security tax	
Total Fixed Expenses	
Variable Expenses	
Food	
Utilities	
Gasoline and maintenance	
Clothing and personal upkeep	
Gifts	
Miscellaneous	
Total Variable Expenses	
Total Expenses	
SURPLUS (DEFICIT)	

PROJECT 3 ACTIVITY

BALANCE SHEET EXERCISE

Use the following scenario cards to fill out the Balance Sheet worksheet.

You have \$1250 in your checking account.

You have \$1750 in your revolving savings account.

You purchased a computer last summer and it is valued at \$500.

You received a graduation gift of a watch and it is valued at \$300.

You purchased new furniture for your apartment. It is valued at \$1,000, but you still owe \$400.

Your car is valued at \$5,000, but you still owe \$1,500.

You owe \$300 on a credit card.

You have put \$1,000 into a Roth IRA.

You participate in your employer's 401k program. You have saved \$5,000.

You need a root canal procedure at your dentist office. You owe \$400.

You just cashed your income tax refund of \$1,000.

You purchased a flat-screen TV that is valued at \$500.

You have \$75 in cash.

You have a student loan balance of \$20,000.

You purchase a condo for \$60,000 and you owe \$45,000.

You and your best friend move into your new condo. They pay you \$450 a month in rent.

PROJECT 3 ACTIVITY: BALANCE SHEET EXERCISE

BALANCE SHEET WORKSHEET

Complete the balance sheet worksheet with the information from the orange scenario cards.

Assets	\$	Liabilities	\$
Monetary Assets		Short-term Liabilities	
Savings account		Credit card	
Checking account		Medical debt	
Cash			
Other			
Total Monetary Assets		Total Short-term Liabilities	
Tangible Assets		Long-term Liabilities	
Computer		Automobile loan	
Jewelry		Home mortgage	
Furniture		Furniture loan	
Automobile		Student loan	
Television			
Home			
Total Tangible Assets		Total Long-term Liabilities	
Investment Assets			
Roth IRA			
401K Retirement Account			
Total Investment Assets			
Total Assets		Total Liabilities	
Assets			
Liabilities			
Net Worth			

PROJECT 3 ACTIVITY

CASH FLOW STATEMENT ANSWER KEY

This chart shows the answers for the worksheet associated with the green cards.

Income	
Gross salary	\$2,000
Total Income	\$2,000
Expenditures	
Fixed Expenses	
Rent	\$450
Renter's insurance	\$20
Automobile loan payment	\$150
Automobile insurance	\$50
Medical insurance	\$75
Revolving savings fund	\$100
Federal income tax	\$150
State income tax	\$50
Social Security tax	\$150
Total Fixed Expenses	\$1,195
Variable Expenses	
Food	$\$200 + \$25 = \$225$
Utilities	\$125
Gasoline and maintenance	$\$75 + \$75 = \$150$
Clothing and personal upkeep	\$100
Gifts	\$50
Miscellaneous	\$10
Total Variable Expenses	\$660
Total Expenses	\$1,855
SURPLUS (DEFICIT)	\$145

PROJECT 3 ACTIVITY

BALANCE SHEET WORKSHEET ANSWER KEY

This chart shows the answers for the worksheet associated with the orange cards.

Assets	\$	Liabilities	\$
Monetary Assets		Short-term Liabilities	
Savings account	\$1,750	Credit card	\$300
Checking account	\$1,250	Medical debt	\$400
Cash	\$1,000 + \$75 = \$1,075		
Other	\$450		
Total Monetary Assets	\$4,525	Total Short-term Liabilities	\$700
Tangible Assets		Long-term Liabilities	
Computer	\$500	Automobile loan	\$1,500
Jewelry	\$300	Home mortgage	\$45,000
Furniture	\$1,000	Furniture loan	\$400
Automobile	\$5,000	Student loan	\$20,000
Television	\$500		
Home	\$60,000		
Total Tangible Assets	\$67,300	Total Long-term Liabilities	\$66,900
Investment Assets	\$1,000		
Roth IRA	\$5,000		
401K Retirement Account			
	\$6,000		
Total Investment Assets	\$1,000		
Total Assets	\$77,825	Total Liabilities	\$67,600
Assets	\$77,825		
Liabilities	\$67,600		
Net Worth	\$10,225		

PROJECT 3 ACTIVITY

MY CASH FLOW STATEMENT

Income		Expenses			
\$		Fixed Expenses	\$	Variable Expenses	\$
Wages #1 (gross)		Rent/Mortgage		Food (home)	
Wages #2 (gross)		Home Insurance		Food (meals away)	
Interest Income		Real Estate Taxes		Food (for entertainment)	
Dividend Income		Vehicle Loan #1		Entertainment	
Sales Commissions		Vehicle Loan #2		Electricity	
Bonuses		Automobile Insurance		Natural Gas	
Tips		Life Insurance		Water/Sewer	
Gifts		Medical Insurance		Garbage Collection	
Tax Refunds		Retirement Fund #1		Cable TV	
Other		Retirement Fund #2		Telephone	
Other		Student Loan Payments		Cell Phone	
Total Income		Federal Income Tax		Medical	
		State Income Taxes		Clothing	
		City Income Taxes		Gifts	
		Social Security Taxes		Personal Care	
		Personal Property Taxes		Personal Allowances	
		Savings #1		Gasoline	
		Savings #2		Vehicle Maintenance	
		Savings #3		Education Expenses	
		Other		Charitable Contributions	
		Other		Other	
		Other		Other	
		Total Fixed Expenses		Other	
				Other	
				Miscellaneous	
				Total Variable Expenses	
				TOTAL EXPENSES	
				SURPLUS (DEFICIT)	

PROJECT 3 ACTIVITY

MY BALANCE SHEET

Assets	\$	Liabilities	\$
Monetary Assets		Short Term Liabilities	
Cash		Credit Card #1	
Checking Account #1		Credit Card #2	
Checking Account #2		Credit Card #3	
Savings Account #1		Credit Card #4	
Savings Account #2		Medical Debts	
Savings Account #3		Past Due Utilities	
Cert. Of Deposit #1		Past Due Rent	
Cert. Of Deposit #2		Personal Loans	
Money Market Acc't		Other	
Other		Other	
Other		Other	
Total Monetary Assets		Total Short Term Liabilities	
Tangible Assets		Long-term Liabilities	
Vehicle #1		Vehicle Loan #1	
Vehicle #2		Vehicle Loan #2	
Home #1		Home Mortgage #1	
Home #2		Home Mortgage #2	
Clothing		Student Loan(s)	
Furniture		Furniture Loans	
Entertainment Electronics		Computer Loans	
Home Appliances & Equip.		Home Appliance Loans	
Computer Equipment		Personal Loans	
Computer Software		Other	
Jewelry		Other	
Recreation Items		Total Long-term Liabilities	
Personal Property		TOTAL LIABILITIES	
Other Tangible Assets			
Total Tangible Assets			

PROJECT 3 ACTIVITY: MY BALANCE SHEET (CONTINUED)

Investment Assets			
Stocks			
Bonds			
Mutual Fund #1			
Mutual Fund #2			
Employer Retirement Account(s)			
IRA Accounts			
Life Ins. Cash Value(s)			
Real Estate Investments			
Collectibles			
Other Investment Assets			
Total Investment Assets			
TOTAL ASSETS		NET WORTH	

PROJECT 4: INCOME TAXES

INSTRUCTOR OVERVIEW

We spend a large part of our work year earning money to pay taxes. We are taxed when we work and often taxed when we make purchases. Besides federal income taxes, we have state taxes, personal property taxes, sales taxes, capital gains taxes, and more.

INSTRUCTIONAL OBJECTIVES

In this lesson, students will:

- Define taxes as compulsory charges imposed by government on its citizens and their property to pay for expenses
- Identify the most common IRS forms (W2 and 1099)
- Complete a Federal 1040EZ and/or 1040A form
- Explain the nature of progressive income taxes and determine marginal tax rate
- Identify appropriate strategies to avoid overpayment of income taxes

CENTRAL QUESTION OR PROBLEM

What can I do to avoid overpayment of income taxes?

ASSIGNMENT RESOURCES

Students will need to use the handouts provided for the in-class activity. They may use all resources at their disposal to complete the take-home assignment.

ASSIGNMENT LENGTH

One week

NOTES

- Students are typically intimidated by the thought of doing their own taxes. Many would prefer to pay a service to complete a 1040EZ. Others have friends or family members complete the forms. This activity is designed to build the students' confidence to complete tax forms themselves.
- We spend time in class discussing tax credits that are available for students. I also discuss tax-deferred savings and investing and how being strategic in contributions to 401k or IRAs can help you keep more of your money.
 - For more information on tax credits for students, I have found this link helpful: www.irs.gov/uac/Tax-Benefits-for-Education:-Information-Center.

- For information on tax deductions, I have found this information helpful:
www.mint.com/blog/investing/7-tips-to-maximizing-the-tax-benefits-of-your-401ks-and-iras
- Students receive Student Handouts 4A and 4B, and we walk through each step. We discuss vocabulary and content found in the personal information, income, payments, credit, and taxes, and refund boxes. Students use math skills to complete the form. They will also need to review the W2 and 1099-INT forms for answers to the questions.
- One of the problems I had in pulling together this project was finding documents that were current. As I explain to the students, tax law changes every year. Most websites are not using current-year data. I found the IRS Understanding Taxes website (<http://apps.irs.gov/app/understandingTaxes/index.jsp>) to be one of the best resources for W2s and 1099-INT documents. I also use the IRS website for forms and publications (<http://www.irs.gov/Forms-&-Pubs>) for up-to-date 1040EZ and 1040A forms.
- I know that there are websites that do much of the calculating automatically, but I have my students do it the old-fashioned way. They must use the tax tables in the back of the handout packet to determine their refunds. I feel that it's important for students to have experience working with the tables, and we don't always have access to our computer lab. I let them use any format (online or electronic) when they complete their project-based piece.
- If I teach this class during the spring semester, I typically give the students a choice to either complete their personal income tax form or use the 1040A scenario. If this class is taught in the fall, I will have all of the students complete the 1040A assignment. The object is to make them feel comfortable enough with the process that they don't pay someone to complete their tax return for them.

PROJECT 4 – ASSESSMENT

INCOME TAXES RUBRIC

This project has a total value of 20 points.

The student did not follow directions. (minus 2)	
The student completed the tax form. (plus 10) The student attempted to complete the form but they were not thorough. (plus 5) The student did not attempt. (0 points)	
The essay was well written. The essay displays clear facility in the use of grammar, mechanics, usage and spelling. The essay is generally free from errors. (plus 6) The essay contained a few mistakes. The essay displays facility in the use of grammar, mechanics, usage, and spelling, though it may contain errors. However, these errors do not overly detract from the overall success of the message. (plus 4) The essay contained many mistakes. The essay displays serious deficiencies in the use of grammar, mechanics, usage, and spelling. The essay contains an accumulation of serious errors in any and/or all these areas. (plus 2)	
The essay answered all questions thoughtfully. The essay contains details that support the author's responses. (plus 4) The essay answered most questions but lacked detail. (plus 3) The essay was vague and lacked detail. (plus 1)	
Total	

Department of the Treasury—Internal Revenue Service		Form 1040EZ		Income Tax Return for Single and Joint Filers With No Dependents (99)		2012		OMB No. 1545-0074	
Your first name and initial Tasha R.			Last name Miller			Your social security number 222 100 2222			
If a joint return, spouse's first name and initial			Last name			Spouse's social security number			
Home address (number and street). If you have a P.O. box, see instructions. 285 Linden Avenue						Apt. no.		▲ Make sure the SSN(s) above are correct.	
City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions). Anywhere, AL 00100						Presidential Election Campaign Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund. <input type="checkbox"/> You <input type="checkbox"/> Spouse			
Foreign country name			Foreign province/state/county			Foreign postal code			
Income Attach Form(s) W-2 here. Enclose, but do not attach, any payment.		1 Wages, salaries, and tips. This should be shown in box 1 of your Form(s) W-2. Attach your Form(s) W-2.						1 36,206.00	
		2 Taxable interest. If the total is over \$1,500, you cannot use Form 1040EZ.						2 43.00	
		3 Unemployment compensation and Alaska Permanent Fund dividends (see instructions).						3 0	
		4 Add lines 1, 2, and 3. This is your adjusted gross income .						4 36,249.00	
		5 If someone can claim you (or your spouse if a joint return) as a dependent, check the applicable box(es) below and enter the amount from the worksheet on back. <input checked="" type="checkbox"/> You <input type="checkbox"/> Spouse If no one can claim you (or your spouse if a joint return), enter \$9,750 if single; \$19,500 if married filing jointly. See back for explanation.						5 9,750.00	
		6 Subtract line 5 from line 4. If line 5 is larger than line 4, enter -0-. This is your taxable income .						6 26,499.00	
Payments, Credits, and Tax		7 Federal income tax withheld from Form(s) W-2 and 1099.						7 4,452.00	
		8a Earned income credit (EIC) (see instructions).						8a	
		b Nontaxable combat pay election. 8b							
		9 Add lines 7 and 8a. These are your total payments and credits .						9 4,452.00	
Refund Have it directly deposited! See instructions and fill in 11b, 11c, and 11d or Form 8888.		10 Tax. Use the amount on line 6 above to find your tax in the tax table in the instructions. Then, enter the tax from the table on this line.						10 3536.00	
		11a If line 9 is larger than line 10, subtract line 10 from line 9. This is your refund . If Form 8888 is attached, check here <input type="checkbox"/>						11a 916.00	
		b Routing number 1123456780 c Type: <input checked="" type="checkbox"/> Checking <input type="checkbox"/> Savings							
Amount You Owe		d Account number 111000123456							
		12 If line 10 is larger than line 9, subtract line 9 from line 10. This is the amount you owe . For details on how to pay, see instructions.						12	
Third Party Designee Sign Here Joint return? See instructions. Keep a copy for your records.		Do you want to allow another person to discuss this return with the IRS (see instructions)? <input type="checkbox"/> Yes. Complete below. <input type="checkbox"/> No							
		Designee's name		Phone no.		Personal identification number (PIN)			
Paid Preparer Use Only		Your signature Tasha R. Miller		Date 4/1/2012		Your occupation Clerical		Daytime phone number 123-456-7891	
		Spouse's signature. If a joint return, both must sign.		Date		Spouse's occupation		If the IRS sent you an Identity Protection PIN, enter it here (see inst.)	
		Print/Type preparer's name		Preparer's signature		Date		Check <input type="checkbox"/> if self-employed PTIN	
		Firm's name		Firm's EIN		Firm's address		Phone no.	

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see instructions.

Cat. No. 11329W

Form 1040EZ (2012)

46

Tax, credits, and payments

22	Enter the amount from line 21 (adjusted gross income).	22	4,821	00
23a	Check <input type="checkbox"/> You were born before January 2, 1947, <input type="checkbox"/> Blind <input type="checkbox"/> Spouse was born before January 2, 1947, <input type="checkbox"/> Blind } Total boxes checked <input type="checkbox"/> 23a			
b	If you are married filing separately and your spouse itemizes deductions, check here <input type="checkbox"/> 23b			
24	Enter your standard deduction .	24	5,800	00
25	Subtract line 24 from line 22. If line 24 is more than line 22, enter -0-.	25	0	00
26	Exemptions. Multiply \$3,700 by the number on line 6d.	26	0	00
27	Subtract line 26 from line 25. If line 26 is more than line 25, enter -0-. This is your taxable income .	27	0	00
28	Tax , including any alternative minimum tax (see instructions).	28	0	00
29	Credit for child and dependent care expenses. Attach Form 2441.	29		
30	Credit for the elderly or the disabled. Attach Schedule R.	30		
31	Education credits from Form 8863, line 23.	31		
32	Retirement savings contributions credit. Attach Form 8880.	32		
33	Child tax credit (see instructions).	33		
34	Add lines 29 through 33. These are your total credits .	34	0	00
35	Subtract line 34 from line 28. If line 34 is more than line 28, enter -0-. This is your total tax .	35	0	00
36	Federal income tax withheld from Forms W-2 and 1099.	36	47	00
37	2011 estimated tax payments and amount applied from 2010 return.	37		
38a	Earned income credit (EIC).	38a		
b	Nontaxable combat pay election.	38b		
39	Additional child tax credit. Attach Form 8812.	39		
40	American opportunity credit from Form 8863, line 14.	40		
41	Add lines 36, 37, 38a, 39, and 40. These are your total payments .	41	47	00
42	If line 41 is more than line 35, subtract line 35 from line 41. This is the amount you overpaid .	42	47	00
43a	Amount of line 42 you want refunded to you . If Form 8888 is attached, check here <input type="checkbox"/> 43a	43a	47	00
b	Routing number <input type="text"/>	c	Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings	
d	Account number <input type="text"/>			
44	Amount of line 42 you want applied to your 2012 estimated tax .	44		
45	Amount you owe. Subtract line 41 from line 35. For details on how to pay, see instructions.	45		
46	Estimated tax penalty (see instructions).	46		

Standard Deduction for—

• People who check any box on line 23a or 23b or who can be claimed as a dependent, see instructions.

• All others:

Single or Married filing separately, \$5,800

Married filing jointly or Qualifying widow(er), \$11,600

Head of household, \$8,500

If you have a qualifying child, attach Schedule EIC.

Refund

Direct deposit? See instructions and fill in 43b, 43c, and 43d or Form 8888.

Amount you owe**Third party designee**

Do you want to allow another person to discuss this return with the IRS (see instructions)? ☐ **Yes**. Complete the following. ☐ **No**

Designee's name Phone no. Personal identification number (PIN)

Sign here

Joint return? See page 13. Keep a copy for your records.

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and accurately list all amounts and sources of income I received during the tax year. Declaration of preparer (other than the taxpayer) is based on all information of which the preparer has any knowledge.

Your signature Date Your occupation Daytime phone number

Spouse's signature. If a joint return, **both** must sign. Date Spouse's occupation

Paid preparer use only

Print/type preparer's name Preparer's signature Date Check ☐ if self-employed ☐ PTIN

Firm's name Firm's EIN

Firm's address Phone no.

PROJECT 4 OVERVIEW: INCOME TAXES

WHAT CAN I DO TO AVOID OVERPAYMENT OF INCOME TAXES?

We spend a large part of our work year earning money to pay taxes. We are taxed when we work and often taxed when we make a purchase. Besides federal income taxes, we have state taxes, personal property taxes, sales taxes, capital gains taxes, and more. In this lesson, you will:

- Define taxes as compulsory charges imposed by government on its citizens and their property to pay for expenses
- Identify the most common IRS forms (W2 and 1099)
- Complete a Federal 1040EZ and/or 1040A form
- Explain the nature of progressive income taxes and determine marginal tax rate
- Identify appropriate strategies to avoid overpayment of income taxes

ASSIGNMENT INSTRUCTIONS

For our classroom assignment, you will complete a Federal 1040EZ tax form. The 1040EZ is for people with no dependents and do not itemize deductions. It is considered one of the simplest tax forms to complete.

Use the information below to complete the boxes in the blank 1040EZ (Student Handout 4B).

1. Your name is Tasha R. Miller and you live at 285 Linden Avenue, Anywhere, Alabama, 00100. Your social security number is 222-00-2222.
2. You choose to decline the Presidential Election Campaign box.
3. You are out of college and have been working at the Job Center. Use your W2 handout to complete line 1 of the 1040EZ form. A W2 is a wage and tax statement sent to you by your employer. It provides documentation of income earned and taxes paid for the tax year.
4. Use your 1099-INT form to complete line 2. The 1099-INT form is documentation of how much interest you earned on a specific account.
5. You did not have unemployment compensation because you were employed full time last year. Put a zero in line 3.
6. Figure your adjusted gross income (the total from lines 1 – 3) and write it on line 4.

PROJECT 4 OVERVIEW (CONTINUED)

A **dependent** is a relative or household member for whom an exemption may be claimed. Exemptions may be claimed for the taxpayer and qualifying dependents, such as a spouse, children, parents, and other dependents earning less than a specific income and from whom the taxpayer provides more than half of their financial support. For example, a husband and wife with two young children would have four exemptions.

7. You are single and no one else can claim you as a dependent.
8. Subtract line 5 from line 4 to find your taxable income. Taxable income is the income upon which income taxes are levied. You are not taxed on 100% of your earning.
9. Use your W2 form to determine how much you paid in Federal income tax. This can be found in box 2.
10. To qualify for the Earned Income Credit, you have to earn less than \$13,980. You do not qualify. Write a zero on line 8a. You did not serve in the military and have no combat pay. Put a zero in line 8b.
11. Add lines 7 and 8 together and place total in line 9.
12. Using the total from line 6, use the tax table attached to find out how much Federal tax you owe for this year. Write the dollar amount on line 10.
13. Subtract line 10 from line 9. Do you receive a refund or do you have to pay?
14. Use the information below for 11b, 11c, and 11d.



15. You can leave line 12 blank.
16. You do not want to allow a third party to discuss the return.
17. Sign, date, indicate your occupation, and list your phone number. You do not have a spouse.

PROJECT 4 OVERVIEW (CONTINUED)

18. You did not pay someone to prepare the return so leave the last boxes empty.

19. Congratulations! You have completed your taxes.

According to the table below, what was Tasha's marginal tax rate? _____

Schedule X—If your filing status is Single			
If your taxable income is:		The tax is:	
Over—	But not over—		of the amount over—
\$0	\$8,500	10%	\$0
8,500	34,500	\$850.00 + 15%	8,500
34,500	83,600	4,750.00 + 25%	34,500
83,600	174,400	17,025.00 + 28%	83,600
174,400	379,150	42,449.00 + 33%	174,400
379,150	-----	110,016.50 + 35%	379,150

Your average tax rate is the proportion of total taxable income earned into your tax liability. (Taxable income can be found on line 6 and your tax liability can be found on line 10.)

What was Tasha's average tax rate? _____

Form

1040EZ

Department of the Treasury—Internal Revenue Service

Income Tax Return for Single and Joint Filers With No Dependents (99)

2012

OMB No. 1545-0074

Your first name and initial

Last name

Your social security number

If a joint return, spouse's first name and initial

Last name

Spouse's social security number

Home address (number and street). If you have a P.O. box, see instructions.

Apt. no.

▲

Make sure the SSN(s) above are correct.

City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions).

Presidential Election Campaign

Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund.

☐ You
☐ Spouse

Foreign country name

Foreign province/state/county

Foreign postal code

Income

Attach Form(s) W-2 here.

Enclose, but do not attach, any payment.

1

Wages, salaries, and tips. This should be shown in box 1 of your Form(s) W-2. Attach your Form(s) W-2.

1

2

Taxable interest. If the total is over \$1,500, you cannot use Form 1040EZ.

2

3

Unemployment compensation and Alaska Permanent Fund dividends (see instructions).

3

4

Add lines 1, 2, and 3. This is your **adjusted gross income**.

4

5

If someone can claim you (or your spouse if a joint return) as a dependent, check the applicable box(es) below and enter the amount from the worksheet on back.

☐ You
☐ Spouse

If no one can claim you (or your spouse if a joint return), enter \$9,750 if **single**; \$19,500 if **married filing jointly**. See back for explanation.

5

6

Subtract line 5 from line 4. If line 5 is larger than line 4, enter -0-.

6

7

Federal income tax withheld from Form(s) W-2 and 1099.

7

8a

Earned income credit (EIC) (see instructions).

8a

b

Nontaxable combat pay election.

8b

9

Add lines 7 and 8a. These are your **total payments and credits**.

9

10

Tax. Use the amount on **line 6 above** to find your tax in the tax table in the instructions. Then, enter the tax from the table on this line.

10

11a

If line 9 is larger than line 10, subtract line 10 from line 9. This is your **refund**. If Form 8888 is attached, check here ☐

11a

b

Routing number

c

Type: ☐ Checking ☐ Savings

d

Account number

12

If line 10 is larger than line 9, subtract line 9 from line 10. This is the **amount you owe**. For details on how to pay, see instructions.

12

Payments, Credits, and Tax

Have it directly deposited! See instructions and fill in 11b, 11c, and 11d or Form 8888.

11a

If line 9 is larger than line 10, subtract line 10 from line 9. This is your **refund**. If Form 8888 is attached, check here ☐

11a

b

Routing number

c

Type: ☐ Checking ☐ Savings

d

Account number

Amount You Owe

12

If line 10 is larger than line 9, subtract line 9 from line 10. This is the **amount you owe**. For details on how to pay, see instructions.

12

Third Party Designee

Do you want to allow another person to discuss this return with the IRS (see instructions)? ☐ Yes. Complete below. ☐ No

Designee's name

Phone no.

Personal identification number (PIN)

Sign Here

Under penalties of perjury, I declare that I have examined this return and, to the best of my knowledge and belief, it is true, correct, and accurately lists all amounts and sources of income I received during the tax year. Declaration of preparer (other than the taxpayer) is based on all information of which the preparer has any knowledge.

Joint return? See instructions.

Keep a copy for your records.

Your signature

Date

Your occupation

Daytime phone number

Spouse's signature. If a joint return, **both** must sign.

Date

Spouse's occupation

If the IRS sent you an Identity Protection PIN, enter it here (see inst.)

Paid Preparer Use Only

Print/Type preparer's name

Preparer's signature

Date

Check ☐ if self-employed

PTIN

Firm's name

Firm's EIN


Firm's address

Phone no.

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see instructions.

Cat. No. 11329W

Form 1040EZ (2012)

a Employee's social security number 222-00-2222		Safe, accurate, FAST! Use  Visit the IRS website at OMB No. 1545-0008 www.irs.gov/efile	
b Employer identification number (EIN) 10-0000003		1 Wages, tips, other compensation \$36,206.00	2 Federal income tax withheld \$4,452.00
c Employer's name, address, and ZIP code JOB CENTER 30 ASH GROVE ANYTOWN, US 00100		3 Social security wages \$36,206.00	4 Social security tax withheld \$1,520.65
		5 Medicare wages and tips \$36,206.00	6 Medicare tax withheld \$521.36
		7 Social security tips	8 Allocated tips
d Control number		9	10 Dependent care benefits
e Employee's first name and initial Last name TASHA R. MILLER 285 LINDEN AVENUE ANYTOWN, US 00100		11 Nonqualified plans	12a See instructions for box 12
		13 Statutory <input type="checkbox"/> Retirement <input type="checkbox"/> Third-party <input type="checkbox"/> Employee Plan Sick pay	12b
		14 Other	12c
			12d
f Employee's address and ZIP code			
15 State Employer's state ID number US 20-0000000	16 State wages, tips, etc. \$36,206.00	17 State income tax \$2,480.12	18 Local wages, tips, etc.
			19 Local income tax
			20 Locality name

Form **W-2** Wage and Tax
Statement

2011

Department of the Treasury—Internal Revenue Service

Copy B—To Be Filed With Employee's FEDERAL Tax Return.
This information is being furnished to the Internal Revenue Service.

☐ CORRECTED (if checked)

PAYER'S name, street address, city, state, ZIP code, and telephone no. FIRST FEDERAL BANK OF ANYTOWN 960 HIGH STREET ANYTOWN, US 00100		Payer's RTN (optional) <div style="font-size: 2em; font-weight: bold; margin: 0;">2011</div>		OMB No. 1545-0112 <div style="font-size: 1.5em; font-weight: bold; margin: 0;">2011</div>	
PAYER'S federal identification number 10-0000002		RECIPIENT'S identification number 222-00-2222		Form 1099-INT	
RECIPIENT'S name TASHA MILLER		1 Interest income \$ 43.00		Interest Income	
Street address (including apt. no.) 285 LINDEN AVENUE		2 Early withdrawal penalty \$			
City, state, and ZIP code ANYTOWN, US 00100		3 Interest on U.S. Savings Bonds and Treas. obligations \$			
Account number (see instructions)		4 Federal income tax withheld \$			
		5 Investment expenses \$			
		6 Foreign tax paid \$		Copy B For Recipient This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.	
		7 Foreign country or U.S. possession			
		8 Tax-exempt interest \$			
		9 Specified private activity bond interest \$			
		10 Tax-exempt bond CUSIP no. (see instructions)			

Worksheet To See if Any of Your Social Security Benefits Are Taxable

Keep for Your Records



Before you begin: ✓ If you are filing a joint return, be sure to include any amounts your spouse received when entering amounts on lines 1, 3, and 4 below.

1. Enter the amount from **box 5** of **all** your **Forms SSA-1099** and **Forms RRB-1099** 1. _____

2. Is the amount on line 1 more than zero?

☐ **No.** None of your social security benefits are taxable.

☐ **Yes.** Enter one-half of line 1 2. _____

3. Enter your total wages, salaries, tips, etc., from Form(s) W-2. Also, include any taxable unemployment compensation and Alaska Permanent Fund dividends you received (see the instructions for Form 1040EZ, line 3, earlier) 3. _____

4. Enter your total interest income, including any tax-exempt interest 4. _____

5. Add lines 2, 3, and 4 5. _____

6. If you are:
 • Single, enter \$25,000
 • Married filing jointly, enter \$32,000 } 6. _____

7. Is the amount on line 6 less than the amount on line 5?

☐ **No.** None of your social security or railroad retirement benefits are taxable this year. You can use Form 1040EZ. **Do not** list your benefits as income.

☐ **Yes.** Some of your benefits are taxable this year. You **must** use Form 1040A or 1040.

8

Lines 8a and 8b, Earned Income Credit (EIC)



For help in determining if you are eligible for the EIC, go to www.irs.gov/eitc and use the "EIC Assistant." This service is available in English and Spanish.

What Is the EIC?

The EIC is a credit for certain people who work. The credit may give you a refund even if you do not owe any tax.

Note. If you have a qualifying child (defined in Step 1, later), you may be able to take the credit, but you must use Schedule EIC and Form 1040A or 1040 to do so. For details, see Pub. 596.

To Take the EIC:

- Follow Steps 1 through 3 next.
- Complete the [Earned Income Credit \(EIC\) Worksheet](#), later, or let the IRS figure the credit for you.



If you take the EIC even though you are not eligible and it is determined that your error is due to reckless or intentional disregard of the EIC rules, you will not be allowed to take the credit for 2 years even if you are otherwise eligible to do so. If you fraudulently take the EIC, you will not be allowed to take the credit for 10 years. See Form 8862, who must file under Definitions and Special Rules, later. You also may have to pay penalties.

Step 1 All Filers

1. Is the amount on Form 1040EZ, line 4, less than \$13,980 (\$19,190 if married filing jointly)?

☐ **Yes.** Go to question 2. ☐ **No.**

You cannot take the credit.

Payments, Credits, and Tax

7 Federal income tax withheld from Form(s) W-2 and 1099 7


8a **Earned income credit (EIC)** (see instructions). 8a

b Nontaxable combat pay election. 8b

9 Add lines 7 and 8a. These are your **total payments and credits**. 9

10 **Tax.** Use the amount on **line 6** above to find your tax in the tax table in the instructions. Then, enter the tax from the table on this line. 10

2. Do you, and your spouse if filing a joint return, have a social security number that allows you to work or is valid for EIC purposes (explained later in [Social security number \(SSN\)](#) under *Definitions and Special Rules*)?

☐ **Yes.** Go to question 3. ☐ **No.** 

You cannot take the credit. Enter "No" in the space to the left of line 8a.

3. Were you, or your spouse if filing a joint return, at least age 25 but under age 65 at the end of 2012? (Check "Yes" if you, or your spouse if filing a joint return, were born after December 31, 1947, and before January 2, 1988). If your spouse died in 2012, see Pub. 596 before you answer.

☐ **Yes.** Go to question 4. ☐ **No.** 

You cannot take the credit.

4. Was your main home, and your spouse's if filing a joint return, in the United States for more than half of 2012? Members of the military stationed outside the United States, see [Members of the military](#) under *Definitions and Special Rules*, later, before you answer.

☐ **Yes.** Go to question 5. ☐ **No.** 

You cannot take the credit. Enter "No" in the space to the left of line 8a.

5. Are you filing a joint return for 2012?

☐ **Yes.** Skip questions 6 and 7; go to Step 2. ☐ **No.** Go to question 6.

6. Look at the qualifying child conditions next. Could you be a qualifying child of another person in 2012? (Check "No" if the other person is not required to file, and is not filing, a 2012 return or is filing a 2012 return only as a [claim for refund](#) (defined under *Definitions and Special Rules*, later.))

☐ **Yes.**  ☐ **No.** Go to question 7.

You cannot take the credit. Enter "No" in the space to the left of line 8a.

A **qualifying child** for the EIC is a child who is your...

Son, daughter, stepchild, foster child, brother, sister, stepbrother, stepsister, half brother, half sister, or a descendant of any of them (for example, your grandchild, niece, or nephew).

AND

was...

Under age 19 at the end of 2012 and younger than you
(or your spouse if filing jointly)

or

Under age 24 at the end of 2012, a [student](#) (defined later), and younger than you (or your spouse if filing jointly)

or

Any age and [permanently and totally disabled](#) (defined later)

AND

Who is not filing a joint return for 2012 or is filing a joint return for 2012 only as a [claim for refund](#) (defined later)

AND

Who lived with you in the United States for more than half of 2012. If the child did not live with you for the required time, see [Exception to time lived with you](#) under *Definitions and Special Rules*, later.



Special rules apply if the child was married or also meets the conditions to be a qualifying child of another person (other than your spouse if filing a joint return). For details, use TeleTax topic 601 or see Pub. 596.

7. Can you be claimed as a dependent on someone else's 2012 tax return?

☐ **Yes.**  ☐ **No.** Go to Step 2.

You cannot take the credit.

Step 2 Earned Income

1. Figure earned income:

Form 1040EZ, line 1

a. **Subtract**, if included in line 1, any:

- Taxable scholarship or fellowship grant not reported on a Form W-2.
- Amount received as a pension or annuity from a nonqualified deferred compensation plan or a nongovernmental section 457 plan (enter "DFC" and the amount subtracted in the space to the left of line 1 on Form 1040EZ). This amount may be shown on your Form W-2 in box 11. If you received such an amount but box 11 is blank, contact your employer for the amount received as a pension or annuity.
- Amount received for work performed while an inmate in a penal institution (enter "PRI" in the space to the left of line 1 on Form 1040EZ).

b. **Add** all of your nontaxable combat pay if you elect to include it in earned income. Also enter this amount on Form 1040EZ, line 8b. See [Combat pay, nontaxable](#) under *Definitions and Special Rules*, later, and the Caution below.



CAUTION Electing to include nontaxable combat pay may increase or decrease your EIC. Figure the credit with and without your nontaxable combat pay before making the election.

Earned Income =

2. Is your earned income less than \$13,980 (\$19,190 if married filing jointly)?

☐ **Yes.** Go to Step 3.

☐ **No.**

You cannot take the credit.

Step 3 How To Figure the Credit

1. Do you want the IRS to figure the credit for you?

☐ **Yes.** See [Credit figured by the IRS](#) under *Definitions and Special Rules*, later.

☐ **No.** Go to the [Earned Income Credit \(EIC\) Worksheet](#).

2012 Tax Table

Example. Mr. Brown is single. His **taxable income** on line 6 of Form 1040EZ is \$26,250. He follows two easy steps to figure his tax: 1. He finds the \$26,250-26,300 taxable income line. 2. He finds the Single filing status column and reads down the column. The **tax** amount shown where the taxable income line and the filing status line meet is \$3,506. He enters this amount on line 10 of Form 1040EZ.

At least	But less than	Single	Married filing jointly
Your tax is—			
26,200	26,250	3,499	3,064
26,250	26,300	3,506	3,071
26,300	26,350	3,514	3,079
26,350	26,400	3,521	3,086

If Form 1040EZ, line 6, is—		And you are—		If Form 1040EZ, line 6, is—		And you are—		If Form 1040EZ, line 6, is—		And you are—		If Form 1040EZ, line 6, is—		And you are—	
At least	But less than	Single	Married filing jointly	At least	But less than	Single	Married filing jointly	At least	But less than	Single	Married filing jointly	At least	But less than	Single	Married filing jointly
		Your tax is—				Your tax is—				Your tax is—				Your tax is—	
		0	0	1,000				2,000				3,000			
0	5	0	0	1,000	1,025	101	101	2,000	2,025	201	201	3,000	3,050	303	303
5	15	1	1	1,025	1,050	104	104	2,025	2,050	204	204	3,050	3,100	308	308
15	25	2	2	1,050	1,075	106	106	2,050	2,075	206	206	3,100	3,150	313	313
25	50	4	4	1,075	1,100	109	109	2,075	2,100	209	209	3,150	3,200	318	318
50	75	6	6	1,100	1,125	111	111	2,100	2,125	211	211	3,200	3,250	323	323
75	100	9	9	1,125	1,150	114	114	2,125	2,150	214	214	3,250	3,300	328	328
100	125	11	11	1,150	1,175	116	116	2,150	2,175	216	216	3,300	3,350	333	333
125	150	14	14	1,175	1,200	119	119	2,175	2,200	219	219	3,350	3,400	338	338
150	175	16	16	1,200	1,225	121	121	2,200	2,225	221	221	3,400	3,450	343	343
175	200	19	19	1,225	1,250	124	124	2,225	2,250	224	224	3,450	3,500	348	348
200	225	21	21	1,250	1,275	126	126	2,250	2,275	226	226	3,500	3,550	353	353
225	250	24	24	1,275	1,300	129	129	2,275	2,300	229	229	3,550	3,600	358	358
250	275	26	26	1,300	1,325	131	131	2,300	2,325	231	231	3,600	3,650	363	363
275	300	29	29	1,325	1,350	134	134	2,325	2,350	234	234	3,650	3,700	368	368
300	325	31	31	1,350	1,375	136	136	2,350	2,375	236	236	3,700	3,750	373	373
325	350	34	34	1,375	1,400	139	139	2,375	2,400	239	239	3,750	3,800	378	378
350	375	36	36	1,400	1,425	141	141	2,400	2,425	241	241	3,800	3,850	383	383
375	400	39	39	1,425	1,450	144	144	2,425	2,450	244	244	3,850	3,900	388	388
400	425	41	41	1,450	1,475	146	146	2,450	2,475	246	246	3,900	3,950	393	393
425	450	44	44	1,475	1,500	149	149	2,475	2,500	249	249	3,950	4,000	398	398
450	475	46	46	1,500	1,525	151	151	2,500	2,525	251	251	4,000			
475	500	49	49	1,525	1,550	154	154	2,525	2,550	254	254	4,000	4,050	403	403
500	525	51	51	1,550	1,575	156	156	2,550	2,575	256	256	4,050	4,100	408	408
525	550	54	54	1,575	1,600	159	159	2,575	2,600	259	259	4,100	4,150	413	413
550	575	56	56	1,600	1,625	161	161	2,600	2,625	261	261	4,150	4,200	418	418
575	600	59	59	1,625	1,650	164	164	2,625	2,650	264	264	4,200	4,250	423	423
600	625	61	61	1,650	1,675	166	166	2,650	2,675	266	266	4,250	4,300	428	428
625	650	64	64	1,675	1,700	169	169	2,675	2,700	269	269	4,300	4,350	433	433
650	675	66	66	1,700	1,725	171	171	2,700	2,725	271	271	4,350	4,400	438	438
675	700	69	69	1,725	1,750	174	174	2,725	2,750	274	274	4,400	4,450	443	443
700	725	71	71	1,750	1,775	176	176	2,750	2,775	276	276	4,450	4,500	448	448
725	750	74	74	1,775	1,800	179	179	2,775	2,800	279	279	4,500	4,550	453	453
750	775	76	76	1,800	1,825	181	181	2,800	2,825	281	281	4,550	4,600	458	458
775	800	79	79	1,825	1,850	184	184	2,825	2,850	284	284	4,600	4,650	463	463
800	825	81	81	1,850	1,875	186	186	2,850	2,875	286	286	4,650	4,700	468	468
825	850	84	84	1,875	1,900	189	189	2,875	2,900	289	289	4,700	4,750	473	473
850	875	86	86	1,900	1,925	191	191	2,900	2,925	291	291	4,750	4,800	478	478
875	900	89	89	1,925	1,950	194	194	2,925	2,950	294	294	4,800	4,850	483	483
900	925	91	91	1,950	1,975	196	196	2,950	2,975	296	296	4,850	4,900	488	488
925	950	94	94	1,975	2,000	199	199	2,975	3,000	299	299	4,900	4,950	493	493
950	975	96	96									4,950	5,000	498	498
975	1,000	99	99												

(Continued)

If Form 1040EZ, line 6, is—		And you are—		If Form 1040EZ, line 6, is—		And you are—		If Form 1040EZ, line 6, is—		And you are—		If Form 1040EZ, line 6, is—		And you are—	
At least	But less than	Single	Married filing jointly	At least	But less than	Single	Married filing jointly	At least	But less than	Single	Married filing jointly	At least	But less than	Single	Married filing jointly
Your tax is—				Your tax is—				Your tax is—				Your tax is—			
5,000				8,000				11,000				14,000			
5,000	5,050	503	503	8,000	8,050	803	803	11,000	11,050	1,219	1,103	14,000	14,050	1,669	1,403
5,050	5,100	508	508	8,050	8,100	808	808	11,050	11,100	1,226	1,108	14,050	14,100	1,676	1,408
5,100	5,150	513	513	8,100	8,150	813	813	11,100	11,150	1,234	1,113	14,100	14,150	1,684	1,413
5,150	5,200	518	518	8,150	8,200	818	818	11,150	11,200	1,241	1,118	14,150	14,200	1,691	1,418
5,200	5,250	523	523	8,200	8,250	823	823	11,200	11,250	1,249	1,123	14,200	14,250	1,699	1,423
5,250	5,300	528	528	8,250	8,300	828	828	11,250	11,300	1,256	1,128	14,250	14,300	1,706	1,428
5,300	5,350	533	533	8,300	8,350	833	833	11,300	11,350	1,264	1,133	14,300	14,350	1,714	1,433
5,350	5,400	538	538	8,350	8,400	838	838	11,350	11,400	1,271	1,138	14,350	14,400	1,721	1,438
5,400	5,450	543	543	8,400	8,450	843	843	11,400	11,450	1,279	1,143	14,400	14,450	1,729	1,443
5,450	5,500	548	548	8,450	8,500	848	848	11,450	11,500	1,286	1,148	14,450	14,500	1,736	1,448
5,500	5,550	553	553	8,500	8,550	853	853	11,500	11,550	1,294	1,153	14,500	14,550	1,744	1,453
5,550	5,600	558	558	8,550	8,600	858	858	11,550	11,600	1,301	1,158	14,550	14,600	1,751	1,458
5,600	5,650	563	563	8,600	8,650	863	863	11,600	11,650	1,309	1,163	14,600	14,650	1,759	1,463
5,650	5,700	568	568	8,650	8,700	868	868	11,650	11,700	1,316	1,168	14,650	14,700	1,766	1,468
5,700	5,750	573	573	8,700	8,750	874	873	11,700	11,750	1,324	1,173	14,700	14,750	1,774	1,473
5,750	5,800	578	578	8,750	8,800	881	878	11,750	11,800	1,331	1,178	14,750	14,800	1,781	1,478
5,800	5,850	583	583	8,800	8,850	889	883	11,800	11,850	1,339	1,183	14,800	14,850	1,789	1,483
5,850	5,900	588	588	8,850	8,900	896	888	11,850	11,900	1,346	1,188	14,850	14,900	1,796	1,488
5,900	5,950	593	593	8,900	8,950	904	893	11,900	11,950	1,354	1,193	14,900	14,950	1,804	1,493
5,950	6,000	598	598	8,950	9,000	911	898	11,950	12,000	1,361	1,198	14,950	15,000	1,811	1,498
6,000				9,000				12,000				15,000			
6,000	6,050	603	603	9,000	9,050	919	903	12,000	12,050	1,369	1,203	15,000	15,050	1,819	1,503
6,050	6,100	608	608	9,050	9,100	926	908	12,050	12,100	1,376	1,208	15,050	15,100	1,826	1,508
6,100	6,150	613	613	9,100	9,150	934	913	12,100	12,150	1,384	1,213	15,100	15,150	1,834	1,513
6,150	6,200	618	618	9,150	9,200	941	918	12,150	12,200	1,391	1,218	15,150	15,200	1,841	1,518
6,200	6,250	623	623	9,200	9,250	949	923	12,200	12,250	1,399	1,223	15,200	15,250	1,849	1,523
6,250	6,300	628	628	9,250	9,300	956	928	12,250	12,300	1,406	1,228	15,250	15,300	1,856	1,528
6,300	6,350	633	633	9,300	9,350	964	933	12,300	12,350	1,414	1,233	15,300	15,350	1,864	1,533
6,350	6,400	638	638	9,350	9,400	971	938	12,350	12,400	1,421	1,238	15,350	15,400	1,871	1,538
6,400	6,450	643	643	9,400	9,450	979	943	12,400	12,450	1,429	1,243	15,400	15,450	1,879	1,543
6,450	6,500	648	648	9,450	9,500	986	948	12,450	12,500	1,436	1,248	15,450	15,500	1,886	1,548
6,500	6,550	653	653	9,500	9,550	994	953	12,500	12,550	1,444	1,253	15,500	15,550	1,894	1,553
6,550	6,600	658	658	9,550	9,600	1,001	958	12,550	12,600	1,451	1,258	15,550	15,600	1,901	1,558
6,600	6,650	663	663	9,600	9,650	1,009	963	12,600	12,650	1,459	1,263	15,600	15,650	1,909	1,563
6,650	6,700	668	668	9,650	9,700	1,016	968	12,650	12,700	1,466	1,268	15,650	15,700	1,916	1,568
6,700	6,750	673	673	9,700	9,750	1,024	973	12,700	12,750	1,474	1,273	15,700	15,750	1,924	1,573
6,750	6,800	678	678	9,750	9,800	1,031	978	12,750	12,800	1,481	1,278	15,750	15,800	1,931	1,578
6,800	6,850	683	683	9,800	9,850	1,039	983	12,800	12,850	1,489	1,283	15,800	15,850	1,939	1,583
6,850	6,900	688	688	9,850	9,900	1,046	988	12,850	12,900	1,496	1,288	15,850	15,900	1,946	1,588
6,900	6,950	693	693	9,900	9,950	1,054	993	12,900	12,950	1,504	1,293	15,900	15,950	1,954	1,593
6,950	7,000	698	698	9,950	10,000	1,061	998	12,950	13,000	1,511	1,298	15,950	16,000	1,961	1,598
7,000				10,000				13,000				16,000			
7,000	7,050	703	703	10,000	10,050	1,069	1,003	13,000	13,050	1,519	1,303	16,000	16,050	1,969	1,603
7,050	7,100	708	708	10,050	10,100	1,076	1,008	13,050	13,100	1,526	1,308	16,050	16,100	1,976	1,608
7,100	7,150	713	713	10,100	10,150	1,084	1,013	13,100	13,150	1,534	1,313	16,100	16,150	1,984	1,613
7,150	7,200	718	718	10,150	10,200	1,091	1,018	13,150	13,200	1,541	1,318	16,150	16,200	1,991	1,618
7,200	7,250	723	723	10,200	10,250	1,099	1,023	13,200	13,250	1,549	1,323	16,200	16,250	1,999	1,623
7,250	7,300	728	728	10,250	10,300	1,106	1,028	13,250	13,300	1,556	1,328	16,250	16,300	2,006	1,628
7,300	7,350	733	733	10,300	10,350	1,114	1,033	13,300	13,350	1,564	1,333	16,300	16,350	2,014	1,633
7,350	7,400	738	738	10,350	10,400	1,121	1,038	13,350	13,400	1,571	1,338	16,350	16,400	2,021	1,638
7,400	7,450	743	743	10,400	10,450	1,129	1,043	13,400	13,450	1,579	1,343	16,400	16,450	2,029	1,643
7,450	7,500	748	748	10,450	10,500	1,136	1,048	13,450	13,500	1,586	1,348	16,450	16,500	2,036	1,648
7,500	7,550	753	753	10,500	10,550	1,144	1,053	13,500	13,550	1,594	1,353	16,500	16,550	2,044	1,653
7,550	7,600	758	758	10,550	10,600	1,151	1,058	13,550	13,600	1,601	1,358	16,550	16,600	2,051	1,658
7,600	7,650	763	763	10,600	10,650	1,159	1,063	13,600	13,650	1,609	1,363	16,600	16,650	2,059	1,663
7,650	7,700	768	768	10,650	10,700	1,166	1,068	13,650	13,700	1,616	1,368	16,650	16,700	2,066	1,668
7,700	7,750	773	773	10,700	10,750	1,174	1,073	13,700	13,750	1,624	1,373	16,700	16,750	2,074	1,673
7,750	7,800	778	778	10,750	10,800	1,181	1,078	13,750	13,800	1,631	1,378	16,750	16,800	2,081	1,678
7,800	7,850	783	783	10,800	10,850	1,189	1,083	13,800	13,850	1,639	1,383	16,800	16,850	2,089	1,683
7,850	7,900	788	788	10,850	10,900	1,196	1,088	13,850	13,900	1,646	1,388	16,850	16,900	2,096	1,688
7,900	7,950	793	793	10,900	10,950	1,204	1,093	13,900	13,950	1,654	1,393	16,900	16,950	2,104	1,693
7,950	8,000	798	798	10,950	11,000	1,211	1,098	13,950	14,000	1,661	1,398	16,950	17,000	2,111	1,698

(Continued)

If Form 1040EZ, line 6, is—		And you are—		If Form 1040EZ, line 6, is—		And you are—		If Form 1040EZ, line 6, is—		And you are—		If Form 1040EZ, line 6, is—		And you are—	
At least	But less than	Single	Married filing jointly	At least	But less than	Single	Married filing jointly	At least	But less than	Single	Married filing jointly	At least	But less than	Single	Married filing jointly
Your tax is—				Your tax is—				Your tax is—				Your tax is—			
17,000				20,000				23,000				26,000			
17,000	17,050	2,119	1,703	20,000	20,050	2,569	2,134	23,000	23,050	3,019	2,584	26,000	26,050	3,469	3,034
17,050	17,100	2,126	1,708	20,050	20,100	2,576	2,141	23,050	23,100	3,026	2,591	26,050	26,100	3,476	3,041
17,100	17,150	2,134	1,713	20,100	20,150	2,584	2,149	23,100	23,150	3,034	2,599	26,100	26,150	3,484	3,049
17,150	17,200	2,141	1,718	20,150	20,200	2,591	2,156	23,150	23,200	3,041	2,606	26,150	26,200	3,491	3,056
17,200	17,250	2,149	1,723	20,200	20,250	2,599	2,164	23,200	23,250	3,049	2,614	26,200	26,250	3,499	3,064
17,250	17,300	2,156	1,728	20,250	20,300	2,606	2,171	23,250	23,300	3,056	2,621	26,250	26,300	3,506	3,071
17,300	17,350	2,164	1,733	20,300	20,350	2,614	2,179	23,300	23,350	3,064	2,629	26,300	26,350	3,514	3,079
17,350	17,400	2,171	1,738	20,350	20,400	2,621	2,186	23,350	23,400	3,071	2,636	26,350	26,400	3,521	3,086
17,400	17,450	2,179	1,744	20,400	20,450	2,629	2,194	23,400	23,450	3,079	2,644	26,400	26,450	3,529	3,094
17,450	17,500	2,186	1,751	20,450	20,500	2,636	2,201	23,450	23,500	3,086	2,651	26,450	26,500	3,536	3,101
17,500	17,550	2,194	1,759	20,500	20,550	2,644	2,209	23,500	23,550	3,094	2,659	26,500	26,550	3,544	3,109
17,550	17,600	2,201	1,766	20,550	20,600	2,651	2,216	23,550	23,600	3,101	2,666	26,550	26,600	3,551	3,116
17,600	17,650	2,209	1,774	20,600	20,650	2,659	2,224	23,600	23,650	3,109	2,674	26,600	26,650	3,559	3,124
17,650	17,700	2,216	1,781	20,650	20,700	2,666	2,231	23,650	23,700	3,116	2,681	26,650	26,700	3,566	3,131
17,700	17,750	2,224	1,789	20,700	20,750	2,674	2,239	23,700	23,750	3,124	2,689	26,700	26,750	3,574	3,139
17,750	17,800	2,231	1,796	20,750	20,800	2,681	2,246	23,750	23,800	3,131	2,696	26,750	26,800	3,581	3,146
17,800	17,850	2,239	1,804	20,800	20,850	2,689	2,254	23,800	23,850	3,139	2,704	26,800	26,850	3,589	3,154
17,850	17,900	2,246	1,811	20,850	20,900	2,696	2,261	23,850	23,900	3,146	2,711	26,850	26,900	3,596	3,161
17,900	17,950	2,254	1,819	20,900	20,950	2,704	2,269	23,900	23,950	3,154	2,719	26,900	26,950	3,604	3,169
17,950	18,000	2,261	1,826	20,950	21,000	2,711	2,276	23,950	24,000	3,161	2,726	26,950	27,000	3,611	3,176
18,000				21,000				24,000				27,000			
18,000	18,050	2,269	1,834	21,000	21,050	2,719	2,284	24,000	24,050	3,169	2,734	27,000	27,050	3,619	3,184
18,050	18,100	2,276	1,841	21,050	21,100	2,726	2,291	24,050	24,100	3,176	2,741	27,050	27,100	3,626	3,191
18,100	18,150	2,284	1,849	21,100	21,150	2,734	2,299	24,100	24,150	3,184	2,749	27,100	27,150	3,634	3,199
18,150	18,200	2,291	1,856	21,150	21,200	2,741	2,306	24,150	24,200	3,191	2,756	27,150	27,200	3,641	3,206
18,200	18,250	2,299	1,864	21,200	21,250	2,749	2,314	24,200	24,250	3,199	2,764	27,200	27,250	3,649	3,214
18,250	18,300	2,306	1,871	21,250	21,300	2,756	2,321	24,250	24,300	3,206	2,771	27,250	27,300	3,656	3,221
18,300	18,350	2,314	1,879	21,300	21,350	2,764	2,329	24,300	24,350	3,214	2,779	27,300	27,350	3,664	3,229
18,350	18,400	2,321	1,886	21,350	21,400	2,771	2,336	24,350	24,400	3,221	2,786	27,350	27,400	3,671	3,236
18,400	18,450	2,329	1,894	21,400	21,450	2,779	2,344	24,400	24,450	3,229	2,794	27,400	27,450	3,679	3,244
18,450	18,500	2,336	1,901	21,450	21,500	2,786	2,351	24,450	24,500	3,236	2,801	27,450	27,500	3,686	3,251
18,500	18,550	2,344	1,909	21,500	21,550	2,794	2,359	24,500	24,550	3,244	2,809	27,500	27,550	3,694	3,259
18,550	18,600	2,351	1,916	21,550	21,600	2,801	2,366	24,550	24,600	3,251	2,816	27,550	27,600	3,701	3,266
18,600	18,650	2,359	1,924	21,600	21,650	2,809	2,374	24,600	24,650	3,259	2,824	27,600	27,650	3,709	3,274
18,650	18,700	2,366	1,931	21,650	21,700	2,816	2,381	24,650	24,700	3,266	2,831	27,650	27,700	3,716	3,281
18,700	18,750	2,374	1,939	21,700	21,750	2,824	2,389	24,700	24,750	3,274	2,839	27,700	27,750	3,724	3,289
18,750	18,800	2,381	1,946	21,750	21,800	2,831	2,396	24,750	24,800	3,281	2,846	27,750	27,800	3,731	3,296
18,800	18,850	2,389	1,954	21,800	21,850	2,839	2,404	24,800	24,850	3,289	2,854	27,800	27,850	3,739	3,304
18,850	18,900	2,396	1,961	21,850	21,900	2,846	2,411	24,850	24,900	3,296	2,861	27,850	27,900	3,746	3,311
18,900	18,950	2,404	1,969	21,900	21,950	2,854	2,419	24,900	24,950	3,304	2,869	27,900	27,950	3,754	3,319
18,950	19,000	2,411	1,976	21,950	22,000	2,861	2,426	24,950	25,000	3,311	2,876	27,950	28,000	3,761	3,326
19,000				22,000				25,000				28,000			
19,000	19,050	2,419	1,984	22,000	22,050	2,869	2,434	25,000	25,050	3,319	2,884	28,000	28,050	3,769	3,334
19,050	19,100	2,426	1,991	22,050	22,100	2,876	2,441	25,050	25,100	3,326	2,891	28,050	28,100	3,776	3,341
19,100	19,150	2,434	1,999	22,100	22,150	2,884	2,449	25,100	25,150	3,334	2,899	28,100	28,150	3,784	3,349
19,150	19,200	2,441	2,006	22,150	22,200	2,891	2,456	25,150	25,200	3,341	2,906	28,150	28,200	3,791	3,356
19,200	19,250	2,449	2,014	22,200	22,250	2,899	2,464	25,200	25,250	3,349	2,914	28,200	28,250	3,799	3,364
19,250	19,300	2,456	2,021	22,250	22,300	2,906	2,471	25,250	25,300	3,356	2,921	28,250	28,300	3,806	3,371
19,300	19,350	2,464	2,029	22,300	22,350	2,914	2,479	25,300	25,350	3,364	2,929	28,300	28,350	3,814	3,379
19,350	19,400	2,471	2,036	22,350	22,400	2,921	2,486	25,350	25,400	3,371	2,936	28,350	28,400	3,821	3,386
19,400	19,450	2,479	2,044	22,400	22,450	2,929	2,494	25,400	25,450	3,379	2,944	28,400	28,450	3,829	3,394
19,450	19,500	2,486	2,051	22,450	22,500	2,936	2,501	25,450	25,500	3,386	2,951	28,450	28,500	3,836	3,401
19,500	19,550	2,494	2,059	22,500	22,550	2,944	2,509	25,500	25,550	3,394	2,959	28,500	28,550	3,844	3,409
19,550	19,600	2,501	2,066	22,550	22,600	2,951	2,516	25,550	25,600	3,401	2,966	28,550	28,600	3,851	3,416
19,600	19,650	2,509	2,074	22,600	22,650	2,959	2,524	25,600	25,650	3,409	2,974	28,600	28,650	3,859	3,424
19,650	19,700	2,516	2,081	22,650	22,700	2,966	2,531	25,650	25,700	3,416	2,981	28,650	28,700	3,866	3,431
19,700	19,750	2,524	2,089	22,700	22,750	2,974	2,539	25,700	25,750	3,424	2,989	28,700	28,750	3,874	3,439
19,750	19,800	2,531	2,096	22,750	22,800	2,981	2,546	25,750	25,800	3,431	2,996	28,750	28,800	3,881	3,446
19,800	19,850	2,539	2,104	22,800	22,850	2,989	2,554	25,800	25,850	3,439	3,004	28,800	28,850	3,889	3,454
19,850	19,900	2,546	2,111	22,850	22,900	2,996	2,561	25,850	25,900	3,446	3,011	28,850	28,900	3,896	3,461
19,900	19,950	2,554	2,119	22,900	22,950	3,004	2,569	25,900	25,950	3,454	3,019	28,900	28,950	3,904	3,469
19,950	20,000	2,561	2,126	22,950	23,000	3,011	2,576	25,950	26,000	3,461	3,026	28,950	29,000	3,911	3,476

(Continued)

If Form 1040EZ, line 6, is—				And you are—			
At least	But less than	Single	Married filing jointly	At least	But less than	Single	Married filing jointly
Your tax is—				Your tax is—			
29,000				32,000			
29,000	29,050	3,919	3,484	32,000	32,050	4,369	3,934
29,050	29,100	3,926	3,491	32,050	32,100	4,376	3,941
29,100	29,150	3,934	3,499	32,100	32,150	4,384	3,949
29,150	29,200	3,941	3,506	32,150	32,200	4,391	3,956
29,200	29,250	3,949	3,514	32,200	32,250	4,399	3,964
29,250	29,300	3,956	3,521	32,250	32,300	4,406	3,971
29,300	29,350	3,964	3,529	32,300	32,350	4,414	3,979
29,350	29,400	3,971	3,536	32,350	32,400	4,421	3,986
29,400	29,450	3,979	3,544	32,400	32,450	4,429	3,994
29,450	29,500	3,986	3,551	32,450	32,500	4,436	4,001
29,500	29,550	3,994	3,559	32,500	32,550	4,444	4,009
29,550	29,600	4,001	3,566	32,550	32,600	4,451	4,016
29,600	29,650	4,009	3,574	32,600	32,650	4,459	4,024
29,650	29,700	4,016	3,581	32,650	32,700	4,466	4,031
29,700	29,750	4,024	3,589	32,700	32,750	4,474	4,039
29,750	29,800	4,031	3,596	32,750	32,800	4,481	4,046
29,800	29,850	4,039	3,604	32,800	32,850	4,489	4,054
29,850	29,900	4,046	3,611	32,850	32,900	4,496	4,061
29,900	29,950	4,054	3,619	32,900	32,950	4,504	4,069
29,950	30,000	4,061	3,626	32,950	33,000	4,511	4,076
30,000				33,000			
30,000	30,050	4,069	3,634	33,000	33,050	4,519	4,084
30,050	30,100	4,076	3,641	33,050	33,100	4,526	4,091
30,100	30,150	4,084	3,649	33,100	33,150	4,534	4,099
30,150	30,200	4,091	3,656	33,150	33,200	4,541	4,106
30,200	30,250	4,099	3,664	33,200	33,250	4,549	4,114
30,250	30,300	4,106	3,671	33,250	33,300	4,556	4,121
30,300	30,350	4,114	3,679	33,300	33,350	4,564	4,129
30,350	30,400	4,121	3,686	33,350	33,400	4,571	4,136
30,400	30,450	4,129	3,694	33,400	33,450	4,579	4,144
30,450	30,500	4,136	3,701	33,450	33,500	4,586	4,151
30,500	30,550	4,144	3,709	33,500	33,550	4,594	4,159
30,550	30,600	4,151	3,716	33,550	33,600	4,601	4,166
30,600	30,650	4,159	3,724	33,600	33,650	4,609	4,174
30,650	30,700	4,166	3,731	33,650	33,700	4,616	4,181
30,700	30,750	4,174	3,739	33,700	33,750	4,624	4,189
30,750	30,800	4,181	3,746	33,750	33,800	4,631	4,196
30,800	30,850	4,189	3,754	33,800	33,850	4,639	4,204
30,850	30,900	4,196	3,761	33,850	33,900	4,646	4,211
30,900	30,950	4,204	3,769	33,900	33,950	4,654	4,219
30,950	31,000	4,211	3,776	33,950	34,000	4,661	4,226
31,000				34,000			
31,000	31,050	4,219	3,784	34,000	34,050	4,669	4,234
31,050	31,100	4,226	3,791	34,050	34,100	4,676	4,241
31,100	31,150	4,234	3,799	34,100	34,150	4,684	4,249
31,150	31,200	4,241	3,806	34,150	34,200	4,691	4,256
31,200	31,250	4,249	3,814	34,200	34,250	4,699	4,264
31,250	31,300	4,256	3,821	34,250	34,300	4,706	4,271
31,300	31,350	4,264	3,829	34,300	34,350	4,714	4,279
31,350	31,400	4,271	3,836	34,350	34,400	4,721	4,286
31,400	31,450	4,279	3,844	34,400	34,450	4,729	4,294
31,450	31,500	4,286	3,851	34,450	34,500	4,736	4,301
31,500	31,550	4,294	3,859	34,500	34,550	4,744	4,309
31,550	31,600	4,301	3,866	34,550	34,600	4,751	4,316
31,600	31,650	4,309	3,874	34,600	34,650	4,759	4,324
31,650	31,700	4,316	3,881	34,650	34,700	4,766	4,331
31,700	31,750	4,324	3,889	34,700	34,750	4,774	4,339
31,750	31,800	4,331	3,896	34,750	34,800	4,781	4,346
31,800	31,850	4,339	3,904	34,800	34,850	4,789	4,354
31,850	31,900	4,346	3,911	34,850	34,900	4,796	4,361
31,900	31,950	4,354	3,919	34,900	34,950	4,804	4,369
31,950	32,000	4,361	3,926	34,950	35,000	4,811	4,376
35,000				36,000			
35,000	35,050	4,819	4,384	36,000	36,050	5,036	4,534
35,050	35,100	4,826	4,391	36,050	36,100	5,049	4,541
35,100	35,150	4,834	4,399	36,100	36,150	5,061	4,549
35,150	35,200	4,841	4,406	36,150	36,200	5,074	4,556
35,200	35,250	4,849	4,414	36,200	36,250	5,086	4,564
35,250	35,300	4,856	4,421	36,250	36,300	5,099	4,571
35,300	35,350	4,864	4,429	36,300	36,350	5,111	4,579
35,350	35,400	4,874	4,436	36,350	36,400	5,124	4,586
35,400	35,450	4,886	4,444	36,400	36,450	5,136	4,594
35,450	35,500	4,899	4,451	36,450	36,500	5,149	4,601
35,500	35,550	4,911	4,459	36,500	36,550	5,161	4,609
35,550	35,600	4,924	4,466	36,550	36,600	5,174	4,616
35,600	35,650	4,936	4,474	36,600	36,650	5,186	4,624
35,650	35,700	4,949	4,481	36,650	36,700	5,199	4,631
35,700	35,750	4,961	4,489	36,700	36,750	5,211	4,639
35,750	35,800	4,974	4,496	36,750	36,800	5,224	4,646
35,800	35,850	4,986	4,504	36,800	36,850	5,236	4,654
35,850	35,900	4,999	4,511	36,850	36,900	5,249	4,661
35,900	35,950	5,011	4,519	36,900	36,950	5,261	4,669
35,950	36,000	5,024	4,526	36,950	37,000	5,274	4,676
38,000				39,000			
38,000	38,050	5,536	4,834	39,000	39,050	5,786	4,984
38,050	38,100	5,549	4,841	39,050	39,100	5,799	4,991
38,100	38,150	5,561	4,849	39,100	39,150	5,811	4,999
38,150	38,200	5,574	4,856	39,150	39,200	5,824	5,006
38,200	38,250	5,586	4,864	39,200	39,250	5,836	5,014
38,250	38,300	5,599	4,871	39,250	39,300	5,849	5,021
38,300	38,350	5,611	4,879	39,300	39,350	5,861	5,029
38,350	38,400	5,624	4,886	39,350	39,400	5,874	5,036
38,400	38,450	5,636	4,894	39,400	39,450	5,886	5,044
38,450	38,500	5,649	4,901	39,450	39,500	5,899	5,051
38,500	38,550	5,661	4,909	39,500	39,550	5,911	5,059
38,550	38,600	5,674	4,916	39,550	39,600	5,924	5,066
38,600	38,650	5,686	4,924	39,600	39,650	5,936	5,074
38,650	38,700	5,699	4,931	39,650	39,700	5,949	5,081
38,700	38,750	5,711	4,939	39,700	39,750	5,961	5,089
38,750	38,800	5,724	4,946	39,750	39,800	5,974	5,096
38,800	38,850	5,736	4,954	39,800	39,850	5,986	5,104
38,850	38,900	5,749	4,961	39,850	39,900	5,999	5,111
38,900	38,950	5,761	4,969	39,900	39,950	6,011	5,119
38,950	39,000	5,774	4,976	39,950	40,000	6,024	5,126
36,000				37,000			
36,000	36,050	5,036	4,534	37,000	37,050	5,286	4,684
36,050	36,100	5,049	4,541	37,050	37,100	5,299	4,691
36,100	36,150	5,061	4,549	37,100	37,150	5,311	4,699
36,150	36,200	5,074	4,556	37,150	37,200	5,324	4,706
36,200	36,250	5,086	4,564	37,200	37,250	5,336	4,714
36,250	36,300	5,099	4,571	37,250	37,300	5,349	4,721
36,300	36,350	5,111	4,579	37,300	37,350	5,361	4,729
36,350	36,400	5,124	4,586	37,350	37,400	5,374	4,736
36,400	36,450	5,136	4,594	37,400	37,450	5,386	4,744
36,450	36,500	5,149	4,601	37,450	37,500	5,399	4,751
36,500	36,550	5,161	4,609	37,500	37,550	5,411	4,759
36,550	36,600	5,174	4,616	37,550	37,600	5,424	4,766
36,600	36,650	5,186	4,624	37,600	37,650	5,436	4,774
36,650	36,700	5,199	4,631	37,650	37,700	5,449	4,781
36,700	36,750	5,211	4,639	37,700	37,750	5,461	4,789
36,750	36,800	5,224	4,646	37,750	37,800	5,474	4,796
36,800	36,850						

PROJECT 4 ACTIVITY

INCOME TAXES: TAKE-HOME ASSIGNMENT

For your project-based learning assignment, you will have a choice as to how you would like to demonstrate you have mastered filing income taxes.

CHOICE A

If you plan to file your personal taxes, you may show me your completed return for the 10-point assignment credit. Please recall that if you are uncomfortable with sharing personal information, you may make a copy and black out anything you don't want to share. I will not review the return for accuracy. I will simply make sure you have completed the form and filed a copy in your project binder.

CHOICE B

If you do not work or your parents claim you on their taxes and you don't plan to file a return, you will need to select and complete this option.

The scenario below indicates that you had a job and your parents claim you as a dependent, but you still need to file a tax return. You will need to complete a 1040A Federal Form (Student Handout 4D). This is very similar to the 1040EZ Form. Use the profile information below to complete the assignment.

PROFILE INFORMATION

Name: Monica Lindo

Employment: Full-time student, part-time registration assistant in ER

Marital status: Single

Spouse's name (if any): N/A

Children: None

U.S. citizen: Yes

Other: You live in the United States with your parents, who pay for all of the costs of maintaining the home. Your parents paid for your food, clothing, and tuition during this tax year. You paid for your books and transportation.

It's the end of the tax year. You receive your W-2 from your employer. You have earned \$4,821 from your job.

Note: Your employer is required to send your W-2 postmarked by January 31.

PROJECT 4 ACTIVITY: TAKE-HOME ASSIGNMENT (CONTINUED)

You have everything you need to file your taxes. You will be using Form 1040A and the W2 statement provided.

Don't get tripped up:

- Your parents will claim you as a dependent so do not check box 6a. Your total number of exemptions is zero.
- In the income section, you did not receive a 1099 Form so the only income to report is indicated on your W2.
- You **are** allowed to take the standard deduction even if your parents claim you.
- This scenario does not include tax credits. This area can be left blank or use a zero.

When you have completed the tax assignment, you will then include either your actual tax forms or your sample tax forms in your binder.

Form
1040ADepartment of the Treasury—Internal Revenue Service
U.S. Individual Income Tax Return (99)**2012**

IRS Use Only—Do not write or staple in this space.

Your first name and initial	Last name	OMB No. 1545-0074
		Your social security number
	
If a joint return, spouse's first name and initial	Last name	Spouse's social security number
	
Home address (number and street). If you have a P.O. box, see instructions.		Apt. no.
		▲ Make sure the SSN(s) above and on line 6c are correct.
City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions).		Presidential Election Campaign
Foreign country name		Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund.
Foreign province/state/county		<input type="checkbox"/> You <input type="checkbox"/> Spouse
Foreign postal code		

Filing status Check only one box.

1 <input type="checkbox"/> Single 2 <input type="checkbox"/> Married filing jointly (even if only one had income) 3 <input type="checkbox"/> Married filing separately. Enter spouse's SSN above and full name here. ▶	4 <input type="checkbox"/> Head of household (with qualifying person). (See instructions.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶ 5 <input type="checkbox"/> Qualifying widow(er) with dependent child (see instructions)
---	--

Exemptions

6a ☐ **Yourself.** If someone can claim you as a dependent, **do not** check box 6a.

b ☐ **Spouse**

c Dependents:

(1) First name	Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) <input checked="" type="checkbox"/> if child under age 17 qualifying for child tax credit (see instructions)
				<input type="checkbox"/>
				<input type="checkbox"/>
				<input type="checkbox"/>
				<input type="checkbox"/>
				<input type="checkbox"/>
				<input type="checkbox"/>

d Total number of exemptions claimed. Add numbers on lines above ▶

Income

7 Wages, salaries, tips, etc. Attach Form(s) W-2. **7**

8a Taxable interest. Attach Schedule B if required. **8a**

b Tax-exempt interest. **Do not** include on line 8a. **8b**

9a Ordinary dividends. Attach Schedule B if required. **9a**

b Qualified dividends (see instructions). **9b**

10 Capital gain distributions (see instructions). **10**

11a IRA distributions. 11a	11b Taxable amount (see instructions). 11b
12a Pensions and annuities. 12a	12b Taxable amount (see instructions). 12b

13 Unemployment compensation and Alaska Permanent Fund dividends. **13**

14a Social security benefits. 14a	14b Taxable amount (see instructions). 14b
---	--

15 Add lines 7 through 14b (far right column). This is your **total income**. ▶ **15**

Adjusted gross income

16 Educator expenses (see instructions). 16	
17 IRA deduction (see instructions). 17	
18 Student loan interest deduction (see instructions). 18	
19 Tuition and fees. Attach Form 8917. 19	
20 Add lines 16 through 19. These are your total adjustments . 20	
21 Subtract line 20 from line 15. This is your adjusted gross income . ▶ 21	

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11327A Form **1040A** (2012)

Form 1040A (2012)

Page 2

Tax, credits, and payments**Standard Deduction for—**

• People who check any box on line 23a or 23b or who can be claimed as a dependent, see instructions.

• All others:
Single or Married filing separately, \$5,950
Married filing jointly or Qualifying widow(er), \$11,900
Head of household, \$8,700

If you have a qualifying child, attach Schedule EIC.

22	Enter the amount from line 21 (adjusted gross income).	22	
23a	Check <input type="checkbox"/> You were born before January 2, 1948, <input type="checkbox"/> Blind } Total boxes if: <input type="checkbox"/> Spouse was born before January 2, 1948, <input type="checkbox"/> Blind } checked ▶ 23a <input type="checkbox"/>		
b	If you are married filing separately and your spouse itemizes deductions, check here ▶ 23b <input type="checkbox"/>		
24	Enter your standard deduction .	24	
25	Subtract line 24 from line 22. If line 24 is more than line 22, enter -0-.	25	
26	Exemptions. Multiply \$3,800 by the number on line 6d.	26	
27	Subtract line 26 from line 25. If line 26 is more than line 25, enter -0-.		
	This is your taxable income . ▶ 27	27	
28	Tax , including any alternative minimum tax (see instructions).	28	
29	Credit for child and dependent care expenses. Attach Form 2441.	29	
30	Credit for the elderly or the disabled. Attach Schedule R.	30	
31	Education credits from Form 8863, line 19.	31	
32	Retirement savings contributions credit. Attach Form 8880.	32	
33	Child tax credit. Attach Schedule 8812, if required.	33	
34	Add lines 29 through 33. These are your total credits .	34	
35	Subtract line 34 from line 28. If line 34 is more than line 28, enter -0-. This is your total tax .	35	
36	Federal income tax withheld from Forms W-2 and 1099.	36	
37	2012 estimated tax payments and amount applied from 2011 return.	37	
38a	Earned income credit (EIC).	38a	
b	Nontaxable combat pay election.	38b	
39	Additional child tax credit. Attach Schedule 8812.	39	
40	American opportunity credit from Form 8863, line 8.	40	
41	Add lines 36, 37, 38a, 39, and 40. These are your total payments . ▶ 41	41	
42	If line 41 is more than line 35, subtract line 35 from line 41. This is the amount you overpaid .	42	
43a	Amount of line 42 you want refunded to you . If Form 8888 is attached, check here ▶ <input type="checkbox"/> 43a		
b	Routing number <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> ▶ c Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings		
d	Account number <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>		
44	Amount of line 42 you want applied to your 2013 estimated tax .	44	
45	Amount you owe. Subtract line 41 from line 35. For details on how to pay, see instructions. ▶ 45	45	
46	Estimated tax penalty (see instructions).	46	

Refund

Direct deposit? See instructions and fill in 43b, 43c, and 43d or Form 8888.

Amount you owe**Third party designee**

Do you want to allow another person to discuss this return with the IRS (see instructions)? ☐ **Yes.** Complete the following. ☐ **No**

Designee's name ▶ Phone no. ▶ Personal identification number (PIN) ▶

Sign here

Joint return? See instructions. Keep a copy for your records.

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and accurately list all amounts and sources of income I received during the tax year. Declaration of preparer (other than the taxpayer) is based on all information of which the preparer has any knowledge.

Your signature	Date	Your occupation	Daytime phone number
Spouse's signature. If a joint return, both must sign.	Date	Spouse's occupation	If the IRS sent you an Identity Protection PIN, enter it here (see inst.) <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>

Paid preparer use only

Print/type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
Firm's name ▶				Firm's EIN ▶
Firm's address ▶				Phone no.

a Employee's social security number 222-00-5463		Safe, accurate, FAST! Use OMB No. 1545-0008		Visit the IRS website at www.irs.gov/efile	
b Employer identification number (EIN) 10-5570912		1 Wages, tips, other compensation \$4,821.00		2 Federal income tax withheld \$47.00	
c Employer's name, address, and ZIP code ANYTOWN SAMARITAN EMERGENCY 5 CENTER CIRCLE ANYTOWN, US 10103		3 Social security wages \$4,821.00		4 Social security tax withheld \$202.48	
		5 Medicare wages and tips \$4,821.00		6 Medicare tax withheld \$69.90	
		7 Social security tips		8 Allocated tips	
d Control number		9		10 Dependent care benefits	
e Employee's first name and initial Last name MONICA L. LINDO 21 PECAN GROVE ANYTOWN, US 10103		11 Nonqualified plans Suff.		12a See instructions for box 12	
		13 Statutory employee <input type="checkbox"/> Retirement plan <input type="checkbox"/> Third-party sick pay <input type="checkbox"/>		12b	
		14 Other		12c	
				12d	
f Employee's address and ZIP code		15 State Employer's state ID number		16 State wages, tips, etc.	
		17 State income tax		18 Local wages, tips, etc.	
				19 Local income tax	
				20 Locality name	

Form **W-2** Wage and Tax Statement **2011**

Copy B—To Be Filed With Employee's FEDERAL Tax Return.
 This information is being furnished to the Internal Revenue Service.

Department of the Treasury—Internal Revenue Service

PROJECT 4 ACTIVITY

INCOME TAXES ESSAY

In a one- to two-page reflective essay, typed and double-spaced, answer the following questions. Make sure you proof the essay for grammar and word usage mistakes.

- Have you filed taxes before? If so, did you complete the forms or did you have someone do it for you?
- What thoughts do you have on the process? Did you find it difficult?
- After reading the text and class discussion, what are some ways you can keep more of your income?
- After practicing taxes in class, will you complete your taxes in the future?

PROJECT 5: CREATING A BUDGET

INSTRUCTOR OVERVIEW

Budgeting is an approach to allocating financial resources to maximize the satisfaction one gets from life.

INSTRUCTIONAL OBJECTIVES

Even if students don't have a full-time job, they still have spending power. In this lesson, students will:

- Distinguish between fixed and variable expenses as well as planned and unplanned expenses
- Analyze expenses
- Develop a budget
- Evaluate how well a budget is kept based on expenses and income for a one month period

CENTRAL QUESTION OR PROBLEM

What is my plan for sensible spending based on my income?

ASSIGNMENT RESOURCES

Students should use the handouts and spreadsheets provided.

ASSIGNMENT LENGTH

One month

NOTES

- Once students have completed the expense-tracking project, they will need to begin to create their budget. When you hand out the daily budget-tracking worksheet (Student Handout 5C) they tend to complain. I am a little more flexible the second go-around. I will not check their worksheet, but they will need to complete the Excel spreadsheet with the evaluating budget target worksheet (Student Handout 5B) and their budget tracking worksheet (Student Handout 5E).
- Expense categories and totals should be carried over from the Project 1 Expense Tracking piece (Student Handout 1C). Have students review these costs and see if they need to be revised. If so, have them put the new dollar amount in the revised amount column (in Student Handout 5B). If they have revised the dollar amount, they need to create a strategy for how they will make the new number work. For example, I will make coffee at home instead of stopping at a coffee shop. It is very interesting to hear the feedback of how they develop their strategies. One student informed me she was going to bring her lunch to school to offset what she was spending eating out.

- These pieces work together to help students understand where they are spending money, identify if there are areas they should cut back, and incorporate their prioritized financial goals from Project 2 into their budget. They may realize that they don't have enough in their budget to meet their expenses. They will then need to make hard choices or reallocate funds.

PROJECT 5 ASSESSMENT

CREATING A BUDGET RUBRIC

This project has a total value of 20 points.

The student did not follow directions (minus 2)	
The student completed their budget form. (plus 10) The student attempted to complete the form but they were not thorough. (plus 5) The student did not attempt. (0 points)	
The essay was well written. The essay displays clear facility in the use of grammar, mechanics, usage and spelling. The essay is generally free from errors. (plus 6) The essay contained a few mistakes. The essay displays facility in the use of grammar, mechanics, usage, and spelling, though it may contain errors. However, these errors do not overly detract from the overall success of the message. (plus 4) The essay contained many mistakes. The essay displays serious deficiencies in the use of grammar, mechanics, usage, and spelling. The essay contains an accumulation of serious errors in any and/or all these areas. (plus 2)	
The essay answered all questions thoughtfully. The essay contains details that support the author's responses. (plus 4) The essay answered most questions but lacked detail. (plus 3) The essay was vague and lacked detail. (plus 1)	
Total	

PROJECT 5 OVERVIEW: CREATING A BUDGET

WHAT IS MY PLAN FOR SENSIBLE SPENDING BASED ON MY INCOME?

Budgeting is an approach to allocating financial resources to maximize the satisfaction one gets from life. Even if you don't have a full-time job, you still have spending power. In this assignment, you will:

- Distinguish between fixed and variable expenses as well as planned and unplanned expenses
- Analyze your expenses, create spending targets, and develop a strategy to reach targets
- Evaluate how well a budget is kept based on expenses and income for one month
- Establish a sensible spending plan to meet financial plans and achieve goals

Now that you have completed tracking your expenses, you can start to develop your budget.

A budget is a document used to record both planned and unplanned expenses and income over a period of time. Your budget represents the major mechanism through which your financial plans are carried out and goals are achieved.

ASSIGNMENT INSTRUCTIONS

- Using the monthly expense totals from the expense-tracking project (Student Handout 1C), record your total expenses in the Evaluating Your Budget Target worksheet. (Student Handout 5B)
- Review the variable expenses to see if you have spent too much or too little in each category. After reviewing each category, determine a dollar amount to target. In the next column, indicate strategies you will use to reach your target spending. For example, you could spend less on gas by consolidating errands. You could also shop around for car and renters insurance if you feel that you are paying too much.
- Once you have determined a spending target for each category, key them into the **Target** column of the Budget Tracking Worksheet (Student Handout 5E).
- Track your expenses for another month to see if the targets are in-line with spending. Use the worksheet provided (Student Handout 5C) to track daily expenses, then update your Budget Tracking Worksheet (5E) weekly. At the end of the four weeks, you will need to determine if you had a surplus or deficit in your spending targets.
- You may need to adjust your targets for the next budgeting cycle until you have reached a sensible spending plan.
- Once you have completed the budget project, complete the reflective essay (Student Handout 5F) and determine if you have created a sensible plan for spending.

PROJECT 5 ACTIVITY

EVALUATING YOUR BUDGET TARGET WORKSHEET

Use the totals from the 30-day expense-tracking exercise in Project 1 to fill in the “Monthly Total” column.

Expense Categories	Monthly Total	Monthly Target	Strategy to Reach Revised Target
Groceries			
Dining Out			
Gas			
Entertainment			
Car Payment			
Car Repair			
Car Insurance			
Gifts			
Rent			
Renters Insurance			
Health Insurance			
Utilities			
School			
Clothing			
Credit Cards			
Loans			
Pet Expenses			
Savings			
Hair/Nails			
Fees or Dues			
Other			
Total			

PROJECT 5 ACTIVITY

30-DAY EXPENSE TRACKING WORKSHEET

POSSIBLE EXPENSE CATEGORIES

Groceries • Dining Out • Gas • Entertainment • Car Payment • Car Repair • Car Insurance • Gifts • Rent • Renters Insurance • Health Insurance • Utilities • School • Clothing • Credit Cards • Loans • Pet Expenses • Savings • Hair/Nails • Fees or Dues • Other

Day 1

Expense Name Amount

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Day 2

Expense Name Amount

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Day 3

Expense Name Amount

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Day 4

Expense Name Amount

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Day 5

Expense Name Amount

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Day 6

Expense Name Amount

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

PROJECT 5 ACTIVITY: 30-DAY EXPENSE TRACKING WORKSHEET (CONTINUED)

Day 7

<u>Expense Name</u>	<u>Amount</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Day 8

<u>Expense Name</u>	<u>Amount</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Day 9

<u>Expense Name</u>	<u>Amount</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Day 10

<u>Expense Name</u>	<u>Amount</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Day 11

<u>Expense Name</u>	<u>Amount</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Day 12

<u>Expense Name</u>	<u>Amount</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Day 13

<u>Expense Name</u>	<u>Amount</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Day 14

<u>Expense Name</u>	<u>Amount</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Day 15

<u>Expense Name</u>	<u>Amount</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

PROJECT 5 ACTIVITY: 30-DAY EXPENSE TRACKING WORKSHEET (CONTINUED)

Day 16

Expense Name	Amount

Day 17

Expense Name	Amount

Day 18

Expense Name	Amount

Day 19

Expense Name	Amount

Day 20

Expense Name	Amount

Day 21

Expense Name	Amount

Day 22

Expense Name	Amount

Day 23

Expense Name	Amount

Day 24

Expense Name	Amount

PROJECT 5 ACTIVITY: 30-DAY EXPENSE TRACKING WORKSHEET (CONTINUED)

Day 25

<u>Expense Name</u>	<u>Amount</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Day 26

<u>Expense Name</u>	<u>Amount</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Day 27

<u>Expense Name</u>	<u>Amount</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Day 28

<u>Expense Name</u>	<u>Amount</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Day 29

<u>Expense Name</u>	<u>Amount</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Day 30

<u>Expense Name</u>	<u>Amount</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

PROJECT 5 ACTIVITY

30-DAY EXPENSE TOTALS WORKSHEET

Groceries	\$_____	Cell Phone	\$_____
Dining Out	\$_____	Credit Cards	\$_____
Gas	\$_____	Loans	\$_____
Entertainment	\$_____	Pet Expenses	\$_____
Car Payment	\$_____	Savings	\$_____
Car Repair	\$_____	Hair/Nails	\$_____
Car Insurance	\$_____	Fees or Dues	\$_____
Gifts	\$_____	Other	\$_____
Rent	\$_____		\$_____
Renters Insurance	\$_____		\$_____
Health Insurance	\$_____		\$_____
Utilities	\$_____		\$_____
School	\$_____		
Clothing	\$_____	Total	\$_____

PROJECT 5 ACTIVITY

30-DAY BUDGET TRACKING WORKSHEET

Expense Categories	Week 1	Week 2	Week 3	Week 4	Total	Target	Surplus/Deficit
Groceries							
Dining Out							
Gas							
Entertainment							
Car Payment							
Car Repair							
Car Insurance							
Gifts							
Rent							
Renters Insurance							
Health Insurance							
Utilities							
School							
Clothing							
Credit Cards							
Loans							
Pet Expenses							
Savings							
Hair/Nails							
Fees or Dues							
Other							
Total Expenses							
Total Income							

PROJECT 5 ACTIVITY

CREATING A BUDGET ESSAY

In a one- to two-page reflective essay, typed and double-spaced, answer the following questions. Make sure you proof the essay for grammar and word usage mistakes.

- After the second month of tracking expenses, did you make any changes to your spending habits?
- Were there areas that you spent too much money? How do you plan to compensate for that in the future?
- Do you feel that you have developed a plan for sensible spending that you can stick with?
- Were you able to work your financial goals into your budget? Did you have to make any compromises?

INSTRUCTOR OVERVIEW

Checking and understanding your credit report is a vital part of your personal financial strategy.

INSTRUCTIONAL OBJECTIVES

In this lesson, students will:

- Identify the three credit-reporting agencies
- Request a copy of your Experian® credit report at www.annualcreditreport.com.
- Identify features on a credit report
- Review your credit report and investigate any questions or concerns

CENTRAL QUESTION OR PROBLEM

What does my credit report say about me?

ASSIGNMENT RESOURCES

Students will need a computer with Internet access and a printer to request their free credit report.

ASSIGNMENT LENGTH

One week

NOTES

- It is fairly common for students to be hesitant about this project. Most students are misinformed about hard and soft inquiries on their credit. When you request your credit report, it is considered a soft inquiry and it does not hurt your credit score. I typically stress that several times.
- I provide a sample credit report for students who choose to not complete the assignment: http://www.experian.com/credit_report_basics/pdf/samplecreditreport.pdf
- I also recommend that students make a copy of the credit report and black out any sensitive information before they bring it to class.
- If the student has never applied for credit, they may get a message that requires written documentation before they will release the credit report. This is to protect from identity theft. Have students print or take a screen shot of the message and bring it to class. I

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encourage students to go ahead and submit the written request. They will need more time because it has to be mailed. I just tell them to bring it in for credit when they receive it.

- You may also have trouble if a student is here from another country and they haven't established credit. They won't have a social security card. I typically have those students follow along with the sample credit report. They will need to complete the alternative assignment.

PROJECT 6 ASSESSMENT

CREDIT REPORT RUBRIC

This project has a total value of 20 points.

The student did not follow directions. (minus 2)	
The student successfully pulled their credit report. (plus 20) The student did pull a credit report, but it was the wrong one. (plus 10) The student did not attempt. (0 points)	
The assignment was late. (loss of one point per day)	
Total	

PROJECT 6 OVERVIEW: CREDIT REPORT

WHAT DOES MY CREDIT REPORT SAY ABOUT ME?

Checking and understanding your credit report is a vital part of your personal financial strategy. In this assignment, you will:

- Identify the three credit reporting agencies
- Request a copy of your free Experian credit report at www.annualcreditreport.com
- Review and evaluate the content of a credit report
- Evaluate your credit report and identify any questions or concerns

A credit report is a record of your credit history that includes information about your identity, existing credit, public records, and credit inquiries. Credit bureaus get information from your creditors, such as banks, credit card issuers, or auto finance companies. They also get information about you from public records, such as property or court records. Each credit bureau gets its information from different sources, so the information in one report may not be the same as the information in another.

Your credit report is important because lenders, insurers, employers, and others may obtain your credit report from credit bureaus to assess how you manage financial responsibilities. There are three major credit-reporting bureaus: Equifax, Experian, and TransUnion.

PROJECT 6 ACTIVITY

REQUESTING YOUR CREDIT REPORT

Go online to www.annualcreditreport.com and request a copy of your **Experian** credit report.

NOTES

- While the annualcreditreport.com website is secure, you should avoid accessing it on a public computer or over an unsecured wireless (wifi) Internet connection, because of the sensitive, personally identifiable information (such as your social security number) that the site will ask you to provide.
- Requesting your free annual credit report will **NOT** affect your credit rating.
- During the request process, you'll be asked to answer a number of identity verification questions. This can be a little tricky; so, it may help to have access to your financial records.
- To receive credit for the assignment, you'll need to print a copy of your report. However, you don't have to bring your entire report to class. You can bring just the first page, which doesn't include any sensitive personal identification or financial information.
- We will discuss the components of a credit report in class. You can bring your copy or I will have a sample you can review.
- If you have never applied for credit, you may get a message that requires you to submit written documentation before Experian will release your credit report. This is to protect from identity theft. You will need to print the message and bring it to class with you. **Bringing the printed copy of the message will keep you from getting a zero for the assignment.** You will have the option of an alternative assignment in the insurance portion of the course, or you can request that Experian send a copy in the mail to you.

PROJECT 7: PURCHASING A VEHICLE

INSTRUCTOR OVERVIEW

Through this assignment students will gain a better understanding of the car-buying process and the components that affect monthly payments. We will compare the purchase of a new car, used car, and a lease.

INSTRUCTIONAL OBJECTIVES

Purchasing a vehicle can greatly affect students' financial situations. In this lesson, students will:

- Define the terms associated with buying a car (including leasing, buying new, and buying used)
- Research used car values
- Identify the factors that affect the total price for a car (including the interest rate, the length of a contract, and the size of a down payment)
- Evaluate the costs and benefits of car purchase options

CENTRAL QUESTION OR PROBLEM

What is my best option for buying a vehicle?

ASSIGNMENT RESOURCES

Students may use all legitimate resources to complete the lesson.

ASSIGNMENT LENGTH

One week

NOTES

- During class, I walk students through the “build a car” process on VW.com, examining both purchase and lease options, as well as looking at the same model, used, through autotrader.com. As we go, we discuss whether monthly payments seem reasonable, the pros and cons of changing the payment term, the impact of credit ratings on interest rates, how down payment amounts affect monthly payments, the basics of leasing agreements, and the importance of examining warranties for all purchases.
- This take-home car-building exercise is a fun activity for the students. I let them pick any car that they can readily find information about online.
 - When checking the assignment, I typically make sure they have included all components. I don't judge what type of car they researched. Much of this is part of the learning process when deciding how much car to buy.

- I really enjoy reading the essays. Students have very strong feelings about what type of car they would like. Many feel it is an extension of their identity; some have brand loyalty, others only think of utility. Regardless, they are always entertaining.
- As a general rule, textbooks suggest that leasing an automobile is the least advantageous method of acquiring a vehicle. There are some compelling arguments that students come up with when arguing their point. I had a foreign student that was planning to be here for three years. He argued that he could put a little money down and have a low monthly payment. He also wouldn't have to worry about dependability and could turn it in to the dealership when he was ready to return home. The bottom line is that this activity has them working with online calculators to compare and contrast what options they have when looking to purchase a vehicle. This research will help them better prepare for their first experience with a car dealership.

PROJECT 7 ASSESSMENT

PURCHASING A VEHICLE RUBRIC

This project has a total value of 20 points.

The student did not follow directions. (minus 2)	
The student completed the car worksheet. (plus 10) The student attempted to complete the form but they were not thorough. (plus 5) The student did not attempt. (0 points)	
The essay was well written. The essay displays clear facility in the use of grammar, mechanics, usage and spelling. The essay is generally free from errors. (plus 6) The essay contained a few mistakes. The essay displays facility in the use of grammar, mechanics, usage, and spelling, though it may contain errors. However, these errors do not overly detract from the overall success of the message. (plus 4) The essay contained many mistakes. The essay displays serious deficiencies in the use of grammar, mechanics, usage, and spelling. The essay contains an accumulation of serious errors in any and/or all these areas. (plus 2)	
The essay answered all questions thoughtfully. The essay contains details that support the author's responses. (plus 4) The essay answered most questions but lacked detail. (plus 3) The essay was vague and lacked detail. (plus 1)	
Total	

PROJECT 7 OVERVIEW: PURCHASING A VEHICLE

WHAT IS MY BEST OPTION FOR PURCHASING A VEHICLE?

Purchasing a vehicle can greatly affect your financial situation. In this lesson, you will:

- Define the terms associated with buying a car (including leasing, buying new and buying used)
- Research used-car values
- Identify the factors that affect the total price for a car (including the interest rate, the length of a contract, and the size of a down payment)
- Evaluate the costs and benefits of car-purchase options

Through this assignment you will gain a better understanding of the car-buying process and the components that affect your monthly payments. We will compare the purchase of a new car, used car, and a lease.

ASSIGNMENT INSTRUCTIONS

Is there a new car or truck you have dreamed about owning? Now is your chance to see how much it would cost.

- For this assignment, you will need Internet access and the Buying a Car worksheet (Student Handout 7B)
- First, choose a car or truck, then build and price a new model with varying terms and interest rates. Print out a fact sheet or brochure, if available, about your selected new car.
- Next you'll look at a used model, including certified used models and leasing options. You'll also review warranty information on the vehicle. Print out a fact sheet or brochure, if available, about your selected used car.
- After completing the worksheet, summarize the activity in a reflective essay that includes your conclusion about which vehicle-purchasing option is best for you.
- Be careful about providing your email address or other contact information to auto dealerships, whose sales staff may contact you repeatedly.
- Remember that this assignment is hypothetical. Relax and have fun.

PROJECT 7 ACTIVITY

PURCHASING A VEHICLE WORKSHEET

1. Build and price a new car of your choice (something other than the car your instructor demonstrated in class).
 - a. Calculate your monthly payment for a five-year term, 5% expected APR, with a \$10,000 down payment.
 - b. What happens to your payment if you decrease your term to three years?
 - c. You lost your savings and can no longer afford to put money down on the car. The day worsens when the dealership informs you that your credit rating is less than ideal, and your expected APR is 18%. How does this affect your monthly payment for a three-year term?
 - d. Multiply your monthly payments by the amount of months in the term to determine the total price you will have paid for the car. How much more are you paying for the car in comparison to the selling price?

PROJECT 7 ACTIVITY: PURCHASING A VEHICLE WORKSHEET (CONTINUED)

2. Visit a website that sells used cars (e.g., [AutoTrader.com](https://www.autotrader.com)) to see how much the used version of the car you selected earlier cost. Use that price for the following questions.
 - a. Using the used car price, calculate your monthly payments for a five-year term, 5% expected APR, with \$10,000 down. Compare the payments to that of a new car.
 - b. Once again, you cannot afford to put any money down on the car and the dealer informs you your poor credit results in an 18% APR. How does this affect your monthly payment for a three-year term?
 - c. Multiply your monthly payments by the amount of months in the term to determine the total price you will have paid for the car. How much more are you paying for the car in comparison to the selling price?

PROJECT 7 ACTIVITY: PURCHASING A VEHICLE WORKSHEET (CONTINUED)

3. Find a leasing deal for a car other than the car your instructor used as an example in class.
 - a. State the terms of the lease.
 - b. Calculate how many miles you drive per month. Use that number to estimate the amount of miles you drive yearly. Is the allotted mileage for this lease a viable option for you? Explain.
 - c. If you stated you drive more than 1,000 miles every month, calculate the mileage overage fees you would incur based on the additional per mile cost stated in the lease.
 - d. Calculate how much you will have paid for the car after the 3 years including the money due at signing.
4. What is a certified used car?
5. What type of warranty does the company offer? What is covered and for how long? Is maintenance included?
 - a. New car
 - b. Certified used

PROJECT 7 ACTIVITY

PURCHASING A VEHICLE ESSAY

In a one- to two-page reflective essay, typed and double-spaced, answer the following questions. Make sure you proof the essay for grammar and word usage mistakes.

- Have you purchased a vehicle before? If so, do you have any regrets about the experience?
- After completing the worksheet, do you feel more confident about researching a vehicle?
- Now that you have gone through this exercise, if you were in the market for a car or truck, which option would you choose: buying new, used, or leasing? Explain how this choice will benefit you financially in the future.

PROJECT 8: SAVING AND INVESTING FOR THE LONG TERM

INSTRUCTOR OVERVIEW

INSTRUCTIONAL OBJECTIVES

Building wealth over the long term requires an understanding of investment strategies to reach your goals. In this lesson, students will:

- Learn the importance of beginning to invest at an early age and continuing throughout their careers
- Understand various strategies for investing
- Understand the tools available for evaluating stocks as potential investments
- Weigh risks and rewards associated with equity investing

CENTRAL QUESTION OR PROBLEM

How should I invest my money?

ASSIGNMENT RESOURCES

Students will need a computer, printer, and Internet access.

ASSIGNMENT LENGTH

One month

NOTES

- I use SmartStocks (www.smartstocks.com) as my trading platform. There is no cost involved and there are great, self-guided resources for the students.
- You will need to create an account for your class, including a class name and password that they will make note of on Student Handout 8A (Step 5).
- I have found that the class typically splits on this activity. They will either love it or really excel or they won't engage. I came across a stock market bingo game that worked very well to introduce the Dow Jones and its components. I was able to introduce the companies that make up the Dow and students were more comfortable after that. You can find the game using the link provided.
www.dallasfed.org/assets/documents/educate/pubs/wealth_classroom/05_lesson.pdf
- I have used SmartStocks several times with a pretty predictable result. Students become very competitive towards the end. Many students will buy and sell feverishly the last week. It was an interesting class discussion the day that Apple's value fell and stocks tumbled. Students were required to sell all stocks on the last day. They were begging for extra time to recover from the losses.

- I typically pull up the game in the instructor's view in the first few minutes of class during the month and see how everyone is doing. We talk about what is going on in business and why it is important to keep up with the news while investing.
- I review the instructor's page before class to see who has been working with their portfolio. If I see students that haven't been active, I often make a point to talk with them about any issues they may be having. I have also sent out emails to the class with stock tips and news clips. My hope is to expose students to the stock market, and help them learn to identify the potential for gains and risk of losses when investing in stocks. If you have the opportunity, you can discuss the business cycle and the impact of fluctuation on investments.

PROJECT 8 ASSESSMENT

SAVING AND INVESTING RUBRIC

This project has a total value of 20 points.

The student did not follow directions. (minus 2)	
The student successfully set up a portfolio and made the required trades. (plus 10)	
The student set up a portfolio but did not complete as assigned. (plus 5)	
The student did not attempt. (0 points)	
The research project answered all questions thoughtfully. (plus 6)	
The research project answered most questions but lacked detail. (plus 4)	
The research project was vague and lacked detail. (plus 2)	
The essay was well written. The essay displays clear facility in the use of grammar, mechanics, usage and spelling. The essay is generally free from errors. (plus 4)	
The essay contained a few mistakes. The essay displays facility in the use of grammar, mechanics, usage, and spelling, though it may contain errors. However, these errors do not overly detract from the overall success of the message. (plus 3)	
The essay contained many mistakes. The essay displays serious deficiencies in the use of grammar, mechanics, usage, and spelling. The essay contains an accumulation of serious errors in any and/or all these areas. (plus 1)	
Total	

Please note that your grade will **not** be based on how your “investments” perform, i.e., whether or not you make money. Four weeks is a brief time in the life of the stock market; the purpose of the game is to develop an understanding of how the market operates and how investing is accomplished. However, extra credit will be awarded to the top two earners in the class, provided they have met all of the above criteria.

PROJECT 8 OVERVIEW: SAVING AND INVESTING

HOW SHOULD I INVEST MY MONEY?

Building wealth over the long term requires an understanding of investment strategies to reach your goals. In this assignment, you will:

- Learn the importance of beginning to invest at an early age and continuing throughout your work career
- Understand various strategies for investing
- Understand the tools available for evaluating stocks as potential investments
- Weigh risks and rewards associated with equity investing

ACTIVITY INSTRUCTIONS

We will be playing a stock market game for approximately one month. Below are the procedures of the game, which you should read carefully. Failure to meet all the requirements of the game will negatively affect your grade on the project.

During the one-month period, we will examine a stock page, the meaning of various tools that are used to analyze stock and various strategies for investing.

PROCEDURE

1. You will be given a hypothetical \$1,000,000 to invest in stocks.
2. You must invest in at least five companies.
3. You must research at least one of the five companies, providing a one-page overview. Be sure to include the following components:
 - A company profile, i.e., history and what they produce
 - Relevant financial information, such as total sales, total profits, dividends, P/E ratio, number of outstanding shares, recent stock performance
 - Why you selected this company as a “buy”
4. You will be required to make at least two trades during the course of the game. These trades may be either a simple sale of one stock and the purchase of another in the same value, or a partial sale of one to acquire a new holding or more of an existing holding. At all times, you must own at least **five** stocks to simulate a “diversified” portfolio, as most investment counselors and brokers recommend.

PROJECT 8 OVERVIEW (CONTINUED)

5. Your instructor will give you a class name and password that will allow you to set up and access your online portfolio. Note them here:
 - Class name: _____
 - Password: _____
6. To set up your online portfolio:
 - Go to: www.smartstocks.com.
 - Enter the registration information requested.
 - Once you have received the confirmation email, click on the link and enter your email address and password.
 - Click **join group** and find your class group.
 - Click **join**.
 - Enter password.
7. Click on the **learn** button and complete the beginner, intermediate, and advanced investor certifications.
8. To start purchasing stock, go to the Dashboard and click **buy/sell stock**.
9. You will track your stocks weekly, recording the results in your transaction register.
10. On the last day of trading, liquidate all stocks and print a copy of your account balance. Indicate whether you made or lost money and what contributed to your outcome.

Note: We will NOT be investing in mutual funds, preferred stocks, bonds, bond funds, or any of a number of other possible investment vehicles. For the sake of simplicity and uniformity, we will only invest in common stocks.

PROJECT 8 ACTIVITY

STOCKS TRANSACTION REGISTER

Name: _____

Date: _____

Company	Stock Symbol	Total Amount I Want To Invest in This Company	Current Stock Price	# of Shares I Am Buying (rounded down to the nearest tenth)
1.				
2.				
3.				
4.				
5.				
6.				
7.				
8.				
9.				
10.				

Note: You must buy stock in **at least five** companies. I included #6-10 in case you wanted to further diversify your portfolio.

PROJECT 9: IMPORTANT FINANCIAL DOCUMENTS

INSTRUCTOR OVERVIEW

INSTRUCTIONAL OBJECTIVES

The likelihood that students and their families will recover from an emergency tomorrow often depends on the planning and preparation done today. In this lesson, students will:

- Evaluate personal needs
- Identify resources to develop a plan
- Identify types of documents that are important
- Construct a binder with important documents

CENTRAL QUESTION OR PROBLEM

Am I financially prepared for an emergency?

ASSIGNMENT RESOURCES

Students may use whatever they feel is necessary to complete the project.

ASSIGNMENT LENGTH

One month

NOTES

- I typically find that I need to give the students about a month to complete this project. Many times students will need to discuss the project with their parents and work with them to locate the documents.
- You can modify the documents that you require. My students are in college; so, their lists may look different from high school students' lists. High school students may want to focus on what documents they will need to apply for college or move into their first apartment.
- I typically pair this project with Katrina's Classroom: Financial Lessons from a Hurricane's Module 2 video (www.frbatlanta.org/forms/katrina_aftermath.cfm). This piece does a really nice job of illustrating why it is important to have your important documents ready for an emergency.
- I have students include a copy of the important documents in their binder. When they bring the binder in at the end of the semester, they can just mark out any important information on the copies.

PROJECT 9 ASSESSMENT

IMPORTANT FINANCIAL DOCUMENTS RUBRIC

Documents are worth 1 point each. To receive full credit for this assignment, you will need to include at least 10 items from the list above and include your reflective essay.

This project has a total value of 20 points.

The student did not follow directions. (minus 2)	
<p>The essay was well written. The essay displays clear facility in the use of grammar, mechanics, usage and spelling. The essay is generally free from errors. (plus 3)</p> <p>The essay contained a few mistakes. The essay displays facility in the use of grammar, mechanics, usage, and spelling, though it may contain errors. However, these errors do not overly detract from the overall success of the message. (plus 2)</p> <p>The essay contained many mistakes. The essay displays serious deficiencies in the use of grammar, mechanics, usage, and spelling. The essay contains an accumulation of serious errors in any and/or all these areas. (plus 1)</p>	
<p>The essay answered all questions thoughtfully. The essay contains details that support the author's responses. (plus 3)</p> <p>The essay answered most questions but lacked detail. (plus 2)</p> <p>The essay was vague and lacked detail. (plus 1)</p>	
Total number of documents included in binder. (plus 1 for each, up to 10)	
The assignment was late. (loss of one point per day)	
Total	

PROJECT 9 OVERVIEW: IMPORTANT FINANCIAL DOCUMENTS

AM I FINANCIALLY PREPARED FOR AN EMERGENCY?

The likelihood that you and your family will recover from an emergency tomorrow often depends on the planning and preparation done today. In this lesson, you will:

- Evaluate your personal preparation needs
- Identify resources to develop a plan
- Create a basic emergency plan
- Identify types of documents that are important
- Organize a binder with important documents and information

Part of having a financial plan is to identify the hazards that have happened or could happen in your area and plan for the unique actions for each.

What are some hazards we should be prepared for in our area?

Share the hazard-specific information with family members and include pertinent materials in your family disaster plan.

- Determine where you will meet or whom you will contact if a crisis does occur.

PROJECT 9 OVERVIEW (CONTINUED)

- What three things would you grab if you had to go to a place of safety or evacuate quickly?

There are several options for storing your important documents. You can use your binder or a password-protected area in the Cloud (http://www.apps.gov/cloud/main/start_page.do) or a secure USB drive that you can keep readily available. This USB drive can be kept on a key ring so it can be accessed from any computer, anytime, anywhere. Remember important documents, such as:

- Personal and property insurance
- Identification: driver's license/passport (for family members, as well)
- Banking information

Don't forget your pets!

- Store your pet's veterinary medical records documents online.
- Consider an information digital implant.
- Keep a current photo of your pet in your online kit to aid in identification if you are separated.

Your family may not be together when disaster strikes; so, it is important to plan in advance.

- Create an Emergency Information Document (<https://docs.google.com/previewtemplate?id=0AppAbzoFksoadEhnUEZKNG94U09CM25RczJBUTVWSHc&mode=public> in the Google Chrome browser)
- Create a Family Communications Plan (www.ready.gov/sites/default/files/documents/files/Family_Emergency_Plan.pdf) to record how you will contact one another, how you will get back together, and what you will do in different situations.

Make sure to share these documents with family members, friends and coworkers who will also need to access it in an emergency or crisis. Note: When handling personal and sensitive information, always keep your data private and share it only with those who need access in case of emergency.

PROJECT 9 OVERVIEW (CONTINUED)

PERSONAL DOCUMENTS

Personal and financial documents can help you reestablish yourself if you experience a disaster. It is important to have a copy of this information in a safe place. Using the list below, you need to come up with at least 10 documents and place them in your binder. I suggest that you make copies of the originals and mark out any information you feel is sensitive.

1. _____ Birth certificate
2. _____ Personal identification (driver's license or school identification)
3. _____ Social security card
4. _____ Immunization records
5. _____ Report card or transcripts
6. _____ Health insurance information
7. _____ Banking information (checking or savings account)
8. _____ ACT/SAT standardized test scores

SUBSTITUTION DOCUMENTS

1. _____ Recent pay stubs
2. _____ Proof of auto insurance
3. _____ Vehicle registration
4. _____ Tax documents
5. _____ College application information
6. _____ FAFSA (Free Application for Federal Student Aid)
7. _____ Student loan information
8. _____ Medical records or prescription information
9. _____ Copy of lease or rental agreement

PROJECT 9 ACTIVITY

IMPORTANT FINANCIAL DOCUMENTS ESSAY

In a one- to two-page reflective essay, typed and double-spaced, answer the following questions. Make sure you proof the essay for grammar and word usage mistakes.

- Describe whether or not you were successful in gathering all of the documents listed.
- If not, what did you have difficulty locating?
- How long did it take you to locate the information?
- Did you put anything in your binder that wasn't on the list?
- Was there anything that surprised you during this process?
- Do you feel more prepared for an emergency? Explain your response.

PROJECT 10: RETIREMENT PLANNING

INSTRUCTOR OVERVIEW

Retirement is the time in life when the major sources of income change from earned income to employer based retirement benefits, private savings and investments, social security, etc.

INSTRUCTIONAL OBJECTIVES

As students begin their working phase of life, they should start planning for a comfortable retirement. In this lesson, students will:

- Examine the need to start saving early
- Calculate how much money they will need for retirement
- Identify sources of retirement income
- Create a strategy for saving for retirement

CENTRAL QUESTION OR PROBLEM

How much money will I need to retire?

ASSIGNMENT RESOURCES

Students will need a computer, printer, and access to the Internet.

ASSIGNMENT LENGTH

One week

NOTES

- This is one of my favorite projects to go through with the students. It does a nice job of making saving for retirement relevant. It also illustrates how easy this can be if you start saving early and often.
- Read through the sample social security statement with the students. Make sure they understand the vocabulary and how credits are earned. You will get feedback on whether or not students feel social security will be around when they get ready to retire. I typically respond that, for the purposes of this project, we are going to assume that it will be funded at today's levels.
- Many experts suggest that saving for retirement requires a three-legged stool approach.
- You must determine how much money you need in retirement.
 - How much will social security contribute monthly?
 - How much will your employer-based retirement benefits contribute monthly?

- How much will you need to save of your disposable income for retirement?
- I typically walk them through the calculators during class and let them work independently to determine their specific numbers.
- I have received positive feedback from students on the project. Retirement seems so far away when you are young. Understanding the steps to determine how much you need for retirement make the process less intimidating.

PROJECT 10 ASSESSMENT

RETIREMENT PLANNING RUBRIC

This project has a total value of 20 points.

The student did not follow directions. (minus 2)	
The student completed the social security piece. (plus 6) The student did not attempt. (0 points)	
The student completed the What's Your Number worksheet. (plus 6) The student did not attempt. (plus 0)	
The student completed the retirement income calculator. (plus 6) The student did not attempt. (plus 0)	
The student completed the Three-Legged Stool worksheet. (plus 2) The student did not attempt. (plus 0)	
Total	

PROJECT 10 OVERVIEW: RETIREMENT PLANNING

HOW MUCH MONEY WILL I NEED TO RETIRE?

Retirement is the time in life when the major sources of income change from earned income to employer-based retirement benefits, private savings and investments, social security, etc. In this lesson, you will:

- Examine the need to start saving early
- Calculate how much money you will need for retirement
- Identify the sources of retirement income
- Create a strategy for saving for retirement

As you begin your working phase of life, it is a good idea to start planning what you will need to be comfortable during retirement. You will need to start thinking about the following questions:

1. What age do I want to retire?
2. How long do I anticipate living past retirement?
3. What type of lifestyle do I want in retirement?
4. How much money will I need to maintain that lifestyle?

PROJECT 10 ACTIVITY

RETIREMENT PLANNING EXERCISE

STEP 1: ESTIMATE YOUR SOCIAL SECURITY BENEFITS

Using the Social Security Administration's website, www.ssa.gov/retire2, familiarize yourself with the rules surrounding collecting social security benefits. Determine what age you would like to retire and what your life expectancy might be. If you are currently working or have worked in the past, you can access your personal information by creating an account.

Use this link to open an account and print your benefits statement:

<https://secure.ssa.gov/RIL/SiView.do>.

If you have not had a job or do not have a social security number, use this link to access a sample social security benefits statement: www.ssa.gov/myaccount/SSA-7005-OL.pdf.

Understanding how much you will receive in social security benefits is the first step in planning for your financial future during retirement.

_____ Estimated Monthly Income

_____ Estimated Yearly Income

STEP 2: FIND YOUR NUMBER

Access the retirement calculator here: www.ingyournumber.com.

- Click **Find Your Number Now**.
- Enter your age.
- Enter the average income for the career path you have chosen (For example, if you want to go into accounting you could use the following link to see what the national average is: www.payscale.com/rcsearch.aspx?category=Job&str=accounting&CountryName=United+States&SourceId=Country.) If you have a different career path, type the job title in the box to the left.
- Recall the chart from the Social Security Administration in Step 1. Enter the age you plan to retire.
- To calculate the annual income you will need for retirement, find 80% of your current household income.

PROJECT 10 RETIREMENT PLANNING EXERCISE (CONTINUED)

- To estimate how long you will live, you can look at the average age of relatives. Most experts say that you should plan to live until the age of 90. This may need to be adjusted as you grow older and as life expectancy models change.
- Click **calculate**.
- Print the page that shows your number. Put this with your social security benefits estimate.

STEP 3: RETIREMENT INCOME CALCULATOR

Now that you know what you need for retirement, it is important to understand how you will reach such a large number. Use the following link and complete the questions.

<https://www3.troweprice.com/ric/ricweb/public/ric.do?src=startover>

- Do not hit register or log in. Go directly to **start**.
- This assignment is to be completed as an individual. Do not include a partner or spouse (click **no**).
- Enter the month and year you were born, click **saving for retirement**, and then click **next**.
- In the first box, enter how much you have saved for retirement. If you don't have a retirement account, indicate zero.
- Enter your current salary. If you aren't working, enter the average salary for your chosen career (determined in Step 2, above).
- If you are currently working, enter your correct information into the workplace contributions space. If you are not working, assume that you contribute 5% and your employer matches your 5% contribution for a total of 10%.
- List other contributions if they apply. Click **next**.
- For asset allocation, click the second option and let the calculator adjust the model over time. Click **next**.
- Enter the age you expect to retire.
- Click the **yes** button to include the estimated social security benefit.
- If your place of business provides a pension, include that information in the next box. If you aren't working, leave it blank. Click **next**.
- Review the results and print the page.

You will need to turn in the social security benefits sheet, the ING number printout, and the Retirement Income Calculator printout with your Three Legged Stool worksheet.

Be prepared to discuss how you felt about this process.

PROJECT 10 ACTIVITY

THREE-LEGGED STOOL WORKSHEET

Planning for retirement is a three-legged stool.

Insert the dollar amount from the retirement calculator:

How much will you need per month?

What are your monthly social security contributions?

How much are you employer benefits contributions per month?

What do you plan to contribute from personal savings each month?

Will you have enough money to retire at the age you chose?





Your Social Security Statement

www.socialsecurity.gov

Prepared especially for Wanda Worker

January 2, 2014

See inside for your personal information →

WANDA WORKER
456 ANYWHERE AVENUE
MAINTOWN, USA 11111-1111

What's inside...

<u>Your Estimated Benefits</u>	2
<u>Your Earnings Record</u>	3
<u>Some Facts About Social Security</u>	4
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What Social Security Means To You

This *Social Security Statement* can help you plan for your financial future. It provides estimates of your Social Security benefits under current law and updates your latest reported earnings.

Please read this *Statement* carefully. If you see a mistake, please let us know. That's important because your benefits will be based on our record of your lifetime earnings. We recommend you keep a copy of your *Statement* with your financial records.

Social Security is for people of all ages...

We're more than a retirement program. Social Security also can provide benefits if you become disabled and help support your family after you die.

Work to build a secure future...

Social Security is the largest source of income for most elderly Americans today, but Social Security was never intended to be your only source of income when you retire. You also will need other savings, investments, pensions or retirement accounts to make sure you have enough money to live comfortably when you retire.

Saving and investing wisely are important not only for you and your family, but for the entire country. If you want to learn more about how and why to save, you should visit www.mymoney.gov, a federal government website dedicated to teaching all Americans the basics of financial management.

About Social Security's future...

Social Security is a compact between generations. Since 1935, America has kept the promise of

security for its workers and their families. Now, however, the Social Security system is facing serious financial problems, and action is needed soon to make sure the system will be sound when today's younger workers are ready for retirement.

Without changes, in 2033 the Social Security Trust Fund will be able to pay only about 77 cents for each dollar of scheduled benefits.* We need to resolve these issues soon to make sure Social Security continues to provide a foundation of protection for future generations.

Social Security on the Net...

Visit www.socialsecurity.gov on the Internet to learn more about Social Security. You can read publications, including *When To Start Receiving Retirement Benefits*; use our Retirement Estimator to obtain immediate and personalized estimates of future benefits; and when you're ready to apply for benefits, use our improved online application—It's so easy!

Carolyn W. Colvin
Acting Commissioner

* These estimates are based on the intermediate assumptions from the Social Security Trustees' Annual Report to the Congress.

Your Estimated Benefits

*Retirement	You have earned enough credits to qualify for benefits. At your current earnings rate, if you continue working until...
	your full retirement age (67 years), your payment would be about.....\$ 1,680 a month
	age 70, your payment would be about\$ 2,094 a month
	age 62, your payment would be about\$ 1,159 a month
*Disability	You have earned enough credits to qualify for benefits. If you became disabled right now, your payment would be about.....\$ 1,527 a month
*Family	If you get retirement or disability benefits, your spouse and children also may qualify for benefits.
*Survivors	You have earned enough credits for your family to receive survivors benefits. If you die this year, certain members of your family may qualify for the following benefits:
	Your child.....\$ 1,176 a month
	Your spouse who is caring for your child.....\$ 1,176 a month
	Your spouse, if benefits start at full retirement age.....\$ 1,569 a month
	Total family benefits cannot be more than\$ 2,908 a month
	Your spouse or minor child may be eligible for a special one-time death benefit of \$255.
Medicare	You have enough credits to qualify for Medicare at age 65. Even if you do not retire at age 65, be sure to contact Social Security three months before your 65th birthday to enroll in Medicare.

*** Your estimated benefits are based on current law. Congress has made changes to the law in the past and can do so at any time. The law governing benefit amounts may change because, by 2033, the payroll taxes collected will be enough to pay only about 77 percent of scheduled benefits.**

We based your benefit estimates on these facts:

Your date of birth (please verify your name on page 1 and this date of birth).....	April 5, 1974
Your estimated taxable earnings per year after 2014	\$47,423
Your Social Security number (only the last four digits are shown to help prevent identity theft).....	XXX-XX-1234

How Your Benefits Are Estimated

To qualify for benefits, you earn “credits” through your work — up to four each year. This year, for example, you earn one credit for each \$1,200 of wages or self-employment income. When you’ve earned \$4,800, you’ve earned your four credits for the year. Most people need 40 credits, earned over their working lifetime, to receive retirement benefits. For disability and survivors benefits, young people need fewer credits to be eligible.

We checked your records to see whether you have earned enough credits to qualify for benefits. If you haven’t earned enough yet to qualify for any type of benefit, we can’t give you a benefit estimate now. If you continue to work, we’ll give you an estimate when you do qualify.

What we assumed — If you have enough work credits, we estimated your benefit amounts using your average earnings over your working lifetime. For 2014 and later (up to retirement age), we assumed you’ll continue to work and make about the same as you did in 2012 or 2013. We also included credits we assumed you earned last year and this year.

Generally, the older you are and the closer you are to retirement, the more accurate the retirement estimates will be because they are based on a longer work history with fewer uncertainties such as earnings fluctuations and future law changes. We encourage you to use our online Retirement Estimator at www.socialsecurity.gov/estimator to obtain immediate and personalized benefit estimates.

We can’t provide your actual benefit amount until you apply for benefits. **And that amount may differ from the estimates stated above because:**

- (1) Your earnings may increase or decrease in the future.
- (2) After you start receiving benefits, they will be adjusted for cost-of-living increases.

(3) Your estimated benefits are based on current law. **The law governing benefit amounts may change.**

(4) Your benefit amount may be affected by **military service, railroad employment or pensions earned through work on which you did not pay Social Security tax.** Visit www.socialsecurity.gov to learn more.

Windfall Elimination Provision (WEP) — In the future, if you receive a pension from employment in which you do not pay Social Security taxes, such as some federal, state or local government work, some nonprofit organizations or foreign employment, and you also qualify for your own Social Security retirement or disability benefit, your Social Security benefit may be reduced, but not eliminated, by WEP. The amount of the reduction, if any, depends on your earnings and number of years in jobs in which you paid Social Security taxes, and the year you are age 62 or become disabled. For more information, please see *Windfall Elimination Provision* (Publication No. 05-10045) at www.socialsecurity.gov/WEP.

Government Pension Offset (GPO) — If you receive a pension based on federal, state or local government work in which you did not pay Social Security taxes and you qualify, now or in the future, for Social Security benefits as a current or former spouse, widow or widower, you are likely to be affected by GPO. If GPO applies, your Social Security benefit will be reduced by an amount equal to two-thirds of your government pension, and could be reduced to zero. Even if your benefit is reduced to zero, you will be eligible for Medicare at age 65 on your spouse’s record. To learn more, please see *Government Pension Offset* (Publication No. 05-10007) at www.socialsecurity.gov/GPO.

Your Earnings Record

Years You Worked	Your Taxed Social Security Earnings	Your Taxed Medicare Earnings
1990	654	654
1991	1,592	1,592
1992	2,854	2,854
1993	4,678	4,678
1994	6,367	6,367
1995	7,923	7,923
1996	9,985	9,985
1997	13,095	13,095
1998	16,232	16,232
1999	19,252	19,252
2000	22,240	22,240
2001	24,543	24,543
2002	26,341	26,341
2003	28,412	28,412
2004	30,970	30,970
2005	33,253	33,253
2006	35,799	35,799
2007	38,342	38,342
2008	40,065	40,065
2009	40,191	40,191
2010	41,790	41,790
2011	43,768	43,768
2012	45,718	45,718
2013	Not yet recorded	

You and your family may be eligible for valuable benefits:

When you die, your family may be eligible to receive survivors benefits.

Social Security may help you if you become disabled—even at a young age.

A young person who has worked and paid Social Security taxes in as few as two years can be eligible for disability benefits.

Social Security credits you earn move with you from job to job throughout your career.

Total Social Security and Medicare taxes paid over your working career through the last year reported on the chart above:

Estimated taxes paid for Social Security:

You paid: \$31,322
Your employers paid: \$33,112

Estimated taxes paid for Medicare:

You paid: \$7,744
Your employers paid: \$7,744

Note: Currently, you and your employer each pay a 6.2 percent Social Security tax on up to \$117,000 of your earnings and a 1.45* percent Medicare tax on all your earnings. If you are self-employed, you pay the combined employee and employer amount, which is a 12.4 percent Social Security tax on up to \$117,000 of your net earnings and a 2.9* percent Medicare tax on your entire net earnings.

*If you have earned income of more than \$200,000 (\$250,000 for married couples filing jointly), you must pay 0.9 percent more in Medicare taxes.

Help Us Keep Your Earnings Record Accurate

You, your employer and Social Security share responsibility for the accuracy of your earnings record. Since you began working, we recorded your reported earnings under your name and Social Security number. We have updated your record each time your employer (or you, if you're self-employed) reported your earnings.

Remember, it's your earnings, not the amount of taxes you paid or the number of credits you've earned, that determine your benefit amount. When we figure that amount, we base it on your average earnings over your lifetime. If our records are wrong, you may not receive all the benefits to which you're entitled.

Review this chart carefully using your own records to make sure our information is correct and that we've recorded each year you worked. You're the only person who can look at the earnings chart and know whether it is complete and correct.

Some or all of your earnings from **last year** may not be shown on your *Statement*. It could be that we still were

processing last year's earnings reports when your *Statement* was prepared. Your complete earnings for last year will be shown on next year's *Statement*. **Note:** If you worked for more than one employer during any year, or if you had both earnings and self-employment income, we combined your earnings for the year.

There's a limit on the amount of earnings on which you pay Social Security taxes each year. The limit increases yearly. Earnings above the limit will not appear on your earnings chart as Social Security earnings. (For Medicare taxes, the maximum earnings amount began rising in 1991. Since 1994, **all** of your earnings are taxed for Medicare.)

Call us right away at 1-800-772-1213 (7 a.m.–7 p.m. your local time) if any earnings for years **before last year** are shown incorrectly. Please have your W-2 or tax return for those years available. (If you live outside the U.S., follow the directions at the bottom of page 4.)

Some Facts About Social Security

About Social Security and Medicare...

Social Security pays retirement, disability, family and survivors benefits. Medicare, a separate program run by the Centers for Medicare & Medicaid Services, helps pay for inpatient hospital care, nursing care, doctors' fees, drugs, and other medical services and supplies to people age 65 and older, as well as to people who have been receiving Social Security disability benefits for two years or more. Medicare does not pay for long-term care, so you may want to consider options for private insurance. Your Social Security covered earnings qualify you for both programs. For more information about Medicare, visit www.medicare.gov or call **1-800-633-4227** (TTY **1-877-486-2048** if you are deaf or hard of hearing).

Retirement — If you were born before 1938, your full retirement age is 65. Because of a 1983 change in the law, the full retirement age will increase gradually to 67 for people born in 1960 and later.

Some people retire before their full retirement age. You can retire as early as 62 and take benefits at a reduced rate. If you work after your full retirement age, you can receive higher benefits because of additional earnings and credits for delayed retirement.

Disability — If you become disabled before full retirement age, you can receive disability benefits after six months if you have:

- enough credits from earnings (depending on your age, you must have earned six to 20 of your credits in the three to 10 years before you became disabled); and
- a physical or mental impairment that's expected to prevent you from doing "substantial" work for a year or more *or* result in death.

If you are filing for disability benefits, please let us know if you are on active military duty or are a recently discharged veteran, so that we can handle your claim more quickly.

Family — If you're eligible for disability or retirement benefits, your current or divorced spouse, minor children or adult children disabled before age 22 also may receive benefits. Each may qualify for up to about 50 percent of your benefit amount.

Survivors — When you die, certain members of your family may be eligible for benefits:

- your spouse age 60 or older (50 or older if disabled, or any age if caring for your children younger than age 16); and
- your children if unmarried and younger than age 18, still in school and younger than 19 years old, or adult children disabled before age 22.

If you are divorced, your ex-spouse could be eligible for a widow's or widower's benefit on your record when you die.

Extra Help with Medicare — If you know someone who is on Medicare and has limited income and resources, extra help is available for prescription drug costs. The extra help can help pay the monthly premiums, annual deductibles and prescription co-payments. To learn more or to apply, visit www.socialsecurity.gov or call **1-800-772-1213** (TTY **1-800-325-0778**).

Receive benefits and still work...

You can work and still get retirement or survivors benefits. If you're younger than your full retirement age, there are limits on how much you can earn without affecting your benefit amount. When you apply for benefits, we'll tell you what the limits are and whether work would affect your monthly benefits. When you reach full retirement age, the earnings limits no longer apply.

Before you decide to retire...

Carefully consider the advantages and disadvantages of early retirement. If you choose to receive benefits before you reach full retirement age, your monthly benefits will be reduced.

To help you decide the best time to retire, we offer a free publication, *When To Start Receiving Retirement Benefits* (Publication No. 05-10147), that identifies the many factors you should consider before applying. Most people can receive an estimate of their benefit based on their actual Social Security earnings record by going to www.socialsecurity.gov/estimator. You also can calculate future retirement benefits by using the Social Security Benefit Calculators at www.socialsecurity.gov.

Other helpful free publications include:

- *Retirement Benefits* (No. 05-10035)
- *Understanding The Benefits* (No. 05-10024)
- *Your Retirement Benefit: How It Is Figured* (No. 05-10070)
- *Windfall Elimination Provision* (No. 05-10045)
- *Government Pension Offset* (No. 05-10007)
- *Identity Theft And Your Social Security Number* (No. 05-10064)

We also have other leaflets and fact sheets with information about specific topics such as military service, self-employment or foreign employment. You can request Social Security publications at our website, www.socialsecurity.gov, or by calling us at **1-800-772-1213**. Our website has a list of frequently asked questions that may answer questions you have. We have easy-to-use online applications for benefits that can save you a telephone call or a trip to a field office.

You may also qualify for government benefits outside of Social Security. For more information on these benefits, visit www.govbenefits.gov.

If you need more information—Contact any Social Security office, or call us toll-free at **1-800-772-1213**. (If you are deaf or hard of hearing, you may call our TTY number, **1-800-325-0778**.) If you have questions about your personal information, you must provide your complete Social Security number. If you are in the United States, you also may write to the Social Security Administration, Office of Earnings Operations, P.O. Box 33026, Baltimore, MD 21290-3026. If you are outside the United States, please write to the Office of International Operations, P.O. Box 17769, Baltimore, MD 21235-7769, USA.

INSTRUCTOR OVERVIEW

THIS ACTIVITY IS UNDER REVISION AND IS CURRENTLY UNAVAILABLE.