Week 9

TAXES

Understanding Paychecks, Filing and Financial Responsibilities

WHY SHOULD I CARE?

Getting your first paycheck is exciting… but it can also be confusing. Why is less money deposited into your bank account than you expected? Understanding how taxes affect your paycheck, why money is withheld, and what it means to file a tax return can help you avoid surprises and make smarter financial decisions. Whether you're earning money from a part-time job, freelancing, or starting your own business, taxes are part of adult life. Learning the basics now can help you feel more confident when it's time to earn, save, and manage your own money.

BIG IDEAS

YOUR PAYCHECK TELLS A STORY
Your paycheck includes more than just the money you earn. Understanding your gross pay, withholding, deductions, and net pay helps you see where your money goes and why.

TAXES HELP FUND PUBLIC SERVICES
Taxes help pay for things people use every day, including roads, schools, emergency services, and other government programs. Understanding why taxes exist makes it easier to understand why they're withheld from your paycheck.

FILING DOESN'T HAVE TO BE COMPLICATED
Tax forms like the W-2 and W-4 each serve a different purpose. Learning how these forms work—and understanding concepts like filing status and the standard deduction—can help you feel more confident when it's time to file a tax return.

KNOW WHAT YOU OWE
Paying the right amount of tax is an important financial responsibility. Understanding taxable income, tax liability, and refunds can help you avoid surprises and make informed financial decisions throughout your life.

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KEY VOCABULARY

Filing Status: A taxpayer's classification used to determine tax filing requirements and tax rates.

Form W-2: A tax form showing an employee's annual wages and taxes withheld by an employer.

Form W-4: A form employees complete to help employers determine how much federal income tax to withhold from their paychecks.

Gross Pay: The total amount earned before taxes and other deductions are withheld.

Pay Stub: A record that shows an employee's earnings, deductions, and net pay for a pay period.

Refund: Money returned to a taxpayer after paying more taxes than required.

Standard Deduction: A fixed amount that eligible taxpayers can subtract from their taxable income.

Tax Liability: The total amount of tax a person owes to a government.

Taxable Income: The portion of income that is subject to taxation after eligible adjustments and deductions.

Withholding: The amount of money an employer deducts from a paycheck to pay taxes on an employee's behalf.

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Learn it. Live it.

Filing your first tax return can seem intimidating, but understanding the process before you need to file can make it much easier. This challenge will introduce you to the basic information needed to complete a tax return.

Challenge: Complete Intuit for Education's Taxes with Sasha TurboTax simulation in *Want to Know More?* Identify the information Sasha needs to file a tax return, including a W-2, filing status, and other personal information.

Reflection: After completing the simulation, what part of the tax filing process seems easier to understand, and what questions do you still have?

DID YOU KNOW?

In a TurboTax survey, 20% of Gen Z respondents believed students do not have to file taxes, and 13% believed cash income did not need to be reported.

Source: *TurboTax*

EXPLORE AND EXPLAIN

- Why do most people need to file a tax return, even if they are working part-time or earning a small income?
- What is the difference between a tax deduction and a tax credit, and how can each affect the amount of tax someone owes?
- Why is it important to keep accurate financial records throughout the year?
- How can understanding basic tax concepts help you avoid mistakes and make informed financial decisions?

WANT TO KNOW MORE?

VIDEO

Think You Know How Taxes Work?

Test common beliefs about students, cash income and business expenses, and learn why filing a tax return may matter even when it isn't required.

Source: *Intuit TurboTax*

ARTICLE

Where Did My Money Go?

Find out what gets deducted from your paycheck, where the money goes and why gross pay and take-home pay aren't the same.

Source: *Charles Schwab*

INTERACTIVE

Help Sasha File Her Taxes

Use Sasha's tax documents to work through the filing process and see how the information comes together on a tax return.

Source: *Intuit for Education*

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