

LESSON #3

UNDERSTANDING TAXES



What To Do

1. Open by asking what students know about taxes. What types of taxes do we pay? (Federal, state and city income tax; Social Security, Medicare.) Why do we pay taxes? (Taxes help support city, state and national public services.) How do we pay taxes? (They are deducted from our paychecks and we must file a tax return every year.)
2. Share the Lesson #2 Student Activity sheet and review the deductions on Mariya's paycheck, referring to the Student Glossary as needed.
3. Next, explain when you start a new job, you will be asked to fill out a W-4, which gives employers information to calculate deductions from future paychecks. Show students a sample W-4 (found on www.irs.gov).
4. Explain employers track your earnings and deductions all year long. In January of the following year, your employer will send you a W-2, stating how much you earned and how much was withheld for taxes. Share a sample W-2 from www.irs.gov.
5. Distribute the Lesson #3 Student Activity sheet and provide students time to complete the game. When the game is complete, invite students to share their answers.

