

A woman with dark hair, wearing a white pinstriped button-down shirt and a black lanyard, stands in an office. She is holding a large stack of papers, including several yellow folders and a spiral-bound notebook. Behind her is a white filing cabinet with two drawers, and a stack of yellow folders sits on top of it. The background is a plain wall. The image is framed by a green border with a geometric pattern on the left and bottom, and a white vertical bar on the right.

Influences on Income

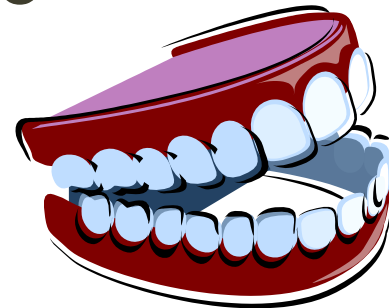
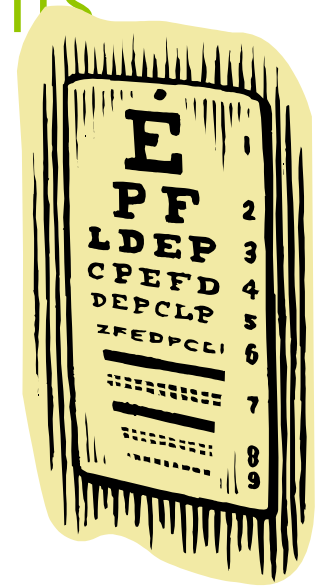
Standard 2
Objective 1

Sources of Income

- Wages and Salaries/Allowances
- Investment Income
- Self-employment
- Inheritance
- Gifts
- Awards
- Lottery!

Common Employee Benefits

- Paid Vacation Holidays
- Paid Sick Days
- Health Insurance
- Disability Income Insurance
- Life Insurance
- Dental/Vision Insurance
- Profit Sharing



Factors that Affect Income

- the level of education, training, and experience that is required to do a particular job
- the level of demand that exists for the type of labor you are skilled/trained/educated to provide
- the number of others who have similar or better skills who can compete for the job
- how good you are at what you do
- how long you have been working — your experience, your seniority
- your work habits, reliability
- the state of the economy

Tax Forms & Deductions



Net Income vs. Gross Income

- **Gross income** is the total amount a worker is paid before any required or voluntary deductions are made.
- **Net income**, also called “take home pay,” is the amount a person receives when he cashes or deposits his check. It is the remaining amount after deductions are made.

Gross Income

Deductions

Net Income

Required Payroll Deductions

- By law, employers must pay taxes deducted from employee paychecks. The most common taxes are federal and state, and sometimes cities have their own local taxes. In addition, employees have to pay a Social Security Tax (FICA), and Medicare tax contribution with each paycheck.

Voluntary Payroll Deductions

- Health Insurance
- Retirement Savings
- Union Dues
- Charitable Contributions

What are taxes?

- Taxes are required contributions to state revenue, levied by the government on personal income and business profits or added to the cost of some goods, services, and transactions.

State & Federal Income Tax

Form **1040** Department of the Treasury—Internal Revenue Service (99) **2011** U.S. Individual Income Tax Return OMB No. 1545-0074 IRS Use Only—Do not write or staple in this space.

For the year Jan. 1–Dec. 31, 2011, or other tax year beginning _____, 2011, ending _____, 20

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 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 _____ Foreign province/country _____ Foreign postal code _____
 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**

Filing Status Check only one box.
1 Single
2 Married filing jointly (even if only one had income)
3 Married filing separately. Enter spouse's SSN above and full name here. ▶ _____
4 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 Qualifying widow(er) with dependent child

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"/>

Boxes checked on 6a and 6b _____
No. of children on 6c who:
 • **lived with you** _____
 • **did not live with you due to divorce or separation** _____

Social Security

The Social Security tax is also called the FICA tax.

(Federal Insurance Contributions Act)

Social Security taxes provide the following benefits for employees and their dependents:

- retirement benefits
- benefits for the dependents of retired workers
- benefits for the disabled and their dependents



Medicare

- The **Medicare tax** is used to provide medical benefits for certain individuals when they reach age 65. Workers, retired workers, and the spouses of workers and retired workers are eligible to receive Medicare benefits upon reaching age 65.

Other Taxes

- Property tax
- Sales tax
- Gasoline tax
- Local/City taxes



What is tax money used for?

- Bridges
- Road maintenance
- Research
- Education
- Armed services, national defense, veterans, and foreign affairs
- Retirement income for elderly
- Social programs
- Physical, human, and community development
- Law enforcement
- Interest on the national debt

Tax Forms

- Federal Tax
 - W-4
 - I-9
 - W-2
 - 1040EZ

- Utah State Tax Form
 - TC-40

W4

- You use W-4 Employee's Withholding Allowance Certificate Form to establish your withholding allowances for Federal income taxes.

Cut here and give Form W-4 to your employer. Keep the top part for your records.

Form W-4 Department of the Treasury Internal Revenue Service	Employee's Withholding Allowance Certificate ▶ Whether you are entitled to claim a certain number of allowances or exemption from withholding is subject to review by the IRS. Your employer may be required to send a copy of this form to the IRS.	OMB No. 1545-0074 2011
1 Type or print your first name and middle initial. Last name		2 Your social security number
Home address (number and street or rural route)		3 <input type="checkbox"/> Single <input type="checkbox"/> Married <input type="checkbox"/> Married, but withhold at higher Single rate. Note. If married, but legally separated, or spouse is a nonresident alien, check the "Single" box.
City or town, state, and ZIP code		4 If your last name differs from that shown on your social security card, check here. You must call 1-800-772-1213 for a replacement card. <input type="checkbox"/>
5 Total number of allowances you are claiming (from line H above or from the applicable worksheet on page 2)	5	
6 Additional amount, if any, you want withheld from each paycheck	6 \$	
7 I claim exemption from withholding for 2011, and I certify that I meet both of the following conditions for exemption. <ul style="list-style-type: none"> • Last year I had a right to a refund of all federal income tax withheld because I had no tax liability and • This year I expect a refund of all federal income tax withheld because I expect to have no tax liability. If you meet both conditions, write "Exempt" here.		
		7
Under penalties of perjury, I declare that I have examined this certificate and to the best of my knowledge and belief, it is true, correct, and complete.		
Employee's signature (This form is not valid unless you sign it.) ▶		Date ▶
8 Employer's name and address (Employer: Complete lines 8 and 10 only if sending to the IRS.)		9 Office code (optional)
		10 Employer identification number (EIN)

For Privacy Act and Paperwork Reduction Act Notice, see page 2. Cat. No. 10220Q Form **W-4** (2011)

19

- An I-9 Form is the Employment Eligibility Verification Form required by the Immigration and Naturalization Services (INS) to verify your identity and your eligibility to work.
- All employees must complete this form and provide valid original identifications.
- You are not eligible for pay until Payroll Services receives a satisfactory I-9.

W-2

- Form W-2 reflects all taxable wages you received during the calendar year and all taxes withheld from those wages.
- The form serves as an annual report that enables you to file your personal income tax return with the Internal Revenue Service.

22222		Void <input type="checkbox"/>	a Employee's social security number		For Official Use Only OMB No. 1545-0008	
b Employer identification number (EIN)			1 Wages, tips, other compensation		2 Federal income tax withheld	
c Employer's name, address, and ZIP code			3 Social security wages		4 Social security tax withheld	
			5 Medicare wages and tips		6 Medicare tax withheld	
			7 Social security tips		8 Allocated tips	
d Control number			9		10 Dependent care benefits	
e Employee's first name and initial		Last name	Suff.	11 Nonqualified plans		12a See instructions for box 12
f Employee's address and ZIP code			13 Statutory employee <input type="checkbox"/>	Retirement plan <input type="checkbox"/>	Third-party sick pay <input type="checkbox"/>	12b
			14 Other			12c
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** Department of the Treasury—Internal Revenue Service
 Copy A For Social Security Administration — Send this entire page with Form W-3 to the Social Security Administration; photocopies are not acceptable. For Privacy Act and Paperwork Reduction Act Notice, see back of Copy D. Cat. No. 10134D

Do Not Cut, Fold, or Staple Forms on This Page — Do Not Cut, Fold, or Staple Forms on This Page

1040 EZ

Department of the Treasury—Internal Revenue Service
Form 1040EZ **Income Tax Return for Single and Joint Filers With No Dependents** (2011) **2011** OMB No. 1545-0047

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 the fund. Checking a box below will not change your tax or refund. You Spouse

Foreign country name Foreign provincial/county Foreign postal code

Income

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 \$9,500 if single; \$19,000 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-. This is your taxable income. 6

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

8b 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

Refund

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

11b Routing number 11c Type: Checking Savings

11d 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 penalty 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. 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 instructions) PTIN

Paid Preparer Use Only Print/Type preparer's name Preparer's signature Date Check if self-employed

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 (2011)

Similar to the 1040 income tax form, 1040EZ is a faster and easier way to file your taxes. This form is only eligible for people with income less than \$50,000 and interest income of \$400 or less.

Career Impact on Income

Earning Power

- Earning power is the ability to earn money in exchange for work. How much you earn depends on the value of your skills in the marketplace.
- An individual's value as a worker – the wage or salary received for a specific job – is related to the skill level and education of the worker, the demand for that work in society, and the availability of qualified workers.

Earning Power

- Generally, in our society, people with higher education and more skills earn more money on the job than those with less education and fewer skills.

Value of Education

High school dropout, no degree	\$19,226
High school diploma	\$28,950
Two-year college associate's degree	\$36,395
Four-year college graduate with bachelor's degree	\$51,568
Post-graduate degree (six plus years)	\$67,073

Source: U.S. Census Bureau, Current Population Survey, 2005 Annual Social and Economic Supplement

These figures show that for the average person, finishing high school is worth about \$10,000 more (compared with dropping out). And finishing college nearly doubles the worth of that number to \$22,000 more!

Entrepreneurship

- Entrepreneur

- Willing to take risks
- A person who creates a business from scratch.
- Self employed
- Strong sense of discipline
- Be your own boss
- Beat the competition



Entrepreneurship

● RISKS

- No guarantees
- No regular paycheck
- No boss
- Long hours
- Assume debt of business

● REWARDS

- Be your own boss
- Keep profits
- Control
- Satisfaction
- Pursue talent and creativity