Simulating Life: Career, Paycheck, Budget & Taxes



**Lesson Plan Title:**

Personal Finance

**Subject Area:**

**Recommended course(s):**

Successful Adulthood-Personal Financial Literacy

**Aligned to NASAFACS Standards:**

3.3.1 Explain the effects of the economy on personal income, individual and family security, consumer decisions.

3.3.2 Demonstrate the effects of a financial planning process that reflect the distinction between needs, wants, values, goals, and economic resources.

**Objectives:**

* Identify sources and types of income.
* List the basic steps in a financial spending plan.
* State guidelines for using a spending plan.
* Define gross and net income.
* State the purposes of income tax and file a federal income tax form 1040EZ.

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| Materials needed:   * Occupations & Incomes * Calculators * Simulating Life worksheets * IRS Form 1040EZ * IRS Form 1040EZ instructions | Resources:   * Parade Magazine “What People Earn” * Successful Adulthood-Personal Financial Literacy text * [www.irs.gov](http://www.irs.gov) Publications and Forms * IRS web site to print Form 1040EZ * IRS web site for instructions for 1040EZ |

**Lesson Summary/Outline:**

Many of my students can’t wait to finish high school and enter the adult world.  I try to encourage them to enjoy their lives as teens because with adulthood comes much responsibility!  They truly understand that statement after completing the activities that one must be responsible for as adults such as calculating paychecks in order to create a budget and finally the one that everyone “loves” so much, [paying taxes](http://www.familyconsumersciences.com/2015/04/simulating-life-paychecks-budgets-taxes/).  These are all real life, practical skills that students are going to need to know how to perform once they are out on their own.  This simulation was designed to give students a taste of what’s to come, using random jobs/incomes to do so.  In the end, while students understood the need to know how to do all parts of the simulation, they weren’t quite as eager to be on the fast track to adulthood!

**Motivator/Opening:**

* Using the [Parade Magazine “What People Earn”](http://communitytable.com/277366/alisongwinn/what-people-earn-gallery/) issue that is published annually, I cut apart a large variety of occupations and incomes (from the gallery if using the website) for students to select from. I put them all in a basket and have students randomly select one to use for the simulation.  Their reactions are fun to listen to; however, if you were having students research careers with incomes, the results could easily be substituted to give them a more realistic picture of their [financial future](http://www.familyconsumersciences.com/2015/04/simulating-life-paychecks-budgets-taxes/).

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| **Activities:**  Activities   * After students select their occupation and income card from the basket, they begin working through the simulation. * First they must calculate the net pay from their paycheck so they can use that figure to calculate their monthly budgets. * Once the budget is finished students use the 1040 EZ form to complete their taxes following the instructions on the simulation.  This is probably the most difficult part of the simulation because most students have never done their own taxes. First, I do an example of filling out the tax form. By doing an example, I found the tax part of the simulation to run smoother and be less confusing. On a positive note, I did have many of my working students tell me they did their own taxes this year! (I love it when they actually apply what they’ve learned!) * Finally, students complete a few follow-up questions regarding the simulation.  While some students were less than thrilled to do this real world simulation, they were glad to have gone through the experience in order to be aware of what some of their financial responsibilities will be. | **Assignments:**  Assignments  Worksheets –  Simulating Life…What People Earn, Calculating Paychecks, Budgets and Taxes.  Attached |

**Evaluation:**

Part IV: Reflections. The five questions in this section can be used as an evaluation as well as the work done on parts I, II, and III.

**Notes:**

**Submitted by:**

**Contact info:**

Simulating Life Worksheets in separate file. Attached.