

Personal Financial Literacy Review

1 Micah wants to purchase 2 comic books for \$5 each and a set of trading cards for \$10. He gives the clerk \$20. The clerk said Micah needs money for the tax. Which tax does Micah need to pay?

- A Income tax
- B Payroll tax
- C Property tax
- D Sales tax**

2 The Cruz family moves to a house with a higher value. As a result, which of the following will probably happen?

- A Their income taxes will increase.
- B Their property taxes will increase.**
- C Their payroll taxes will decrease.
- D Their property taxes will decrease.

3 Shannon earns \$8 per hour working at Taco Town. Her paycheck this week is \$199 for 30 hours of work. What amount was withheld from Shannon's paycheck for payroll taxes?

$$\begin{array}{r} 30 \\ \times 8 \\ \hline \$240 \\ -199 \\ \hline 41 \end{array}$$

- A \$240
- B \$59
- C \$41**
- D \$161

4 Which of the items listed is an expense?

- A Earning an allowance for weekly chores
- B Finding a \$10 bill in the Walmart parking lot
- C Babysitting for money to buy a new pair of shoes
- D Paying for a snow cone at a snow cone stand**

5 Destiny earned \$1,500 last month. She planned her budget using this table.

Destiny's Budget

Expense	Amount
Mortgage payment	\$900.00
Movie rentals	\$ 90.00
Groceries	\$225.00
Fast food	\$ 85.00
Savings	\$130.00
Donations to hospital	\$100.00

+
15300

Does Destiny have a balanced budget? Circle one.

Yes Or **No**

If not, what steps could Destiny take to balance her budget?

Decrease her expenses
(fast food or movie rentals)
by \$30.

Use the word box to complete questions 6 – 9.

Income tax	Property tax
Payroll tax	Sales tax

6 Shauna's parents pay a tax to the federal government based on the money they earn every year. The tax money helps pay for federal programs such as the military, national parks, the president's salary, and the FBI. Name the tax Shauna's parents pay.

Answer: Income Tax

7 Jeff buys a candy bar priced at 69 cents. After the clerk adds a tax, Jeff pays 75 cents for the candy bar. The tax money helps support state and local projects such as roads and bridges. Name the tax Jeff pays.

Answer: Sales Tax

8 Mr. Ford pays a yearly tax of \$1,300 based on the value of his home. The tax money helps pay for schools and other local programs, such as firemen and courts. What is the name of the tax Mr. Ford pays?

Answer: Property Tax

9 Ms. Cox's employer withholds \$143 in taxes from her paycheck every month. The tax money helps fund federal programs such as Social Security and Medicare. What is the name of the tax Ms. Cox pays?

Answer: Payroll tax

10 Jessica earns \$3,575 a month after having to pay her income and payroll taxes. Which of the following terms best describes earnings after taxes are paid?

- A Sales Income
- B Payroll Income
- C Gross Income
- D Net Income**

11 Which of these items listed is an income?

- A Lending money to a friend to buy a soda
- B Babysitting to earn money for my savings account**
- C Paying for a concert ticket
- D Borrowing money to buy popcorn

12 Jennifer's gross income increased. As a result, which of the following probably happened?

- A Her net income decreased.
- B Her net income remained the same.
- C Her net income increased.**
- D Her payroll tax decreased.

13 Cody earned \$525 in June from his job as a lifeguard. His budget for July includes a \$350 car payment. Cody also budgets \$40 for fast food, \$55 for gasoline, \$40 for an eye exam, and \$75 for a day at the water park. On July 1, Cody cuts his toe at the pool and must pay \$15 for medical supplies. Which action will BEST help Cody have a balanced budget for July?

- A Do not make the car payment
- B Do not go to the water park**
- C Do not buy gasoline
- D Do not have an eye exam

14 Martina's checks for last month are shown in this table. At the end of the month, Martina's was \$15 overdrawn at the bank. Which action would BEST help Martina avoid being overdrawn again next month?

Martina's Checks

Expense	Amount
Home insurance	\$ 125.00
Water bill	\$ 33.00
Electricity	\$ 101.00
Cell phone bill	\$ 148.00
Food	\$ 200.00
Car expenses	\$ 120.00

- A Do not use any electricity for one month.
- B Do not wash clothes in order to save water.
- C Switch to a less expensive phone plan.**
- D Do not pay for home insurance until next month.

15 Tina earned \$15 doing laundry and \$9 washing the car last month. She created a balanced budget for her earnings. Which table could show Tina's budget?

Tina's Budget

Expense	Amount
Earrings	\$11.45
Purse	\$ 7.34
School supplies	\$ 3.15
Savings	\$ 1.06

A

= \$23

Tina's Budget

Expense	Amount
Earrings	\$10.68
Purse	\$ 9.14
School supplies	\$ 1.98
Savings	\$ 2.20

B

= \$24

Tina's Budget

Expense	Amount
Earrings	\$ 6.99
Purse	\$13.41
School supplies	\$ 3.49
Savings	\$ 0.00

C

= \$23.89

Tina's Budget

Expense	Amount
Earrings	\$8.73
Purse	\$8.48
School supplies	\$5.15
Savings	\$2.64

D

= \$25

$$\begin{array}{r}
 15 \\
 + 9 \\
 \hline
 * \$24 \text{ income}
 \end{array}$$

Read the following paragraph.

Mark earns \$2,000 every month in his job as a shoe salesman. A total of \$154 is withheld from each paycheck for taxes, so Mark's take-home pay is \$1,846. Each month, Mark pays \$100 in taxes for his home. He also pays about \$50 per month for taxes on items he buys at the store. Every year, Mark pays \$750 in taxes to the federal government.

Select and record a word from the word bank to describe each amount.

Word Bank		
net income	Income tax	Property tax
Payroll tax	Sales tax	gross income

\$2,000 gross income

\$100 property tax

\$154 payroll tax

\$50 Sales tax

\$1,846 net income

\$750 income tax

17 Jerry's grandmother worked in a department store for many years. Now that she has retired, she receives a monthly Social Security check. Jerry's grandmother paid a tax during her working years that helped fund Social Security. Which is the tax?

- A** Payroll tax
- B** Sales tax
- C** Property tax
- D** All of these

18 Arturo earned \$100 last month from his afternoon babysitting job. The table below shows Arturo's budget.

Arturo's Budget

Description	Income (+)	Expense (-)
Paycheck	\$100.00	
Movie tickets		\$15.00
School lunch card		\$70.00
Gum		\$ 5.00
Trading cards		\$10.00

- A** Arturo's budget is not balanced because his expenses exceed his income.
- B** Arturo will have a surplus because he plans to spend less than he earned.
- C** Arturo's budget is not balanced because he will spend all of his money.
- D** Arturo's budget is balanced because his expenses equal his income.