



LifeSmarts
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LifeSmarts U Personal Finance Lesson Federal Income Tax Student Lesson Plan

Lesson Description

Students will explore the basic components of paying federal income tax.

Lesson Objectives

- Understand tax vocabulary.
- Relate tax vocabulary to personal finances.
- Use Intuit TurboTax Student Activity to complete an income tax filing.

Background

As Benjamin Franklin so wisely stated in 1789, “In this world, nothing is certain except death and taxes.” Since taxes are certain and income tax is directly related to employment, teenagers need to acquaint themselves with the basic principles of taxation.

Luckily, while the Internal Revenue Service tax codes fill thousands of pages, tax preparation for most students or young adults is straightforward.

Gaining familiarity with tax terms, understanding what payroll deductions represent, and knowing what benefits are provided by tax dollars is essential to personal finance.

Students also see tax concepts in the news, such as: dependents, withholding certificates, and progressive taxation. Learning what these terms mean and understanding them in context is part of being a responsible citizen and taxpayer.

This basic guide links payroll, taxation and filing income tax to employment.

Materials

- PowerPoint: A Basic Guide to FIT – Federal Income Tax
- Worksheet: Federal Income Tax Student Notetaker
- Worksheet: Federal Income Tax Vocabulary
- Key: Federal Income Tax Vocabulary Key
- Intuit Education: TurboTax Simulation
- Instructor Toolkit:
https://lifesmartsu.lifesmarts.org/wpcontent/uploads/2021/10/Intuit_Toolkit.pdf
- Student Activity Simulation W2 forms:
- <https://lifesmartsu.lifesmarts.org/wpcontent/uploads/2021/10/TurboTax-Student-Activities.pdf>
- Simulation Answer Key:

- <https://lifesmartsu.lifesmarts.org/wpcontent/uploads/2021/10/TurboTax-Answer-Key.pdf>
- Student Activity Orientation: <https://lifesmartsu.lifesmarts.org/wp-content/uploads/2021/10/TurboTax-Curriculum-Overview.pdf>

Lesson Notes:

Day One

You will find sample responses for the Notetaker Discussions on the last page of the document.

Day Two

Prior to Day Two it is important to be familiar with the TurboTax Simulation. The Instructor Toolkit is a step-by-step orientation.

Page 2 of the Instructor Toolkit outlines registration in detail and describes how students will login to TurboTax to complete the simulation. Students will access specific login instructions by going to the Student Activity Orientation at <https://lifesmartsu.lifesmarts.org/wp-content/uploads/2021/10/TurboTax-Curriculum-Overview.pdf>

Please note: the activity must be completed in one day. Students will not be able to access their account again. If needed, they could re-register for the activity by using a new username and email address.

Steps

Day One

1. Distribute the Student Notetaker.
2. Ask students to share their understanding of the terms: federal income tax, gross income, net income, salary, and wages. Students should write those definitions in Section One of the Notetaker.
3. Define and discuss the remaining terms, which may be more difficult, in Section One. The definitions are in the Worksheet Key: Federal Income Tax Vocabulary Prompts.
4. View the PowerPoint, stopping for Discussion if desired and to assist with the remaining content vocabulary definitions.
5. Ask students to complete and share the worksheet component, "Ideas that are new to me."

Day Two

1. To make working with simulation easier we suggest downloading a W-2 form for each student to use in the simulation. This will eliminate toggling back and forth between two webpages. (There are five different W2 scenarios to use with this activity. They are found on pages 7-13 of the Toolkit. You may choose to use only one scenario for the entire group or several to provide variety and prompt discussion after students complete their tax filings.)
2. Guide students to the step-by-step TurboTax Curriculum Orientation where they will create a practice account. This document gives detailed instructions for the entire simulation activity.

3. Allow time to complete the simulation, answering questions as students progress through the tax form.
4. Summarize the activity and the knowledge gained about income taxes with the Summary Discussion Prompts.

Summary Discussion Prompts

1. What are your thoughts about the process of filing federal income tax?
2. Discuss the advantages of using an online program to assist in tax preparation.
3. Describe one content vocabulary term that you have heard in the news but did not fully understand until this lesson.
4. How will you apply your knowledge about income tax to “real life?”
5. Intuit created this simulation to demonstrate filing a simple tax return. How did this simulation help you prepare to file your own tax return?

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