

LESSON 18: The American Dream



Money Mastermind Lesson 18, Worksheet 1:

Net Pay The Effects of Taxes on Your Income:

Scenario:

Courtney is a senior in college and just started her first job as a sales associate. At her new job, she expects to make about \$24,000 per year. She is excited to receive her first paycheck, which is given every two weeks. Courtney learns that 15% of her gross pay will be withheld for federal income tax, 4% for state income tax and 6% for Social Security and Medicare taxes. Help Courtney figure out what her take home, or net pay is, and how much she will pay in taxes each paycheck.

A. How much money will Courtney pay in taxes each paycheck?

Federal:

State:

Social Security and Medicare:

B. What is Courtney's net pay? In other words, how much money does Courtney take home from each paycheck after paying all taxes?

C. Based on your knowledge of taxes, to which programs, services and accounts do you think the money withheld from Courtney's paycheck will go?
