

# CAREER CHOICES and TAXES

## CH 10

### What do other high school students know about taxes?

We asked high school students to tell us what they know about taxes and if they've ever had to pay any:

**I pay them, but I don't know what they are.**  
Junior, Wyoming

"They are taken out of my check for government spending, Social Security and Medicare."

Senior, Texas

"I know that you have to pay taxes on just about everything that you buy."

Senior, Missouri

"The government takes a percentage of your earnings from each check."

Junior, Florida

"I know that you have to pay income taxes, but if you file a return, you'll get money back."

Junior, Oklahoma

### LEARNING OUTCOMES

Identify your personal strengths and weaknesses.

Evaluate the role of a cover letter, résumé and interview.

Explain the various types of taxes withheld from your paycheck.

### KEY TERMS

Career  
Cover Letter  
Deduction  
FICA  
Income Tax  
Interview  
Payroll Deduction  
Résumé



# BEFORE YOU BEGIN

## What do you know about choosing a career?

The majority of the next lesson is about choosing a career that blends your strengths, interests, abilities and personality traits. Whether you are going to college or straight into the workforce, you will need to be able to answer some basic questions about yourself. The answers to these questions will help to not only guide you in your career path, but to prepare you for interviews as well. Take some time to answer these questions:

1. What are your strengths?

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2. What are your weaknesses?

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3. What are your career goals?

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4. How would you describe yourself?

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5. Describe your ability to work as part of a team.

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6. Why should we hire you (or accept you into this program)?

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## Change Happens

The average job is now only \_\_\_\_\_ years in length.

This means that the average worker could have as many as \_\_\_\_\_ different jobs in his or her working lifetime.

Small business is changing the way we think about work. \_\_\_\_\_ of the companies in America have fewer than 100 employees.

## Discover Your Strengths and Weaknesses

How can you know \_\_\_\_\_ you ought to be and \_\_\_\_\_ you ought to be doing if you don't know \_\_\_\_\_ you are?

Speaker and author Marcus Buckingham has identified some common myths that often rob people of having fulfillment and enjoyment in their careers.

- ▶ MYTH: As you grow, you \_\_\_\_\_.
- ▶ TRUTH: You do not \_\_\_\_\_ your personality.

## FEEDBACK

We asked high school students what they wanted to do when they got out of school and how much money they thought they would make. The most frequent answer was “go to college and make a lot of money.” Here are some of the more interesting choices:

Pro basketball player  
Translator  
Orthopedic surgeon  
FBI agent  
Marine biologist  
Physical therapist  
Traveling nurse  
Photojournalist  
Anesthesiologist  
Advertising/Marketing  
Pro baseball player  
Navy SEAL  
Obstetrician  
Plumber  
Movie producer  
Army Ranger  
Explosives expert  
Pro tennis player  
Sports agent

## MONEY FACTS

Less than **39%** of people under the age of 25 are satisfied with their jobs.

MSNBC

### **4 out of 5**

Americans do not have their dream job.

careerbuilder.com

Only **14%** of teens know how income taxes work.

Charles Schwab Survey

**69%** of teens report that the amount of money they can make will influence the career they choose.

Charles Schwab Survey

**73%** of teens believe they'll be earning plenty of money when they're out on their own.

Charles Schwab Survey

Based on the career that most interests them, teens believe they'll be earning an average annual salary of **\$145,500** (boys expect to earn \$173,000 vs. girls \$114,200).

Charles Schwab Survey

The median annual household income is **\$48,201**.

U.S. Census Bureau

▶ **MYTH:** You will learn and grow the most in the areas in which you are \_\_\_\_\_.

▶ **TRUTH:** You grow in your \_\_\_\_\_. You will grow the most in the areas that you already know and love the most.

END OF VIDEO PART 1

## Identify Your Motivation and Passion

Career coach Dan Miller reminds us that \_\_\_\_\_ is ultimately never enough compensation for doing a job.

Find something that blends your skills, \_\_\_\_\_, personality traits, \_\_\_\_\_, dreams and \_\_\_\_\_.

## Understanding Your Unique Personality

The \_\_\_\_\_ profile is a simple test that will yield tremendous insight into how you process decisions and what your natural tendencies may be.

▶ The D (\_\_\_\_\_) person is a hard-charging driver that is task-oriented and first looks to \_\_\_\_\_.

▶ The I (\_\_\_\_\_) person is people-oriented, fun, outgoing and generally concerned about people-pleasing, so they first look to \_\_\_\_\_.

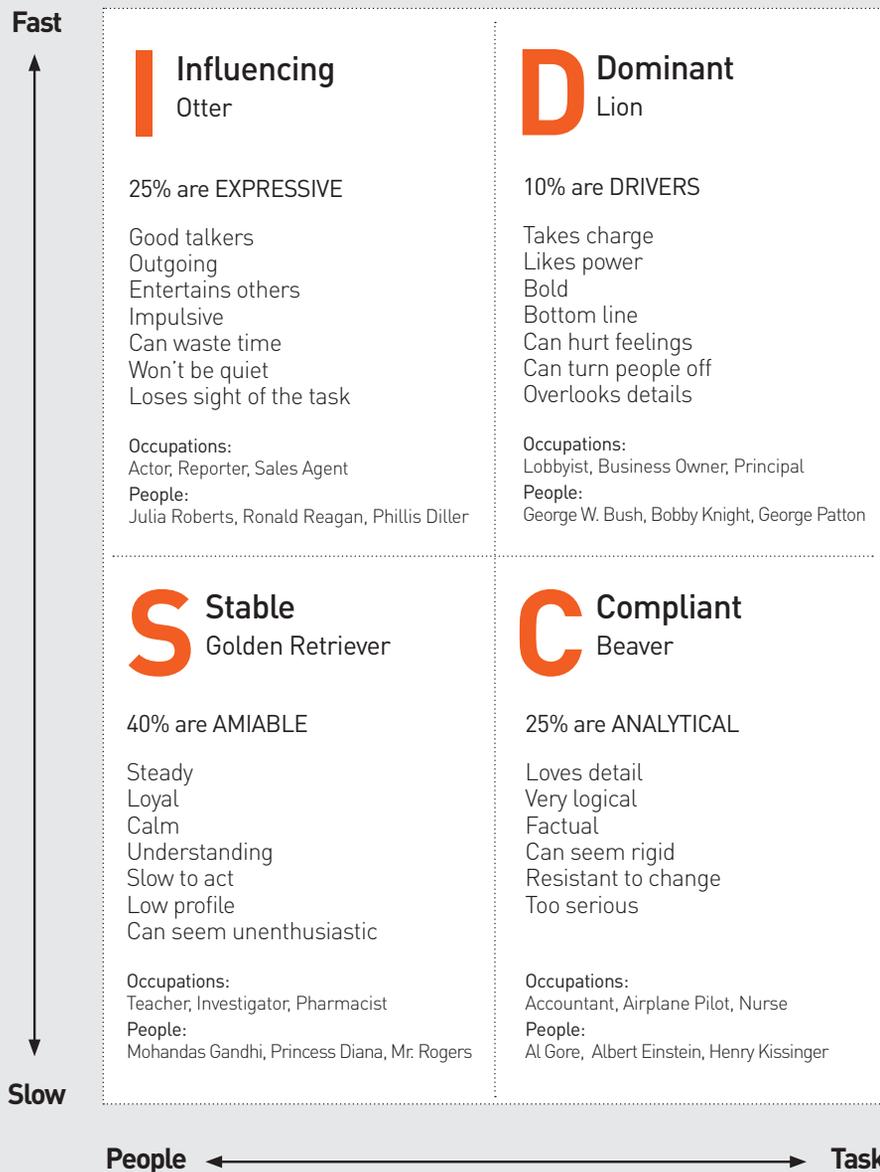
- ▶ The S (\_\_\_\_\_) person is amiable, loyal, does not like conflict, and is concerned about \_\_\_\_\_.
- ▶ The C (\_\_\_\_\_) person is analytical, loves detail, factual, can seem rigid, and loves \_\_\_\_\_.

END OF VIDEO PART 2

**MORE INFO**

In American culture, too many people spend a lifetime chasing wealth in a career that they hate. Or, they work an excessive number of hours every week. "Do not wear yourself out to get rich. Have the wisdom to show restraint." (Proverbs 23:4-5) Do something you love and that is fun for you! If you make a lot of money, great! But if you don't, at least you will have spent a lifetime doing something that was rewarding. Money should never become your primary motivation.

**DISC Personality Profile**



## WISE GUYS

“To find out what one is fitted to do, and to secure an opportunity to do it, is the key to happiness.”

John Dewey

“Life is never made unbearable by circumstances but only by lack of meaning and purpose.”

Viktor Frankl

“Know thyself, and to thine own self be true.”

Shakespeare

“The unexamined life is not worth living.”

Socrates

“Until you make peace with who you are, you will never be content with what you have.”

Doris Mortman

“The secret of success is focus of purpose.”

Thomas Edison

“Think beyond your lifetime if you want to accomplish something truly worthwhile.”

Walt Disney

## Job Hunting

Companies do not start out looking for \_\_\_\_\_. They have a specific \_\_\_\_\_ and they need someone to meet it.

### Develop a Strategy:

- ▶ Identify your \_\_\_\_\_.
- ▶ \_\_\_\_\_ everything you can about them.

## Résumés

When it is time to contact the company, think of it like starting a new \_\_\_\_\_ with a person.

After you target the companies where you would most like to work, you are going to contact them at least three times.

- ▶ Introduction \_\_\_\_\_.
- ▶ Cover letter and Résumé.
- ▶ \_\_\_\_\_ follow-up.

Interviews and jobs come from persistent follow-up and \_\_\_\_\_.

# Sample Résumé

## John Q. Public

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402111 Little Drive  
Lamponia, TN 13579  
johnp@example.com  
555-123-4567

### OBJECTIVE

To obtain a position working as a camp counselor.

### EDUCATION

Completed three years of college prep coursework at Washington High School.  
Projected graduation date: May 2009 GPA: 3.0

### WORK EXPERIENCE

Junior Reserve Officer Training Corps, Lamponia High School (2007-present)

- Rank: Sergeant First Class

Jeffrey's Grille, Lamponia (2006-present)

- Salad prep and fry cook
- Bus boy and dishwasher

### VOLUNTEER POSITIONS

Crew Leader, YMCA Summer Camp (2004-2008)

- Guided children in various activities
- Assisted children with creative projects

Coaching Assistant, Lamponia Middle School Wrestling Program (2006-2008)

- Coached athletes in the sport of wrestling
- Educated athletes about wrestling
- Prepared facilities for tournaments

Coaching Assistant, Thompson County Wrestling Club (2006-2008)

Program Volunteer, Lamponia Community Church, Homeless Ministry (2005-2008)

- Enlisted homeless men in games, activities, and conversation

### EXTRACURRICULAR ACTIVITIES

Wrestling Team, Lamponia Middle School

Junior Varsity Wrestling Team, Lamponia High School, 2005-present

- Iron Man Award

Wrestling Clubs

- Thompson County Wrestling Club
- Hopeville Jr. Wrestling Club
- Lamponia Wrestling Club

## MONEY FACTS

These figures show what the average person earns in relation to their level of education. It pays to stay in school.

These figures are averages, and while education increases the probability of earning more, it is not a guarantee

**\$24,721**

High School Dropout

**\$33,419**

High School Diploma

**\$38,284**

Some College

**\$41,475**

Associate's Degree

**\$58,866**

Bachelor's Degree

**\$70,813**

Master's Degree

U.S. Census Bureau

## MORE INFO

The Internal Revenue Service (IRS) is the federal government agency responsible for tax collection and tax law enforcement. It was created during the Civil War in 1862 to enact a national income tax to pay for war expenses.

## Interviews

Present yourself well. You are the \_\_\_\_\_, so make it the best one available.

Be on \_\_\_\_\_, address everyone by \_\_\_\_\_, offer a firm, confident \_\_\_\_\_, and maintain \_\_\_\_\_ contact at all times.

Designate a time to \_\_\_\_\_ after the interview... and DO IT!

END OF VIDEO PART 3

## Overtime and Extra Jobs

Raising your income \_\_\_\_\_ - term is a career track issue. Raising it \_\_\_\_\_ -term means the dreaded part-time job.

How do you get started with an extra job?

- ▶ Be willing to \_\_\_\_\_ to win.
- ▶ Have a detailed \_\_\_\_\_ so you can see the finish line. This gives you hope!
- ▶ Choose the \_\_\_\_\_ or start a \_\_\_\_\_ - \_\_\_\_\_ business.

## “What kind of things can you put on a part-time job application that will make you stand out from everyone else?”

**DAVE'S ANSWER:** Experience is a great thing to have when you're looking for a job. Every employer wants to know that a potential employee can do the job. But even if it's your first “real” job you probably have experience you didn't think about. Baby-sitting is great experience. It's even better if the parents will give you a good recommendation. If parents feel comfortable with you caring for their child, surely a fast food manager can trust you to flip a few burgers. If you're in band, hold a seat on the student council, or even play sports, these things can catch a manager's eye. They all show that you're willing to work, commit to something, and take on responsibility.

## “How should I dress for a part-time job interview?”

**DAVE'S ANSWER:** Whether a job is part-time or full-time, you should dress in a manner that's appropriate. This doesn't always mean a suit and tie, but it sure doesn't mean jeans and a concert t-shirt, either.

As much as anything, the way you dress for an interview says something about your level of maturity. Some managers even take it as an indication of respect—or lack thereof—and how much you really want the job.

I'd say a pair of khaki pants and a nice polo shirt would be appropriate for a guy, and a shirt with nice slacks for a girl. It wouldn't hurt to go one step further and dress up even nicer.

Think of it this way. If you were trying to get a potential girlfriend or boyfriend's attention, you'd fix yourself up nice, right? Well, in a job interview you're trying to get the owner's attention and win that job!



▶ Don't \_\_\_\_\_!

Beware! Do not allow your work to be the source of all your satisfaction and self-\_\_\_\_\_.

END OF VIDEO PART 4



## “What are some good starting jobs?”

**DAVE’S ANSWER:** There are two ways to look at your teen working career. One is you can do it simply for money. It might not be a job that will carry you where you want to go the rest of your life, but you would learn to work and you would be able to earn some money to meet some of your goals—buying a car or paying your insurance, for instance.

That could be a job like cutting grass. That’s what I did as a teen—cut grass, did home repairs like painting, and all sorts of other manual labor. I don’t do that today. It didn’t really prepare me for today, except it taught me to estimate a job, complete a job, and to follow through with my promises. I did make really, really good money doing it, as opposed to my friends who were doing other jobs.

The other kind of job you can take is one that doesn’t really pay you very much but that gives you a chance to participate in a career field in which you may end up working long term. You probably won’t be doing anything except making copies and getting people coffee, but you’ll get to learn the business by watching all of the insiders. You probably won’t be paid anything, or maybe just a small amount, but the real value is the experience and education that will help you make career decisions later.

## Recap and Review

Discover your strengths and weaknesses and identify what motivates you. This will help you decide your career path.

Money doesn’t buy happiness. Do something you love and that blends your talents, skills and abilities.

Remember the importance of making a good first impression at the interview. This is the most important part of securing a job.

Taxes are part of everyday life and you should understand all of your payroll taxes.

# Taxes, Deductions and Withholdings

Benjamin Franklin said, “Only two things in life are certain: death and taxes.” Taxes are important to understand and you need to know about deductions and withholdings. The government relies on the revenue taxes create to meet their expenses and pay for services such as roads, education and social services. While the specifics differ from state to state, the government taxes three economic bases to pay for its programs: income, consumption and wealth. Like it or not, taxes are a part of everyday life.

## Taxes on Income

April 15 is the deadline to file tax returns. Even young people just starting to work a few hours a week are required to file tax returns. According to the IRS, young people have to file taxes under certain conditions. Go to [irs.gov](http://irs.gov) for more information.

On your pay stub, you will notice three taxes taken out or deducted from your paycheck. These are commonly referred to as withholdings. When you get hired by a company, you will fill out a federal tax form called a W-4. The information on this form is the basis for determining how much income tax should be withheld from your paycheck. Payroll taxes, as these are commonly known, are a tax on income. Hence, you file an income tax return with the government every year you earn income. The three taxes are:

- Federal income tax, which is used to support government programs. This is where the federal government gets much of their money. You work. They spend.
- State income tax, which is used to support state services (if you work in a state without a state income tax, you will not have this withholding)
- FICA, which stands for Federal Insurance Contribution Act and pays for benefits that workers and families receive for either Social Security or Medicare. Social Security pays for benefits under the old-age survivors and disability insurance part of the act. Medicare pays for benefits under the hospital insurance part of the act.

## Taxes on Consumption

The primary taxes on consumption are sales and excise tax.

- Sales tax is used by states as a source of their income and each state sets its own tax rate. Taxes on items such as cars, clothing and movie tickets are sales tax.
- Excise tax is levied on certain goods produced within a country and is sometimes referred to as luxury tax. This is used by both the state and federal government. Taxes on items such as gasoline, beer, liquor, cigarettes and airplane tickets are excise taxes.

## Taxes on Wealth and Property

The primary taxes are wealth and property tax.

- Property tax is the main source of revenue for local governments. Taxes on land, private homes and business property are property taxes.
- Some states tax certain types of personal property. This might include cars, boats and recreational vehicles.
- Taxes on wealth include inheritance, estate and gift taxes.

# CHAPTER 10: MONEY IN REVIEW

## Vocabulary

Career  
Contact Letter  
Cover Letter  
Deduction  
DISC Personality Profile  
Excise Tax  
FICA  
Income Tax  
Medicare  
Motivation  
Payroll Deduction  
Sales Tax  
Résumé  
Stable  
Vocation  
W-4  
Withholding

## Matching

a. résumé  
b. introductory letter  
c. interview  
d. gross pay  
e. withholdings  
f. cover letter  
g. FICA  
h. federal  
i. net pay

- \_\_\_ 1. Taxes deducted from your paycheck  
\_\_\_ 2. Social Security and Medicare  
\_\_\_ 3. Your actual take home pay  
\_\_\_ 4. Your total wages from working

- \_\_\_ 5. Lists your skills, employment history and education  
\_\_\_ 6. Tax used for government programs  
\_\_\_ 7. A letter that addresses specific qualifications you have for a particular job  
\_\_\_ 8. Most important aspect of securing a job  
\_\_\_ 9. A letter to a prospective employer that you will be contacting them

## True or False

- \_\_\_ 10. Most companies in the United States have over 100 employees.  
\_\_\_ 11. The average job in America lasts about five years.  
\_\_\_ 12. Classified ads account for a majority of available jobs.  
\_\_\_ 13. An important aspect of choosing a career path is looking at your interest.  
\_\_\_ 14. Getting a college degree does not insure that you will be happy with your job.  
\_\_\_ 15. The rate of change is blinding so you must engage in the process of continual learning.  
\_\_\_ 16. FICA taxes fund both Social Security and Medicare.  
\_\_\_ 17. If you are under 17 years of age, you are not required to file a tax return.

- \_\_\_ 18. The primary source of revenue for local governments is property tax.
- \_\_\_ 19. The résumé is the most important aspect of securing a job.

## Multiple Choice

20. Which of the following would not help you make a good first impression?
- multiple body piercings
  - firm hand shake
  - good eye contact
  - arriving 10 minutes early
21. Résumés get you:
- careers
  - contacts
  - interviews
  - all of the above
22. The key to finding work you love is to blend your:
- parent's interests
  - personality traits
  - skills
  - both b and c
23. Which is not part of the personality profile?
- influencing
  - dominant
  - stable
  - confident
24. What could you put on your résumé if you didn't have a lot of work experience?
- clubs and activities
  - sports and accomplishments
  - favorite band
  - both a and b
25. Most hiring decisions are made:
- during the interview
  - before the interview
  - after the interview
  - when your resume is reviewed

## Short Answer

26. What are three things you should do when targeting possible employment opportunities?
27. Why is it important to understand different personality styles?
28. What is the difference between gross and net pay?
29. Explain the three basic withholdings on a paycheck stub.
30. Would you do something you did not like in order to make five to ten times more income? Why or why not?

## Case Studies

31. Merideth is almost finished with her second year of college where she is majoring in marketing and advertising. She is not excited about her studies lately and has been thinking about switching over to the nursing field. Her income as a nurse will not be as much as what a good advertising firm would pay, and it wouldn't be as glamorous as working on a big account. Merideth does not really want to lose the two years of college she has put in and start over, but she would essentially have to in order to go into nursing. Should Merideth finish out the remaining two years of this degree or make the switch now and start back at square one? Explain your answer.

32. Ryan loves his work, but he is only making enough for him and his pregnant wife to get by. They have no savings set aside and they have \$5,000 in credit card debt. His income is only \$35,000 per year, but he has now been offered a position making \$65,000 per year. He is considering taking the job even though he knows he will eventually hate working at this company. Ryan figures he needs to make as much as possible. What should he do? Why?
33. Alex is a sophomore at a local college. He wants to transfer to a prestigious university. If he does, he would incur more than \$50,000 in student loan debt. His parents are against the idea. What would Dave say?