Where Money Goes

Read how taxes affect a family's spending plan.

5.SS.3.6 "Explain the impact of taxation on personal finance."

NAME _____ DATE _____

1 READ AND MARK

Read it twice

YOUR JOB Underline two places where a tax changes the money Nia's aunt can use. Circle the choice she faces because of those changes.

Nia's Saturday Money Questions

1. On Saturday, Nia looks at her aunt's pay stub from a weekend shift at the pool. The stub says her aunt earned $100, but $10 was withheld for income tax. She takes home $90, not $100. Her aunt explains that income tax changes how much money she can use now for shopping, bills, or saving.

2. Later, her aunt plans to buy a $20 backpack. At the store, a $2 sales tax makes the total $22. If she buys it, $68 of her take-home pay will remain. She had hoped to save $70 this week, so she must save less or wait to buy the backpack. The price tag alone did not show her full cost.

3. Nia asks why people pay taxes at all. Her aunt says tax money helps pay for shared services, such as roads and public libraries. Those services can help families, even though a tax leaves them with less to spend right away. Nia notices that making a spending plan means looking at both taxes taken from a paycheck and taxes added at a store.

2 ANSWER WITH EVIDENCE

Use the passage

1. How does the income tax on the pay stub affect the amount Nia's aunt can spend or save?

2. How does sales tax change what Nia's aunt pays for the backpack?

3. Why might Nia's aunt wait to buy the backpack if she wants to meet her savings goal?

4. How can taxes leave Nia's aunt with less money now but still help her family?

3 YOUR TURN

Your own words

Imagine you earn $50 from a job, and $5 is withheld for income tax. You want to buy a $12 game with $1 in sales tax. Write three sentences explaining your take-home pay, the game's total cost, and what you would do with the money left if you buy it.

ANSWER KEY

Where Money Goes

GRADE 5 · 5.SS.3.6

PART 1 · READ AND MARK

Underline two places where a tax changes the money Nia's aunt can use. Circle the choice she faces because of those changes. Accept any marking that follows this job and points at the right text.

PART 2 · ANSWERS

#	QUESTION	ANSWER
1	How does the income tax on the pay stub affect the amount Nia's aunt can spend or save?	**It reduces the $100 she earned to $90 in take-home pay, leaving her $90 to spend or save.**
2	How does sales tax change what Nia's aunt pays for the backpack?	**Sales tax adds $2 to the $20 price, so she must pay $22.**
3	Why might Nia's aunt wait to buy the backpack if she wants to meet her savings goal?	**After taxes, buying the backpack would leave her $68, which is $2 less than the $70 she hopes to save.**
4	How can taxes leave Nia's aunt with less money now but still help her family?	**Taxes reduce her take-home pay or add to a purchase cost, but tax money helps pay for shared services such as roads and public libraries.**

PART 3 · YOUR TURN (SAMPLE ANSWER)

My take-home pay is $45 after $5 in income tax is withheld. The game costs $13 after $1 in sales tax is added. If I buy it, I will save the $32 left.

For Your Turn, accept any reasonable choice for the $32 left. Students should show that income tax reduces take-home pay and sales tax increases the game's cost.