

Teacher Discussion Guide

Tax Simulation

for High School Students

OVERVIEW

This document provides supplemental discussion questions to augment the Tax Preparation Simulations as part of the EVERFI Financial Literacy course experience. For in depth information around course structure and implementation, please see the EVERFI Financial Literacy Curriculum Guide. For additional classroom instructional material, please see course lesson plans.

DISCUSSION GUIDE

Core Simulation: Filing Your Taxes

Simulation Overview:

The purpose of this simulation is to create a high fidelity experience of filing a simple tax return electronically. Students will help a character named Carlos answer questions, respond to important considerations and fill out the electronic forms. This will culminate in filing a federal tax return as well as learning about the necessity to file a state return and some peculiarities of state returns.

Learning Objectives:

Students will be able to...

- Understand the importance of filing taxes
- Explain the difference between deductions and credits
- Understand the steps and requirements for preparing taxes

Discussion Questions:

Before Filing Your Taxes Simulation:	Q1-Q3 Suggested Activity: Stop and Jot
<p>Q1: What do you know about preparing and filing taxes?</p> <p>Q2: How does your family usually file their taxes?</p> <ul style="list-style-type: none"> • You may or may not know the answer to this question. <p>Q3: Rate how difficult you know or you think preparing and filing your taxes is. (1 being very easy and 10 being very difficult).</p>	<p>Procedure:</p> <p>Students write a response to each question individually. Remind them that you will not collect their writing but they may share it now or after they have completed the simulation.</p>

After Filing Your Taxes Simulation:	Q1 Suggested Activity: Think-Pair-Share
<p>Q1: Revisit the questions you answered before completing the core simulation on Tax Preparation Software . Answer the following questions:</p> <ul style="list-style-type: none"> • Do you feel you have a better understanding of how to prepare and file your taxes? • What was new or surprising about the tax preparation process? • Is there any information from this first simulation that you would like to share with your family? • How would you rate the difficulty in preparing and filing your taxes now? • What additional questions do you have at this time? 	<p>Procedure:</p> <p>Students take time to think about the question. They find a partner to discuss their initial ideas with, and then share their conclusions.</p>

Optional Simulation: Tax Credits for Families

Simulation Overview:

This simulation aims to explain the criteria for claiming a dependent in a family that may not easily determine who can claim a minor named Martin. Students will learn the importance of determining dependency to claim Earned Income Tax Credit and the Child and Other Dependent Credit.

Learning Objectives:

Students will be able to...

- Understand the purpose of the Earned Income Tax Credit
- Identify who is a dependent based on IRS criteria
- Explain the benefits of the EITC

Discussion Questions:

Before Tax Credits for Families Simulation:	Q1-Q3 Suggested Activity: Stop and Jot
<p>Q1: What is a tax credit?</p> <p>Q2: What is a dependent when it comes to taxes?</p>	<p>Procedure:</p> <p>Students write a response to each question individually. Remind them that you will not collect their writing but they may share it now or after they have completed the simulation.</p>

After Tax Credits for Families Simulation:	Q1-Q3 Suggested Activity: Think-Pair-Share
<p>Q1: What is a tax credit?</p> <p>Q2: What is a dependent when it comes to taxes?</p> <p>Q3: How will Martin's actions with filing his taxes help his family?</p>	<p>Procedure:</p> <p>Students take time to think about the question. They find a partner to discuss their initial ideas with, and then share their conclusions.</p>

Optional Simulation: Taxes for Gig Workers

Simulation Overview:

The purpose of this simulation is to help a character named Chinwe file her taxes as a gig economy worker using a 1099-NEC form. Students will become familiar with independent or contract work tax implications including paying estimated taxes for the upcoming year.

Learning Objectives:

Students will be able to...

- Define gig economy
- Identify differences of contract work income from full employment
- Explain the need to pay taxes quarterly for self-employment

Discussion Questions:

Before Taxes for Gig Workers Simulation:	Q1-Q2 Suggested Activity: Stop and Jot
<p>Q1: How is working as a gig economy worker different from other jobs?</p> <p>Q2: How do gig economy workers deal with paying taxes?</p>	<p>Procedure:</p> <p>Students write a response to each question individually. Remind them that you will not collect their writing but they may share it now or after they have completed the simulation.</p>

After Taxes for Gig Workers Simulation:	Q1-Q2 Suggested Activity: Think-Pair-Share
<p>Q1: What are estimated tax payments?</p> <p>Q2: How would you explain the pros and cons of working as a gig economy worker as it relates to paying taxes? Is it worth it?</p>	<p>Procedure:</p> <p>Students take time to think about the question. They find a partner to discuss their initial ideas with, and then share their conclusions.</p>

Optional Simulation: Taxes for Students

Simulation Overview:

The purpose of this simulation is to help explain the 1098-T Tuition Statement form that is produced by universities for tax purposes. Students will help Dana file their taxes and determine if they need to include the 1099-Q for 529 education savings plans disbursements or the 1098-E form for student loan interest paid.

Learning Objectives:

Students will be able to...

- Explain the purpose of the 1098-T form
- Identify education expenses that can be claimed on taxes
- Explain who can claim education tax deductions

Discussion Questions:

Before Taxes for Students Simulation:	Q1-Q2 Suggested Activity: Stop and Jot
<p>Q1: What types of taxes do full-time students need to pay?</p> <p>Q2: Are there any higher education costs that are not taxed?</p>	<p>Procedure:</p> <p>Students write a response to each question individually. Remind them that you will not collect their writing but they may share it now or after they have completed the simulation.</p>
After Taxes for Students Simulation:	Q1-Q2 Suggested Activity: Think-Pair-Share
<p>Q1: What are some tax related issues that full-time students need to be aware of when preparing their taxes?</p> <p>Q2: Who should students contact if they are missing tax related forms at the end of the year?</p>	<p>Procedure:</p> <p>Students take time to think about the question. They find a partner to discuss their initial ideas with, and then share their conclusions.</p>

Optional Simulation: Taxes for Investments and Cryptocurrency

Simulation Overview:

The purpose of this simulation is to highlight how investments like interest bearing savings accounts, stock dividends and cryptocurrency are reported to the IRS for tax purposes. Students will help Ailani use a 1099-INT from her savings account to file her taxes and determine if she needs to report earnings from her stocks using a 1099-DIV and her cryptocurrency purchases.

Learning Objectives:

Students will be able to...

- Identify sources of income that need to be declared to the IRS
- Explain the purpose of the 1099-INT form
- Explain how cryptocurrency is reported to the IRS

Discussion Questions:

Before Taxes for Investments and Cryptocurrency Simulation:	Q1-Q2 Suggested Activity: Stop and Jot
<p>Q1: What are some examples of investments that you think may be taxed?</p> <p>Q2: When are investments like savings accounts, stock dividends and cryptocurrency taxed?</p>	<p>Procedure:</p> <p>Students write a response to each question individually. Remind them that you will not collect their writing but they may share it now or after they have completed the simulation.</p>
After Taxes for Investments and Cryptocurrency Simulation:	Q1-Q2 Suggested Activity: Think-Pair-Share
<p>Q1: When are investments like savings accounts, stock dividends and cryptocurrency taxed?</p> <p>Q2: What forms or steps must you take when reporting investments while filing taxes?</p>	<p>Procedure:</p> <p>Students take time to think about the question. They find a partner to discuss their initial ideas with, and then share their conclusions.</p>