Standard 1: The student will describe the importance of earning an income and explain how to manage personal income using a budget.

Standard 1. Earning an Income
Lesson 1.1 Jobs versus Careers
Lesson 1.2 Income and Taxes
Lesson 1.3 Goal-setting
Lesson 1.4 Managing Your Income
Standard 1.1

Job vs. Career
1.1. Evaluate how career choices, educational/vocational preparation, skills, and entrepreneurship affect income and standard of living (e.g., postsecondary degree/certification, needs versus wants, and ability to live on less than you earn).

1.2. Identify the components of a personal/family budget (e.g., income, savings/investments, taxes, emergency fund, expenses, and charitable giving) based on short, medium, and long term goals (e.g., financial, personal, educational, and career).

1.3. Explain how taxes, employee benefits, and payroll deductions affect income.
Differentiate between jobs and careers.

Explain the impact of education on income.

Explain human capital.
Down Payment

Felicia and Phillip are best friends. They have been working together to earn spending money for a few years. Felicia wants to be a teacher and is saving her money to go to college. Phillip sees no reason to go to college. Felicia is disappointed that Phillip does not see the value of education.
Down Payment

💰 If they come to you for advice, what would you tell them?
Cache

Career
Earned income
Human Capital
Human Capital Investment
Income
Job
Labor

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Building Interest

- What are your plans after high school?
- What jobs or careers have you considered?
- Are you aware of what that job or profession pays and what requirements are needed to be employed?
- Why did you make that choice?
Job vs. Career

Job

• Allows a person to go to work and draw a paycheck.
• May not offer fulfillment or long-term satisfaction.
• Tends to be temporary.
• Provides just the basics -- cash and an activity.
Job vs. Career

Career

• Offers a profession or vocation that becomes your life’s work.
• Provides more than a paycheck.
• Allows for advancement and professional growth.
• Creates greater satisfaction and fulfillment.
Job vs. Career

Job or Career

• Which do you want?
• Why?
What jobs did you identify? What are the costs and benefits?
What careers did you identify? What are the costs and benefits?
What did you learn?
Does it influence your choices?
Human Capital

What is human capital?
- The health, education, experience, training, skills, and values of people. Also known as human resources.

What is YOUR human capital today?

How does it fit your job or career choices?
### Does Education Matter?

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<td>Bachelor's degree or more (total)</td>
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Does Education Matter?

Yes!

- Higher levels of education tend to mean higher levels of income!

- Why?
Costs and Benefits of Education

- What are some of the “costs” of staying in school?
- What are some of the “benefits” of staying in school?
- Do the “benefits” outweigh the “costs”?
Investing in YOUR Human Capital

Education is one way to invest in your human capital.

What are some other options?
Earnings

- Job and career choices impact your future.
- Building human capital increases your earning potential.
- Staying in school increases your human capital.
- Other skills, experiences, and resources can improve your human capital and your earnings.
Identify three jobs and three careers. What do they have in common? How do they differ?

Discuss the cost and benefits of choosing a career instead of a job.

Explain different ways for people to build their human capital.

What is the value of staying in school?
While many successful entrepreneurs have never gone to college, most of them do have a college education.

Felicia sees education as an investment in herself, and the basis for building a successful career.

Phillip should consider taking business courses or getting a degree in business to help him learn more about owning and operating a business.
Standard 1.2

Income and Taxes
Identify the different kinds of payroll deductions, including taxes and benefits.

Explain the difference between gross and net income.

Compute net income.
Murphy just got his first job at the Stop and Shop Grocery as a sacker where he will earn $8 an hour for working up to 35 hours a week during the summer, and 20 hours a week during the school year.

Mom said he could get a motorcycle if he could find a job to make the payments.
Murphy has it all figured out. 35 hours a week at $8 an hour is $280 (35x$8=$280). Wow. That is $1,120 a month ($280x4=$1,120). Mom will be proud!

What is wrong with Murphy’s reasoning?
Cache

- Deductions
- Exemptions
- FICS
- Gross Income
- Medicare
- Net Income
- Social Security
Payroll Deductions

Several deductions are subtracted from a paycheck.

• Gross income is total pay before deductions.

• Net income is take-home pay after deductions.

• Some deductions are required; others are optional.
Payroll Deductions

Deductions include:

• Insurance
• Taxes
• Uniforms
• Meals
• Retirement
• Union Dues
• Other
Payroll Taxes

FICA
- Federal Insurance Contributions Act
  - Social Security
  - Medicare

Federal Income Tax
- Tax rates vary based on income

State Income Tax
- Tax rates vary from state to state
Earnings

Payroll deductions are subtracted from a person’s paycheck.

Deductions, such as taxes and FICA, are required by law; other deductions are optional.

State tax rates vary from state to state, but FICA and federal income tax rates are the same anywhere in the U.S.
What is the difference between gross and net pay?

What are some of the different kinds of payroll deductions?
  • Which are required?
  • Which are optional?

What is FICA?
Will Murphy really take home $1,120 a month?

No. Payroll taxes and other payroll deductions will be subtracted from his monthly earnings before he receives his check.
Standard 1.3
Goal Setting
Explain the reasons for setting goals.

Differentiate between short-term, medium-term and long-term goals.
Paris is concerned. Her parents own a business in town where she works every day.

There is only one problem: Paris does not want to take over the family business.

Paris feels trapped. Her dreams and dreams her parents have for her are very different.

What should Paris do?
What is the difference between a dream and a goal?
How can you turn dreams into goals?
Why set goals?
Short-term Goals

Goals that can be reached in a few months.
Medium-term Goals

Goals that can be reached in one to three years.
Long-term Goals

Goals that can be reached in more than three years.
Goal Setting Rules

- Be specific.
- Write down goals.
- Post goals.
- Make them YOUR goals.
- Stay focused.
- Believe in yourself.
- See roadblocks as opportunities.
Goal Setting Rules

- Forgive yourself.
- Celebrate success.
- Take care of yourself.
- Review your goals.
- Set short-term and medium-terms goals to help meet your long-term goals.
Practice

- Help a new student feel included.
- Get a good summer job.
- Stop violence at school.
- Earn money for a new bike.
- Raise money to buy a new computer for the library.
If you do not know where you are going, it does not matter how you get there!
Why should you set goals?
What kind of goals should you set?
How do you achieve your goals?
Paris is in a very difficult position. Her parents want her to pursue a career path that she does not want. Most parents want their children to be happy and successful. And, most parents will respect their children’s career goals when the children are serious about their plans.
Knowing how to set personal goals will help someone to establish a plan of action to reach their dreams.
Standard 1.4
Managing Your Income
Identify the components of a budget.

Evaluate the relationship between budgets and goals.
Mickey wants to get his own apartment. Mickey is convinced he can make it on his own with his part-time job. Donald has already found a place to live. What can Mickey do to prove to his parents that he can make it on his own?
Cache

- Budget
- Expenses
- Financial Goals
- Fixed Expenses
- Fixed Income
- Income
- Variable Expenses
- Variable Income
Budget

What is a budget?
Why do you need a budget?
How do you set up a budget?
Fixed vs. Variable Expenses

Fixed is the same for an extended period of time.

- Fixed Income
- Fixed Expenses

Variable changes from month to month.

- Variable Income
- Variable Expenses
Fixed vs. Variable Expenses

Don’t Forget!

When setting your budget, be sure to include deposits to your savings account as a FIXED expense.
**Earnings**

- A budget is THE most important tool to manage financial resources and meet personal goals.
- Budgets should be flexible to meet your needs.
- Budgets should be reviewed annually.
What is a budget?

Why do you need a budget?

How do you set up a budget?

What are examples of fixed incomes?

What are examples of variable incomes?

What are examples of fixed expenses?

What are examples of variable expenses?
Mickey needs to make a budget that shows how much he earns and how much he can afford to spend to help show his parents his plan to be responsible with his money.
Additional Resource

Reality Check

After you finish school, you need to work to pay for housing, food, clothes, transportation, etc. Find out how much money you will need and which occupation will pay for all your needs.

Below are three ways to choose an occupation.

1. Get A Reality Check.
   Don’t know how much money you will need to earn in the future? Don’t know which occupation to choose? No Problem.
   Get a Reality Check. Find out how much you will spend each year. Buy “stuff” for a sample month. Let’s start.

2. Future Salary
   Already know how much money you want to earn? Great. Enter the amount and get information on which occupations pay that much.

3. Occupation Direct
   Already know which occupation you want to pursue? Click here to find out how much you can buy with your chosen occupation.

Web link: http://128.223.105.5/OK/start.aspx