

# Figuring out how much to tip

Students use common tipping percentages to calculate three tip amounts.

## Learning goals

### Big idea

Knowing how to figure out the right amount to tip helps you calculate a payment to people for their services.

### Essential questions

- How do you figure out a tip?
- What percentage should you leave for a tip?

### Objectives

- Learn about common tipping practices and percentages
- Calculate a tip amount in different scenarios

### What students will do

- Learn about common tip percentages.
- Calculate a tip for a service that is based on the total bill amount.

### NOTE

Please remember to consider your students' accommodations and special needs to ensure that all students are able to participate in a meaningful way.

### KEY INFORMATION

**Building block:**

- Financial habits and norms
- Financial knowledge and decision-making skills

**Grade level:** Middle school (6-8)

**Age range:** 11-14

**Topic:** Spend (Buying things, Giving to others)

**School subject:** CTE (Career and technical education), Math

**Teaching strategy:** Direct instruction, Simulation

**Bloom's Taxonomy level:** Understand, Apply

**Activity duration:** 15-20 minutes

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**National Standards for Personal Financial Education, 2021**

Earning income: 4-3, 8-7

Spending: 4-6, 8-1, 8-4, 12-9

These standards are cumulative, and topics are not repeated in each grade level. This activity may include information students need to understand before exploring this topic in more detail.

## Preparing for this activity

- While it's not necessary, completing the "Counting cash" activity first may make this one more meaningful.
- Print copies of all student materials for each student, or prepare for students to access them electronically.
- If students don't know how to translate percentages into decimals, consider teaching that process before introducing this activity.
- Make sure students have access to calculators.

### What you'll need

#### THIS TEACHER GUIDE

- Figuring out how much to tip (guide)  
[cfpb\\_building\\_block\\_activities\\_figuring-out-how-much-tip\\_guide.pdf](#)

#### STUDENT MATERIALS

- Figuring out how much to tip (worksheet)  
[cfpb\\_building\\_block\\_activities\\_figuring-out-how-much-tip\\_worksheet.pdf](#)
- Calculators

## Exploring key financial concepts

Sometimes we need to leave a tip for a person or business to show that we appreciate the work that was done. A tip, which is also called a gratuity, is money that is left in addition to the cost of the bill. Many people earn part of their income through tips. Examples of jobs where people make some of their money through tips are taxi drivers, servers at restaurants, hairdressers or barbers, and bellhops at a hotel. People often tip a few dollars for the services of bellhops, taxi drivers, hotel housekeepers, and car valets.

Common amounts of tips at restaurants and hair salons are 15%, 18%, or 20% of the bill. Some people decide how much to tip based on how good the service was. If you don't get good service, one rule to live by is to leave a tip anyway because it's part of a person's pay. Also, in restaurants, tips are sometimes

#### TIP

Because practices related to tips change, students should be encouraged to always look for the most up-to-date information.

shared with other staff members, not just the server. Being able to figure out a tip will help you make sure you leave a fair and reasonable gratuity to show your appreciation for the service provided.

## Teaching this activity

### Whole-class introduction

- Ask the students to share what they know about leaving tips.
- Tell them that they'll learn how to calculate three tip amounts.
- Explain that many people decide how much tip to leave based on how good the service they received was.
  - When people receive excellent service, they often leave a bigger tip.
  - Tell students that even if they receive bad service, one rule to live by is to still leave something, even if it's a lower percentage of the bill. This is because tips are part of a person's pay and, especially in restaurants, they're sometimes shared among the staff.
- Ask students if they know of anyone who makes part of their pay from tips.
  - If they do, ask them how they think that person feels about getting tips.
- Explain that a tip is calculated by multiplying the total amount of the bill by the tip percentage expressed as a decimal.
  - For instance: The total bill for a service is \$27. The percentage to tip is typically 15% (0.15), 18% (0.18), or 20% (0.20).
    - $\$27 \times 0.15 = \$4.05$  tip
    - $\$27 \times 0.18 = \$4.86$  tip
    - $\$27 \times 0.20 = \$5.40$  tip
- Be sure students understand key vocabulary:
  - **Tip:** An optional or extra payment a customer gives to an employee. Also called a gratuity.

### Individual work

- Give each student the "Figuring out how much to tip" worksheet.
- Students will work independently to complete their worksheets.

#### TIP

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Visit CFPB's financial education glossary at [consumerfinance.gov/financial-education-glossary/](https://consumerfinance.gov/financial-education-glossary/).

- Students will calculate the tip amounts and bill totals for different scenarios.
- They'll then answer the reflection questions.

## Wrap-up

- Bring the class back together and discuss different tipping percentages.
- Review answers from students for each of the scenarios.
- Ask volunteers to share their answers to the reflection questions.

## Suggested next steps

Consider searching for other CFPB activities that address the topics of spending, including buying things and giving to others. Suggested activities include "Exploring price changes" and "Calculating energy costs."

## Measuring student learning

Students' answers on their worksheets and during discussion can give you a sense of their understanding.

This answer guide provides possible answers for the "Figuring out how much to tip" worksheet. **Keep in mind that students' answers to the reflection questions may vary as there may not be only one right answer.** The important thing is for students to have reasonable justification for their answers.

## Answer guide

### Scenario 1. \$25 haircut

15% tip: \$3.75	Total cost: \$28.75
18% tip: \$4.50	Total cost: \$29.50
20% tip: \$5.00	Total cost: \$30.00

### Scenario 2. \$32 taxicab ride

15% tip: \$4.80	Total cost: \$36.80
18% tip: \$5.76	Total cost: \$37.76
20% tip: \$6.40	Total cost: \$38.40

### Scenario 3. \$15.75 lunch

15% tip: \$2.36	Total cost: \$18.11
18% tip: \$2.84	Total cost: \$18.59
20% tip: \$3.15	Total cost: \$18.90