CHAPTER 19

TAXES, TAXATION, AND RETIREMENT PLANNING

Textbook Questions

P1 - What Would You Do

I would try to figure out the situation and try to find a solution. I will call accountants or the IRS and notify them of my problem.

P4 - 19-1 Assessment

1. Everyone has to pay taxes because they use property and things operated by the government, such as roads and buildings. So in order for the government to operate, people have to pay taxes to the government.

2. Revenue is income that is earned by a business over a period of time.

4. First, income tax is paying taxes on the money you earn. Then, payroll taxes help Social Security insurance programs. Furthermore, Sales and Excise taxes are on products you purchase. Estate tax is evaluated by the value of a dead person’s wealth and property before it passes on to their heirs. Inheritance tax is taken out of each person’s share of the will. Lastly, gift tax is when you spend over $15,000 annually, so then you would have to pay taxes on a portion of the value of the gifts.

P5 - What Would You DoI will scour for papers and documents to prove that the legitimacy of my donations and if I cannot find them, I’d just jot down donations I have proof that I’ve done.

P8 - 19-2 Assessment

2. Adjusted gross income is counted through all the main amount of money you’ve made annually, and taxable income is the amount after exceptions are made to the gross income, which tells the government how much they taxed.

3. If you earned income and failed to file an income tax return, you can be arrested and fined.

P11 - What Would You Do

I would rest until my leg recovers. Then, I’ll take a little time off before going back to work.

P17 - 19-3 Assessment

1. The Social Security Act was passed in 1935 and Medicare was added in 1965.

2. The six major social insurance programs are retirement payments, survivor payments, disability payments, Medicare, unemployment benefits, and workers compensation. Retirement payments are payments paid in a form of a stimulus to retired citizens. Then, survivors’ payments are payments given to surviving spouses 60 years old or older. Medicare is social security benefits that cover medical and hospital benefits for people over 65. Unemployment benefits is money paid to unemployed people with a reasonable cause for unemployment. Worker’s compensation are benefits given to people who were injured or sick from work.

P19 - What Would You Do

I will register for the brown bag lunch event since retirement is essential and is important to start early.

P22 - Job Stress and Workers Compensation

1. It can be difficult for employees to win job-stress cases because everyone has different stress tolerances, and it is subjective. It can be hard to prove the stress came completely from work.

2. Job stress cases recently have bloomed due to more sophisticated jobs being made to compensate for the growing technology and to fit people’s needs. The stress from newly developed jobs is probably the reason to why these cases have risen.

P26 - Think Critically

29. Some dislike paying income taxes since many have worked very hard to get an earning, then they have to pay some of their earnings to the government for basically no reason. Although the government needs the tax money function, it is quite irritating.

34. Inflation is a problem for retired people since the amount of money they get paid during retirement won’t scale with inflation.