

# Money *Smarts.*

*Taxes, rent, insurance, and launching into adult life.*

**Aligns to:** modeling, data, and financial decision-making (high-school math); taxes, net worth, housing, insurance, and major purchases (personal finance / Jump\$art standards).

## Grade 12 · Ages 17–18

1. Understanding Your Taxes
2. Calculate Taxable Income
3. Your Net Worth Statement
4. Renting Your First Place
5. Insurance Basics
6. The True Cost of a Car
7. College Cost & ROI
8. Building Credit from Zero

**Project — Your First Year on Your Own**

A free classroom tool · [baratelliinstitute.com](http://baratelliinstitute.com)

# How to use this packet

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This capstone packet readies seniors for life on their own: taxes and take-home pay, a net-worth statement, renting, insurance, the true cost of a car, and building credit from zero.

1. <b>Understanding Your Taxes</b>	W-2, withholding, refunds.
2. <b>Calculate Taxable Income</b>	Gross minus deduction.
3. <b>Your Net Worth Statement</b>	Assets minus liabilities.
4. <b>Renting Your First Place</b>	Move-in costs and leases.
5. <b>Insurance Basics</b>	Premiums and deductibles.
6. <b>The True Cost of a Car</b>	Total cost of ownership.
7. <b>College Cost &amp; ROI</b>	Is the degree worth it?
8. <b>Building Credit from Zero</b>	Starting a credit history.

**The project.** In the project, students build a full first-year budget on a real starting salary, draft a net-worth statement, and make the big calls — rent, car, savings — that shape their adult finances. It pulls the skills together into one real-world task — assign it as a capstone, group work, or homework. **Print in black-and-white, single-sided.** Most worksheets take 15–20 minutes; the answer key with concept notes and differentiation tips is at the back. **Figures here are illustrations for learning — not financial, tax, or investment advice; tax numbers are examples, so check the current tax year. A calculator is recommended.**

**Key terms.** **Gross vs. net** — pay before vs. after deductions · **Deduction** — income that isn't taxed · **Premium** — what you pay for insurance · **Deductible** — what you pay before insurance kicks in · **Net worth** — what you own minus what you owe.

# The ideas behind this packet

Meet Jordan, navigating the first year of adult life on a real salary. Read the story once, then the worksheets will make sense — the answers will be things you were *taught*, not things you had to guess.

## Jordan's first year out

Start with the basics from earlier years: your **gross pay** is what you earn, your **net pay** is what you take home after taxes, and **credit** is borrowing you promise to repay. Jordan meets the full grown-up money world at once.

Jordan graduates into a \$42,000 job. In January the employer sends a **W-2** — the form listing the year's wages and the taxes already withheld — and Jordan files a **tax return** to settle up (a refund if too much was withheld, a bill if too little). Only **taxable income** is taxed: gross pay minus the standard deduction. Jordan starts a **net-worth statement** — everything owned minus everything owed. Renting an apartment brings a **premium** for renter's and car insurance, plus a **deductible**: on a \$3,000 repair with a \$500 deductible, Jordan pays \$500 and insurance covers the rest. The car's **true cost** is the payment plus insurance, gas, and maintenance — far past the sticker. And by using a secured card on time, Jordan is quietly **building credit** — earning the track record of borrowing and repaying that future lenders check before approving a loan, an apartment, even some jobs.

## KEY TERMS IN THIS STORY

**Gross vs. net pay** — what you earn vs. what you take home after taxes

**W-2 & tax return** — year-end wage form; the filing that settles your taxes

**Taxable income** — gross income minus the standard deduction

**Net worth** — what you own minus what you owe

**Premium vs. deductible** — what you pay for insurance vs. what you pay before it helps

**True cost of a car** — payment + insurance + gas + maintenance

**Building credit** — using credit lightly and paying on time to earn a history

## LESSON

# Taxes and take-home pay

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*Your gross pay is what you earn; your net pay is what's left after taxes. Here's how taxes work.*

### **W-2 & filing**

Your employer sends a **W-2** showing your wages and the taxes already withheld. Each spring you file a **tax return** to settle up — a refund if too much was withheld, a bill if too little.

### **Taxable income**

You're not taxed on every dollar. Taxable income = gross income – the standard deduction (~\$15,000 for a single filer; an example — check the current year). **Example:** \$45,000 – \$15,000 = **\$30,000** taxed.

**Now practice** → the Understanding Your Taxes and Calculate Taxable Income worksheets.

## 1. Understanding Your Taxes

*Your employer withholds taxes from each paycheck; in spring you file a return to settle up.*

a) A \_\_\_\_\_-2 form (from your employer) reports your wages and the taxes withheld.

b) If too much was withheld, you get a \_\_\_\_\_; if too little, you \_\_\_\_\_.

c) Is a big refund “free money”? Explain. \_\_\_\_\_

## 2. Calculate Taxable Income

*You don't pay tax on every dollar. Taxable income = gross income – the standard deduction (about \$15,000 for a single filer — an example figure; check the current tax year).*

a) Gross \$45,000 – \$15,000 deduction = taxable

b) Gross \$60,000 – \$15,000 = taxable

c) Why does the deduction help lower-income workers proportionally more?

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## LESSON

# The costs of adult life

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*Net worth is your scoreboard; housing, insurance, and a car are the big line items.*

### Net worth

What you own (assets) minus what you owe (liabilities). **Example:** \$11,000 assets – \$6,200 debts = **\$4,800**.

### Renting

Moving in costs more than one month: usually first month + a deposit + a fee. **Example:** \$1,200 + \$1,200 + \$50 = **\$2,450** upfront.

### Insurance

You pay a **premium** regularly; if something goes wrong you pay a **deductible** and insurance covers the rest. **Example:** \$500 deductible on a \$3,000 repair → you pay \$500.

### The true cost of a car

Sticker price is just the start — add the loan payment, insurance, gas, and maintenance. These can total thousands a year.

**Now practice** → the Net Worth, Renting, Insurance, and True Cost of a Car worksheets.

Name: \_\_\_\_\_

Date: \_\_\_\_\_

### 3. Your Net Worth Statement

*Net worth = what you own (assets) – what you owe (liabilities). Compute it.*

Assets (own)	\$	Liabilities (owe)	\$
Savings	\$3,000	Student loan	\$5,000
Car	\$8,000	Credit card	\$1,200
<b>Total assets</b>		<b>Total liabilities</b>	

**Net worth** = assets – liabilities =

## 4. Renting Your First Place

*Moving in costs more than one month's rent. Add up the real upfront cost.*

Rent is \$1,200/month. Move-in usually needs first month + a security deposit (often one month) + a \$50 application fee.

a) Upfront move-in cost =

b) A lease is a binding contract. Name one thing to check before signing.

\_\_\_\_\_

## 5. Insurance Basics

*You pay a premium regularly; if something goes wrong, you pay a deductible and insurance covers the rest.*

a) Your plan has a \$500 deductible. A repair costs \$3,000. You pay ; insurance pays .

b) Why does a higher deductible usually mean a lower premium?

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Name: \_\_\_\_\_

Date: \_\_\_\_\_

## 6. The True Cost of a Car

*The sticker price is just the start. Add up one year of ownership.*

Cost	Per month	Per year
Loan payment	\$300	
Insurance	\$120	
Gas	\$150	
Maintenance	—	\$600
<b>Total per year</b>	—	

## LESSON

# Investing in your future

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*Two big decisions that shape the years ahead.*

### **College cost & ROI**

College is an investment: weigh its cost against the earnings it unlocks. **Example:** \$60,000 cost, + \$20,000/year → pays back in about 3 years. Cheaper schools and scholarships raise the return.

### **Building credit from zero**

Use a secured card lightly, pay on time and in full, keep balances low, or become an authorized user — earning the track record lenders, landlords, even some employers check.

**Now practice** → the College Cost & ROI and Building Credit from Zero worksheets.

## 7. College Cost & ROI

*College is an investment. Weigh the cost against the earnings it unlocks.*

a) A degree costs \$60,000 and raises pay by \$20,000/year. Simple payback =   
years.

b) Besides tuition, name one “hidden” cost of going to college.

\_\_\_\_\_

c) Name one way to lower the cost without skipping the degree.

\_\_\_\_\_

## 8. Building Credit from Zero

*You can't borrow well without a credit history — but you can build one safely.*

1. Open a \_\_\_\_\_ card (backed by a deposit) and use it lightly.

2. Pay the bill \_\_\_\_\_ and in full, every month.

3. Keep your balance \_\_\_\_\_ (low utilization).

4. Become an \_\_\_\_\_ user on a parent's card.

5. Don't apply for many cards at \_\_\_\_\_.

# Your First Year on Your Own

You've graduated and taken a job paying **\$42,000 a year**. You'll build a full annual budget, a net-worth statement, and make the big calls — rent, car, savings — that set up your adult life.

## Step 1 — Take-home pay

Gross \$42,000. After about 22% for taxes, estimated take-home =  per year, or about /month.

## Step 2 — Annual budget

Category	Monthly	Yearly
Rent		
Food		
Transportation		
Insurance		
Phone / utilities		
Fun		
Savings & investing		

<b>Total</b>		
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Does your total stay within take-home pay? \_\_\_\_\_

**Step 3 — Net-worth start**

List your assets and liabilities and compute net worth.

**Step 4 — One big decision**

Buy a \$15,000 used car with a loan, or keep an old paid-off car for one more year? Show the cost difference and make your call.

# Teacher's Answer Key & Concept Notes

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**1. Understanding Your Taxes** — a) W-2 b) refund; owe (more) c) no — it's your own money returned with no interest; better to withhold accurately and invest the difference.

**Differentiate:** Support: define each term. Challenge: explain how to adjust a W-4.

**2. Calculate Taxable Income** — a) \$30,000 b) \$45,000 c) the flat deduction is a bigger share of a smaller income.

**Differentiate:** Support: subtract. Challenge: estimate tax using a 12% bracket.

**3. Your Net Worth Statement** — Assets \$11,000; liabilities \$6,200; net worth \$4,800.

**Differentiate:** Support: total each side first. Challenge: project net worth after a year of saving \$300/mo.

**4. Renting Your First Place** — a)  $\$1,200 + \$1,200 + \$50 = \$2,450$  b) e.g., lease length, pet/guest rules, who pays utilities, penalty to break it.

**Differentiate:** Support: add the three pieces. Challenge: how many months to save the move-in cost on \$400/mo?

**5. Insurance Basics** — a) you pay \$500, insurance pays \$2,500 b) you're agreeing to cover more yourself, so the insurer charges less.

**Differentiate:** Support: deductible first. Challenge: compare a \$250 vs \$1,000 deductible over a no-claim year.

**6. The True Cost of a Car** — Loan \$3,600 + insurance \$1,440 + gas \$1,800 + maintenance \$600 = \$7,440/year.

**Differentiate:** Support:  $\times 12$  each line. Challenge: per-mile cost at 12,000 miles/year.

**7. College Cost & ROI** — a) 3 years b) e.g., lost wages, housing, books, interest on loans c) community college first, scholarships, in-state, work-study.

**Differentiate:** Support: divide. Challenge: include 4 years of forgone full-time pay in the payback.

**8. Building Credit from Zero** — 1) secured 2) on time 3) low 4) authorized 5) once (all at once).

**Differentiate:** Support: give the first letter. Challenge: order these five by impact on a score.

**P. Project — Your First Year on Your Own** — Open — budget  $\leq$  take-home ( $\approx \$32,760/\text{yr}$  or  $\approx \$2,730/\text{mo}$ ); net worth computed; car decision shows the cost difference.

**Differentiate:** Support: fill rent first. Challenge: hit a 20% savings rate.

*Free to copy for classroom use. Standards references are general (Common Core mathematics; national personal-finance education standards / Jump\$tart) — verify specific alignment before publishing. Figures are rounded for teaching. © 2026 The Baratelli Institute.*