



Splashes and Taxes

Lifeguard/college student/MATH intern Sarah talks about her pool paycheck!

Going to college is awesome! You have a lot of freedom. If you want, you can stay up late and eat pizza every day. But on the downside: Going to college is super-expensive.

Trust me. I'm Sarah, the summer intern for *MATH*, and a student at New York University. When college expenses such as books and *tuition* (the money you pay to attend classes) all piled up, I realized I needed to find a job—fast!

I'm a good swimmer, so I took a training class to become a certified lifeguard at NYU's pool. It's a lot of fun and one of the top paying jobs on campus. I had it made! But I soon realized I was making a little less money than I expected. I forgot about taxes.

When you baby-sit or mow lawns or a job like that, an adult might just hand you cash. But a paycheck from a business is more official. The federal, state, and local governments subtract some taxes and *deductions* from your pay. (This money helps pay for many services, such as the military, public schools, and

assisting people in need.)

Luckily, I am not taxed during the school year, because the government knows I am a student, and I need help paying for my education. But during the summer, I'm taxed like a normal adult. Now dive into the questions to check out one of my paychecks!

—by Sarah Kolinovsky

WHAT TO DO: In the questions, you'll learn about the different taxes and deductions that are subtracted from my paycheck. (The amounts are different *percentages*—portions—of my total pay.) If allowed, use a calculator.

1 I get paid \$14 an hour in the summer. (During the school year, I make only \$10 an hour, because the pool managers know I don't have to pay taxes then.) I worked 57 hours during one pay period in July. How much did I earn before taxes were taken out? (This total is called my *gross earnings*.)

2 The first deduction on my paycheck is for FICA, the Federal Insurance Contributions Act. This money goes to a program called Social Security, which helps the elderly and people with disabilities. To find how much my FICA tax was, multiply my gross earnings (from question #1) by .06199, and round your answer to the nearest penny.

3 Medicare is a government program that provides health insurance, medications, and hospital care to people 65 and older. How much was my Medicare deduction that month? Multiply my gross earnings by .0145 and round to the nearest penny.

4 The U.S. collects federal income tax to pay for the military, highway repair, government employees' salaries, and much more. With this tax, the more you earn, the greater the percentage of your earnings you have to pay! I pay only a small percentage. Multiply my gross earnings by .06933 and round to the nearest penny to see this amount.

5 States also take out taxes for services such as garbage collection, road construction, and water purification. In New York, where I work, for my earnings level you'd multiply my gross earnings by .02641 and round to the nearest penny.

6 How much money did I actually take home? Add up your answers from questions #2 through 6 and subtract that sum from my gross earnings. Also subtract \$1.20, which my job is required to deduct each month for disability insurance (which helps employees who can't work because of illness or injury). What was the actual amount?

GOING PRO

THE JOB: Lifeguard

THE MONEY: About \$8 to \$14 an hour

NECESSARY SKILLS: CPR (cardiopulmonary resuscitation) certification; strong swimming ability in front crawl, back crawl, and breaststroke; excellent physical fitness; interest in helping others, especially with first aid (treating cuts and sprains).

HOW TO GET STARTED: Take swimming lessons. Join your school's swim team or a local club team. Some states will allow lifeguards as young as 15 to work. When you're old enough, sign up for a certification course with the nearest American Red Cross.

SARAH SAYS: "This is the ultimate job for teenagers. You get to have fun, meet a lot of people, and make a lot of money. But the job is serious and teaches a sense of responsibility."



Sarah Kolinovsky

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