

Chapter 23 – Taxes and Social Security

I-Study

Taxes are payments that people must make to support federal, state, and local governments. A good tax system should be fair, simple, convenient, stable, and flexible. Tax dollars pay for a wide range of services, such as education, transportation, and military services. Common taxes include income taxes, Social Security taxes, sales taxes, user fees, and property taxes. Your income tax return shows how much income you received and how much tax you owe. Form W-4 tells your employer how much tax to withhold, and Form W-2 shows how much you earned.

Social Security is a federal government program that helps disabled and retired people and their families. The money for Social Security benefits comes chiefly from Social Security taxes paid by workers and employers. The government uses your Social Security number to keep track of your contributions and work history. Social Security benefits include disability benefits, survivors' benefits, retirement benefits, and health insurance benefits. The Social Security system must change to keep the amount of money being paid out from exceeding the incoming amount.

I-Quiz

1. What is the government agency that collects federal taxes?
 - A. ERA
 - B. IRS
 - C. IRA
 - D. EDD

2. The federal government program that helps individuals who are disabled or retired people and their families is called
 - A. Social Security
 - B. Central Security
 - C. Central Intelligence
 - D. Social Democracy

3. What is the name of the federal health insurance policy that provides medical benefits to persons 65 years or older?
 - A. Medical
 - B. Federal Health Insurance
 - C. Medicare
 - D. Surgeon General

Answer Key

1. B

2. A

3. C