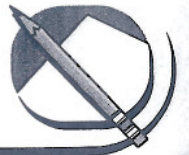


Section 2: Quiz Federal Taxes



A. Key Terms

Match the descriptions in Column I with the terms in Column II. Write the letter of the correct answer in the blank provided.

Column I

- ___ 1. national health insurance program for people over age 65
- ___ 2. an amount that can be subtracted from income when filing taxes
- ___ 3. taking out a part of income as it is earned for taxes
- ___ 4. a form that the taxpayer files with the government
- ___ 5. tax on foreign goods brought into the United States

Column II

- a. withholding
- b. tax return
- c. deduction
- d. tariff
- e. Medicare

B. Main Ideas

Write the letter of the correct answer in the blank provided.

- ___ 6. What is the main purpose of federal taxes on tobacco and alcohol products?
 - a. to raise money for the government
 - b. to make it expensive to import these products
 - c. to make it harder for companies to sell these products
 - d. to discourage the use of these products
- ___ 7. What is the difference between an estate tax and a gift tax?
 - a. An estate tax is assessed on all inherited money; a gift tax is only assessed on amounts over \$5,000.
 - b. An estate tax is a tax on the money and property of someone who has died; a gift tax is a tax on money or property given from one living person to another.
 - c. An estate tax is paid by the executor of an estate; a gift tax is paid by both parties of the gift.
 - d. An estate tax is paid on money; a gift tax is paid on money and property.
- ___ 8. Why does the federal government collect income taxes in installments rather than waiting until the end of the year?
 - a. It is easier for taxpayers to pay that way, but inconvenient for the government.
 - b. It is easier for the government to collect that way, but harder for taxpayers.
 - c. It is more convenient for the government and taxpayers to collect in installments.
 - d. It is optional; people may pay all their taxes at once at the end of the year.
- ___ 9. How much of the federal government's income comes from individual income tax?
 - a. 17 percent
 - b. 27 percent
 - c. 47 percent
 - d. 77 percent
- ___ 10. How is the federal income tax a progressive tax?
 - a. The higher the income a person has, the higher the percentage that person pays in tax.
 - b. A person with a higher income pays more money in taxes, although the percentage he or she pays as tax is less.
 - c. Two married people who file their taxes together will pay more taxes than a single person will.
 - d. Children pay no taxes, regardless of whether they earn a large income.

Section 3: Quiz

Federal Spending



A. Key Terms

Match the descriptions in Column I with the terms in Column II. Write the letter of the correct answer in the blank provided.

Column I

- ___ 1. social welfare programs from which people benefit if they meet certain eligibility requirements
- ___ 2. money lawmakers have a choice about spending
- ___ 3. benefits paid to retired and disabled workers
- ___ 4. money lawmakers are required to spend on certain programs

Column II

- a. mandatory spending
- b. discretionary spending
- c. entitlements
- d. Social Security

B. Main Ideas

Write the letter of the correct answer in the blank provided.

- ___ 5. Approximately what percentage of the national budget is spent on defense?
 - a. 5 percent
 - b. 15 percent
 - c. 25 percent
 - d. 45 percent
- ___ 6. What is the difference between Medicare and Medicaid?
 - a. Medicare is for people over age 65, whereas Medicaid is for low-income families.
 - b. Medicare is for adults, whereas Medicaid is for children under 16 years old.
 - c. Medicare is a program of the individual states, whereas Medicaid is a federal program.
 - d. There is no difference; they are different names for the same program.
- ___ 7. What is a "means-tested" program?
 - a. one with no federal entitlements
 - b. one that depends on age-related criteria for benefits
 - c. one for which those with higher incomes receive lower benefits or no benefits at all
 - d. one for which the recipient must have contributed to it in order to qualify for benefits
- ___ 8. What is the largest category of federal spending?
 - a. foreign aid
 - b. law enforcement
 - c. education and training
 - d. Social Security
- ___ 9. What is one reason the government has only limited control of its spending?
 - a. When criteria have been set for a program there is no control of how many people will qualify.
 - b. Congress can change the number of people who qualify for a program but not how much they will receive.
 - c. The government cannot control how much money will be spent on education in a given year.
 - d. When the government starts some programs it does not know what they will cost.
- ___ 10. Why are Social Security and Medicare spending expected to increase further in the near future?
 - a. The amounts people receive are expected to take a big jump.
 - b. The baby boomer generation will qualify for both programs.
 - c. The people who qualify will all receive the maximum benefit.
 - d. The generation over age 85 will qualify for expensive medical programs.