

## INCOME AND EARNING

### What is income?

Income is **money** that people earn from working. It is also referred to as **wages** or **salaries**.



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### How do people earn money?

- Some people make or grow **goods**. Farmers grow crops or livestock. Some people work in factories to make cars, or toothpaste, or telephones. Children make lemonade to sell in a lemonade stand.



- Some people perform **services**. Doctors and nurses give care to patients. Teachers help students learn. Policemen and firemen keep communities safe.



- Some people **invest** in business stocks that they hope will bring them an income. Stocks are small shares of a company. The company sells shares to run its business. They pay dividends to stockowners

**Spending** means using income to purchase goods and services. People buy

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**Savings** are the amount of income that is not spent.

- Some people put their savings in a place at home to use as needed
- Some people put savings in banks. Banks pay them a small amount called interest to thank them for the use of their savings.

**Economics** - the study of ways people spend money

**Budget** - a plan that shows income, spending and savings

**Taxes** - monies collected by a government to provide services to communities. (Sales tax, real estate tax, business profit tax)

**Income tax** - a percent of the money people earn is paid back to the government

**Sales tax** - a percent of the cost of some goods is added to the price of an item

**Profit** - income a producer has left after all costs of production are paid

**Costs of production** - salaries to workers, goods needed to make more goods, maintenance of property such as electricity or heat, and taxes

**Economic choice** - buying one thing, not another

**Employer** - an owner of a business

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An illustration showing a row of diverse children standing on a green grassy field. Above them are four thought bubbles containing various educational icons: a cube and microscope, a globe and test tube, an atom and a pie chart, and a bar graph and math symbols. The word 'PREVIEW' is written in large, bold, blue and orange letters below the children. Below the preview text, it says 'Please Sign In or Sign Up to download the printable version of this worksheet'.