

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 patch of grass. Above each child is a thought bubble containing various educational icons: a cube, a microscope, a protractor, a globe, a chemistry flask, a globe, a pencil, a bar chart, a pie chart, a bar chart with an upward arrow, and a calculator. The word 'ABC' is also visible in one of the bubbles.

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