



# Parent Discussion Guide

## Intuit TurboTax Tax Simulation

### OVERVIEW

Your child has been learning about filing taxes through engaging online simulations created by EVERFI and Intuit. This guide is designed to share the content that your child may have experienced and provide prompts that could spark meaningful discussions about taxes and how to file them.

#### Create an opportunity for your child to share what they know.

We suggest starting by asking the discussion prompt questions. Then follow up with questions related to the key terms. Sample answers have been provided in italics to help guide your discussion.

### Simulation: Filing Your Taxes

In this simulation, your child helps Carlos file his taxes electronically and learn how online tax preparation software is helpful, secure, and effective.

#### Topics:

- How tax preparation software works
- Documents needed in order to file taxes
- Important pointers for getting a maximum refund

#### Discussion Prompts

1. How do you prepare your taxes using online software?  
*Follow all prompts - it is very user friendly.*
2. What do you need in order to be ready to prepare your taxes?  
*All tax forms such as W2 form among others.*
3. How could tax credits and deductions help with filing taxes?  
*Claiming credits and deductions help reduce the amount of taxes owed in different ways. See definitions for the difference.*

#### Key Terms

- **Credit:** Items that reduce the actual amount of taxes you need to pay.
- **Deduction:** In tax terms, any purchase or expense that reduces the overall amount of money that you earn.
- **Income Tax:** This is money that is withheld from an employee's paycheck and used for federal, state, and local needs.
- **Tax Preparation Software:** An online program that helps an individual complete tax forms that can then be filed with the IRS.
- **W-2 Form:** This form reports the total annual salary or wages and the amount of taxes withheld from their paychecks.

## Simulation: Tax Credits for Families

In this simulation, your child helps Martin claim more tax credits for his family through the Earned Income Tax Credit by better understanding who in his household can claim him as a dependent.

### Topics:

- Earned Income Tax Credit
- Determining dependency

### Discussion Prompts

1. What is a dependent and how is it determined?  
*Someone who is supported financially by another person. This is determined by the percentage of expenses paid and if they live under their care for at least 6 months out of the year plus their relationship to the supporter.*
2. What are the benefits of claiming a credit related to the children or dependents in our family?  
*If eligible, tax credits related to child and dependent care will reduce the amount of taxes owed.*

### Key Terms

- Child and Other Dependent Tax Credit - A tax break that is given for each qualifying child.
- Dependent- A person that is supported by another person financially.
- Earned Income Credit - A tax break for low- to moderate-income workers and families.

## Simulation: Taxes for Gig Workers

In this simulation, your child helps Chinwe manage her gig economy tax burden by filing her taxes using a 1099-NEC form and making estimated tax payments going forward.

### Topics:

- Gig economy
- Tax form 1099-NEC
- Estimated tax payments

### Discussion Prompts

1. What are the pros and cons of working in the gig economy versus a wage-earning job at a local business?  
*There is more flexibility in gig economy work but taxes need to be paid later.*
2. Why do gig economy workers need to pay estimated quarterly taxes?  
*Taxes are not taken out of contract work payments. Gig economy workers are usually considered contract workers.*

### Key Terms

- 1099-NEC - A tax form that reports Non-Employee Compensation (NEC) which means money earned by independent contractors, freelancers or self-employed individuals.
- Estimated tax payments - The amount of money that self-employed workers (like in the gig economy) must pay four times throughout the year.

## Simulation: Taxes for Students

In this simulation, your child helps Dana navigate how to claim higher education expenses on her taxes and navigate the tax implications of 529 plan disbursements and interest on student loans.

### Topics:

- Tax form 1098-T for tuition payments
- Tax form 1099-Q for 529 disbursements
- Tax form 1098-E for student loan interest paid payments

### Discussion Prompts

1. What are some examples of tax forms that you might get if you continue your studies at an institution of higher education?

*Tax forms related to tuition payments, 529 disbursements and interest paid on student loans.*

2. What types of deductions can be claimed on taxes as a student?

*Qualified expenses that can be claimed include course requirements like tuition, class fees, computers and internet fees.*

### Key Terms

- 1098-T - A tax form produced by an institute of higher education to report payments received and still owed by an enrolled student.
- 1099-Q - A tax form that reports money that was disbursed, or withdrawn, from an education savings account known as an ESA or 529 plan to pay for qualified educational expenses like tuition.
- 1098-E - A tax form that reports interest that was paid in the past year on student loans.

## Simulation: Taxes for Investments and Cryptocurrency

In this simulation, your child helps Ailani learn how she needs to report interest from savings accounts and purchases of cryptocurrency for tax purposes.

### Topics:

- Tax form 1099-INT
- Tax form 1099-DIV
- Tax considerations for cryptocurrency

### Discussion Prompts

1. How are investments or stocks taxed?

*These are taxed on the earnings or sale of these investment instruments.*

2. How is cryptocurrency taxed?

*Cryptocurrency is only taxed when it is sold, traded or converted to other currencies.*

3. How do you file taxes with investment and cryptocurrency earnings?

*Tax forms related to interest earnings and dividend payments will be sent from the financial institution, you will also need to keep track of all cryptocurrency transactions yourself.*

### Key Terms

- 1099-DIV - A tax form that reports qualifying dividend payments to investors.
- 1099-INT - A tax form that reports interest payments made to investors.