Class Activity:

Count the Money. Start the second half of the class by explaining that if a child's parents separate, one of them will be awarded custody of the child and the other will be required by the court to provide financial support in an amount proportional to the non-custodial parent's income.

Explain that in Texas, we follow state child support guidelines when calculating the amount of child support owed by an individual non-custodial parent. These guidelines are expressed in percentages of net income. First explain the difference between gross and net income and earnings before and after deductions. You may want to allow volunteer answers until the correct answers are given and understood by everyone. Write the definition of net income on the board.

NET INCOME: *Earnings after all taxes and other mandatory deductions.*

Figuring net income. Ask for a volunteer to come to the board (you may want to assure the volunteer that the class will help). Explain how to figure net income from hourly wage.

HOURLY WAGE X 40 hours = GROSS WEEKLY INCOME

Ask the volunteer to figure on the board the gross weekly income for a person who makes **$7.25 per hour.** Make sure the final figure ($290) is clearly labeled as follows:

$7.25 x 40 = $290 gross weekly income

Now have the volunteer figure out the gross annual income by multiplying by 52 (weeks per year):

$290 x 52 = $15,080 gross annual income

Divide by 12 to figure out gross monthly income.

$15,080 ÷ 12 = $1,256.67 gross monthly income

Now the volunteer can add up the standard deductions, which are Social Security, Income Tax, Medicare Tax, union dues and expenses for health care coverage for the child. For this example, the amounts are:

$ 77.91	Social Security tax (6.2% of gross)
18.22	Medicare Tax (1.45%)
52.75	Federal Income Tax, one dependent
$ 148.88	Total Monthly Deductions