

Maria Consuela is in her late 20s.
She lives in Brooklyn with two roommates.

By day, she works as a customer service representative, earning an hourly wage; she also receives commissions and bonuses.

Through her employer, she has medical insurance and contributes towards the premium. She also participates in a company retirement plan, a traditional 401 (k), in which she contributes 5% of her earnings and her employer offers a 50% match.

By night, and on some weekends, she works part-time as an exercise instructor. Some of her work is through local gyms, from which she receives a 1099. Additionally, she has several private clients, and those clients pay her in cash.

She hopes to leave her day job and be a full-time fitness instructor.

In the Money 101 classes, we follow Maria through many different stages and help her get her finances in order.

MARIA'S W-2

In the Foundation segment, we review her customer service earnings and deductions. As a homework exercise, students prepare Maria's W-2.

We learn what earnings are subject to Federal, State, and City income taxes, as well as what earnings are subject to Social Security and Medicare taxes. (Hint- they are different.)

In the Taxation Segment, we use Maria's W-2 to prepare her 1040 personal tax return.

MARIA'S 1099

In the Foundation and Taxation segments, we learn why Maria will get a 1099 for her work as an exercise instructor. Additionally, we learn how to report that income, along with her cash earnings, when she prepares her tax return.

MARIA'S CASH FLOW STATEMENT (CFS)

Maria struggles to increase her savings, but her money seems to disappear. In the Money 101 Foundation and Life Cycle segments, we do an Exercise, "Prepare Maria's Cash Flow Statement, so she can see if she has a positive or negative cash flow on an annual basis. Getting the overview of her finances is critical for planning.

PREPARE MARIA'S PERSONAL FINANCIAL STATEMENT (PFS)

Maria also wants to track her Net Worth and how it changes from year to year.



MONEY 101 EDUCATION

0.10 Meet Maria Consuela

Thus, in the Foundation and Life Cycles segment, we learn how to prepare a Personal Financial Statement listing all her assets and liabilities. The assets minus the liabilities equal her net worth. Maria will need a PFS if she ever wants to apply for a loan or mortgage, and it is necessary for a Prenuptial Agreement.

MARIA'S TAX RETURN – In the Taxation Segment, we prepare Maria's 1040 personal tax return, including completing IRS Schedule C, to record her business income and expenses.

As she maintains a home office, we calculate her home office deduction using two methods to determine which yields the largest tax deduction.

We also calculate her Self-Employment taxes and Qualified Business Income credit.

Maria appreciates all your help as she tries to improve her finances!