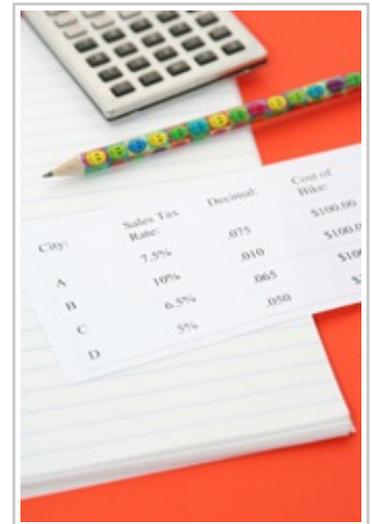


# Get Sales Tax Savvy

By late elementary school, students are expected to perform basic multiplication problems involving decimals. For a fun activity that takes the dull out of decimals, show your child how to gain a better understanding of decimals - as dollar amounts! Throw in a practical lesson in money management, and you've got an activity that will give your child math practice, as well as real-world savings savvy.

Maybe your child really wants to purchase a new bike for the summer, or another special item. Like many kids, he's probably unaware that the bike will cost more than what is stated in the catalog because sales tax is added. However, it's possible to save money on the bike by "shopping around" for the city with the lowest sales tax and buying it there.



## What You Need:

- sales tax chart for your local area
- calculator
- paper/pencil

## What You Do:

1. Begin by asking your child to find a bike, or other desirable item, in a local store catalog. He should write down the listed price of the bike and shop around for similar bikes at a lower price.
2. Once he has chosen the bike he wants to buy, have your child determine the best city in which to buy the bike. Explain to your child that local cities have different sales tax rates and buying the bike in the city with the lowest rate will save him money. Show him the list of local tax rates and help him make a chart like the one below.

City:	Sales Tax Rate:	Decimal:	Cost of Bike:	Tax:	Total:
A	7.5%	.075	\$100.00	\$7.50	\$107.50
B	10%	.100	\$100.00	\$10.00	\$110.00
C	6.5%	.065	\$100.00	\$6.50	\$106.50
D	5%	.050	\$100.00	\$5.00	\$105.00

3. As you make the chart with your child, explain how percentages change to decimals by moving the decimal point two places to the left and adding a zero.

For example:

$$7.5\% = .075$$

$$10\% = .100$$

$$6.5\% = .065$$

$$5\% = .050$$

4. Give your child a calculator to multiply the decimal by the cost of the bike to get the sales tax. Finally, for each city, add the sales tax to the cost to get a total.
5. Discuss with your child the best place to make his bike purchase. With the money he saves on the bike, your child can start saving for his next big purchase!

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