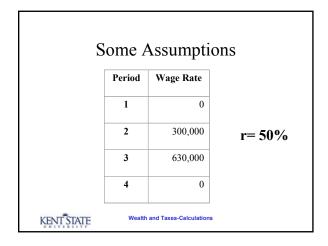
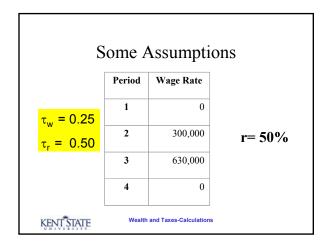
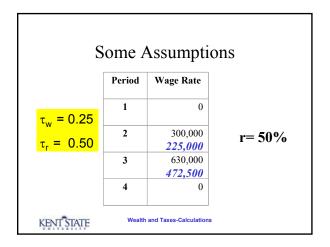
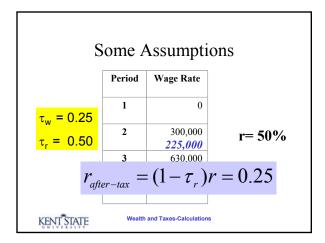
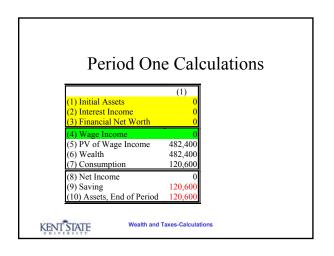
| XX7 Ltl | |
|-----------|---|
| Wealt | h and Taxes- Calculations |
| | (1) (2) (3) (1) Initial Assets 0 120,690 08,990 (2) Interest income 0 30,150 19,125 (3) Financial Net Worth 0 30,505 56,25 |
| | (4) Wage Income 0 225,000 472,500 (5) PV of Wage Income 482,400 643,000 472,500 (6) Wealth 482,400 452,250 376,375 (7) Consumminion 120,600 150,750 158,438 |
| | Construction Factor Factor (8) Net Income 0 194,850 453,375 (9) Saving 220,600 44,100 264,938 10) Assets, End of Period 120,600 86,438 |
| KENTSTATE | Lectures in Macroeconomics- Charles W. Upton |

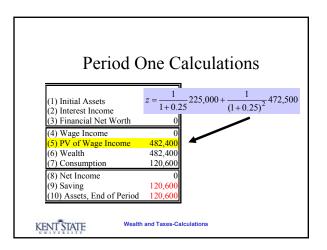


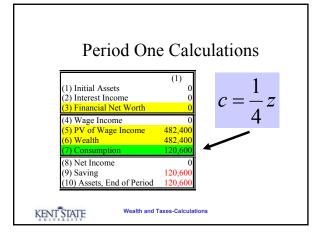


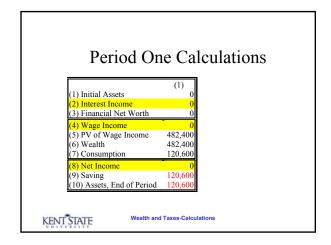


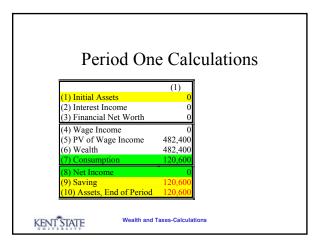












| Period I w | o Calculation |
|----------------------------|-----------------|
| | (1) (2) |
| (1) Initial Assets | 0 120,600 |
| (2) Interest Income | 0 0,150 |
| (3) Financial Net Worth | 0 50,750 |
| (4) Wage Income | 0 225,000 |
| (5) PV of Wage Income | 482,400 603,000 |
| (6) Wealth | 482,400 452,250 |
| (7) Consumption | 120,600 150,750 |
| (8) Net Income | 0 194,850 |
| (9) Saving | 120,600 44,100 |
| (10) Assets, End of Period | 120,600 76,500 |

| Perio | d Tw | o Cal | cula | tion | S |
|----------------------------|--------------|----------------|------|------|---|
| | (1) | (2) | | | |
| (1) Initial Assets | 0 | 120,600 | | | |
| (2) Interest Income | 0 | 30,150 | | | |
| (3) Financial Net Worth | 0 | 150,750 | | | |
| (4) Wage Income | 0 | 225,000 | | | |
| (5) PV of Wage Income | 482,400 | 603,000 | | | |
| (6) Wealth | 482,400 | 452,250 | | | |
| (7) Consumption | 120,600 | 150,750 | | | |
| (8) Net Income | 0 | 194,850 | | | |
| (9) Saving | 120,600 | 44,100 | | | |
| (10) Assets, End of Period | 120,600 | 76,500 | | | |
| KENT STATE | Wealth and T | axes-Calculati | ons | | |

| Perio | d Two | o Cal | lculations |
|--|--------------------|-------------------------------------|------------------------------------|
| (1) Initial Assets (2) Interest Income (3) Financial Net Worth | (1) 0 0 0 | (2) 120,600 30,150 150,750 | $225,000 + \frac{1}{1+.25}472,500$ |
| (4) Wage Income | 0 | 225,000 | |
| (5) PV of Wage Income (6) Wealth | 482,400 482,400 | | |
| (7) Consumption | 120,600 | | |
| (8) Net Income | 0 | 194,850 | |
| (9) Saving | 120,600 | 44,100 | |
| (10) Assets, End of Period | 120,600 | 76,500 | |
| KENTSTATE | Wealth and T | axes-Calcula | ations |

| | (1) | (2) | |
|-------------------------------------|--------------------|--------------------|---|
| (1) Initial Assets | 0 | 120,600 | 0 |
| (2) Interest Income | 0 | 30,150 | С |
| (3) Financial Net Worth | 0 | 150,750 | |
| (4) Wage Income | 0 | 225,000 | |
| (5) PV of Wage Income (6) Wealth | 482,400 482,400 | 603,000 452,250 | |
| (7) Consumption | 120,600 | 150,750 | × |
| (8) Net Income | 0 | 194,850 | |
| (9) Saving | 120,600 | 44,100 | |
| (10) Assets, End of Period | 120,600 | 76,500 | |

| Period Two C | 'alcul | ation |
|----------------------------------|-------------|---------|
| | Juicui | autor |
| | (1) | (2) |
| Initial Assets | 0 | 120,600 |
| (2) Interest Income | 0 | 30,150 |
| (3) Financial Net Worth | 0 | 150,750 |
| (4) Wage Income | 0 | 225,000 |
| (5) PV of Wage Income | 482,400 | 603,000 |
| (6) Wealth | 482,400 | 452,250 |
| (7) Consumption | 120,600 | 150,750 |
| (8) Net Income | 0 | 194,850 |
| (9) Saving | 120,600 | 44,100 |
| (10) Assets, End of Period | 120,600 | 76,500 |
| <u> </u> | | |
| NT STATE Wealth and Taxes-C | alculations | |

| | N 1 1 | • |
|----------------------------|--------------|---------|
| Period Two C | alcul | atio |
| | (1) | (2) |
| (1) Initial Assets | 0 | 120,60 |
| (2) Interest Income | 0 | 30,15 |
| (3) Financial Net Worth | 0 | 150,75 |
| (4) Wage Income | 0 | 225,000 |
| (5) PV of Wage Income | 482,400 | 603,000 |
| (6) Wealth | 482,400 | |
| (7) Consumption | 120,600 | 150,750 |
| (8) Net Income | 0 | 194,850 |
| (9) Saving | 120,600 | 44,100 |
| (10) Assets, End of Period | 120,600 | 76,500 |

| Period Th | ree C | Calcu | latio |
|----------------------------------|---------|---------|---------|
| | | | |
| | (1) | (2) | (3) |
| Initial Assets | 0 | 120,600 | 76,50 |
| (2) Interest Income | 0 | 30,150 | 19,12 |
| (3) Financial Net Worth | 0 | 150,750 | 95,62 |
| (4) Wage Income | 0 | 225,000 | 472,50 |
| (5) PV of Wage Income | 482,400 | 603,000 | 472,50 |
| (6) Wealth | 482,400 | 452,250 | 376,87 |
| (7) Consumption | 120,600 | 150,759 | 188,43 |
| (8) Net Income | 0 | 194,8.0 | 453,375 |
| (9) Saving | 120,600 | 44,100 | 264,93 |
| (10) Assets, End of Period | 120,600 | 76,500 | 188,43 |

| Period Th | ee C | alcu | latio |
|----------------------------|---------|---------|---------|
| | (1) | (2) | (3) |
| (1) Initial Assets | 0 | 120,600 | 76,500 |
| (2) Interest Income | 0 | 30,150 | 19,125 |
| (3) Financial Net Worth | 0 | 150,750 | 95,625 |
| (4) Wage Income | 0 | 225,000 | 472,500 |
| (5) PV of Wage Income | 482,400 | 603,000 | 472,500 |
| (6) Wealth | 482,400 | 452,250 | 376,875 |
| (7) Consumption | 120,600 | 150,750 | 188,438 |
| (8) Net Income | 0 | 194,850 | 453,375 |
| (9) Saving | 120,600 | 44,100 | 264,938 |
| (10) Assets, End of Period | 120,600 | 76,500 | 188,438 |

| $z_{3} = \frac{1}{2}z_{3}$ | | | |
|---|---------|-------------------|------------------|
| Period Thr | ee Ca | alcul | ation |
| | (1) | (2) | (3) |
| (1) Initial Assets (2) Interest Income | 0 | 120,600 30,150 | 76,500 19,125 |
| (3) Financial Net Worth | 0 | 150,750 | |
| (4) Wage Income | 8 | 225,000 | 472,500 |
| (5) PV of Wage Income | 482,400 | 003,000 | 472,500 |
| (6) Wealth | 482,400 | 452,250 | 376,875 |
| (7) Consumption | 120,600 | 150,750 | 188,438 |
| (8) Net Income | 0 | 194,850 | 453,375 |
| (9) Saving | 120,600 | 44,100 | |
| (10) Assets, End of Period | 120,600 | 76,500 | 188,438 |

| | (1) | (2) | (3) |
|------------------------------------|---------|---------|---------|
| Initial Assets | 0 | 120,600 | 76,500 |
| 2) Interest Income | 0 | 30,150 | 19,125 |
| (3) Financial Net Worth | 0 | 150,750 | 95,625 |
| (4) Wage Income | 0 | 225,000 | 472,500 |
| (5) PV of Wage Income | 482,400 | 603,000 | 472,500 |
| (6) Wealth | 482,400 | 452,250 | 376,875 |
| (7) Consumption | 120,600 | 150,750 | 188,438 |
| (8) Net Income | 0 | 194,850 | 453,375 |
| (9) Saving | 120,600 | 44,100 | 264,938 |
| (10) Assets, End of Period | 120,600 | 76,500 | 188,438 |

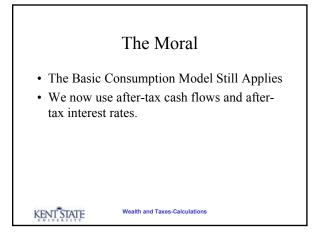
| Period F | ourl | | uloti | ion |
|---|---------|---------|------------------|--------|
| Penou r | our | | ulat | IOIIS |
| | (1) | (2) | (3) | (4) |
| (1) Initial Assets | 0 | 120,600 | 76,500 | 188,43 |
| (2) Interest Income(3) Financial Net Worth | 0 | | 19,125 95,625 | 7,10 |
| (4) Wage Income | 0 | 225,000 | | 1 |
| (5) PV of Wage Income | 482,400 | 603,000 | 472,500 | |
| (6) Wealth | 482,400 | 452,250 | 376,87 | 188,43 |
| (7) Consumption | 120,600 | 150,750 | 188,478 | 235,54 |
| (8) Net Income | 0 | 194,850 | 453, 75 | 47,10 |
| (9) Saving | 120,600 | 44,100 | 264,938 | 188,43 |
| (10) Assets, End of Period | 120,600 | 76,500 | 188,438 | |

| | (1) | (2) | (3) | (4) |
|------------------------------------|---------|---------|---------|---------|
| Initial Assets | 0 | 120,600 | 76,500 | 188,438 |
| (2) Interest Income | 0 | 30,150 | 19,125 | 47,108 |
| (3) Financial Net Worth | 0 | 150,750 | 95,625 | 235,547 |
| (4) Wage Income | 0 | 225,000 | 472,500 | 0 |
| (5) PV of Wage Income | 482,400 | 603,000 | 472,500 | 0 |
| (6) Wealth | 482,400 | 452,250 | 376,875 | 188,438 |
| (7) Consumption | 120,600 | 150,750 | 188,438 | 235,547 |
| (8) Net Income | 0 | 194,850 | 453,375 | 47,109 |
| (9) Saving | 120,600 | 44,100 | 264,938 | 188,438 |
| (10) Assets, End of Period | 120,600 | 76,500 | 188,438 | 0 |

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Wealth and Taxes-Calculations

| Period Four Calculations | | | | | | |
|---|---------|-------------------|---------|-----------------|--|--|
| I CHOU | roui | Car | Cula | uons | | |
| (1) Initial America | (1) | (2) | (3) | (4) | | |
| (1) Initial Assets (2) Interest Income | 0 | 120,600 30,150 | | 188,43 47,10 | | |
| (3) Financial Net Worth | 0 | 150,750 | | 235,54 | | |
| (4) Wage Income | 0 | 225,000 | 472,500 | · · · · · | | |
| (5) PV of Wage Income | 482,400 | 603,000 | 472,500 | | | |
| (6) Wealth | 482,400 | 452,250 | | 235,54 | | |
| (7) Consumption | 120,600 | 194,850 | 188,438 | 235,54 | | |
| (8) Net Income | 0 | 194,850 | | 47,10 | | |
| (9) Saving | 120,600 | 44,100 | | 188,43 | | |
| (10) Assets, End of Period | 120,600 | 76,500 | 188,438 | | | |



The Moral

- The Basic Consumption Model Still Applies
- We now use after-tax cash flows and aftertax interest rates.
- This gives us a powerful procedure for analyzing tax proposals and transfer payments.

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Wealth and Taxes-Calculations

