2025 U.S. Challenges - Economy and Immigration

Answers to put into the study guide for U.S. and Canada test!~

DEFENDING EDUCATION

Americans worry about the economy and prices rising faster than income. There are many causes of inflation and poverty. The U.N. definition of poverty is not having enough $ for clean water, healthy food, education, shelter and health care. What is the U.S. definition??

How much does a family earn to be considered "poor" in the U.S.A.? $32,150/year or less for a family of 4 (2025 stats)

$15,650/year or less for a single person

¼ of all jobs in the USA pay UNDER this amount/year.

Federal Minimum wage is $7.25

If you work full-time @ $7.25/hour, you will earn $15,080/year

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3. 10-13% of Americans are "poor" by this definition and are eligible for government help called welfare = (low cost housing, free daycare, food (EBT credit card) and health care) as of 2024

69% of people getting help are children, elderly, or disabled.
Able-bodied adults with no kids to support cannot_get welfare.
Some people have a stereotype that poor people don't work.

4. 95 % of poor Americans DO have jobs, but they don't pay enough to provide all they need. Of these poor Americans,

73% work full-time, another

22% work part-time, and

5% do not work.

There is a negative stereotype that people on welfare do not have jobs and do not try to work, but it's not often the case.

DEEPER LIVING EDUCATION

The *chronically* Homeless Americans that live on the streets ARE eligible for all this help, but they sometimes struggle with mental health &/or addiction problems that prevent them from accessing it!

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Wages have not kept up with inflation/costs and the middle class has been shrinking for 50 years. MORE RICH and MORE POOR now!!!

Share of adults in U.S. middle class has decreased considerably since 1971

% of adults in each income tier

Note: Adults are assigned to income tiers based on their size-adjusted household incomes in the calendar year prior to the survey year. Shares may not add to 100% due to rounding.
Source: Pew Research Center analysis of the Current Population Survey, Annual Social and Economic Supplement (IPUMS).

PEW RESEARCH CENTER

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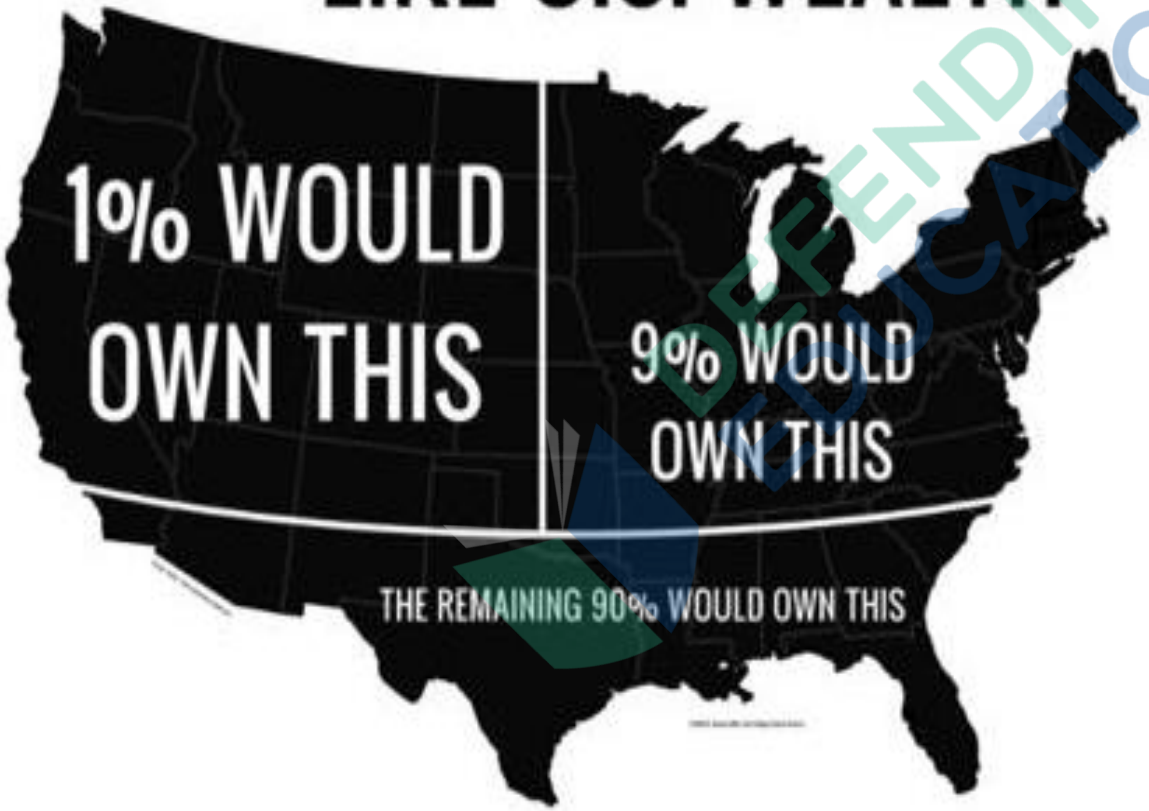
IF U.S. LAND WERE DIVIDED LIKE U.S. WEALTH



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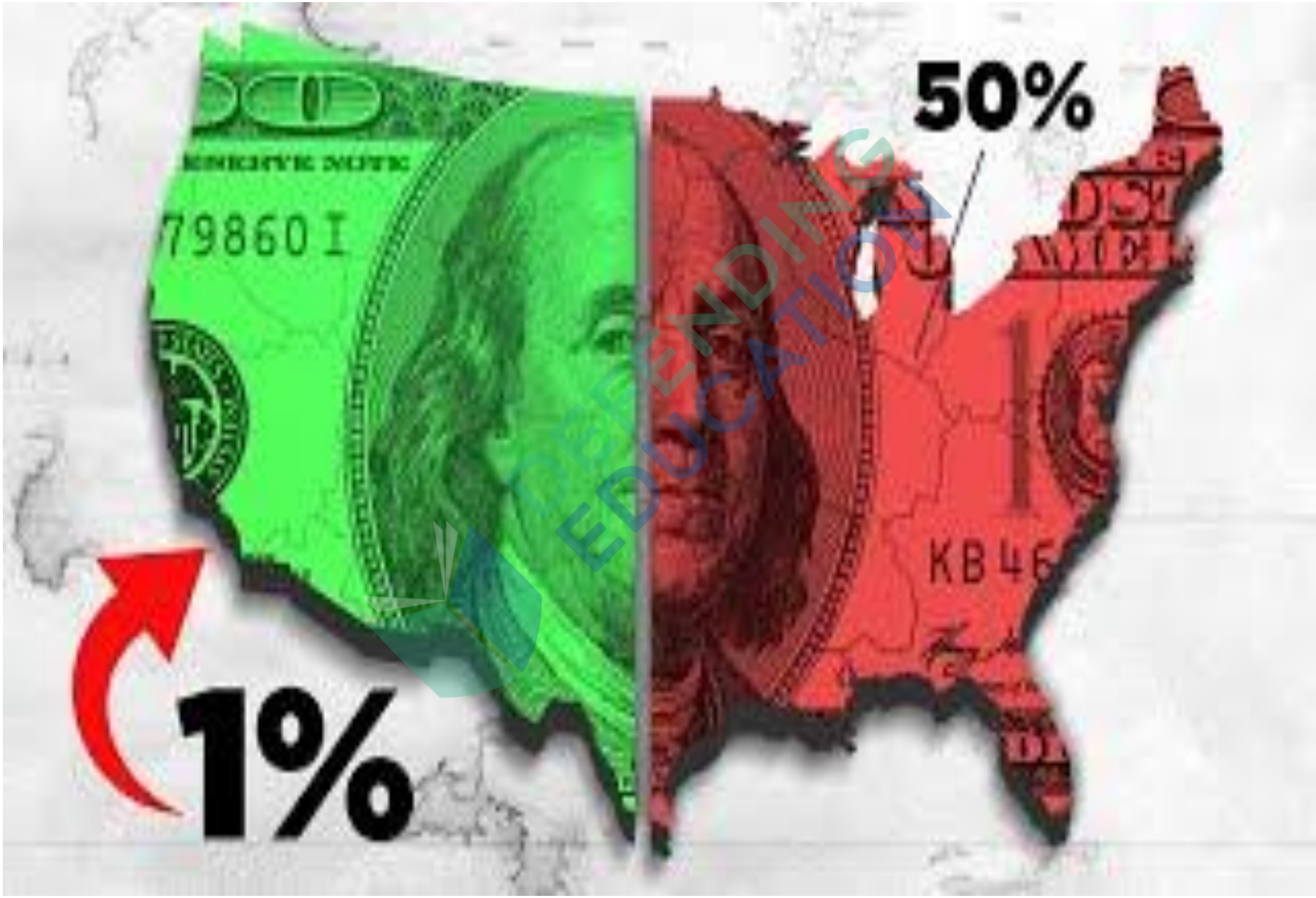
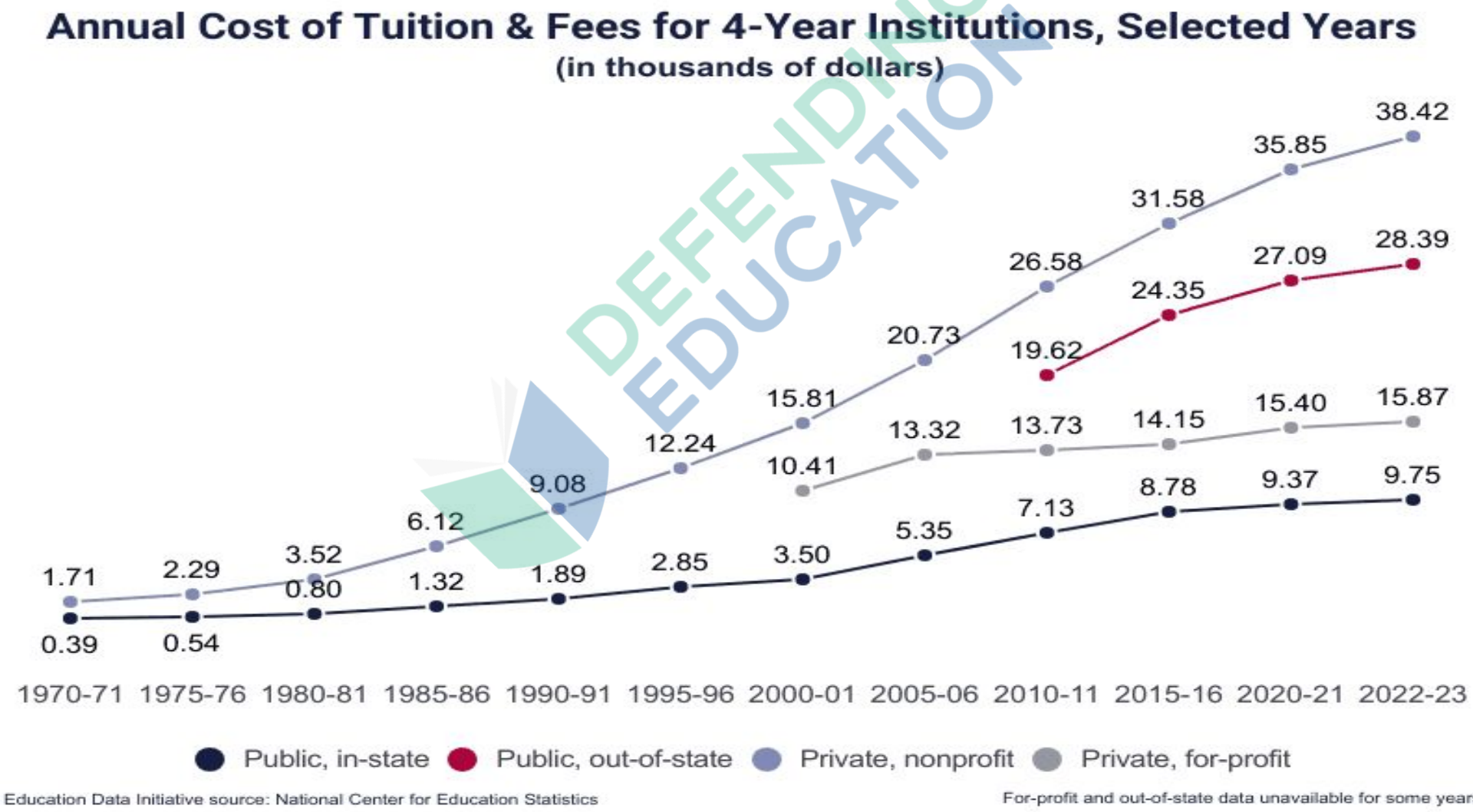
Wealth Inequality in the U.S. Video - 2 min



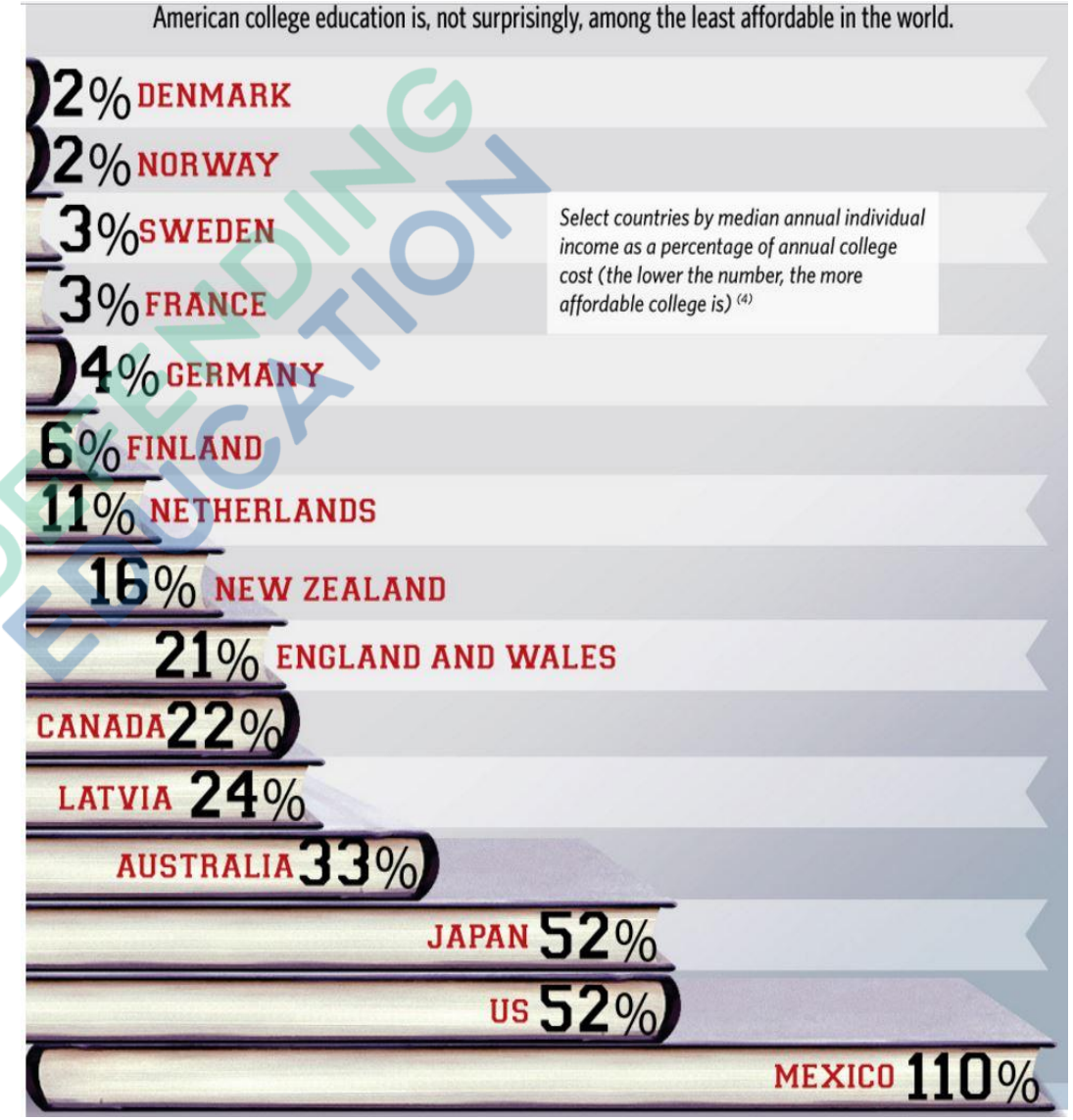
Most U.S. jobs that pay above "poverty wages" require some education or training past High School, but the cost of college in the U.S. is **higher** than any other 1st world country and rising WAY faster than inflation, and the **interest rate** on college loans is super high, aso even if people go to



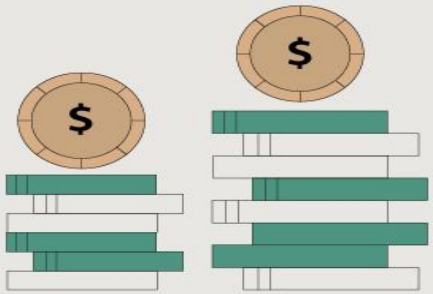
U.S. college costs way more than most other industrialized countries -

U.S. private college = $23,000 (for profit) - $37,000 (nonprofit)

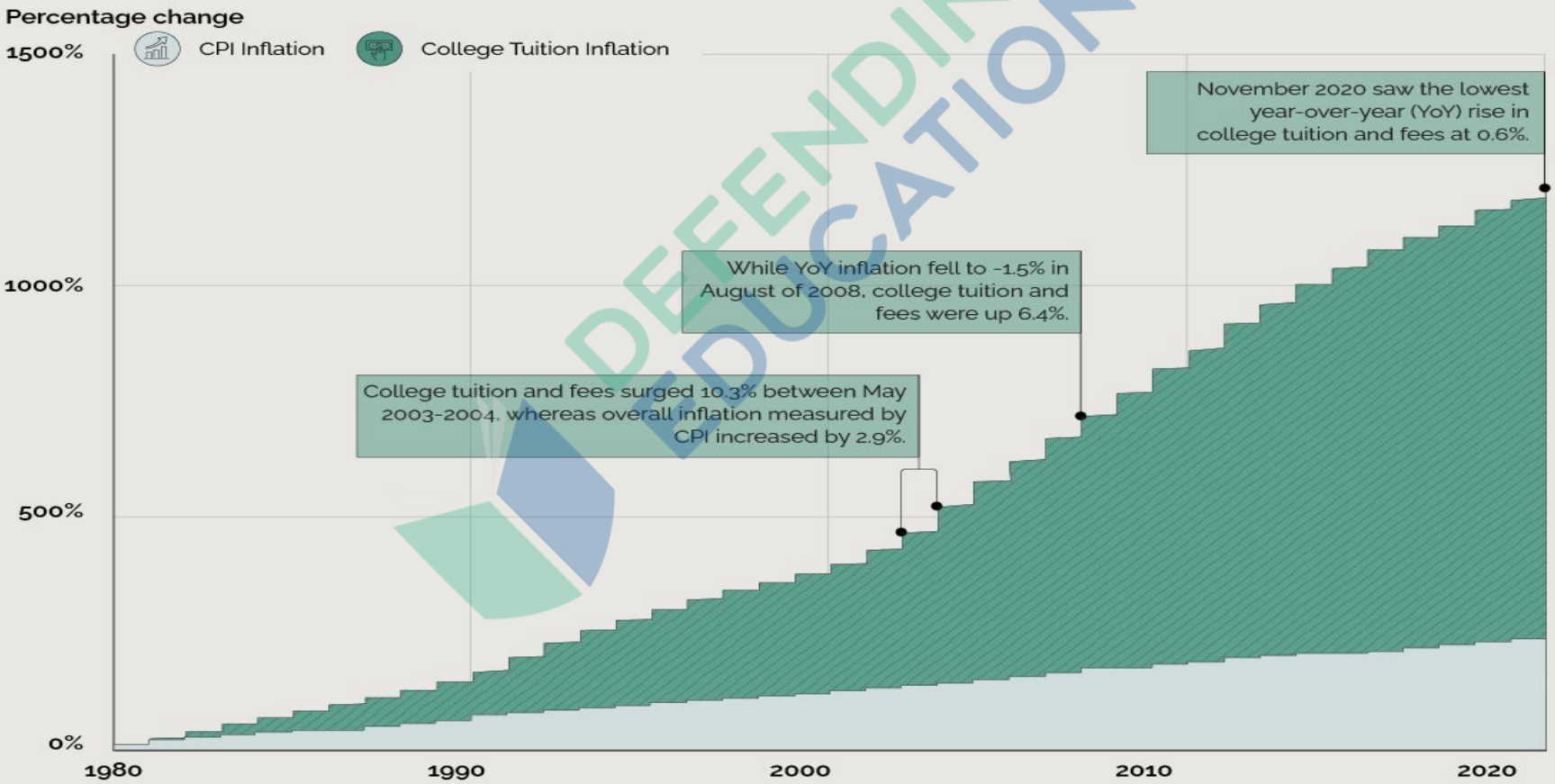
U.S.	$14,000
Japan	$11,900
Australia	$7,600
Canada	$5,900,
England	$5,288,
New Zealand & Netherlands	$3,100
Finland	$1,200
Germany	$930
Sweden, Norway, France	$600
Denmark	$530



The Rising Cost of College in the U.S.



The costs of obtaining a college education in the U.S. have ballooned relative to overall inflation. Average college tuition and fees have increased by **1200%** since 1980, while inflation is up **236%**.



Based on seasonally adjusted CPI data. Index values based on 1982-84 = 100.

Source: U.S. Bureau of Labor Statistics - Consumer Price Index
U.S. Bureau of Labor Statistics - Consumer Price Index for College Tuition & Fees

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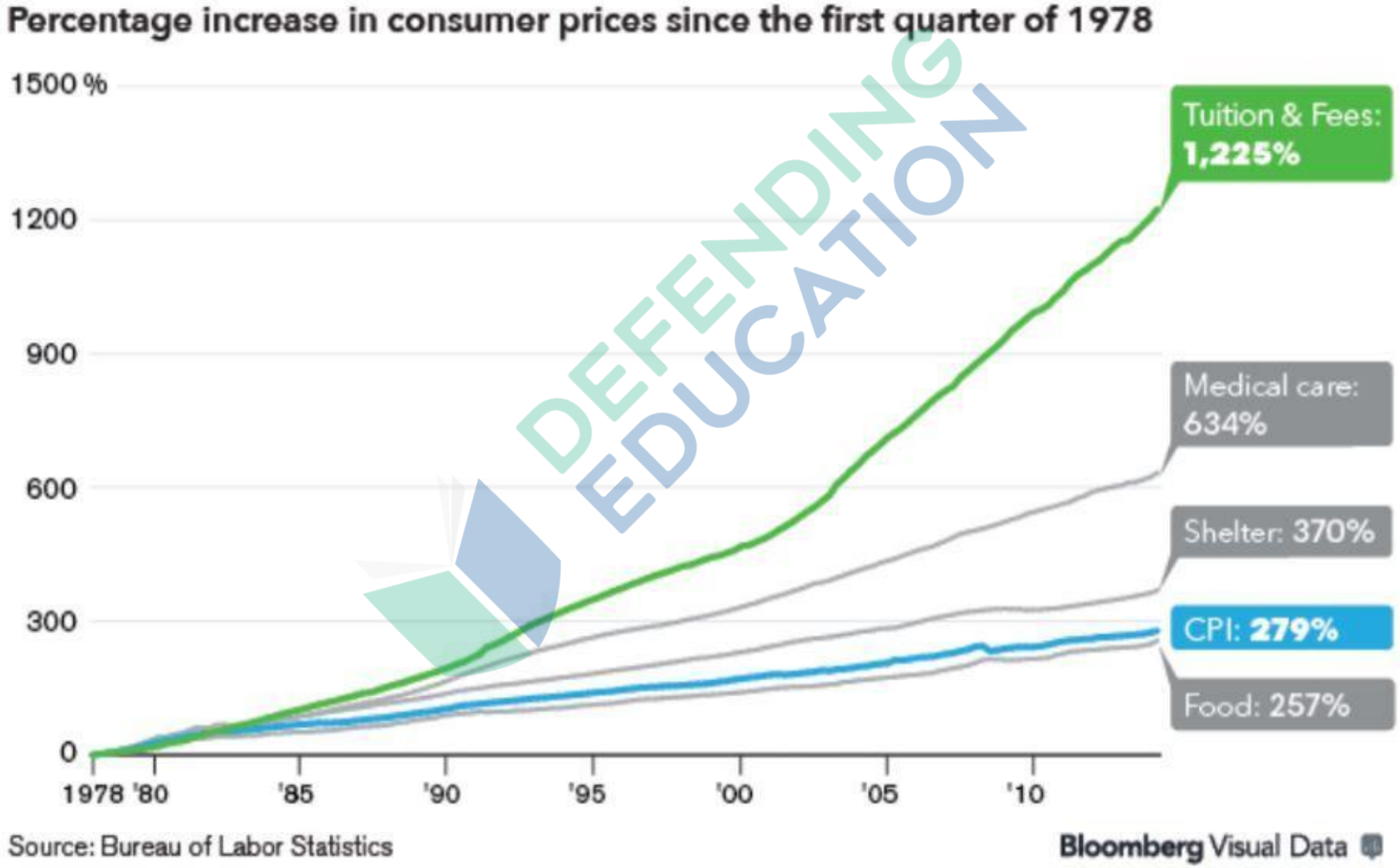
Why has the cost of college has risen faster than other things?

Less tax $ going to colleges to keep prices down; lots spent on research vs. teaching and on athletics...



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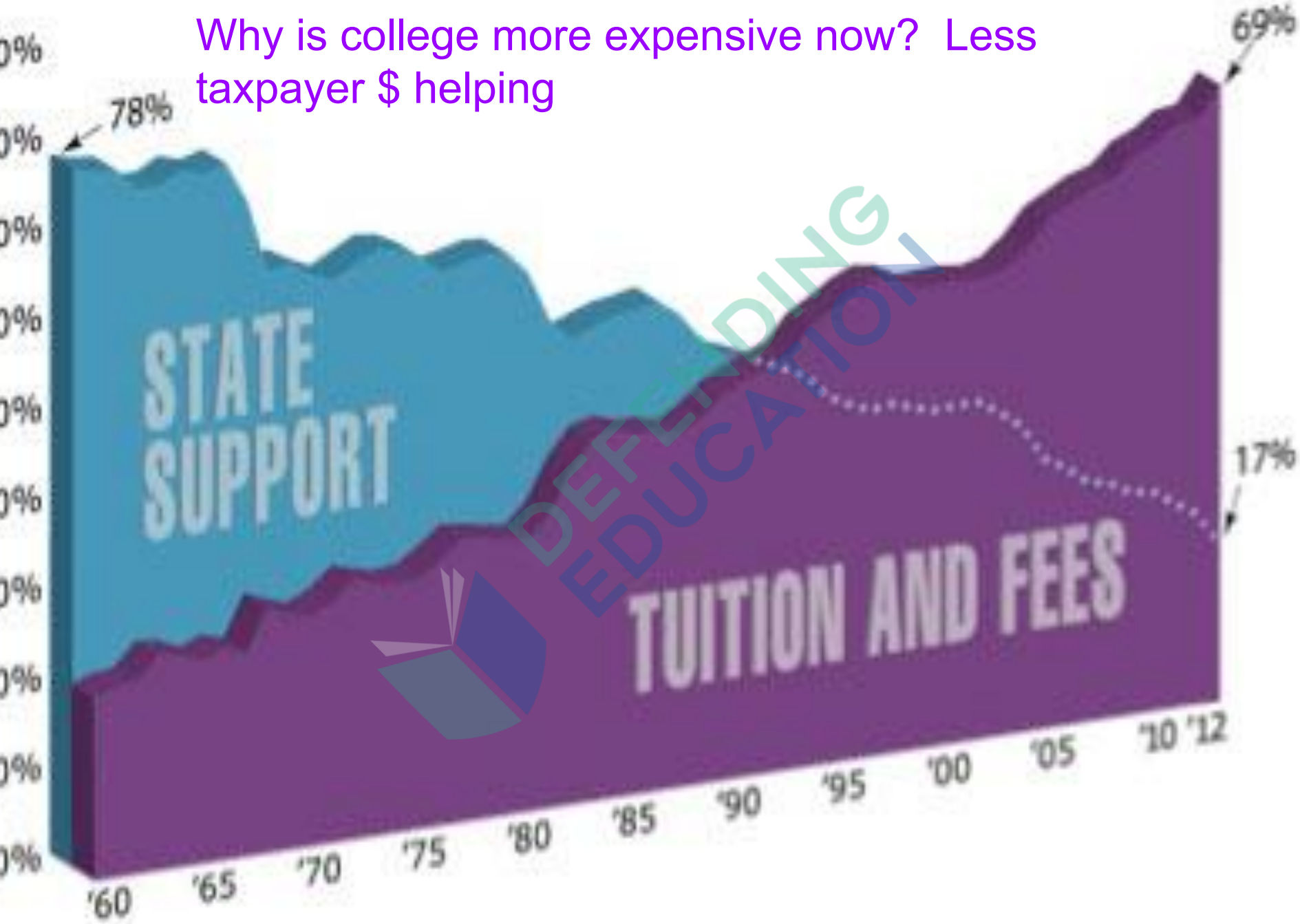
Why is college more expensive now? Less taxpayer $ helping



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$ millions in college tuition pays for athletics, not education!

Another thing more expensive in the U.S. than any other country is health care. This 4 minute video compares our system to Canada's :

We have lost good paying skilled jobs that do not require post high school training. Where did they go?

Factories are now in other countries where people will work for less. Computers/tech replaced people, and immigrants will do the jobs that are still here for less $, which lowers wages for everyone.

Robot Solutions

KUKA & AutoControl Systems
ENGINEERED SOLUTIONS

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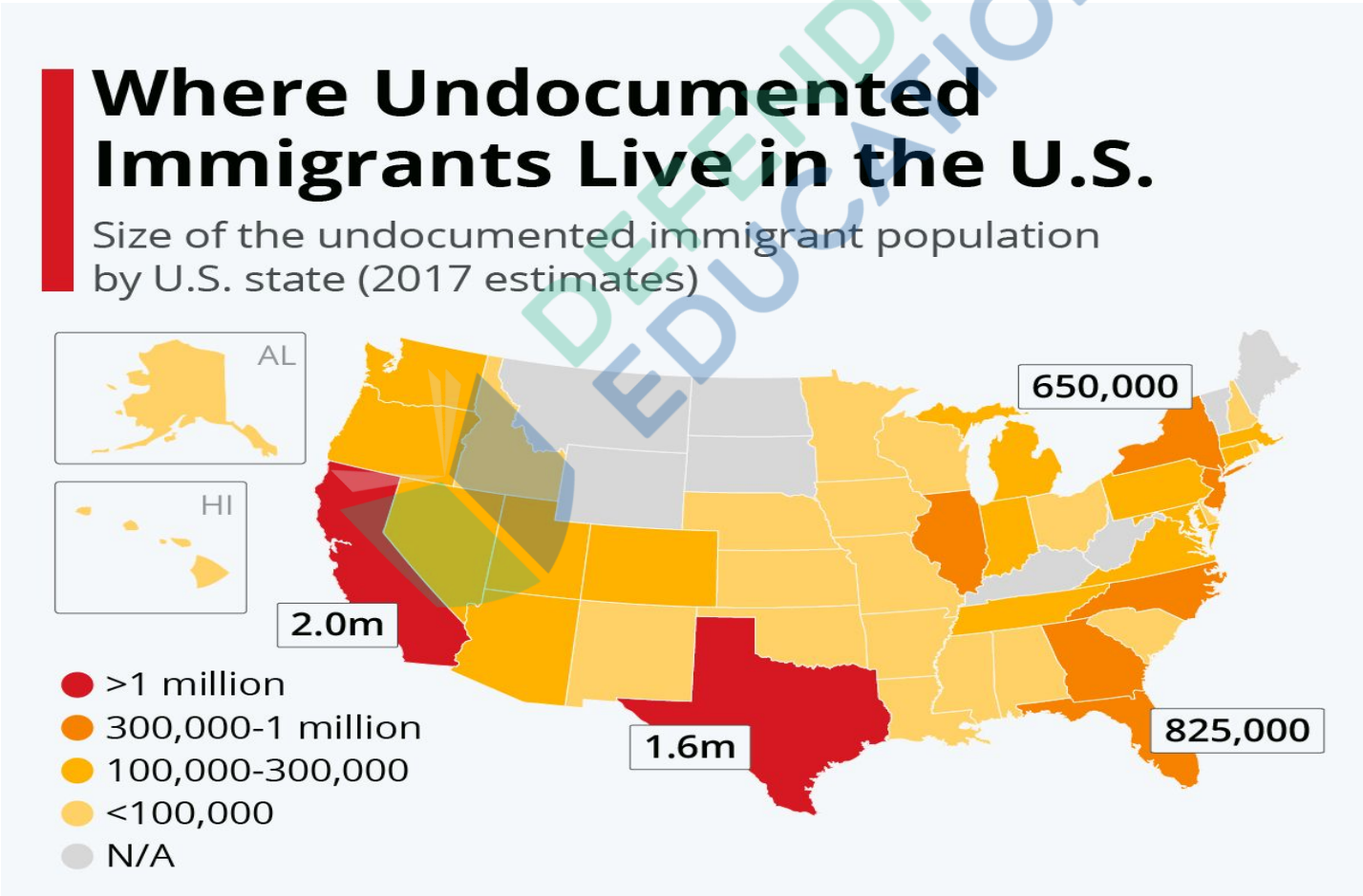
Meat packing plants used to pay a great wage; now they are done for minimum wage by immigrants

2. Concern about immigration is another main issue in 2025.

The President sets the # of people who can legally immigrate here every year so it changes. Currently: **375,000 in 2025**

How many **undocumented** immigrants are here NOW *without permission*? Estimate: **14 million**



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Most immigrants come here to **work** or find a better **life** since many countries are poor and dangerous. Most are here to commit crimes, although Americans fear the one who are **terrorists** or **drug smugglers**.

Why don't undocumented immigrants just *apply* to come here legally?

there aren't enough "slots"

How is President Trump trying to reduce the large number of undocumented immigrants as promised is in his election campaign?

Spending **$170 billion** taxpayer dollars to hire **20,000+** additional **I.C.E.** agents to find and deport them.

In what ways do people think the Ice agents have "gone too far"?

A. Some <u>use tricky & violent tactics</u>. 22 people died in ICE custody so far in 2025. Not filing proper paperwork to track arrests. Wearing masks to hide identities… Some people are posing as ICE agents and kidnapping/hurting people which is easy to do when real ICE agents are hard to identify

3 minute video on I.C.E. agents

B. ICE has Arrested &/or harrassed thousands of LEGAL immigrants and 170 U.S. citizens - including being dragged, tackled, beaten, tased and shot.(click each for details!)

Click HERE to read MORE about these cases

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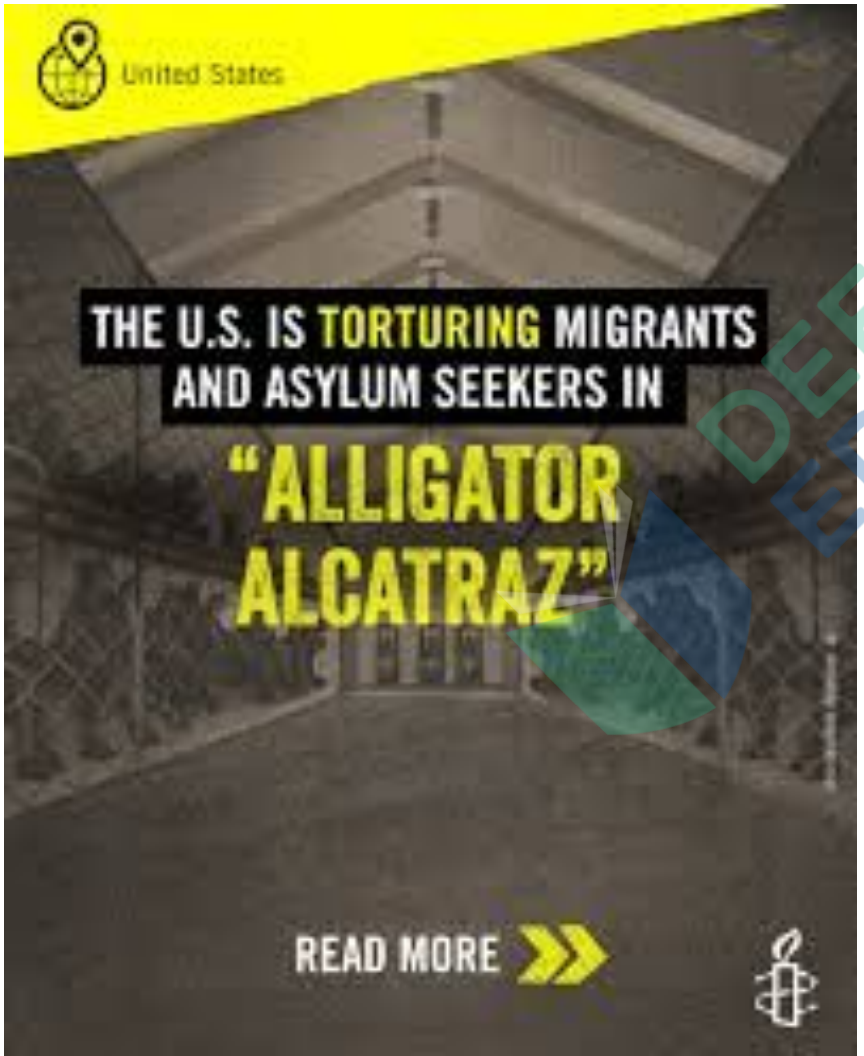
5.5 min video on a Native American Actress harassed by I.C.E.

C. ICE agents <u>put detainees in overcrowded & inhumane detention centers:</u> super hot or cold, lights on 24/7, solitary confinement in a 2x2 foot box, overflowing toilets, long term shackling, ..lacking medical care



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LEGAL immigrants who were put in detention centers and treated bad :(10 minute video

D. The government said they were going to focus on undocumented CRIMINALS, but they are actually <u>deporting mostly otherwise law-abiding undocumented people</u>

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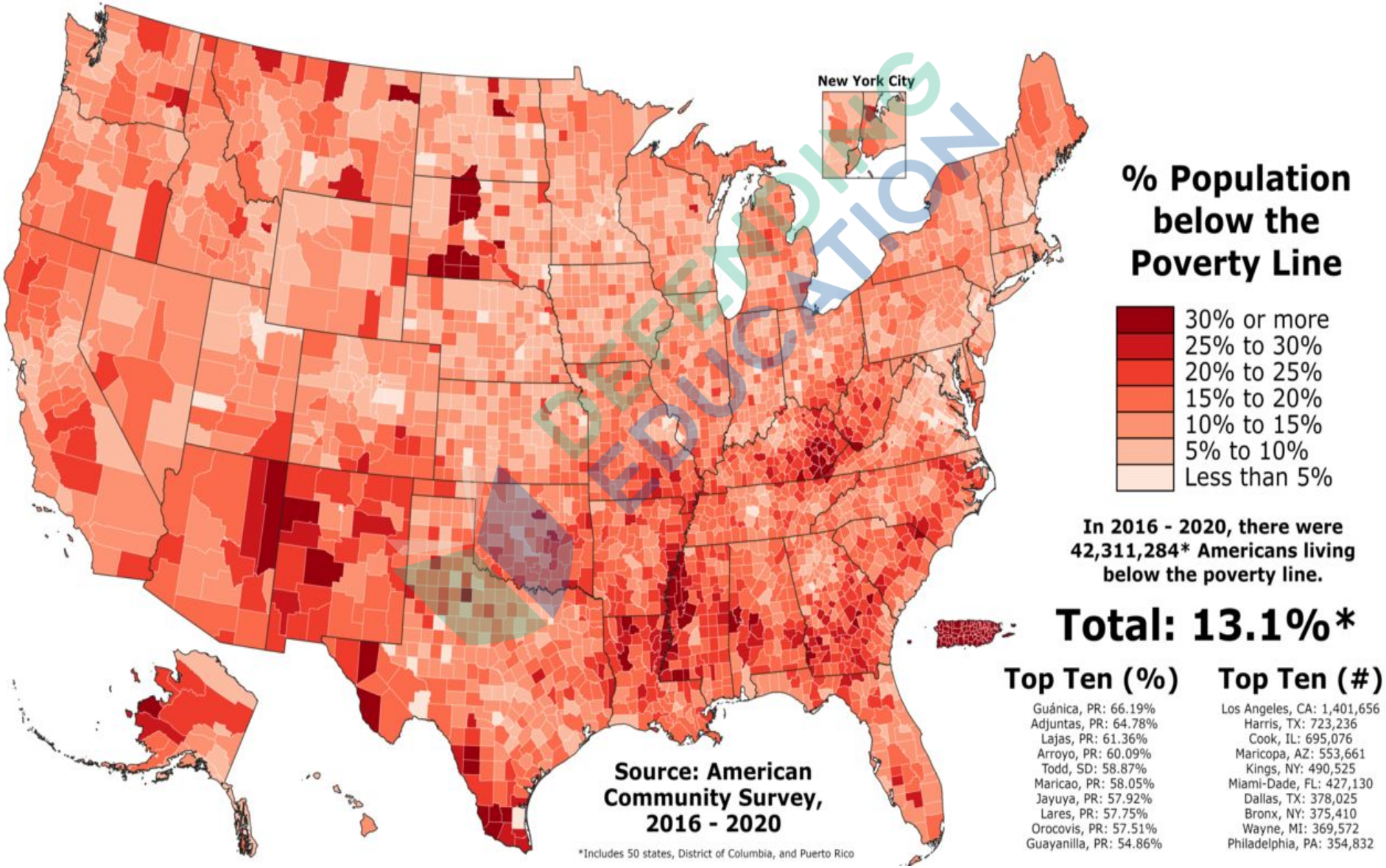
19 minute video about ICE and Immigration for extra credit on your own time - no time in class

Ways America is GREAT already! 5 minute video

Extra Info on Poverty/Income in U.S. on next several slides for extra credit or curiosity!



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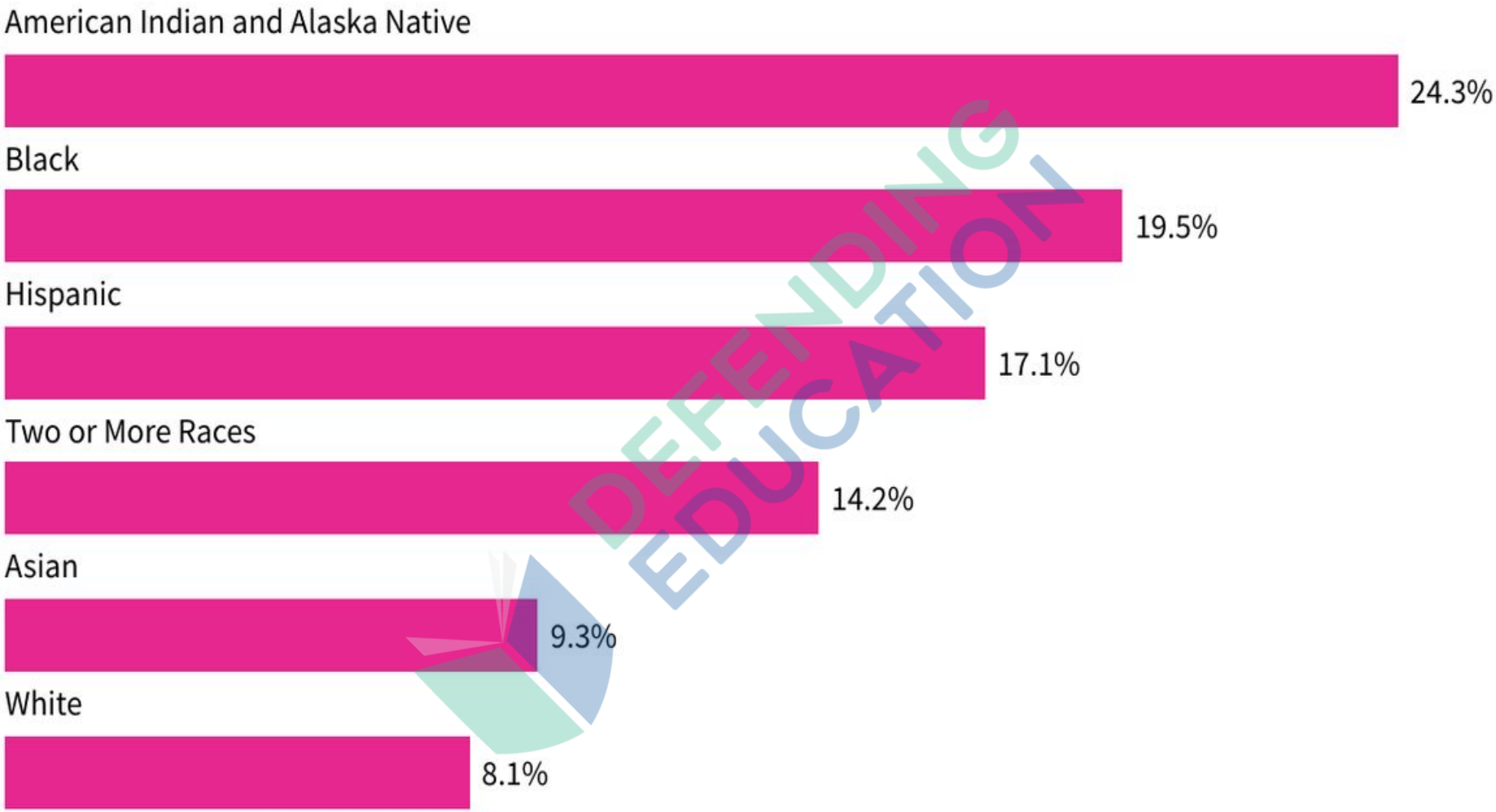
Percentage of Americans in poverty, by race, 2021



Percentages for American Indian, Alaska Native, Black, Asian, and white are non-Hispanic.

Source: US Census Bureau, Current Population Survey

USAFACTS

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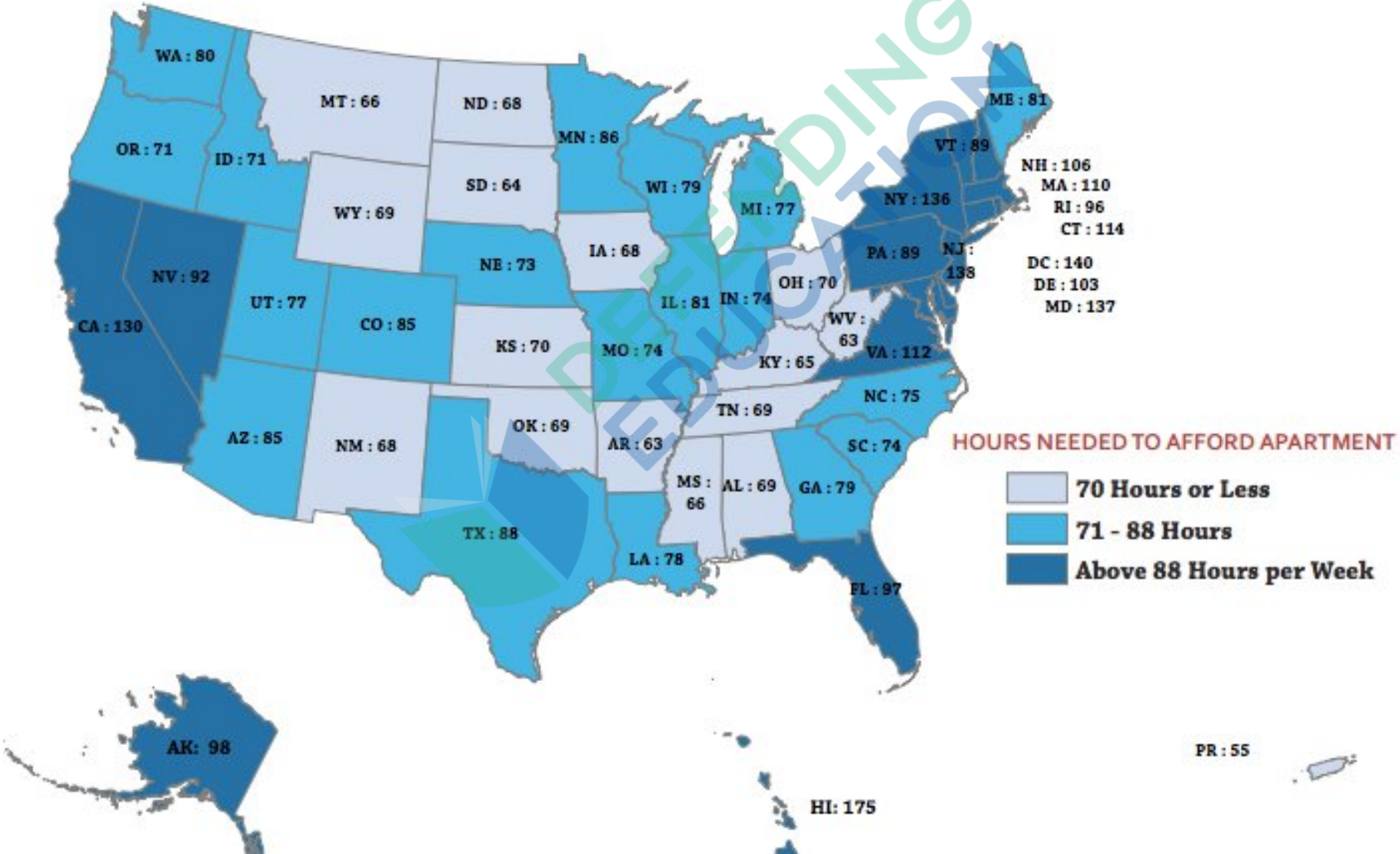
HOURS AT MINIMUM WAGE NEEDED TO AFFORD RENT

In no state can a minimum wage worker afford a two-bedroom unit at Fair Market Rent, working a standard 40-hour work week.

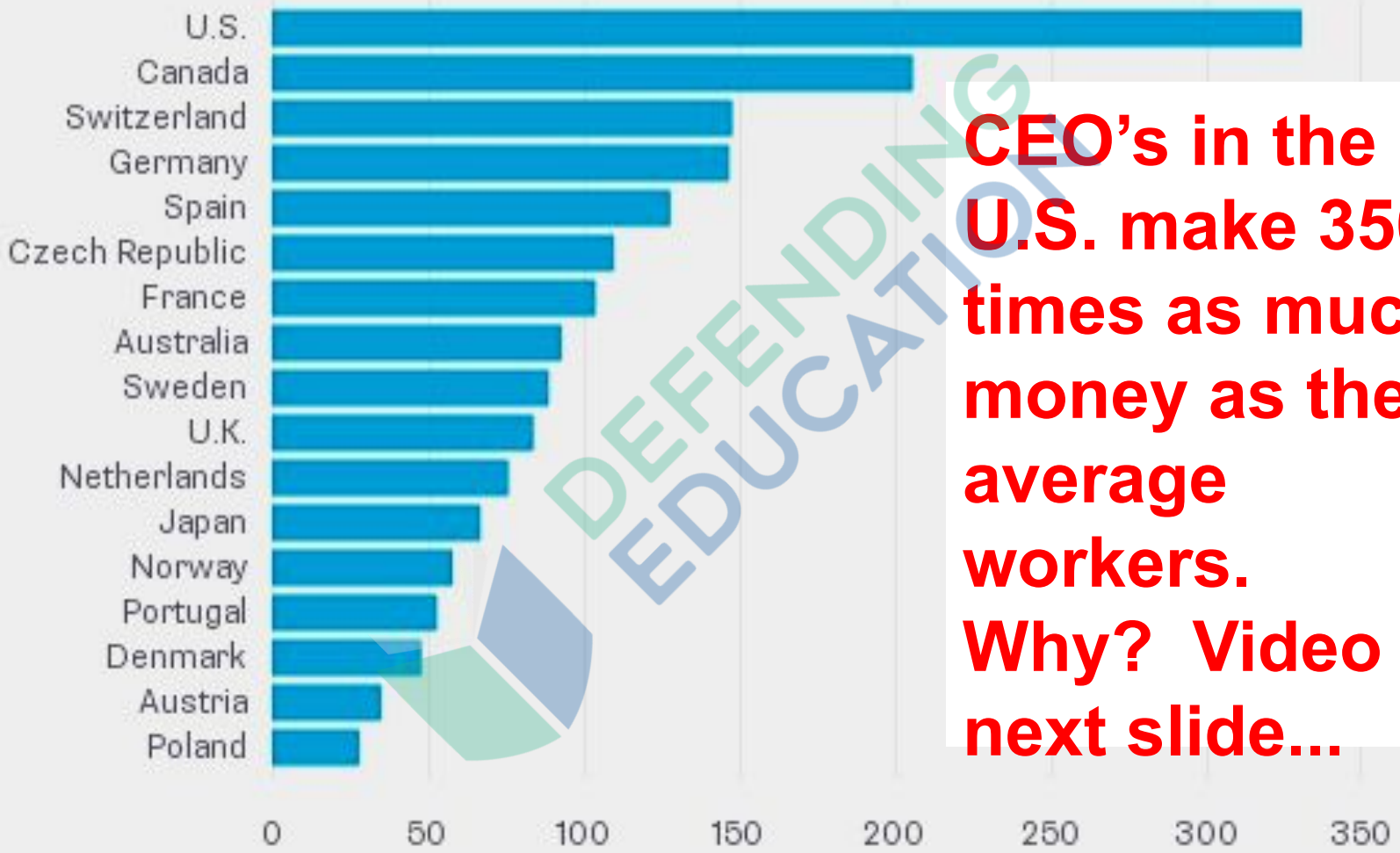


Click HERE to learn more about where the college money goes and where it comes from OTHER than tuition/

Click HERE to read more about how much college tuition is used on athletics instead of academics

Pay Gaps

Ratio of average CEO pay to workers' pay, selected countries, 2011-2012



CEO's in the U.S. make 350 times as much money as their average workers. Why? Video on next slide...

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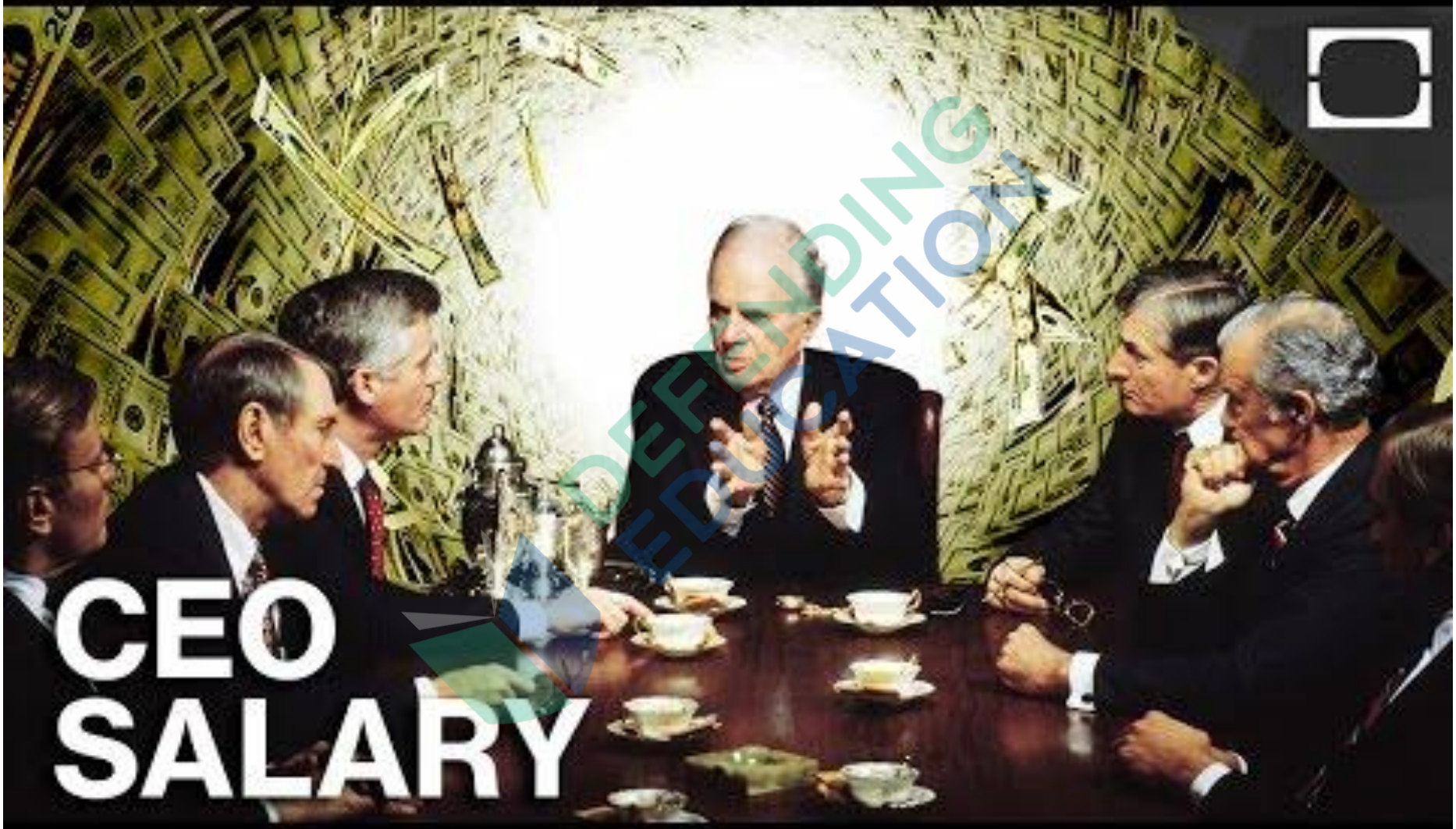
SOURCE: AFL-CIO



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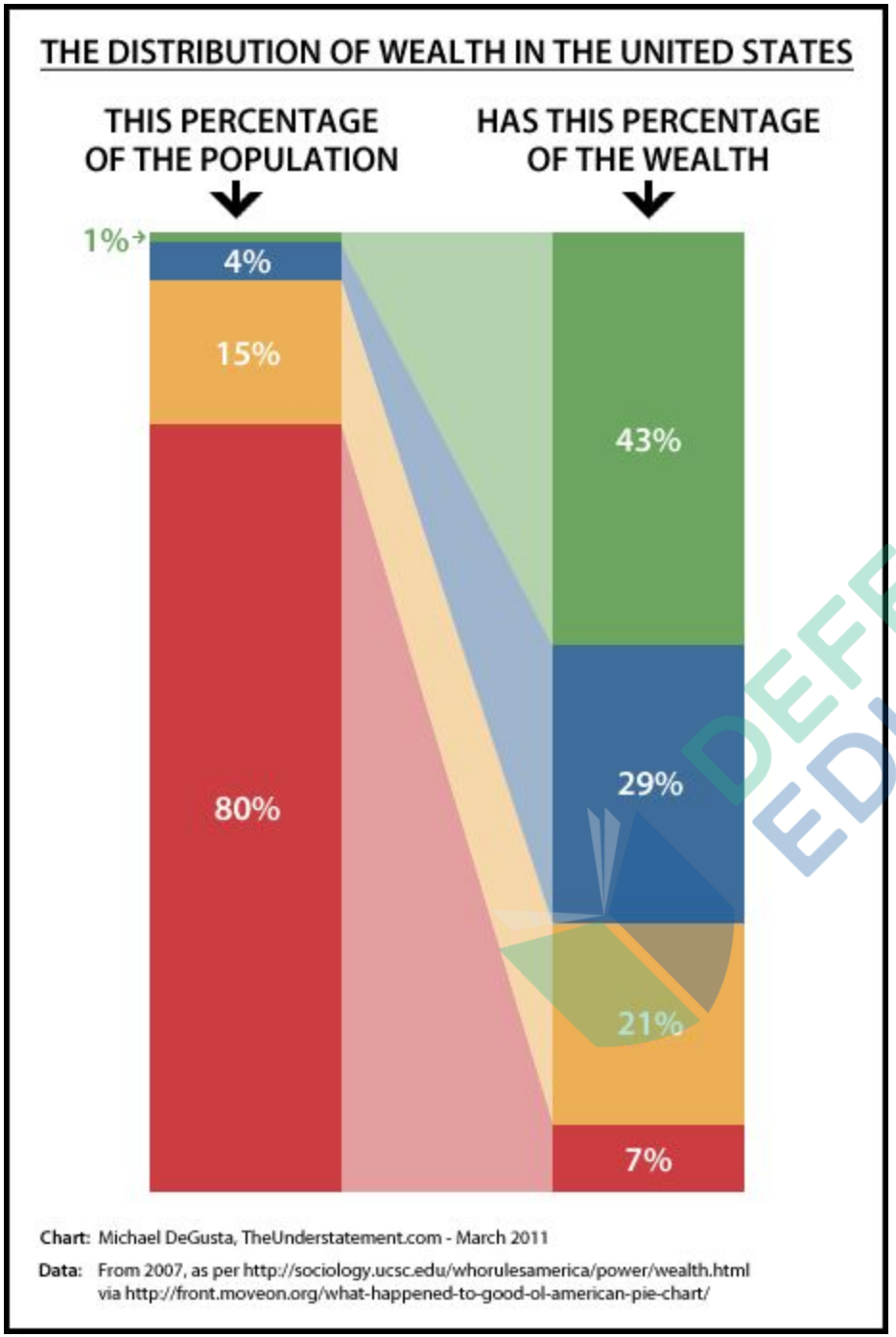

How do the Super Rich keep getting richer?

a.Many of the Super Rich (people and corporations) avoid paying taxes because they find a variety of "loopholes" ways to hide their money, such as putting it in banks that are out of the country, or "moving" the company headquarters to a foreign country. (see video on next slide and info on the following slides)

TRILLIONS OF AMERICAN $ is "hidden" in other countries.

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U.S. Company Headquarters “leaving” the US to avoid paying taxes

DEFINING EDUCATION

How the Super Rich Avoid Paying Taxes

If you're one of the 1% of Americans who control over 40% of the country's wealth, life is full of choices. Among them — how best to keep all that money away from the government? The U.S. economic system offers no shortage of loopholes allowing the ultra-rich to shortchange Uncle Sam.

Tax rates for those making **>$1 million** level out at **24%**, then declines for those making **>$1.5 million**.

Those making **$10 million** a year pay an average income tax rate of **19%**.

$70-$100 billion

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1 Put It in the Freezer

Trust Freezing: A way to transfer valuable assets to others (such as your children) while avoiding federal estate tax.

"Freeze" the value of assets many years before you plan to pass them on to exclude all asset appreciation from the estate, and any taxes.

Popular method: Trade common for preferred stock.

Problem:

If you sell your common stock you might owe a large amount of capital gains tax.

Solution:

Trade your common stock for preferred stock, then put some of the preferred stock in a trust and live off the dividends.

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2 Send It Overseas

Tax havens: Registering your business or putting your money in an account in another country with lower taxes.

~$21 trillion is being hidden in offshore tax havens.

Popular cash hideout: The Cayman Islands, with **>85,000** companies, is home to more registered organizations than people.

David Bowie, U2 and the Rolling Stones have all benefited from tax havens at some point.

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3 Stock It Up in Options

By taking part of your compensation in stock options you can control when and if you pay taxes: most options are only taxed when exercised.

Execs who have opted for options: William Weldon (Johnson & Johnson), Fred Smith (FedEx), Howard Schultz (Starbucks) and many others.

4 Play Shell Games with It

Shell company: A company that only exists on paper, allowing you to funnel money through it sans taxes.

- Legally exists, but typically provides few/no actual products or services.
- Often used for buying and selling to avoid reporting international operations conducted, and avoid taxes on the profits.

Shady business: Mitt Romney allegedly used a shell company in Bermuda to dodge taxes.

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5 Swap It Out

Equity swap: An agreement that allows 2 parties to exchange the gain and loss of assets without actually transferring ownership.

- The swap avoids transaction costs, and typically, local taxes on dividends.

6 Play Dodgeball with It

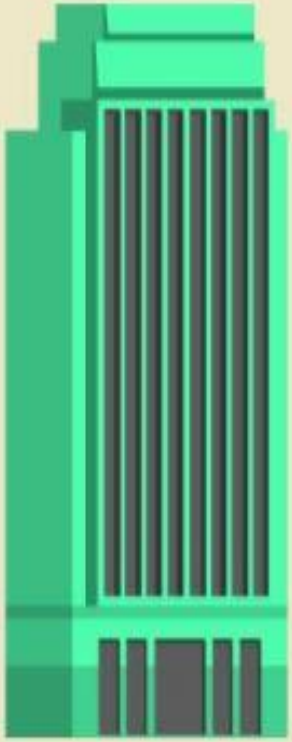
Capital gains tax: A tax on the profits from a sale of non-inventory assets originally purchased for a lesser amount, such as stocks, bonds, property or precious metals.

Popular loophole:

- Purchasing stock options, which sets the share price at a fixed rate, then borrowing money from an investment bank, using shares as collateral.
- The borrower then repays the loan either with money made on the money borrowed or by handing over the shares, avoiding capital gains tax.

PRETENDING EDUCATION

7 Go Corporate with It



Problem:

Being in a higher income tax bracket has less tax advantages than being a corporation.

Solution:

You can incorporate your own personal brand, which allows you to:

- Channel wages through a nominal "corporation"
- Pay yourself an interest-free wage
- Claim expenses
- Reduce your income taxes

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Mitt Romney claimed the management fee of his corporation as a capital gain rather than income, reducing his tax rate significantly.

8 Kick It Down the Road

You can put part of your payday in a deferred-compensation plan, instead of taking it all at once.

This allows your earnings to continue growing tax-deferred for +10 years.

79% of CEOs at Fortune 100 companies were offered deferred compensation plans.

9 Give It Away

Gift-giving and charitable donations are a real win-win: Avoid taxes and look and feel good doing it!

Gifts of **up to $13,000** are tax-excluded, with an unlimited exclusion for gifts given to a spouse.

Allows you to circulate cash within the family as "gifts" while writing it off.

Popular donation tactic: Deduct the fair market value of a donated item from your tax liability.

Buy a sculpture for **$1,000**, then have it appraised at **$10,000** some years later.

Donate it and **deduct the $10,000** from that year's taxable income. Score!

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10 Make It Luxurious

Owning a yacht or multiple homes aren't just status symbols — they offer tax benefits as well!

Popular earner: Claim your "second home."

- Spend at least 2 weeks of the year on your yacht, outfit it like a home, and categorize it as a second home for tax purposes.
- If the home's value appreciates over time, the profits from selling it can be considered capital gains and taxed at a lower rate than salary or other investment income.
- A second home can be rented for up to 2 weeks a year without requiring the owner to claim the rent as income!

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SOURCES:
http://www.businessweek.com/articles/2012-04-17/how-to-pay-no-taxes-10-strategies-used-by-the-rich
http://nakedlaw.avvo.com/money/5-sneaky-ways-the-super-rich-avoid-taxes/
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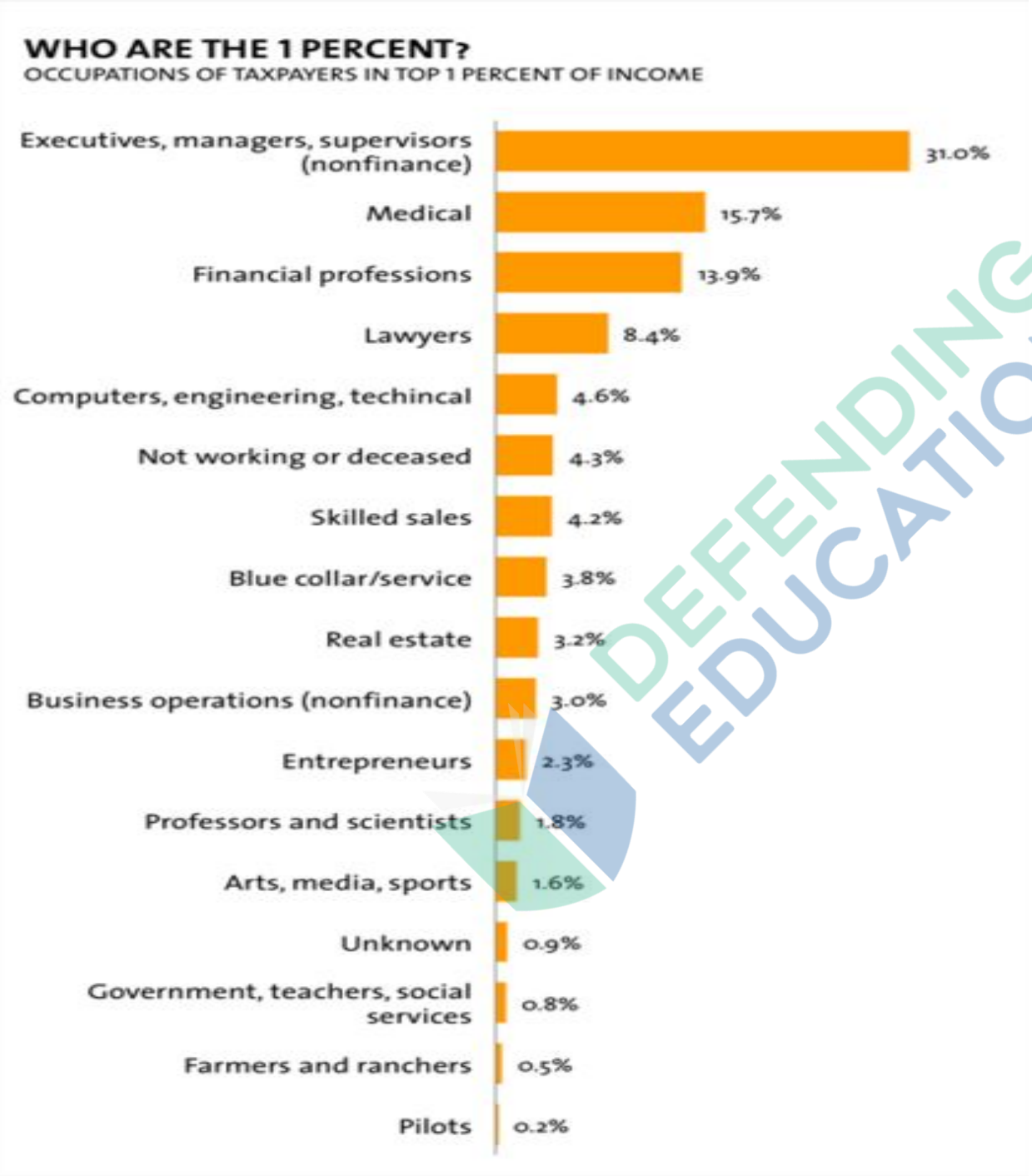

Rich Get Richer:

B. Super rich can borrow money at a cheaper rate. Ordinary people have to borrow their money and pay it back plus interest at higher rates (4 - 20%). But the banks borrow billions of $ from the "federal reserve" at 0%

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Rich Get Richer:

C. Bailouts: When average Americans cannot pay their bills, (such as a house loan) they lose their homes/property. BIG BANKS made bad investments and were about to go bankrupt, but the U.S. government "bailed them out" and lent them billions of dollars (our tax dollars) without charging them any interest. Big corporations also got billion dollar bailouts with our tax $$

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Why do the laws favor the rich so much?

Super Rich lobby the government to allow these "tricks" to stay legal. Some Super Rich ARE the government.