

What Do Your Taxes Pay For?

Taxes are one of the biggest budget items for most taxpayers, yet many have no idea what they're getting for their money.

The average household spends more on taxes than on groceries, clothing, or healthcare. In fact, 11% of our income, on average, goes to personal income taxes, which doesn't include sales tax, property tax, Social Security payments, or Medicare payments. So what do we get in return?¹

The accompanying chart breaks down the \$9.3 trillion in federal spending for 2023 into major categories. One of the biggest categories is Social Security, which consumes 15% of the budget. Defense and related items take 14% of the budget, and 14% goes to Medicare.²

Are taxes one of your biggest budget items? Take steps to make sure you're managing your overall tax bill. Please consult a tax professional for specific information regarding your individual situation.

Pieces of the Federal Pie

Nearly half of 2023 federal spending was used for Social Security, Medicare, defense, and related programs.

Source: USASpending.gov, 2024

1. ValuePenguin.com, January 10, 2024
2. USASpending.gov, 2024

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