

8.1 Types of Income

A. Types of Income

Salary - an annual (yearly) income. (may be based on education and years experience).

Example(s): teachers, government employees.

Wages - how much an employee is paid per hour.

Example(s): cashier, construction, education assistant.

Commission - a percent of the business sale paid to the employee.

Example(s): carsales, retail, realtor

- 1) Neil works on commission of 6.5% of gross sales. He sells \$9865 worth of merchandise. How much commission does he make?

$$\frac{6.5}{100} = 0.065$$

$$0.065 \times \$9865 = \$641.23$$

- 2) You make \$416.03 in commission from total sales of \$9245. What was the rate of commission?

%

$$\frac{\$416.03}{\$9245} \times 100 = 4.5\%$$

- 3) You make \$17.50 an hour plus commission. You work 25 hours one week and make a total of \$837.50. What was the rate of commission on the \$7890 of merchandise he sold?

$$25h \times \$17.50 = \$437.50$$

$$\$837.50 - \$437.50 = \$400$$

$$\frac{\$400}{\$7890} \times 100\% = 5\%$$

Piecework - paid according to set rate for
an amount produced

Example(s): paper route, tree planting, fruit picking

- 4) Greg works as a tree planter during the summer and he earns his income through piecework. He is paid \$2.50 for each seedling he plants. If he plants 45 seedlings in a day, how much will he earn?

$$45 \times \$2.50 = \$112.50$$

Tips - a percentage paid on goods and services
(incentive).

Example(s): restaurant workers (waitress, bartender)
pizza delivery
esthetics (spa, hairdresser)

- 5) Kirsten earns a base salary of \$8.20/h plus tips. On a typical day, she bills her customers \$950.00, and her tips average 15%. What is Kirsten's average daily income with tips for an 8-hour day?

$$\$8.20/h \times 8h = \$65.60$$

$$\$950.00 \times 0.15 = \$142.50$$

$$\underline{\$208.10 / \text{day}}$$

Bonus - extra income when certain conditions are met/exceeded

ex. Christmas bonus, signing bonus

6) Marilyn works during the summer as a supervisor of a children's program at the local community centre. She has a good reputation with the children and her employer wants her to come back next year.

Marilyn earned \$3600.00 during the summer and her employer offers her a 15% signing bonus if she will sign up for the next year. If Marilyn signs up, how much will she get as a signing bonus?

$$\$3600.00 \times 0.15 = \$540.00$$

↑
bonus

B. Employment Classifications

Full-time - hold wages or salary jobs of at least 35 hours per week.

Part-time - work fewer than 35 hours per week.

Contract - hired for a specified period of time to complete a particular project for an employer.

Temporary - short-term assignments at various companies.

What advantages would companies get by using temporary or contract workers?

- can easily decrease/increase staffing
- cost may be less if benefits not paid
- avoid costly hiring & training procedures.

7) George is figuring out what he should charge for repairing the steps on a client's house. The cost of materials will be \$785.96, and he will have to hire 2 workers 8 hours each at a rate of \$12.85/h. He wants to earn at least ~~\$450.00~~ for himself. What should he charge the client in the contract?

$$2 \times 8h \times \$12.85/h = \$205.60$$

$$\$785.96 + \$205.60 + \$450 = \$1441.56$$

Charge \$1442, or \$1450, \$1500

C. How Employees are Paid

There are several different ways (or time schedules) that employees can be paid. They are:

- biweekly (every 2 weeks) 26 pay periods.
- bimonthly (twice a month) 24 pay periods.
- monthly
- weekly
- daily (piecework)

Today most employers use direct deposit to electronically deposit their employees pay into their bank account.

8) Isaac was hired to be the office clerk at an insurance company. His annual salary will be \$34 756.00. Would he earn more each pay period if he were paid semi-monthly or biweekly?

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| $\begin{array}{r} \text{(bimonthly)} \\ \text{24} \\ \hline \$34\,756.00 \\ \hline 24 \\ \hline = \$1448.17 \end{array}$ | $\begin{array}{r} \text{26} \\ \hline \$34\,756.00 \\ \hline 26 \\ \hline = \$1336.77 \end{array}$ |
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