8.2 Gross Income

Gross Income - the amount of money earned before deductions.

A. Calculating Earnings

The number of hours (regular and overtime) an employee works is very important to someone who gets hourly pay. Their pay can be calculated by multiplying the number of hours by the hourly rate.

For employees who receive a salary their pay usually does not change.

Minimum Wage - the minimum amount an employee is paid per hour.

The minimum wage in BC is $10.85. (Sept 15/2016)

http://www2.gov.bc.ca/gov/content/employment-business/employment-standards-advice/employment-standards/factsheets/minimum-wage

Equal pay - Equal pay for the same job. Goal is to eliminate gender based wage discrimination.

Example 1: Mark works as an electrician and earns $24.68/hr. If it takes him 15 hours for one job, how much will he earn?

$$\$24.68/h \times 15\,h = \$370.20$$

Example 2: Charlie works for a lawn care company. In one week he worked 34 hours cutting lawns. His gross income was $329.12. What was his hourly wage?

$$\frac{\$329.12}{34h} = \$9.68/h$$

B. Overtime Pay

Many jobs have a standard 40 hour work week. But others work odd shifts and sometimes over 40 hours a week. If you work more than a regular number of hours a week, it is classified as __overtime__. And you will earn extra money for those extra hours. Over time is often paid at __time and a half__ or __1.5__ times the regular wage.   On statutory holidays some occupations get __double time wage__ or __2__ times the regular wage.

Example 3:

Marc works for a construction company and earns $15.82/h for a 37½ hour work week. He is paid time and a half for any time that he works in excess of 37½ hours. If he works 42¼ hours during one week, how much will he earn?

0.5

37.5

0.25 *42.25*

Calculate regular hours: $\$15.82/h \times 37.5h = \$593.25$

$42.25 - 37.5 = 4.75 \text{ overtime}$

Calculate overtime hours:

$$4.75h \times \$15.82/h \times 1.5 = \$112.72$$

Total Earnings: $\$593.25 + \$112.72$

$$= \$705.97$$

Example 4:

Laura's regular rate at her job in a warehouse is $9.86 an hour. She works 8 hours a day. She has to work an extra shift on a holiday, and her overtime rate is time and a half.

a) What is her hourly rate on the holiday?

$$\$9.86/h \times 1.5 = \$14.79/h$$

b) What are Laura's gross earnings for the holiday?

$$\$14.79/h \times 8h = \$118.32$$

Shift Premium - Extra payment for non-standard working conditions or hours. (ie. isolation pay, northern allowance, dangerous conditions, night shift).

Example 5:

Norman is an electrician who is paid a normal rate of $17.40 per hour. When Norman works at heights he is paid an additional $1.35 per hour. Calculate Norman's wage in a week where he works 36 hours, 13 of which are at heights.

$$36 - 13 = 23 \text{ h regular}$$

regular: $23 \text{ h} \times \$17.40/h = \$400.20$

danger premium: $\$17.40 + \$1.35 = \$18.75/h$

$$13 \text{ h} \times \$18.75/h = \$243.75$$

Total: $\$400.20 + \$243.75 = \$643.95$

8.2 Worksheet