Finance Lesson 1: Types of Pay

Wages and Income

A salary, a wage, or an income is the amount of money you receive for work you do. In some jobs, pay is calculated by the hour, while other jobs offer an annual income (paid weekly, biweekly, or monthly).

Gross pay is the amount you make before **deductions**. We will learn about deductions next class.

Ex. 1) Marcus works as an electrician and earns $24.68/h. If it takes him 15 hours for one job, how much will he earn?

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

Notice what happens with the units

Ex. 2) Last week, Chi worked 34 hours cutting lawns. His gross income was $329.12. What was his hourly wage?

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

Ex. 3) Last year, Liliana earned $45 183.36 working in a Grande Prairie hair salon.

a) What was her average monthly income?

$$\frac{\$45\,183.36}{12\ months} = \$3765.28/month$$

b) What was her average weekly income?

$$\frac{\$45\,183.36}{52\ weeks} = \$868.91/week$$

Ex. 6) Antonio is a cashier in a store that sells Caribbean products, such as ginger syrup, *ackee* (a type of fruit), and *dasheen* (also known as taro, a root vegetable). His time card for one week is shown below.

Time Card: Antonio					
Day	**Morning**		**Afternoon**		**Total Hours**
	IN	OUT	IN	OUT	
Monday	9:00	11:45	12:45	3:00	2h 45min + 2h 15min = 5h
Tuesday	8:45	10:45	2:00	5:30	2h + 3h 30min = 5.5h
Wednesday	9:00	12:00	1:00	4:00	3h + 3h = 6h
Thursday	9:30	12:00	1:15	3:45	2h 30min + 2h 30min = 5h
Friday	9:00	11:30	12:15	3:15	2h 30min + 3h = 5.5h

a) How many hours did he work? 27 h

b) If he earns $15.85 per hour, how much did he earn that week?

$$\$15.85/h \cdot 27\,h = \$427.95$$

Ex. 7) Marcel works for a construction company and earns $15.82/h for a 37 ½ -hour work week. He is paid time and a half for any time that he works in excess of 37 ½ hours. If he works 42 ¼ hours during one week, how much will he earn?

$15.82/h · 37.5h   5 extra hours
= $593.25   = 5 + 2.5h
                            = 7.5 h
portion at regular $15.82/h · 7.5h
pay   = $118.65 ↩
                            (time and a half)   Total = $711.90

Alternative Ways to Earn Money

Not all working people earn wages or a salary. There are other ways to earn income, including piecework, commission, salary plus commission, and contract work.

Ex. 8) 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?

$2.50/seedling · 45 seedlings = $112.50

Ex. 9) Mary works as a flower arranger. She is paid $143.75 for making 25 identical flower arrangements for a wedding. How much was she paid per arrangement?

$$\frac{$143.75}{25 \text{ arrangements}} = $5.75/\text{arrangement}$$

Ex. 10) Ming works in a store that sells classic Chinese furniture such as roundback armchairs and corner-leg stone stools. Ming works on commission at a rate of 6.5% of his gross sales. If he sold $9865.00 worth of furniture last week, how much commission did he earn?

6.5% of $9865
= 0.065 × $9865
= $641.23

Ex. 11) Olaf earned $416.03 commission on his sales of $9245.00. What was his rate of commission?

$$\frac{$416.03}{$9245} = 0.1282 = 12.82\%$$

Ex. 12) Gurpreet 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 for 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?

materials + labour + gurpreet's fee
= $785.96 + $12.85/h · 16h + $450
= $1441.56
= at least this much