

key

Finance Review Assignment

1. Define the following terms.

a) gross income: your pay before deductions

b) time and a half - usually given for overtime. Multiply your hours worked by 1.5.

c) deductions - contributions you make for various things like: income tax, CPP, EI, benefits, union dues, etc.

d) net income - the amount of money you actually take home (after deductions)

e) taxable income - the dollar (income) amount you use to calculate tax deductions.

2. What is your gross weekly income if you earn \$10.75/h and you work 7 1/2 hours each day, 5 days a week?

$5 \text{ days} \cdot 7 \frac{1}{2} \text{ hours/day} \cdot \$10.75/\text{h} = \$403.13$

3. Jonathan's time card is shown below. Calculate Jonathan's gross income if he is paid \$14.50/h and time and a half for any time that he works in excess of 35 hours for the week.

Day	Morning		Afternoon		Total Hours
	In	Out	In	Out	
Monday	7:30	11:45	2:00	5:30	4h 15min = 7.75h 3h 30min = 7.5h
Tuesday	7:45	12:00	1:30	4:45	4h 15min = 7.5h 3h 15min = 7.5h
Wednesday	7:30	12:00	2:30	6:00	4h 30min = 8h 3h 30min = 7.5h
Thursday	7:15	11:45	1:45	6:30	4h 30min = 9.25h 4h 45min = 9.25h
Friday	8:00	12:00	1:30	4:30	4h = 7h 3h = 7h

$35 \text{ h} + 4.5 \text{ h OT} = 41.75 \text{ h}$
 6.75 h

$41.75 \text{ h} \cdot \$14.50/\text{h} = \605.38

39.5 h

4. A car company pays its salespeople 3% commission on the amount of their sales after cost. Joey sells a car for \$32 000.00 that cost the company \$22 500.00. How much did Joey make in commission?

$\$32\,000 - 22\,500 = \$9\,500$ commissionable \$
 $0.03 \times \$9\,500 = \285

5. Jennifer's painting business is hired to paint the exterior of a house. She estimates that the cost of paint will be \$300 and she will need to pay two workers \$16.50/h for 12 hours each. She wants to keep at least \$600.00 for her business. What should she charge the client?

$$\begin{aligned} & \$600 + 24h \cdot \$16.50/h + \$300 = \$1296 \\ & \text{keep} + \text{workers} + \text{paint} \end{aligned}$$

6. Restaurant sales totaled \$65 575.00 one month, and the average tip was 18%.

- a) How much would each of the five waiters make in tips if they shared equally?

$$\frac{\$65575(0.18)}{5 \text{ people}} = \$2360.70$$

- b) If they give 20% of their tips to the kitchen staff, how much will each waiter make?

$$\begin{aligned} & \uparrow \text{means keep } 80\% \\ & \$2360.70 \cdot 0.8 = \$1888.56 \end{aligned}$$

7. Regular hours for a shop are 9:30 am to 5:30 pm, Monday to Friday. Workers earn a shift premium of \$2.25/hour for any hours worked after 5:30 pm or on Saturday. Last week, Denise worked the following hours:

Monday: 11:30 am–7:30 pm $6+2$ Tuesday: 2:00 pm–10:00 pm $3.5+4.5$
 Wednesday: 2:00 pm–7:00 pm $3.5+1.5$ Thursday: 12:00 pm–8:00 pm $5.5+2.5$
 Saturday: 9:30 am–3:00 pm $0+5.5$

If her regular pay was \$14.25/h, how much did she earn last week?

$$\begin{aligned} \text{Reg Hours} &= 18.5 & \text{Premium Hours} &= 16 \end{aligned}$$

$$\begin{aligned} \text{Pay} &= 18.5h (\$14.25/h) + 16h (\$16.50/h) \\ &= \$527.63 \end{aligned}$$

8. Alycia's before-tax deductions amounted to \$125.25 on a gross salary of \$1200.00. If she paid \$193.46 in federal tax, what is her tax rate?

$$\begin{aligned} \text{Before tax pay} &= \$1200 - \$125.25 = \$1074.75 \\ \frac{\$193.46}{\$1074.75} &= 0.18 = 18\% \end{aligned}$$

9. Eric has a gross income of \$1150.00 per week. His before-tax deductions include union dues of 2.8% of his gross income and a pension plan contribution of 7.5%. His federal tax rate is 17.5% and his provincial tax rate is 6.2%. He pays 4.95% to the CPP and 1.8% for EI. Calculate his net income.

$$\begin{aligned} \text{Before Tax Deductions} &= \$1150 (0.028 + 0.075) = \$118.45 \\ \text{Taxable Income} &= \$1150 - 118.45 = \$1031.55 \\ \text{Taxes} &: \$1031.55 (0.0175 + 0.062 + 0.0495 + 0.018) \\ &= \$314.11 \\ \text{Net} &= 1150 - 118.45 - 314.11 = \$717.44 \end{aligned}$$