

Unit 2: Earning an Income

Wednesday, June 6, 2018 10:56 AM

2.1: Wages and Salaries

Wages = hourly pay

Salary = you have set amount for a year

- Calculating **gross pay** with an hourly wage
 - Gross pay is the total pay before deductions
- Determining an hourly wage
 - Hours worked multiplied by the hourly wage
- Calculating gross pay if overtime is involved.
 - Calculate the overtime pay and overtime hours first

2.2: Alternative Ways to Earn Money

- Calculating gross pay:
 - By piecework
 - Amount of money per item made
 - Commission
 - % of sales
 - Salary plus commission
 - % of sales added to a salary
 - Contract work
 - Set an amount to get paid before working
 - Determine expenses and wages, then add the amount you would like to get paid

2.3 Additional Earnings

- Determining additional pay:
 - Danger pay
 - Isolation pay
 - Shift premium
 - When there is addition to a normal wage to give an incentive for employees to work certain shifts (usually night/evening shifts)
 - Tips
 - Bonuses
- ***These could occur as lump sum or percentage problems

2.4 Deductions and Net Pay

- Know the difference between **taxable income** and **net income**

- **Taxable income** is the amount that government taxes are calculated on
- **Net income** is the amount you have left after all deductions and taxes
 - ◆ Aka: take home pay
- Determine the amounts of individual deductions **before taxes**
 - union dues, benefits (insurance or private pension plans)
 - You calculate the % of your Gross Income or lump sum
- Determine the amount of tax deductions
 - CPP, EI, Prov and Fed Tax (Government deductions)
 - % of your taxable income (gross income - your before tax deductions)
- Determine the net income (take home pay)
 - Gross income - before tax deductions = taxable income
 - Taxable income - taxes (CPP, EI, Prov/Fed Tax) = Net Income