

# 1-1 Calculating Straight-Time Pay

**Straight-time pay** is the total amount of money you earn in a given pay period. It is calculated based upon your hourly rate of pay. To determine your straight-time pay, multiply the number of hours you worked by your hourly rate.

**Straight-Time Pay = Hourly Rate × Hours Worked**

### Examples

Find the straight-time pay.

**Example 1** 35 hours worked at \$7.75 per hour.

<b>Hourly Rate</b>	×	<b>Hours Worked</b>	=	<b>Straight-Time Pay</b>
\$7.75	×	35	=	\$271.25

**Example 2**  $36\frac{3}{4}$  hours worked at \$8.775 per hour.

	<b>Hourly Rate</b>	×	<b>Hours Worked</b>	=	<b>Straight-Time Pay</b>
	\$8.775	×	36.75	=	\$322.481
Calculator:	\$8.775	×	36.75	=	\$322.48125

### Practice

Find the straight-time pay. Round answers to the thousandth of a dollar.

- \$11.625 per hour × 30 hours
- \$7.825 per hour × 32.125 hours

Find the straight-time pay. Round answers to the nearest cent.

- \$9.40 per hour × 22 hours
- \$10.25 per hour × 25 hours
- \$8.50 per hour ×  $30\frac{1}{2}$  hours
- \$12.75 per hour ×  $24\frac{3}{4}$  hours
- The local bowling alley pays you \$7.25 per hour to manage the desk. Last week you worked 16 hours. What is your straight-time pay?
- Your neighbor has agreed to pay you \$8.00 per hour if you will tutor her son in reading. If you spend  $9\frac{1}{2}$  hours each week helping him, how much straight-time pay will you earn each week?
- Ronald Sutter, an assembly line worker, earns \$16.655 per hour. He typically works 36.225 hours per week. What is his usual straight-time pay?
- Standardized Test Practice** Keys Per Minute recently hired Anne Bradford as a data entry clerk. Her starting rate of pay is \$7.50 per hour and will increase to \$8.00 per hour after 90 days. If her standard work week is 32 hours, what will her straight-time pay be 4 months from now?  
A. \$240    B. \$250    C. \$256    D. \$248

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# Calculating Overtime Pay

**Overtime pay** is the amount of money you earn when you work more than your regularly scheduled hours. If you are paid  $1\frac{1}{2}$  times your regular rate, it is called **time and a half**. If you are paid twice your regular rate, you earn **double time**. Your *total pay* (or *gross pay*) is calculated by adding your overtime pay to your straight-time pay.

**Overtime Pay = Overtime Rate × Overtime Hours Worked**

**Total Pay (Gross Pay) = Straight-Time Pay + Overtime Pay**

**Example**

**Find the total pay.**

Anita Juarez earns \$9.50 for a regular 40-hour work week. Her overtime rate is  $1\frac{1}{2}$  times her regular rate. Last week she worked 8 hours of overtime in addition to her regular 40 hours. What was her total pay?

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| <p>1. Find her straight-time pay.<br/> <b>Hourly Rate × Regular Hours Worked</b><br/> <math>\\$9.50 \times 40 \text{ hours} = \\$380.00 \text{ straight-time pay}</math></p> <p>2. Find her overtime pay.<br/> <b>Overtime Rate × Overtime Hours Worked</b><br/> <math>(1.5 \times \\$9.50) \times 8 \text{ hours}</math><br/> <math>\\$14.25 \times 8 \text{ hours} = \\$114.00 \text{ overtime pay}</math></p> | <p>3. Find her total pay.<br/> <b>Straight-Time Pay + Overtime Pay</b><br/> <math>\\$380.00 + \\$114.00 = \\$494.00 \text{ total pay}</math></p> |
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**Practice**

**Find the total pay.**

	Hourly Pay (40 hrs)	Straight-Time Pay	Overtime Rate	Overtime Hours	Overtime Pay	Total Pay
1.	\$7.25		2	12		
2.	\$9.80		$1\frac{1}{2}$	8		
3.	\$12.465		2	5.5		

4. Michael Sears' standard work week is 35 hours at a rate of \$8.675 per hour. He earns time and a half for weekend hours. This week he worked 3 extra hours on Saturday and 4 on Sunday. What is his total pay for the week?
5. **Standardized Test Practice** Piping Hot Pizza's busiest days fall on the weekend. It offers its employees time-and-a-half pay on Saturdays and double-time pay on Sundays. Lisa Edwards normally earns \$10.50 per hour. If, in addition to her regular 25 hours, she works 4 hours on Saturday and 6 hours on Sunday, what is her total pay for the week?
- A. \$367.50    B. \$451.50    C. \$420.00    D. \$472.50

# 1-3 Calculating a Weekly Time Card

A **weekly time card** gives a day-by-day record of your work hours. It shows the exact time you reported to work and the exact time you left each day. To calculate your weekly hours, you must first compute the hours you work each day; then add them together for the entire week. Round the hours worked each day to the nearest quarter hour.

**Total Hours = Sum of Daily Hours**

### Example

Find the total hours worked.

Day of Week	Time In	Time Out	Time In	Time Out
Monday	8:45 A.M.	11:45 A.M.	12:45 P.M.	4:15 P.M.
Tuesday	8:05 A.M.	12:05 P.M.	1:05 P.M.	5:14 P.M.
Wednesday	8:12 A.M.	12:12 A.M.	1:12 P.M.	4:48 P.M.
Thursday	7:59 A.M.	11:59 A.M.	12:59 P.M.	5:02 P.M.
Friday	1:12 P.M.	—	—	5:25 P.M.

- Find the hours worked on Monday.  
 Time between 8:45 A.M. and 11:45 A.M.  
 $11:45 - 8:45 = 3\text{h}:00\text{min}$   
 Time between 12:45 P.M. and 4:15 P.M.  
 $(4:15 + 12:00) - 12:45$   
 $16:15 - 12:45 = 3\text{h}:30\text{min}$   
 $3\text{h}:00\text{min} + 3\text{h}:30\text{min} = 6\text{h}:30\text{min}$   
 Rounded to nearest quarter hour =  $6\frac{1}{2}$  hours
- Find the hours worked on each day, Tuesday to Friday.  
 Daily hours: Tuesday  $8\frac{1}{4}$  hours,  
 Wednesday  $7\frac{1}{2}$  hours, Thursday 8 hours,  
 Friday  $4\frac{1}{4}$  hours
- Find the total hours.  
**Total Hours = Sum of Daily Hours**  
 $6\frac{1}{2} + 8\frac{1}{4} + 7\frac{1}{2} + 8 + 4\frac{1}{4} = 34\frac{1}{2}$  total hours

### Practice

Find the hours worked each day and the total hours for the week.

	Day of Week	Time In	Time Out	Time In	Time Out	Hours
1.	Monday	9:15 A.M.	12:15 A.M.	1:15 P.M.	5:58 P.M.	
2.	Tuesday	9:02 A.M.	12:00 P.M.	1:00 P.M.	5:36 P.M.	
3.	Wednesday	8:58 A.M.	12:00 P.M.	1:00 P.M.	5:05 P.M.	
4.	Thursday	8:27 A.M.	12:30 P.M.	1:30 P.M.	6:02 P.M.	
5.	Friday	2:04 P.M.	—	—	5:45 P.M.	
6.	Total Hours for Week					

- Standardized Test Practice** Amanda Roberts works a Monday through Friday work week at a rate of \$8.75 per hour. She takes a 1-hour lunch break. If she clocks in each day at 8:45 A.M. and leaves at 5:15 P.M., what is her total pay for the week?  
 A. \$328.13    B. \$65.63    C. \$229.69    D. \$350.00

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# Calculating Pay on a Piecework Basis

Sometimes a person's take-home pay is calculated on a **piecework** basis. This means that instead of being paid an hourly rate, you are paid a fixed amount of money for each item of work you complete.

**Total Pay = Rate per Item × Number of Items Produced**

**Example**

**Find the total pay.**

Juan Santiago works for Sports Cards Plus. For each autographed card he hand numbers, he is paid \$0.02. He is paid an additional \$0.03 for each corresponding certificate of authenticity he completes. If he completes 1,200 cards with certificates of authenticity and an additional 1,500 cards without certificates of authenticity, what is his total pay for the day?

- Rate for cards with certificates:  $\$0.02 + \$0.03 = \$0.05$   
Rate for cards without certificates:  $\$0.02$

	Rate per Item	×	Number of Items Produced	=	Total Pay
Card w/ COAs	\$0.05	×	1,200	=	\$60.00
Cards w/o COAs	0.02	×	1,500	=	30.00

- $\$60.00 + \$30.00 = \$90.00$  total pay

**Practice**

**Find the total pay.**

	Employee	Rate per Item	×	Number of Items Produced	=	Total Pay
1.	Bates, L.	\$ 0.75	×	1,100	=	
2.	Connors, D.	2.30	×	115	=	
3.	Gress, T.	8.45	×	55	=	
4.	Jones, M.	0.44	×	660	=	
5.	Lopez, F.	5.00	×	99	=	
6.	Wu, K.	10.95	×	42	=	

- Standardized Test Practice** Kathy Crawford works as a freelance writer and editor. She charges \$12 per page for editing services and \$0.15 per word for writing. Kathy's regular client has asked her to write a 500-word press release and edit a 12-page newsletter. What is the total pay for the job?  
A. \$144    B. \$219    C. \$75    D. \$200

# 1-5 Calculating Salary

When you are paid a fixed amount of money on a regular basis, you earn what is known as a **salary**. The total amount of money you earn in a year is your annual salary. Your salary can be paid in the following ways:

- Weekly** (52 pay periods per year)
- Biweekly** (26 pay periods per year)
- Semimonthly** (24 pay periods per year)
- Monthly** (12 pay periods per year)

$$\text{Salary per Pay Period} = \frac{\text{Annual Salary}}{\text{Number of Pay Periods per Year}}$$

### Example

**Find the weekly salary and monthly salary.**

County Medical Center advertised an RN position at a starting yearly salary of \$42,000.00.

1. Weekly Salary = Annual Salary ÷ 52  
Weekly Salary = \$42,000.00 ÷ 52 = **\$807.69**
2. Monthly Salary = Annual Salary ÷ 12  
Monthly Salary = \$42,000.00 ÷ 12 = **\$3,500.00**

### Practice

**Determine the number of pay periods per year, then find the salary per pay period.**

	<b>Employee</b>	<b>Pay Period</b>	<b>Annual Salary</b>	<b>Pay Periods per Year</b>	<b>=</b>	<b>Salary per Pay Period</b>
1.	Warner, C.	Biweekly	\$26,000		=	
2.	Allen, V.	Weekly	14,750		=	
3.	Bénés, N.	Semimonthly	32,500		=	
4.	Vincent, F.	Monthly	56,000		=	
5.	Potter, D.	Weekly	41,875		=	
6.	Clark, B.	Semimonthly	89,675		=	

7. Sam Stevens, a mechanical engineer, earns an annual salary of \$74,500. What is his biweekly salary?
8. Wanda Summers teaches 10th grade English. If she is paid a weekly salary of \$750.00, what is her annual salary?
9. Fred Walters used to make a semimonthly salary of \$2,500. The company he works for is under new management, which pays its employees biweekly. What is his annual salary and what will his new biweekly salary be?
10. **Standardized Test Practice** Linda Stevens was recently promoted from Accounts Payable Clerk to Accounting Specialist. Previously, she earned \$10.50 per hour for a standard 40-hour week. She will now be paid a biweekly salary of \$1,100. How much more will Linda earn annually in her new position?  
**A. \$6,760    B. \$4,560    C. \$3,380    D. \$13,520**

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# Calculating Commissions

If you work in the retail business, you might earn a **commission**. With a commission, you are paid according to how much you actually sell. You might be paid a commission only, or you might be guaranteed a minimum salary. In that case, your commission for the pay period is compared to your minimum salary. Your gross pay is the *greater* of the two.

**Commission = Total Sales × Commission Rate**

**Gross Pay = Salary or Commission (whichever is greater)**

**Example**

**Find the gross pay.**

Sandra Powers works in a clothing boutique. She is guaranteed a minimum weekly salary of \$320, or 6.5 percent of her sales, whichever is greater. If she sold \$5,000 worth of clothing and accessories last week, what is her gross pay?

1. Find her commission.  
 $\$5,000.00 \times 0.065 = \text{\$325 commission}$
2. Find her gross pay.  
 Salary = \$320  
 $\$325 > \$320$ .  
**Gross pay is \$325.**

**Practice**

**Find the commission.**

	<b>Sales Position</b>	<b>Total Sales</b>	×	<b>Commission Rate</b>	=	<b>Commission</b>
1.	Cosmetics	\$2,500	×	12%	=	
2.	Hardware	5,800	×	5½%	=	
3.	Shoes	9,750	×	3¾%	=	

**Find the commission and gross pay.**

	<b>Salesperson</b>	<b>Minimum Weekly Salary</b>	<b>Total Weekly Sales</b>	×	<b>Commission Rate</b>	=	<b>Weekly Commission</b>	<b>Gross Pay</b>
4.	B. Adams	\$ 500	\$ 5,200	×	8.45%	=		
5.	K. Brown	775	12,000	×	6.825%	=		
6.	C. Sumner	1,150	9,500	×	13.5%	=		

7. **Standardized Test Practice** Richard Klein works as an auto mechanic and earns the following commission rates: 3.00 percent for oil changes, 5.00 percent for tune-ups, and 6.25 percent on auto parts sales. He is guaranteed a minimum salary of \$2,450.00 per month. Last month he brought in \$2,500.00 in oil changes, \$4,500.00 in tune-ups, and sold \$28,200.00 in parts. What is his gross pay for the month?  
**A. \$2,112.50    B. \$2,450.00    C. \$2,200.00    D. \$5,016.00**

# 1-7 Calculating Graduated Commissions

You might be offered varying rates of commission based on several different levels of sales. If you receive a different rate of commission when you reach a specified quota, you are paid what is known as a **graduated commission**.

**Total Graduated Commission = Sum of Commissions for All Sales Levels**

### Example

**Find the total graduated commission.**

David Michaels is a used car salesman. As an incentive to bolster sales, Michaels' manager offers the following graduated commission:

Commission Percentage	Level of Sales
2.5%	First \$10,000
5.0%	Next \$15,000
8.0%	Over \$25,000

Michaels' sales for the month of June were \$32,000. Find his total commission for the month.

- $(\$10,000 \times 2.5\%) = (\$10,000.00 \times 0.025) = \$250.00$  Commission Level 1
- $(\$15,000 \times 5\%) = (\$15,000.00 \times 0.05) = \$750.00$  Commission Level 2
- $(\$32,000 - \$25,000) \times 8\% = \$7,000.00 \times 0.08 = \$560.00$  Commission Level 3
- $\$250.00 + \$750.00 + \$560.00 = \mathbf{\$1,560.00}$  total commission

### Practice

**Find the total graduated commission.**

- Commission: 6 percent on first \$10,000; 8 percent over \$10,000. Find the total graduated commission on \$12,500.
- Commission: 3 percent on first \$2,500; 5 percent on second \$2,500; 7.5 percent over \$5,000. Find the total graduated commission on \$5,800.
- Commission: \$5 for the first 20 demonstrations; \$7 for all demonstrations over 20. What is the total graduated commission for 28 demonstrations?
- Sandra Brown works as a beautician. She earns a \$1 commission for the first 50 haircuts and a \$1.50 commission for all haircuts over 50. In addition, she receives a base salary of \$250 per week. If she performs 72 haircuts, what is her total pay for the week?
- Standardized Test Practice** Mitchell Gomez is an auto mechanic. He earns a base salary of \$2,000 per month. In addition, he receives the following graduated commissions: 2 percent for the first \$5,000 in repairs and 3 percent over \$5,000. If he exceeds \$10,000 in repairs, he is given a \$500 bonus. What is Gomez's total pay for the month if he does \$10,125 in repairs?  
**A.** \$2,000    **B.** \$2,750    **C.** \$2,753.75    **D.** \$2,253.75

# 1 Chapter Review

## Who Makes the Money?

Chris, Michelle, and Alex meet on Fridays at Corner Coffee House. On three Fridays they compare how much they've earned on their summer jobs. Given the following salary specifications, which of the three makes the most money each week?

### Week 1

1. Who makes the most money in week 1: Chris, Michelle, or Alex?
  - a. Chris works at the local hardware store where she earns a weekly salary of \$150 and a 3 percent commission on all sales. This week she sold \$1,500 worth of products.
  - b. Michelle baby-sits the neighbors' children. She watches the Rogers' child for \$5 per hour and the Pringles' two children for \$6.50 per hour. The Rogers needed her to work 15 hours this week, while the Pringles needed her services for 25 hours.
  - c. Alex works for his father assembling clock motors. He is paid a piecework rate of \$8.50 per motor. This week he assembled 21 motors.

### Week 2

2. Who makes the most money in week 2: Chris, Michelle, or Alex?
  - a. Chris still makes a base salary of \$150 per week, but her commission this week is a graduated rate of 2.5 percent on the first \$1,000 and 3.5 percent for all sales over \$1,000. Her sales this week were again \$1,500.
  - b. Michelle cut back her time at the Rogers' to 10 hours so she could increase her hours at the Pringles' to 28 hours.
  - c. This week Alex is paid an hourly rate of \$7.00 instead of the piecework rate. Each day, Monday through Friday, he clocked in at 9:15 A.M. and clocked out at 2:25 P.M.

### Week 3

3. Who makes the most money in week 3: Chris, Michelle, or Alex?
  - a. Chris's base salary is raised to \$250 this week, but her commission is  $1\frac{1}{2}$  percent on all sales. Once again, her sales were \$1,500.
  - b. The Pringles asked Michelle to baby-sit for 12 hours on the 4th of July. They paid her double time for working on the holiday. The rest of the week they were on vacation and didn't need her services. She baby-sat her usual 10 hours at the Rogers'.
  - c. Alex worked the following schedule at the rate of \$7 per hour with time and a half for the weekend:

Sat.	Mon.	Tues.	Wed.	Thurs.	Fri.
5	6	5.75	4.5	6.75	5.5