

CHAPTER REVIEW

Concepts!

Hourly wage versus salary

Sick day and vacation leave

Overtime pay

Health care benefits

Retirement/pension calculations

Social Security and Medicare

FICA taxes and Medicare taxes

What does it cost?

Social Security 6.2% of income deducted from your paycheck
6.2% of income from your employer

Medicare 1.45% of income deducted from your paycheck

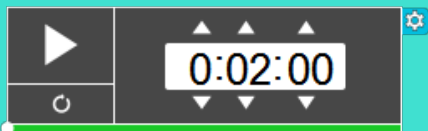
Practice!

You make \$8.15 per hour. Assuming you work 39 hours per week on average and that you take off two weeks without pay, what is your yearly salary? (you get paid bi-weekly)



And another...

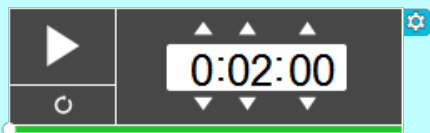
You get 3 days of paid vacation at the company you work for. After five years, they add 2 days of vacation for each additional year you work. How many vacation days per year will you have in 7 years?



Assuming that you get paid biweekly and that your yearly salary is \$52,400, what will be the amount of the benefit of earning vacation days? (assume a 5 day work week)

Health Insurance

Your employer pays 82% of your health insurance premium. If the total premium is \$7,450 per year, what will be your biweekly contribution?



Pension

Working for MegaBank, you can earn a pension after 25 years of service equal to 2.2% of the average of your last three years' salary for each year that you worked for the company. You work there for 26 years. Your last three years' salary are: \$67,500, \$68,250, \$70,300.



What will be the amount of your annual pension?



Homework!

- 1) You get paid \$734.25 for you most recent biweekly paycheck. If you worked 40 hours one week and 46 hours the second week, what is your hourly wage?
(assume time-and-a-half for overtime)

- 2) If the annual premium on your health insurance policy is \$9,600 and your employer pays 78%, how much will be taken out of your biweekly check for your portion of health insurance?

- 3) You sell cookies and get a 12% commission on the first \$500 you sell and 16% on everything above that each month. What is your commission for the month if you had gross sales of \$3,575?

