

Section 1.1: Earning Income

- Earning money is a pretty damn important part of life
- Things cost money and understanding how to earn it efficiently and doing something you enjoy can be incredibly valuable
- The first question to ask your self is what are different ways of being paid?

We will review 4 of these methods extensively and will briefly touch on 3 more

Hourly Wage

- Hourly wage is a form of payment most used by part-time employees and a large number of full-time employees as well.
- It can have tremendous benefits when we consider overtime pay (you'll see)
- It is a simple direct ratio:

$$\frac{\text{Dollars (\$)}}{\text{Hour (hr)}}$$

- Just like we saw with **ratios**, the units of *hours* will cancel out and we are left with *dollars*

Example: If you make \$11.35 an hour and work 6 hours, how much to you get paid?

Solution:

$$6hr \cdot \frac{\$11.35}{1hr} = \$68.10$$

- It's a simple calculation but..
- You see the units cancel out

Example: If you made \$92 and worked 8 hours how much was your hourly wage?

Solution: So here we want *Dollars/1 Hour* so we set up our fraction with what we have.

$$\frac{\$92}{8 \text{ hours}} = \$11.50/hr$$

- It is very important to get an understanding of your money.
- Too often we don't look at our paycheck, bill, receipt and we trust the numbers we see
- Always check, and being able to estimate it gives you an idea immediately.

Time and a Half/Double Time

- Things start to really get interesting when we consider overtime
- Overtime generally gets paid out during hours after 8, 12, on Holidays, even on weekends
- Every company pays out overtime according to the BC Standards, this links to the official document,

https://www2.gov.bc.ca/assets/gov/employment-business-and-economic-development/employment-standards-workplace-safety/employment-standards/factsheets-pdfs/pdfs/hours_overtime.pdf

- So in the general realm of overtime you get time and a half, then double time
- Depending on the company you may jump straight to double time, given the scenario

If the whole day is time and a half or double it is easy to calculate (trickier with hourly overtime):

Example: If you work Victoria Day, you get *time and a half*. How much do you make for 4 hours at \$12.35/hr?

Solution: Simple process, take your **regular wage, multiply by the rate**, then by **1.5 or 2**

$$4hrs \cdot \frac{\$12.35}{1hr} \cdot 1.5 = \$74.10 \quad \text{Time and a Half}$$

$$4hrs \cdot \frac{\$12.35}{1hr} \cdot 2 = \$98.80 \quad \text{Double Time}$$

Daily overtime is slightly different

- Since you get your regular wage for the first 8 hours you only calculate the overtime pay for the overtime hours

Example: Steve works 10 hours at \$14.50/hr, he gets double time for any hours over 8.

Solution: So we calculate his regular wage for 8 hours, then multiply his other 2 hours by his wage and by 2 (for double time).

$$8hrs \cdot \frac{\$14.50}{1hr} = \$116.00 \quad \text{Regular Time}$$

$$2hrs \cdot \frac{\$14.50}{1hr} \cdot 2 = \$58.00 \quad \text{Double Time}$$

Then add them up...

$$116.00 + 58.00 = \$174.00 \quad \text{Total Pay}$$

Example: Jas gets time and a half for any hours over 7.5. She works 12 hours and gets a wage of \$15.00/hr, how much does she make during her shift?

Solution: Remember we only calculate time and a half on the hours over 7.5

$12 - 7.5 = 4.5$ <i>Overtime hours = 4.5</i>	$7.5hrs \cdot \frac{\$15}{1hr} = \112.50	<i>Regular Time</i>
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$4.5hrs \cdot \frac{\$15}{1hr} \cdot 1.5 = \101.25	<i>Double Time</i>
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Then add them up...

$112.50 + 101.25 = \$213.75$	<i>Total Pay</i>
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- Not all jobs pay the same hourly rate
- Different jobs pay overtime at different rates
- Some pay more on weekends or graveyard shifts
- Some jobs pay Danger pay, Wait pay, minimum shift pay, etc.
- Always be aware of how the pay structure at your job works
- And always keep track of it yourself, don't trust they didn't make a mistake

Wage and Tips

- Wage and Tips is where good money can be made
- Some examples of jobs that make tips are:

- Server
- Bartender
- Hotel Bellhop
- Hairstylist
- Spa Employees

Mostly Jobs in the Service Industry

- Calculating wage is the same process as the previous section, then we add the tips to the total, then divide by hours worked to get your hourly wage including tips

Example: Jennifer works in a restaurant and makes minimum wage (\$10.35). She works a 5 hour shift and makes \$110 in tips, how much did she make during her shift and what is her real hourly wage?

Solution:

Hourly Wage	Hourly Wage + Tips
$5 \cdot \$10.35 = \51.75	$\$51.75 + \$110 = \$161.75$

New Total Divided by Hours Worked

$$\$161.75 \div 5hr = \mathbf{\$32.35/hr}$$

Example: Shelton makes \$74 in tips and works 5 hours at \$12/hr. How much does he take home, what is his updated hourly wage?

Solution:

Hourly Wage	Hourly Wage + Tips
$5 \cdot \$12.00 = \60.00	$\$60.00 + \$74 = \$134.00$

New Total Divided by Hours Worked

$$\$134.00 \div 5hr = \mathbf{\$26.80/hr}$$

- Next up we will look at Salary and Commission
- After that we will look at various deductions: Income Tax, CPP, EI, etc.

Section 1.1 – Practice Problems

1. Complete the following chart.

Job	Hourly Wage	# of hours worked	Gross Income
Landscaper	\$9.85/hr	40	\$
Custodian	\$19.50/hr	35	\$
Dog Groomer	\$11.25/hr	20	\$
Security Guard	\$15.30/hr	12	\$

2. Complete the following chart.

Job	Hourly Wage	# of hours worked	Gross Income
Painter	\$	50	\$537.50
Dishwasher	\$	18	\$202.50
Retail Employee	\$	27	\$247.05
Crossing Guard	\$	12.5	\$130.63

3. Jasmine works at a grocery store and makes 14.50/hr. Last week she worked two 12 hour days and three 8 hour days. She gets time and a half for hours after 8. What was her Gross income for the week?

4. Kevin works at the Navy Base as a Pipefitter, he makes \$32/hr. He makes double time for night shifts or weekends and time and a half for any hours after 8 during day shifts. Below is a list of his shifts for the last two weeks, how much is his Gross pay.

Monday	8am – 4pm		Monday	Off
Tuesday	3pm – 11pm		Tuesday	7am – 6pm
Wednesday	8am – 4pm		Wednesday	Off
Thursday	3pm – 11pm		Thursday	3pm – 11pm
Friday	Off		Friday	7am – 6pm
Saturday	8am – 4pm		Saturday	8am – 4pm
Sunday	Off		Sunday	8am – 4pm

5. Bonnie makes \$12.40/hr and works as a server. On Tuesday she worked for 6 hours and twenty minutes and made \$110 in tips. How much did she make in total and what is her real hourly wage?
6. Sara made \$250 during her 8 hour shift. She made \$160 dollars in tips. What is her actual hourly wage?

Section 1.1 – Answer Key

1. \$394
 \$682.50
 \$225
 \$183.60
2. \$10.75
 \$11.25
 \$9.15
 \$10.45
3. \$754
4. \$4384
5. $T = \$188.53$
 $H = \$29.77$

6. \$51.25/hr