

Curriculum Outcome

- N2** Demonstrate an understanding of income, including: wages, salary, contracts, commission, piecework, and calculating gross pay and net pay.
- N3** Demonstrate an understanding of compound interest.
- N4** Demonstrate an understanding of financial institution services used to access and manage finances.
- N5** Demonstrate an understanding of credit options, including: credit cards, and loans.

Student Friendly:

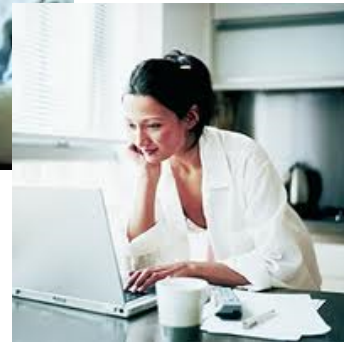
"Different ways to get paid for doing a job. "

Copy Down

Alternative Ways to Earn Money



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A person who works for him- or herself rather than for an employer



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Piecework

When someone is paid a set rate for an amount produced





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An amount
(usually a percentage)
paid to someone
for a business transaction



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Contract

A legal agreement that outlines term, conditions, and payments for work to be done

NOTE: *In a contract, you get the same pay regardless of how many hours it may take to finish the job.*



SELF-EMPLOYMENT

Advantages

- freedom to select appealing jobs
- ability to set own hours
- able to take time off when desired
- you're your own boss
- you may prefer working alone

Disadvantages

- may not have enough clients
- you may not like self-promotion
- you may not like bookkeeping
- you may find working alone lonely
- you don't get paid holidays or benefits

PIECEWORK

Advantages

- can earn more if you work quickly
- clear relationship between output and wages
- wages based on your performance

Disadvantages

- will earn less if you don't work quickly
- you may be tempted to take shortcuts
- you may be tempted to ignor safety procedures
- quantity emphasized over quality

Self Employed

VS

Piecework

EXAMPLE #1: DO THIS

A car salesman earns 2 % commission on all of his total sales and also receives a base salary of \$10/hour. Yesterday, he sold a Nissan Quest for \$40 000 and worked 8 hours. What is his gross pay for that one day?

$$\begin{aligned} \$40\,000 &\times 0.02 \\ &= 800 \end{aligned}$$

$$\begin{aligned} \$10/\text{hr} &\times 8\text{hr} \\ &80 \end{aligned}$$

$$\text{Total} = \$880$$

EXAMPLE #2: DO THIS

Hien is a painting contractor. He negotiates a contract with a homeowner to paint the exterior siding on a house at a rate of \$30.00/h plus the cost of materials. It takes Hien six 8-hour days to prepare and paint the siding, and he uses 15 gallons of paint that cost \$45.00 each. What is the total value of the contract?

$$\begin{array}{r} 6 \text{ days} \times 8 \text{ hr/day} = 48 \text{ hrs} \\ \times 30 \\ \hline \$ 1440 \end{array}$$

$$15 \text{ gal} \times \$45 = \$675$$

$$\begin{aligned} \text{Total} &= 675 + 1440 \\ &= \$2115 \end{aligned}$$





HOMEWORK...

Check out pages 69 and 70.

Questions 1 to 7

[2.2 Build Your Skills Detailed Solutions.pdf](#)

Gwen works as a sales clerk in a clothing store. She earns a base salary of \$10.00/h plus a 15% commission on the price before taxes of each item she sells. Her work day is 8 hours. One day, Gwen sells a suit with a price of \$625.00, a sweater priced at \$95.00, 3 T-shirts that cost \$45.00 each, and a raincoat priced at \$225.00. How much does she earn that day?



1. Suggest two benefits self-employed people might enjoy. Suggest two disadvantages of self-employment. On balance, would you prefer to be self-employed? Why or why not?

Self Employment:

Adv: Freedom to work whenever

Dis: You have a lot of stress and responsibility

Piece Work:

Adv: More you produce the more you earn

Dis: Time means Money

2. Gilles, an aluminum fabricator in Restigouche, NB, accepts a contract to make an aluminum gate for \$500.00.

a) If the cost of materials and labour to make the gate is \$425.00, how much is his profit on this gate? **ANS:\$75**

b) What is this amount expressed as a percentage of the contract? **ANS:15%**

c) If the cost of materials were to increase after the contract was signed, could Gilles adjust the price? Explain your reasoning.

ANS:If the cost of material increases, Gill could not charge more because he signed a contract.

3. Leo is a self-employed plumber. When he started his business, he received help securing a loan and business advice from the Nunatsiavut Business Centre Incorporated. The centre supports Inuit businesses operating in Labrador. One month, Leo's plumbing business had three contracts for \$2500.00, \$7000.00, and \$275.00. The cost of Leo's expenses and materials to complete these contracts was \$7200.00.
- a) How much did Leo earn an hour based on a 40-hour work week? **ANS:\$14.86**
- b) Suggest two ways in which Leo could raise his hourly rate to \$20.00. **ANS: Work faster or charge more**

4. Ling works as an assistant to a florist. She can be paid \$2.75 for every arrangement or \$13.25/h. Ling estimates she could create about five arrangements an hour. Which payment scheme would you recommend and why?

ANS: If she works fast she should go with the 5 arrangements an hour.

$$\begin{aligned} &5 \times \$2.75 \\ &= \$13.75/ \text{ hr} \end{aligned}$$

5. Marlene is a website designer. In January, she creates a website for a new client, charging \$13 000.00. Marlene bids on and obtains a maintenance contract for the balance of the year that will pay her \$200.00/month, beginning in February.
- How much will the maintenance contract be worth? **ANS:\$2200**
 - How many hours a month do you think would be reasonable to spend on website maintenance, given the contract amount? **ANS:4-6 hours**
 - How much will Marlene earn this year from this client? **ANS:\$15 200**

6. William is a salesperson at an electrical supply company. He earns a base salary of \$24 000.00 a year plus a commission of 12% on electrical supplies such as wire, switches, and fixtures. If William aims to earn a total of \$32 000.00 a year, how many dollars' worth of electrical supplies will he need to sell?

ANS:\$66 666.67

7. Dorothy, a cabinet installer, earns income on a piecework basis. When she has to return to a customer's home on a service call to make changes or repairs, she is paid by the hour. The service-call rate is \$30.00 an hour.
- If Dorothy installs 6 upper cabinets at a rate of \$15.00 each, 6 lower cabinets at a rate of \$15.00 each, and returns twice for service calls that each take 3 hours, how much will she earn in all from this job?
 - Think of two ways that piecework benefits a working person.
 - What advantages or disadvantages might piecework have for an employer?

ANS:\$360

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