

2. What is the difference between biweekly and semi-monthly pay periods?
What advantage does one method have over the other?

Bi-weekly → $52 \frac{1}{2} = 26$ pay periods

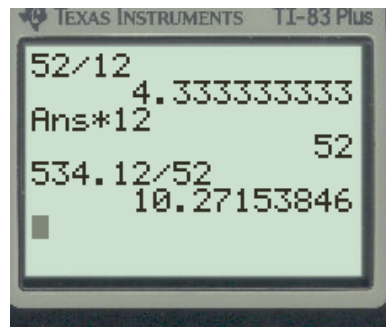
* 52 weeks in a year

Semi-monthly → $12 \times 2 = 24$ pay periods

* 12 months in a year

3. Luc earns \$534.12 a month and works 12 hours a week. Explain how you would calculate his hourly pay. (Hint: \$11.13 an hour is not correct.)

$$\frac{52 \text{ weeks}}{12 \text{ months}} = 4.\overline{3} \text{ weeks/month}$$



Hours
RATE \$ 10.27/hr

Alternative Ways to Earn Money





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





Piecework

When someone is paid a set rate for an amount produced

- a piecework plan pays an employee on the basis of the number of articles produced or how much gets done.
- examples of this type of work include...
 - manufacturing items, forestry jobs (commercial thinning, trail cutting), mowing lawns, fishing, delivering flyers, etc...



Commission

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

- an incentive plan where an employee receives a percentage of their total sales.
- examples of occupations include car/furniture/clothing sales people, real estate agents, etc...

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 ignore safety procedures
- quantity emphasized over quality

Self Employed

VS

Piecework

EXAMPLE #1:

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?

$$\text{Reg } \$10/\text{hr} \times 8 \text{ hr} = \$80$$

$$\begin{array}{r} \text{Comm.} \quad 2\% \text{ of } 40000 \\ 0.02 \times 40000 \\ \quad \quad \quad \$800 \\ \hline \text{TOTAL GROSS} \quad \quad \quad \$880 \end{array}$$

DISCUSS THE IDEAS

HOME RENOVATION CONTRACTS

You have a home renovation business that specializes in adapting existing homes for people with disabilities.

1. How would you calculate how much to charge customers for the renovations they are requesting?
2. If you bid on a contract with a price of \$14 500.00 and your potential client requests a reduction of 8% to match a lower bid, what would your new bid be?
3. Would you consider making this reduction? Why or why not? What factors would you take into account?
4. What would you set as a payment schedule? What is your reasoning?
5. Why do you think the homeowner would prefer to pay on a contract basis rather than an hourly basis?



Installing ramps makes homes more accessible for people who use wheelchairs.

SOLUTIONS

1. To calculate how much to charge you would need to produce a design, calculate all materials needed to build the design, cost the materials, estimate your hours, consider any subcontracting costs that may be involved, add in an amount for contingencies, and a percentage for profit.
2. Calculate 8% of the price and subtract it from the original estimate to get the revised bid.

$$\$14\,500.00 \times 0.08 = \$1\,160.00$$

$$\$14\,500.00 - \$1\,160.00 = \$13\,340.00$$
 The revised bid would be \$13 340.00.
 Alternatively, if the revised bid is 8% less than the original, it will be 92% of the original.

$$\$14\,500.00 \times 0.92 = \$13\,340.00.$$
3. In deciding whether to make a lower bid, you would consider the cost of materials and labour (whether you have employees or work alone), how much profit was built into the initial bid, whether you have plenty of other work lined up, and so on.
4. You might ask for the cost of the materials to be paid up front and the labour to be paid in two installments, halfway through the job and at the end. You need to buy the materials before you begin, so passing this cost on to the customer at the beginning is a good idea. If the job will take more than two weeks, getting interim payments will allow you to pay yourself as you go.
5. The homeowner would probably prefer to pay on a contract basis because he or she would know in advance how much the complete job will cost. If builders work on contract, the job is likely to proceed more quickly than if it is paid on an hourly basis.

EXAMPLE #2:

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?

$$\begin{array}{l} \text{Reg} \quad \$30/\text{hr} \times 8 \text{ hrs} \times 6 = \$1440 \\ \text{Materials} \quad \$45/\text{gallon} \times 15 = \$675 \\ \hline \$2115 \end{array}$$





HOMEWORK...

Check out pages 69 and 70.

Questions 1 to 7

2.2 Build Your Skills Detailed Solutions.pdf



Worksheet - Alternative Ways to Earn Money.pdf



Attachments

2.2 Build Your Skills Detailed Solutions.pdf

Worksheet - Alternative Ways to Earn Money.pdf