

2 Net Pay

- 2.1 Deductions from Gross Pay
- 2.2 Benefits and Job Expenses
- 2.3 Federal Income Taxes
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Statistical Insights

Average Monthly Social Security Benefits for Retired Workers 1940–1998

Year	Average for All Recipients	Average for Men Only	Average for Women Only
1940	\$22.71	\$23.26	\$18.38
1945	25.11	25.71	19.99
1950	29.03	30.16	22.98
1955	69.74	75.86	56.05
1960	81.73	92.03	63.26
1965	82.69	90.89	68.78
1970	123.82	136.80	103.67
1975	196.42	220.35	160.50
1980	321.10	374.00	244.90
1985	432.00	509.60	322.20
1990	550.50	654.60	403.30
1995	671.70	794.30	505.80
1998	744.70	882.10	577.10

Use the data shown above to answer each question.

1. Social Security Benefits are paid to retired individuals once they reach 62 years of age and have paid social security taxes while they were employed. How can you use the data to estimate annual benefits?
2. Between what two rows did the benefits more than double for men, women, and all recipients?



NetCheck

Get Assistance—Software for Personal Finance

Many people keep financial information, including cash receipts and payment records, on their home computer using personal finance software. Several companies market such programs. Although each may look different and offer unique features, they all basically perform the same tasks. Keeping financial records on a computer makes it easy to keep information up-to-date and prevents calculation errors. Often software companies will allow you to try their software before you purchase it. Downloadable versions of these software programs may be available on the Internet.

Get Information—Do State Tax Rates Differ?

State income tax rates differ among the states. Some states do not even make their residents pay state income taxes. States need money to operate and provide services. If a state has a higher income tax rate, other state taxes may be less. Or, if a state has a lower income tax rate, they may charge a higher sales tax rate. Information is available on the Internet that will allow you to compare state tax rates and other costs of living.

RATE YOUR KNOWLEDGE on a scale of 1–10

(10 being the highest) about

- paying taxes
- exemptions on tax returns
- comparing job offers including benefits

2.1

Deductions from Gross Pay

GOALS

- Find federal withholding tax deductions
- Calculate social security and Medicare tax deductions
- Calculate total deductions and net pay

Start Up

Janice is single and has just graduated from community college. She needs at least \$480 each week to pay for her rent and other living expenses to afford to live alone. If she earns \$13 an hour and works 40 hours each week, will she earn enough to pay her expenses?



Math Skill Builder

Review these math skills and solve the exercises that follow.

- 1 Add money amounts.**
Find the sum.
 $\$35.62 + \$12.65 + \$87.61 + \$27.59 = \$163.47$
1a. $\$77.12 + \$18.92 + \$40.56 + \9.21
1b. $\$53.07 + \$3.76 + \$21.98 + \82.16
- 2 Subtract money amounts from money amounts.**
Find the difference. $\$540.09 - \$62.72 = \$477.37$
2a. $\$3,145.00 - \809.12
2b. $\$723.82 - \129.04
2c. $\$235.88 - \13.48
- 3 Rewrite percents as decimals.**
Rewrite 7.52% as a decimal. $7.52\% = 0.0752$
3a. 4% 3b. 5.2% 3c. 10.5% 3d. 4.34%
- 4 Multiply money amounts by percents and round the product to the nearest whole cent.**
Find the product. $\$387.25 \times 7\% = \$387.25 \times 0.07 = \$27.1075$, or \$27.11
4a. $\$1,249.00 \times 4\%$
4b. $\$478.53 \times 7.2\%$
4c. $\$809.42 \times 1.45\%$

MATH TIP

To rewrite a percent as a decimal, move the decimal point two places to the left and drop the percent sign.

Federal Withholding Tax Deduction

Deductions are subtractions from gross pay. The federal government, as well as many states and cities, require employers to deduct money from employee wages for income taxes, or **withholding taxes**, plus social security and Medicare taxes.

The amount of withholding tax depends on a worker's wages, marital status, and number of withholding allowances claimed. A **withholding allowance** is used to reduce the amount of tax withheld. Workers may claim one withholding allowance for themselves, one for a spouse, and one for each child or dependent.

To find the amount withheld from a worker's wages, you can use an income tax withholding table prepared by the government. Use the tables shown to find federal withholding taxes on weekly wages. First determine whether the person is single or married. Then using the table for the employee's marital status, read down the *if the wages are*—column at the left until you reach the correct wage line. Next, read across to the column headed by the number of withholding allowances claimed by the employee.

BUSINESS TIP

Congress changes the federal income tax rates from time to time. You can find the latest federal withholding tax rates at www.irs.gov.

Single Persons—Weekly Payroll Period

(For Wages Paid in July–Dec. 2001)

If the wages are—		And the number of withholding allowances claimed is—										
At least	But less than	0	1	2	3	4	5	6	7	8	9	10
The amount of income tax to be withheld is—												
350	360	46	37	29	21	12	4	0	0	0	0	0
360	370	47	39	30	22	14	5	0	0	0	0	0
370	380	49	40	32	24	15	7	0	0	0	0	0
380	390	50	42	33	25	17	8	0	0	0	0	0
390	400	52	43	35	27	18	10	1	0	0	0	0
400	410	53	45	36	28	20	11	3	0	0	0	0
410	420	55	46	38	30	21	13	4	0	0	0	0
420	430	56	48	39	31	23	14	6	0	0	0	0
430	440	58	49	41	33	24	16	7	0	0	0	0
440	450	59	51	42	34	26	17	9	1	0	0	0
450	460	61	52	44	36	27	19	10	2	0	0	0
460	470	62	54	45	37	29	20	12	4	0	0	0
470	480	64	55	47	39	30	22	13	5	0	0	0
480	490	65	57	48	40	32	23	15	7	0	0	0
490	500	67	58	50	42	33	25	16	8	0	0	0
500	510	68	60	51	43	35	26	18	10	1	0	0
510	520	70	61	53	45	36	28	19	11	3	0	0
520	530	71	63	54	46	38	29	21	13	4	0	0
530	540	73	64	56	48	39	31	22	14	6	0	0
540	550	74	66	57	49	41	32	24	16	7	0	0

Married Persons—Weekly Payroll Period

(For Wages Paid in July–Dec. 2001)

If the wages are—		And the number of withholding allowances claimed is—										
At least	But less than	0	1	2	3	4	5	6	7	8	9	10
The amount of income tax to be withheld is—												
440	450	48	40	31	23	15	6	0	0	0	0	0
450	460	50	41	33	25	16	8	0	0	0	0	0
460	470	51	43	34	26	18	9	1	0	0	0	0
470	480	53	44	36	28	19	11	2	0	0	0	0
480	490	54	46	37	29	21	12	4	0	0	0	0
490	500	56	47	39	31	22	14	5	0	0	0	0
500	510	57	49	40	32	24	15	7	0	0	0	0
510	520	59	50	42	34	25	17	8	0	0	0	0
520	530	60	52	43	35	27	18	10	2	0	0	0
530	540	62	53	45	37	28	20	11	3	0	0	0
540	550	63	55	46	38	30	21	13	5	0	0	0
550	560	65	56	48	40	31	23	14	6	0	0	0
560	570	66	58	49	41	33	24	16	8	0	0	0
570	580	68	59	51	43	34	26	17	9	1	0	0
580	590	69	61	52	44	36	27	19	11	2	0	0
590	600	71	62	54	46	37	29	20	12	4	0	0
600	610	72	64	55	47	39	30	22	14	5	0	0
610	620	74	65	57	49	40	32	23	15	7	0	0
620	630	75	67	58	50	42	33	25	17	8	0	0
630	640	77	68	60	52	43	35	26	18	10	1	0

EXAMPLE 1

A single receptionist's weekly wages are \$380 with 1 withholding allowance. What federal income tax is withheld?

SOLUTION

Use the table for single persons. The wages, \$380, are on the fourth line of this part of the table. Read across to find the column under 1 withholding allowance. The amount of tax is \$42.

■ CHECK YOUR UNDERSTANDING

- A. Jared Brown is a single hospital technician with weekly wages of \$458. He claims 1 withholding allowance. What amount should be deducted from his wages for federal withholding taxes?
- B. Imy Berstein is a married worker earning \$514 each week. She claims 2 withholding allowances. What amount should be deducted from her weekly earnings for federal withholding taxes?

CALCULATOR TIP

On many calculators, you can multiply by a percent directly without rewriting it. Enter the number to be multiplied (\$562), press the multiplication symbol (\times), enter the percent (6.2) and press the percent sign (%). The answer, 34.844 will appear in the calculator display.

■ Social Security and Medicare Tax Deductions

The tax for social security is part of the Federal Insurance Contributions Act and is also called the FICA tax. The FICA benefits include:

- *disability benefits* for workers who are disabled and unable to work.
- *Medicare*, which provides hospital insurance for some disabled people and for people over 65.
- *retirement benefits* for people who are at least 62.
- *survivors' benefits*, which are paid to spouses and dependent children when a social security recipient dies.

FICA tax rates and the maximum wages on which the taxes are charged are set by Congress and may change from time to time.

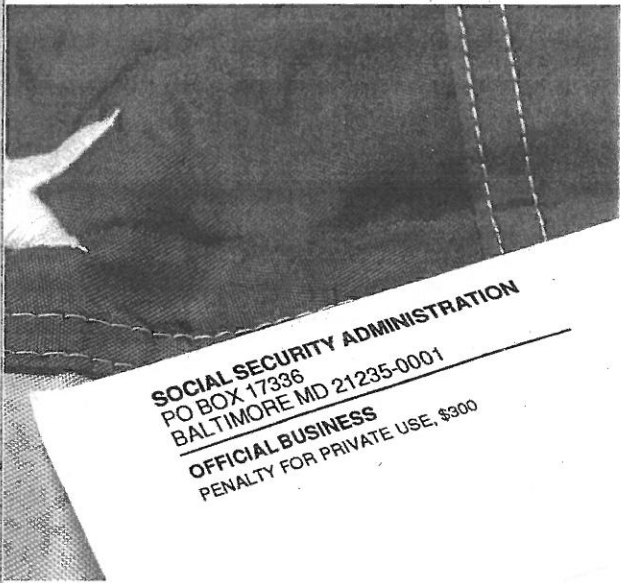
The overall tax rate of 7.65% is used in this text. This rate is made up of the social security tax rate of 6.2% applied to a maximum wage of \$80,400 and the

Medicare tax rate of 1.45%, applied to all wages.

If one earns more than \$80,400 a year from one job, the employer does not deduct social security tax after the wages exceed \$80,400. If one earns more than \$80,400 a year from several jobs, each employer withholds 6.2% social security tax to the maximum \$80,400 earning limit. The taxpayer must apply for a return of the overpayments when a federal income tax return is filed.

BUSINESS TIP

People who work for themselves must also pay FICA taxes on yearly net earnings. The tax rates for the self-employed are twice the rates paid by employees because the self-employed person must pay the employee and employer shares.



EXAMPLE 2

Find the total FICA tax on incomes of \$35,000, \$80,000, and \$92,000.

SOLUTION

Income	Social Security	Medicare	Total FICA
\$35,000	$\$35,000 \times 6.2\% = \$2,170$	$\$35,000 \times 1.45\% = \507.50	\$2,677.50
\$80,000	$\$80,000 \times 6.2\% = \$4,960$	$\$80,000 \times 1.45\% = \$1,160$	\$6,120.00
\$92,000	$\$80,400 \times 6.2\% = \$4,984.80$	$\$92,000 \times 1.45\% = \$1,334$	\$6,318.80

■ CHECK YOUR UNDERSTANDING

Find the FICA tax on each income. C. \$24,000

D. \$89,000

FICA taxes owed by workers are collected by their employers. Employers deduct the tax from each employee's earnings. Employers must also pay a FICA tax equal to the FICA taxes they deduct from their employees' earnings.

EXAMPLE 3

Sarah Fellows earned \$562 during the last week of January. Find the total FICA taxes her company deducted from her wages.

SOLUTION

Since Sarah's wages are paid in January, you are sure that her wages have not exceeded the social security earning limit. She is taxed on both social security and Medicare. Use 7.65% as the tax rate.

$7.65\% = 0.0765$ Rewrite as a decimal.

$562 \times 0.0765 = \$42.993$ Multiply the weekly wages by the decimal rate.

The total FICA tax amount deducted from Sarah's wages was \$42.99.

■ CHECK YOUR UNDERSTANDING

Find the total FICA tax amount on each weekly wage.

E. \$460

F. \$712.44

G. \$1,087.30

H. \$375.88

■ Total Deductions and Net Pay

In addition to withholding, social security, and Medicare taxes, other deductions may also be subtracted from gross pay, such as union dues, health and life insurance, and government bonds. After all deductions are subtracted from total wages, or gross pay, an amount remains that is called **net pay**, or *take-home pay*.

Gross Pay – Deductions = Net Pay

WEEK ENDED	EARNINGS			DEDUCTIONS							NET PAY
	REGULAR	OVER-TIME	TOTAL	FED. WITH.	SOC. SEC.	MEDI CARE.	LIFE INS.	HEALTH INS.	OTHER	TOTAL	
2/4	375.00		375.00	40.00	23.25	5.44	12.50	56.45	13.75	151.39	223.63

NO. 4798

EXAMPLE 4

Mary Mendosa earned gross pay of \$426 last week. Federal withholding taxes of \$48, social security taxes of 6.2%, Medicare taxes of 1.45%, health insurance premiums of \$45.80, and union dues of \$12.56 were deducted from her gross pay. Find Mary's net pay.

SOLUTION

Multiply the gross pay by each tax rate.

$$\$426 \times 0.062 = \$26.41 \qquad \$426 \times 0.0145 = \$6.18$$

$$\$48 + \$26.41 + \$6.18 + \$45.80 + \$12.56 = \$138.95 \qquad \text{Add to get the total deductions.}$$

$$\$426.00 - \$138.95 = \$287.05 \qquad \text{Subtract the total deductions from gross pay.}$$

Mary Mendosa's net pay for the week was \$287.05

■ CHECK YOUR UNDERSTANDING

- I. Jay Panetta earned gross pay of \$410 last week. From his gross pay the following were subtracted: federal withholding tax, \$46; social security tax, 6.2%; Medicare tax, 1.45%, health insurance, \$34.88, and \$40 for his savings plan. Find Jay's net pay.
- J. Last week, Rose Petropolis earned gross pay of \$820. Her employer deducted \$134 in federal withholding taxes, 6.2% in social security taxes, 1.45% in Medicare taxes, \$74 in health insurance, and \$45 in union dues. What was Rose's net pay?

Wrap Up

Look back at the Startup Question. Janice earns \$520 a week ($\$13/\text{hr} \times 40 \text{ hr}$). Using the federal withholding tax table for single persons with 1 withholding allowance, her tax on \$520 is \$63. In addition, social security taxes are \$38.44 and Medicare taxes, \$7.54. Even if she had no other deductions from her gross pay, her net pay is only \$411.02. This amount is not enough to cover the \$480 she needs to live alone.

TEAM MEETING

Form a team with two other students. Each team member should interview one person who receives a paycheck. Each team member should prepare a three-column report of the interview. Make the first column show required deductions; the second, personal or optional deductions; the third, percent of paycheck. Compare lists. Then combine the lists into one, three-column report. When deductions from two or more lists match, show the percents of paycheck as a range of percents using the lowest and highest percents found for that deduction.

EXERCISES

Find the sum.

1. $\$34 + \$15.23 + \$65.01 + \23.85

2. $\$87 + \$32.71 + \$48.14 + \12.09

Find the difference.

3. $\$523.19 - \106.42

4. $\$4,456.12 - \98.76

5. $\$389.28 - \79.52

6. $\$2,107.88 - \278.43

Rewrite percents as decimals.

7. 8%

8. 2.4%

9. 12.06%

10. 3.67%

11. 89.145%

12. 145%

Find the product.

13. $\$498 \times 5.6\%$

14. $\$826 \times 3.456\%$

Find the withholding tax in each exercise using tables given. Use a 6.2% social security tax rate on a maximum of \$80,400 gross wages and a 1.45% Medicare tax rate on all wages.

	Total Wages	Marital Status	Withholding Allowances		Total Wages	Marital Status	Withholding Allowances
15.	\$390.00	Single	1	16.	\$487.00	Married	2
17.	\$411.00	Single	0	18.	\$444.00	Single	4
19.	\$528.97	Married	5	20.	\$612.81	Married	3
21.	\$457.07	Single	1	22.	\$438.88	Single	9

Find the social security tax and Medicare tax on each weekly wage. *0.145*

23. $\$475.00$ *0.07*

24. $\$556.34$

25. $\$249.40$

26. $\$497.45$

27. $\$749.23$

28. $\$180.04$

29. $\$289.48$

30. $\$863.78$

Add

Copy and complete the table below.

	Name	Allowances	Marital Status	Gross Wages	Income Tax	Social Secur.	Medicare	Other	Total Deduc.	Net Wages
31.	Ahern	1	Single	467.29						
32.	Brown	0	Single	399.62						
33.	Cali	3	Married	578.21						
34.	Devon	6	Married	459.65						
35.	Ezeka	2	Married	538.76						

Ali Zaheer is married with 3 withholding allowances. Each week his employer deducts federal withholding taxes, social security taxes, Medicare taxes, and \$38.12 for health insurance from his gross pay. His gross weekly wage is \$578.

36. Find the total deductions

37. Find his net pay.

Josh Logan is paid a monthly salary of \$7,500.

38. Estimate his social security taxes for May.

39. Find the exact social security taxes he paid for the month of March.

40. Find the social security taxes he paid in December.

41. What Medicare taxes did he pay for the year?

Rachel Radcliff earns an annual salary of \$126,000.

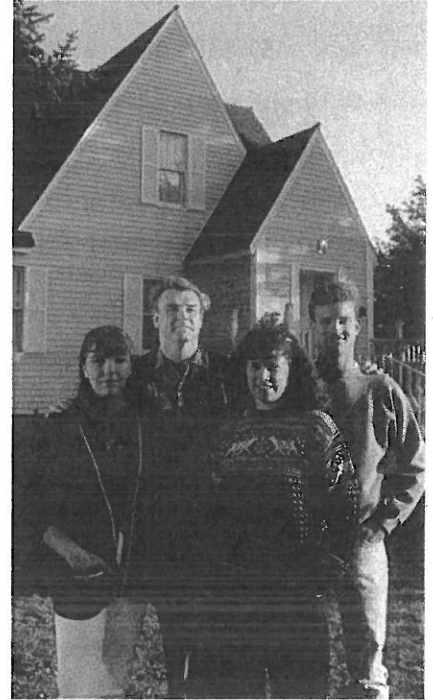
42. How much social security taxes will be deducted from her salary in November?

43. How much social security taxes will be deducted from her salary in May?

44. How much Medicare taxes will be deducted from her salary for the year?

45. **CRITICAL THINKING** What is the relationship between income, tax, and the number of withholding allowances? Why would less money be taken out when more allowances are claimed?

46. **DECISION MAKING** Your employer allows you to deduct money each week from your gross wages to be placed in a savings plan of your choice. Should you have this deduction taken from your wages each week?



MIXED REVIEW

47. $\$25.60 \times 1\frac{1}{4}$

48. $\frac{1}{4} + 6\frac{3}{4} + 8\frac{1}{2}$

49. $5\frac{1}{4} - 3\frac{1}{2}$

50. $\$8 \times 0.1$

51. $\frac{1}{4}$ more than 40

52. $\$25,600 \times 12.5\%$

Cory Mathis is married with 4 withholding allowances. Each week his employer deducts \$39 in federal withholding taxes, 6.2% in social security taxes, 1.45% in Medicare taxes, and \$58.77 for health insurance from his gross pay. His gross weekly wage is \$609.

53. Find the total deductions.

54. Find his net pay.

55. Faye Rivera worked these hours last week: Monday, 8 hours; Tuesday, 6 hours; Wednesday, 7 hours; Thursday, 8 hours; Friday, 7 hours. If she is paid \$12 an hour, what was Faye's gross pay for the week?

56. Tyrone Wilson's yearly pay for the last three years was: \$24,800, \$25,900, and \$29,760. What was Tyrone's average yearly pay?

2.2

Benefits and Job Expenses

GOALS

- Find total job benefits
- Find net job benefits
- Compare the net job benefits of jobs

Start Up

Sally's uncle asked her to help with a remodeling job that will take 10 days to complete. He said he would pay Sally \$60 a day or start with \$1 for the first day and double her pay each day. Which wage do you think will earn Sally the most money?

Math Skill Builder

Review these math skills and solve the exercises that follow.

- ① **Add money amounts.**
Find the sum. $\$43,112 + \$3,078 + \$1,087 + \$466 = \$47,743$
1a. $\$19,208 + \$189 + \$2,417 + \25
1b. $\$78,297 + \$35 + \$108 + \$3,108$
- ② **Subtract money amounts.**
Find the difference. $\$39,087 - \$8,648 = \$30,439$
2a. $\$98,085 - \$13,498$ 2b. $\$29,337 - \$2,073$
2c. $\$101,882 - \$24,938$ 2d. $\$289,108 - \$57,650$
- ③ **Multiply money amounts.**
Find the product. $\$8.75 \times 40 = \350
3a. $\$12.88 \times 36$ 3b. $\$15.39 \times 38$
3c. $\$10.82 \times 40$ 3d. $\$10.10 \times 32$



BUSINESS TIP

Health insurance is often too costly for many workers. Some companies provide health insurance at a lower cost as a benefit to their workers.

■ Total Job Benefits

In addition to wages, many employers provide other things of value called **employee benefits** or *fringe benefits*. For example, employers may provide low-cost health and accident insurance, life insurance, and pensions. They may also provide paid holidays, sick leave, and vacation time, the use of a car, a credit union, uniforms, parking, discounts for purchases of merchandise, recreational facilities, child care, and education or training.

Employee benefits are an important part of a job's total value. Benefits can be worth from 15% to 40% of the amount paid in wages. Benefits may be stated in money amounts or as a percent of gross pay.

$$\text{Benefit 1} + \text{Benefit 2} = \text{Total Employee Benefits}$$

$$\text{Benefit Rate} \times \text{Gross Pay} = \text{Total Employee Benefits}$$

When you are considering a job offer, the value of employee benefits should be added to the amount of wages to find the *total job benefits*.

$$\text{Gross Pay} + \text{Employee Benefits} = \text{Total Job Benefits}$$

EXAMPLE 1

Kirby Rosen is a manager with Durable Products, Inc. Last year Kirby earned gross pay of \$34,800 and these benefits: paid pension, \$2,784; health insurance, \$1,892; paid vacation, \$1,338; paid holidays, \$2,007; and free parking, \$425. What total job benefits did Kirby receive last year?

SOLUTION

Gross pay: \$34,800

Benefits:	Paid pension	\$2,784	Health insurance	\$1,892
	Paid vacation	1,338	Paid holidays	2,007
	Free parking	425		
Total employee benefits:		<u>\$8,446</u>		

Total job benefits: \$34,800 + \$8,446 = \$43,246

CALCULATOR TIP

Add the benefits first to find the total benefits package. Then add the gross pay to the benefits package to get total job benefits.

■ CHECK YOUR UNDERSTANDING

- Vi Schashack estimated her yearly fringe benefits last year to be: health insurance, \$2,580; paid vacations and holidays, \$3,133; paid pension, \$2,545. Vi's gross pay was \$31,807 last year. (1) What were Vi's total benefits for last year? (2) What were Vi's total job benefits for last year?
- Lin Ping earned gross pay of \$28,089 last year. Her yearly benefits are 33% of her gross pay. (1) What were Lin's total benefits for last year? (2) What were her total job benefits for last year?

■ Net Job Benefits

Almost every job has expenses. Some examples of **job expenses** are union or professional dues, commuting expenses, uniforms, licenses, and tools. To find **net job benefits**, subtract total job expenses from total job benefits.

$$\text{Total Job Benefits} - \text{Job Expenses} = \text{Net Job Benefits}$$

EXAMPLE 2

Rita Espinosa had total job benefits of \$32,620. Her job expenses were \$1,624 for commuting, \$135 for a required license, \$275 for professional dues, and \$75 for the company birthday fund. Find her net job benefits.

SOLUTION

Total job benefits: \$32,620

Job expenses: Travel + License + Professional Dues + Birthday Fund
 $\$1,624 + \$135 + \$275 + \$75 = \$2,109$

Total expenses: \$2,109

Net job benefits: $\$32,620 - \$2,109 = \$30,511$ 

■ CHECK YOUR UNDERSTANDING

- C. Ben Asimov found that his job expenses for last year were: Uniforms, \$329; licenses, \$278; professional dues, \$475; commuting costs, \$1,077. His total job benefits for the same period were \$56,102. Find his net job benefits.
- D. Nicki's total job benefits for the previous year were estimated to be \$78,299. However, her job expenses for the same job were: licenses, \$580; commuting costs, \$1,793; technical books, \$2,057. What were her net job benefits for the year?

■ Comparing Net Job Benefits

When you compare jobs you should consider many features about each job, not just the net job benefits offered by each job. For example, you should consider how much you like the job, the chances for raises and promotions, the chances of layoffs, and job security.

EXAMPLE 3

Iko Moro's job pays \$33,750 in yearly wages and 26% of her wages in yearly benefits. She estimates that yearly job expenses are \$2,354. Another job that she is looking at pays \$32,590 in yearly wages and has estimated yearly benefits of 29%, with job expenses of \$2,080. Which job offers the greater net job benefits, and how much greater?

SOLUTION

Rewrite Iko's estimated benefit percent as a decimal and then multiply her yearly wages by the decimal rate to get the benefits of the job.

Then add the benefits and yearly wage amounts and subtract the job expenses to find the net job benefit of the job.

Iko's current job

$$\$33,750 \times 0.26 = \$8,775$$

$$\$33,750 + \$8,775 - \$2,354 = \$40,171$$

The other job she is considering

$$\$32,590 \times 0.29 = \$9,451.10$$

$$\$32,590.00 + \$9,451.10 - \$2,080.00 = \$39,961.10$$

Subtract the net job benefits of the other job from the net job benefits of the Iko's current job.

$$\$40,171.00 - \$39,961.10 = \$209.90$$

Iko's current job offers her the greatest net job benefits, by \$209.90.

■ CHECK YOUR UNDERSTANDING

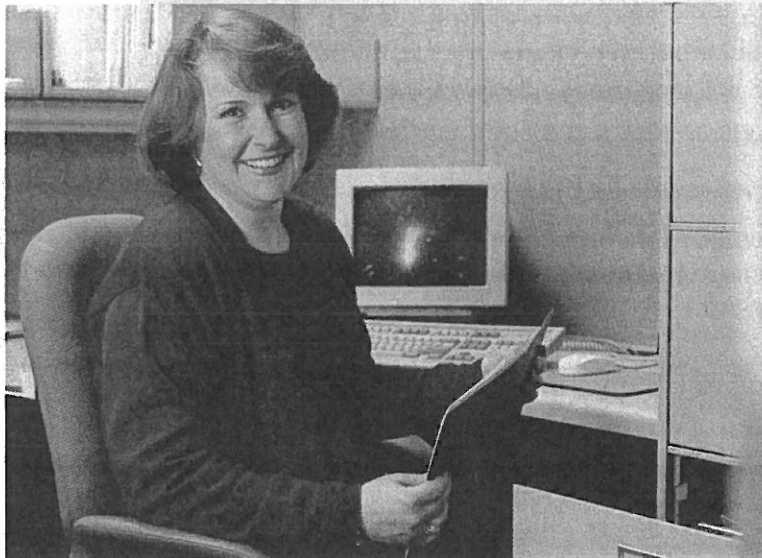
- E. Ted Roberts earned a salary of \$41,700 last year. His benefits were 32.5% of his salary. His job expenses totaled \$3,180. Ted is looking at another job that offers \$45,260 in wages and 24% in benefits. His job expenses for the other job total \$3,740. Which job offers the greatest net job benefits, and how much greater?
- F. Amy Weir had these job expenses last year: union dues, \$650; tools, \$1,890; uniforms, \$375; licenses, \$480. She earned \$49,500 in wages and received benefits worth 29% of her wages. She has been offered another job at another company that will pay \$45,200 in wages and 34% in benefits. Amy's job expenses for the other job are: commuting, \$2,560; licenses, \$480; tools, \$590; parking, \$380. Which job offers the greatest net job benefits, and how much greater?

Wrap Up

Look back at the Start Up problem posed at the beginning of this lesson. Sally would receive \$600 ($\$60 \text{ per day} \times 10 \text{ days}$) in the first offer. The second offer would pay her \$512. Isn't it amazing how quickly doubling your daily pay starting with only \$1 can add up?

WORKPLACE WINDOW

BENEFITS CLERK Benefits clerks are part of a larger group of workers called human resource specialists. Benefits clerks work in the human resource departments of organizations. Their job is to keep records about the benefits that organizations can provide to employees, the benefits organizations make available to employees, and the benefits actually selected by employees. Benefits clerks also answer employee questions about the benefits a firm provides, fill out benefits application forms, and handle employee claim forms. They may also contact physicians, hospitals, and employees about claims.



Usually benefits clerks maintain benefit records in a computer system that uses human resource information system software. Because their job is so specialized, benefits clerks are usually found only in large organizations or in firms that manage employee benefits for other organizations.

1. What education and experience are usually required of beginning benefits clerks?
2. What is the job outlook for benefits clerks?
3. What types of organizations are most likely to hire benefits clerks?

EXERCISES

Find the sum.

1. $\$1,034 + \$215 + \$65,901 + \819
2. $\$82,298 + \$3,725 + \$406 + \616

Find the difference.

3. $\$45,823 - \$41,637$
4. $\$35,789 - \$30,479$
5. $\$52,907 - \$48,278$
6. $\$156,980 - \$75,345$

Rewrite percents as decimals.

7. 56.4%
8. 3.8%
9. 23.6%
10. 13.723%

Find the product.

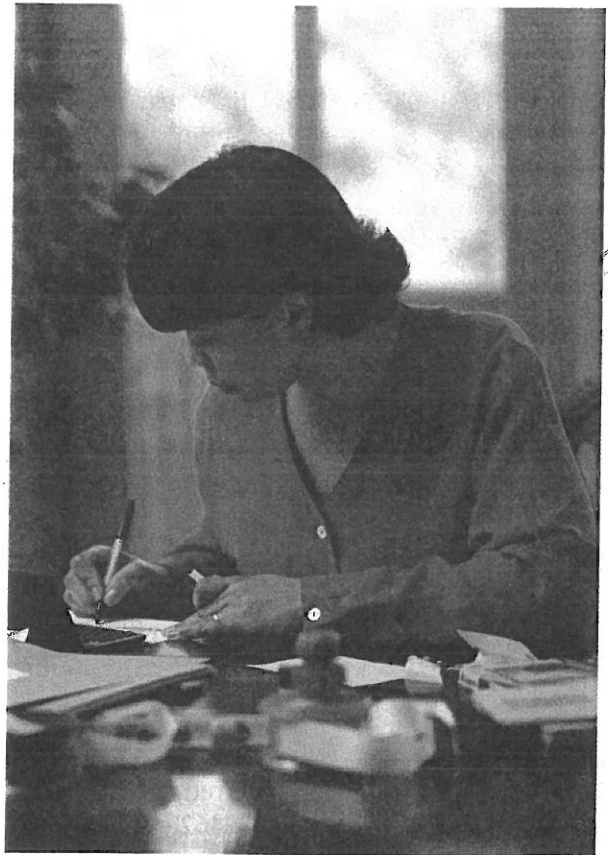
11. $\$44,098 \times 25.7\%$
12. $\$52,491 \times 31.8\%$
13. $\$29,926 \times 23.245\%$
14. $\$31,044 \times 15.5\%$

John Bellows earned gross pay of \$26,888 last year. He estimates his yearly benefits to be: paid pension, \$1,828; health and life insurance, \$1,654; paid vacations and holidays, \$2,582; free parking, \$237.

15. What were John's total estimated benefits for last year?
16. What were his total job benefits for last year?
17. Thomasina Serling had the following job expenses for last year: union dues, \$529; licenses, \$178; commuting costs, \$2,709. Her total job benefits for the same period were \$46,192. Find her net job benefits.

BEST BUY Jorge Conesco can work for ABM, Inc. for \$437 per week or Zeda, Inc. for \$1,408 per month. Benefits average 19% of yearly wages at ABM and 25% at Zeda. Job expenses are estimated to be \$1,096 per year at ABM and \$636 per year at Zeda.

18. Which job would give Jorge more net job benefits for a year?
19. How much more?
20. **CRITICAL THINKING** The value of some benefits, such as paid holidays, can be figured very accurately. However, the value of other benefits, such as free recreation facilities, can only be estimated. If you were offered a benefit package that included use of a free gymnasium, how would you estimate its dollar value?



INTEGRATING YOUR KNOWLEDGE Nora Bertram works at Radnor Products, Inc. and is paid a salary of \$25,000 plus 5% commission on all her sales. Last year her sales were \$200,000. Nora's benefits were: paid pension, \$3,150; health insurance, \$2,400; paid vacations and holidays, \$3,365. Her job expenses are \$3,007. She is considering a job offer from B-Tree, Inc. that pays a salary of \$30,000 plus 6% commission on all sales over \$100,000. She estimates her benefits at B-Tree to be \$8,489 and her job expenses to be \$2,050.

21. If Nora's sales at B-Tree were \$200,000, which job would give her more net job benefits?
22. Use your answer from Exercise 21 to determine how much more the net job benefits would be?

MIXED REVIEW

Change to percents.

23. 1 24. 2.85 25. 0.39 26. $\frac{4}{5}$

Change to decimals.

27. $\frac{3}{8}$ 28. 87.6%
29. 0.5% 30. $\frac{1}{4}$ %

Change to fractions or mixed numbers and simplify.

31. 25% 32. 250% 33. 10%

34. Ursala Thomas had the following job expenses for last year: union dues, \$388; licenses, \$109; commuting costs, \$1,478. Her total job benefits for the same period were \$39,256. Find her net job benefits.

David Allen is paid \$11.80 an hour for an 8-hour day, time and a half for time past 8 hours per day, and double time on weekends. Last week he worked these hours: Mon., 9; Tues., 8; Wed., 6; Thurs., 11; Fri., 8; Sat., 5. Deductions were: \$48 in withholding, 6.2% in social security, 1.45% in Medicare, and \$46 in union dues.

35. What is David's regular pay?
36. What is his overtime pay?
37. What amount is withheld from David's pay for FICA taxes?
38. What is his net pay?
39. Natasha Dubcek works on a piece-rate basis. She produced these numbers of items last week: Monday, 65; Tuesday, 48; Wednesday, 69; Thursday, 68. How many items must Natasha produce Friday to average 63 items per day?
40. Cromwell, Inc. employs 5 people at a branch office. Their weekly wages are: Fred, \$423.34; Erin, \$479.14; Bob, \$378.98; Susan, \$528.20; and James, \$462.93. What is the average weekly wage at the branch office?