Financial Math

UNIT 1 – EARNING INCOME

Earning Money Vocabulary

HOURLY RATE: *The amount of money paid for each hour of work*

WAGES : *The number of hours worked multiplied by an hourly rate*

Earning Money Vocabulary

ANNUAL WAGES: *Money earned by an employee in one year*

SALARY: *payment of a fixed amount of money at regular intervals (weekly, biweekly, monthly, etc).*

1938 - Fair Labor Standards Act (FLSA)

The federal overtime provisions are contained in the Fair Labor Standards Act (FLSA). Unless exempt, employees covered by the Act must receive overtime pay for hours worked over 40 in a workweek at a rate not less than time and one-half their regular rates of pay. There is no limit in the Act on the number of hours employees aged 16 and older may work in any workweek. The Act does not require overtime pay for work on Saturdays, Sundays, holidays, or regular days of rest, unless overtime is worked on such days.

Minimum Wage

The current **federal minimum wage is $7.25 per hour,** and has not increased since July 2009.

The Current 2018 Washington Minimum Wage Is $11.50

Calculating Wages

Example:

- Calculating weekly wages *(up to 40 hours)*
- Estimating annual wages

  *(40 hours x 50 weeks = **2,000 hours**)*

- Estimating monthly wages
  (annual wage / 12 = monthly salary)

Earning Money Vocabulary

OVERTIME: *Working time beyond a 40-hour work week*

PER: *For each or for one; for example, miles per gallon*

TIME AND A HALF: Payment of 1.5 times the regular hourly rate

DOUBLE TIME: Payment of 2 times the regular hourly rate

Calculating Wages with Overtime

<u>Example:</u>

Hours worked: 45   Rate: $5.15

overtime time and a half (multiply rate by 1.5)

40 hours at standard rate, 5 hours at overtime rate

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1) Calculate overtime rate and round: ($5.15 x 1.5 = $7.725, round to $7.73)

2) 40 hours x $5.15 = $206.00

3) 5 hours x $7.73 = $38.65

4) **Total weekly wage = $206.00 + $38.65 = $244.65**