

## **CDFS 600 – Module Assignments Lesson Plan 2**

**List which Module this lesson plan covers:** Module 2

**Title of Lesson/Subject:** Calculating your salary

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**Time Allotment:**

**Grade Level or Target Audience:** Grade 8-10. Bus. Math, Financial Planning, Careers

**ND Standards Competencies:** 8.3.4

**Key Economic Concepts:** Understanding net pay, gross pay, overtime, deductions

**Brief Description:** Students will demonstrate knowledge in calculating salary. After understanding their gross pay students will subtract deductions to find net pay.

**Learner Objectives:**

- To calculate gross pay
- Understand overtime pay (time and ½)
- Explain the difference between gross pay and net pay
- Understand deductions

**Introduction:** It is important that each of you are able to calculate your salary. People do make mistakes therefore each of you will be responsible for learning how to calculate your payroll.

**Materials Needed:** Workbook (Thompson South Western) Business Math 15<sup>th</sup> addition. Or transparency to show how to calculate hours worked, reg. pay, overtime pay to gross pay. Handout would work also.

**Audio/Visual Equipment Needed:** Overhead. Students could also do this activity on the computer using excel. You could put formulas in to one row of cells. With this completed the students would see the ease to doing payroll.

**Lesson Outline:**

**Say:** At one time or another most of you will be on some sort of payroll. It is important that you understand the money you make and where the money is going that is taken out of your pay.

**Say:** What is the different between net pay and gross pay?  
Explain: gross pay is the money you earn without deductions  
Net pay is the money you earn after taking out deductions.

**Say:** What are some deductions that you know are taken out of a paycheck?  
(Social Security tax, Income tax, Medical Insurance, Other)

**Say:** Why do they take soc. security, income tax?)

**Say:** Are there payments that an employer must also pay in?

(Explain that they match certain amounts and that some pay a portion of your medical, and they also pay in to workmen's comp.) They could look this up on the computer as an assignment or speak with their parents to find out what things are taken out of their paychecks.)

**Say:** We will do activity one. As indicated, they may have to do overtime a few different ways.

**Say:** Now we will complete a table. (Activity 2) You may want to find a chart so that students can understand some of the withholdings for people who are married/single and the number of allowances.

**Say:** After completing the tables you may want to give them a handout that asks payroll questions. After that time students should be prepared to test.

**Say:** You will be tested on doing a payroll.

**Resources:** Federal Income Tax Forms, South-Western Publishing Business Math Workbook.

**Activities: 1<sup>st</sup> activity: Payroll record**

Overtime is paid when more than 8 hours are worked in a day. Time and a half is paid for overtime. Figure these items for each employee and record them in the payroll record below. (You may do this different way. For example you could have them give time and a half only after a 40 hour week.)

No.	Name	M	T	W	Th	F	Pay Rate	Reg. Hours	Overtime Hours	Total Earnings
1	Fosse	7.5	8.0	8.7	9.3	5.0	11.24	36.5	2.0	443.98
2	Hess	8.0	8.0	10.2	10.4	8.0	10.68	40	4.6	
3	McGhee	8.0	7.0	9.2	8.4	8.0	13.35	39	1.6	
4	Walden	8.1	8.0	9.4	9.1	8.0	10.94	40	2.6	

**Activity 2:**

Emp	Name	Married	Allowances	Gross Wages	Income Tax	Soc. Sec.	Medicare	Other	Total Ded.	Net Pay
1	True	Yes	5	535.88	20.00	33.22	7.77	85.12		
2	Ule	No	2	545.71	57	33.83	7.91	75.34		
3	Vine	Yes	2	502.77	40.00	31.17	7.29	75.34		
4	Wells	No	1	375.99	40.00	23.31	5.45	58.89		
5	Yale	No	1	456.76	52.00	28.32	6.62	55.25		

**Activity 3**

1. The manager is paid an annual salary of \$74,000 a year. What is his/her monthly gross pay, rounded to the nearest dollar? ( $74,000/12=6166.66$  or 6167)
2. Edwin's annual salary is: 28400. What weekly gross pay is Edwin paid to the nearest cent? ( $28400/52=546.153$  or 546.15 weekly gross pay)

3. Jon is single and claims one allowance. He works a 40 hour week at 12.75 an hour with time and a half for overtime. Last week he worked 42 hours. From his earnings, his employer deducted FICA at a rate of 7.65% and income tax using the withholding tax tables provided by your state. His employer also deducted 64.50 for health insurance and 24.88 for union dues. Complete the form below.

Regular Earnings	\$	
Overtime Earnings	\$	
Total Earnings/Gross pay		\$
Deductions:		
Income Tax	\$	
FICA Tax	\$	
Health Insurance	\$	
Union Dues	\$	
Total Deductions		\$
Net Earnings		\$

4. Calvin earns 10.68 an hour for a 37 ½ week. He is paid time and a half for time past 37 1/2 hours in a week. His employer deducts FICA tax at a rate of 7.65% and income tax of \$60.00 His employer also deducts 65.37 per week for a health insurance plan. Last week Calvin worked 44 hours. Complete the form below.

Regular Earnings	\$	
Overtime Earnings	\$	
Total Earnings/Gross pay		\$
Deductions:		
Income Tax	\$	
FICA Tax	\$	
Health Insurance	\$	
Union Dues	\$	
Total Deductions		\$
Net Earnings		\$

**Evaluation Plan:** By completing a test similar to the tables above the student will demonstrate their knowledge of payroll calculations.