

Activity 1

PART 1: COMPENSATION BASICS

Read each of the scenarios below and answer the questions that follow.



SCENARIO 1: Hourly vs. Salary Pay

Job 1: Exempt position, base pay = \$2,500/month, average work week = 47 hours

Job 2: Non-exempt position, base pay = \$10.25/hour, average work week = 47 hours

- What is the weekly pay for Job 1?
\$ _____
- What formula did you use for this calculation?

- What is the weekly pay for Job 2?
\$ _____
- What formula did you use for this calculation?

- Which of the two jobs would you rather have? Why?

SCENARIO 2: Bonus & Commission

Job 1: Your boss offers a monthly bonus of \$200 if you obtain five new customers each month.

Job 2: Your boss offers you a 3% commission for every dollar's worth of product you sell.

- Assume you meet the goal of obtaining five new customers per month for 10 of the 12 months of the year. How much would you earn in bonus money for the year?
\$ _____
- Assume you sell an average of \$700 worth of product each week. How much would you earn in commission for the month?
\$ _____
- How much would that amount to over the course of one year?
\$ _____
- Based on your calculations, and assuming identical base pay, which of these is a better paying job? Why?
