

**1** section:  
**vocabulary**

Fill in the missing word(s) in the space provided at the right.

Example: A standard workweek is 40 hours in a \_\_\_\_\_-day period of eight hours each day.

1. A form of employee compensation, \_\_\_\_\_ are in addition to your paycheck.
2. Amounts, both required and optional, subtracted from gross pay are called \_\_\_\_\_.
3. When deductions are subtracted from gross pay, what is left is known as \_\_\_\_\_.
4. Profit sharing is a way to encourage employees to do more and better work, and is known as a(n) \_\_\_\_\_.
5. A group of people working in the same or similar occupations, organized for the benefit of all, is a(n) \_\_\_\_\_.
6. The main function of unions is \_\_\_\_\_, which is the process of getting together with employers to negotiate an employment contract.
7. The principle of \_\_\_\_\_ states that the person who has worked the longest should be the last to be laid off.
8. The American Bar Association is an example of a(n) \_\_\_\_\_, which is very similar to a labor union.
9. An effort made to influence legislation to the advantage of a profession is known as \_\_\_\_\_.
10. The total or agreed-upon rate of pay or salary is called \_\_\_\_\_.
11. A person is \_\_\_\_\_ when he or she is entitled to a retirement account balance when employment is terminated.
12. A type of work schedule that allows employees to choose their working hours is known as \_\_\_\_\_.
13. \_\_\_\_\_ is a technique used to train employees to be efficient in more than one specialized area.
14. When two people share what was originally a full-time position, it is called \_\_\_\_\_.
15. A(n) \_\_\_\_\_ is the crucial time during the day when all employees are needed at work.

**Answers**

0. \_\_\_\_\_ five
1. benefits
2. deductions
3. net pay or take-home pay (paycheck)
4. incentive
5. labor union
6. collective bargaining
7. seniority
8. professional organization
9. lobbying
10. gross pay
11. vested
12. flextime
13. Job rotation
14. job sharing
15. core time period

## 2 section: review questions

After each of the following statements, circle *T* for a true statement or *F* for a false statement.

	Answers	For Scoring
1. If the regular rate of pay is \$5 an hour, the overtime rate is \$7.50 an hour.	T F	1. <u>T</u>
2. Self-employed persons pay twice the Social Security and Medicare rates, for a total of 15.3%.	T F	2. <u>T</u>
3. Net pay is the result when you subtract required deductions from gross pay.	T F	3. <u>T</u>
4. Some types of deductions may be withheld from your paycheck without your written consent.	T F	4. <u>T</u>
5. Employee services are offered by companies to improve morale and working conditions.	T F	5. <u>T</u>
6. Profit sharing is an employee benefit required of all employers.	T F	6. <u>F</u>
7. Job sharing is a job design in which employees are trained to do more than one specialized task.	T F	7. <u>F</u>
8. Labor unions represent employees of all companies regardless of whether they belong to the union.	T F	8. <u>F</u>
9. The American Bar Association is a professional organization for lawyers and doctors.	T F	9. <u>F</u>
10. Lobbying is a legal activity engaged in by many unions and professional organizations.	T F	10. <u>T</u>

On the line at the right of each sentence, print the letter that represents the word or group of words correctly completing the sentence or answering the question.

1. Which of the following is not considered a required deduction? (a) federal income tax, (b) savings deposits, (c) state tax, (d) Social Security tax	<u>b</u>	1. _____
2. Employee services include all of the following except (a) employee discounts, (b) tuition reimbursement, (c) wellness programs, (d) profit sharing.	<u>d</u>	2. _____
3. A company plan whereby employees receive a portion of the earnings of the company is called (a) profit sharing, (b) leave of absence, (c) sick pay, (d) retirement plan.	<u>a</u>	3. _____
4. A company allowance for full-time employees whereby they are paid even though they are absent for a set number of days is called (a) profit sharing, (b) leave of absence, (c) sick pay, (d) retirement plan.	<u>c</u>	4. _____
5. Railroad employees would belong to a(n) _____ union. (a) craft, (b) industrial, (c) public-employee, (d) professional	<u>a</u>	5. _____
6. Teachers and police officers would belong to a(n) _____ union. (a) craft, (b) industrial, (c) public-employee, (d) arbitration	<u>c</u>	6. _____
7. The major function of labor unions is (a) collecting dues, (b) conducting strikes, (c) collective bargaining, (d) having meetings.	<u>c</u>	7. _____
8. A technique for training employees to be efficient in more than one specialized area is called (a) core time period, (b) job rotation, (c) flextime, (d) job sharing.	<u>b</u>	8. _____
9. A decision facilitated by a neutral third party is called (a) lobbying, (b) seniority, (c) collective bargaining, (d) mediation.	<u>d</u>	9. _____

### 3 section: problem solving

#### Activity 6.1 Computation of Gross Pay

**Directions:** Based on the information given in the following problems, compute the gross pay.

- Regular hours worked: 40      Overtime hours worked: 8      Regular rate of pay: \$7.75 per hour  

$$\begin{array}{r} 40 \times \$7.75 = \$310.00 \\ 8 \times \$11.625 = 93.00 \\ \hline \$403.00 \text{ gross pay} \end{array}$$
- Regular hours worked: 40      Overtime hours worked: 4      Regular rate of pay: \$7.80 per hour  

$$\begin{array}{r} 40 \times \$7.80 = \$312.00 \\ 4 \times \$11.70 = 46.80 \\ \hline \$358.80 \text{ gross pay} \end{array}$$
- Hours worked: 46      Regular rate of pay: \$7.82 per hour  

$$\begin{array}{r} 40 \times \$7.82 = \$312.80 \\ 6 \times \$11.73 = 70.38 \\ \hline \$383.18 \text{ gross pay} \end{array}$$
- Regular salary: \$984 per month      Overtime rate: \$10.39 per hour (14 hours overtime to be paid)  

$$\begin{array}{r} \$984.00 \\ 14 \times \$10.39 = 145.46 \\ \hline \$1,129.46 \text{ gross pay} \end{array}$$
- Hours worked: 51      Overtime hours worked: 11      Regular rate of pay: \$7.35 per hour  

$$\begin{array}{r} 40 \times \$7.35 = \$294.00 \\ 11 \times \$11.025 = 121.28 \\ \hline \$415.28 \text{ gross pay} \end{array}$$
- Regular salary: \$1,100 per month      Overtime rate: \$10.38 per hour (20 hours overtime to be paid)  

$$\begin{array}{r} \$1,100.00 \\ 20 \times \$10.38 = 207.60 \\ \hline \$1,307.60 \text{ gross pay} \end{array}$$
- Annual pay: \$22,200. Calculate monthly pay.  

$$\$22,200/12 = \$1,850/\text{month gross pay}$$
- Annual pay: \$14,900. Calculate monthly pay.  

$$\$14,900/12 = \$1,241.67/\text{month gross pay}$$

## Activity 6.2 Withholding Taxes

**Directions:** Using the withholding tax tables for federal and state taxes on pages 119–120 of your textbook, complete the following phrases:

1. For a single person, 0 allowances, who made \$185 last week

State withholding tax:           \$9           Federal withholding tax:           \$14          

2. For a single person, 1 allowance, who made \$185 last week

State withholding tax:           \$7           Federal withholding tax:           \$7          

3. For a single person, 0 allowances, who made \$295 last week

State withholding tax:           \$17           Federal withholding tax:           \$29          

4. For a single person, 1 allowance, who made \$295 last week

State withholding tax:           \$15           Federal withholding tax:           \$19

## Activity 6.3 Employee Withholding Sheet

**Directions:** Complete the following Employee Withholding Sheet from the information given.

Michael Anderson, Social Security No. 999-00-3691, works for a weekly paycheck. He is single and claims no allowances. Last week he worked five days, for a total of 46 hours. His regular rate of pay is \$7.80 an hour.

In addition to required deductions and Social Security and Medicare taxes, he also has insurance withheld of \$16 a week and puts 4 percent of his gross pay into a retirement account. Use the state and federal tax withholding tables on textbook pages 119–120.

EMPLOYEE WITHHOLDING SHEET		
Employee Name	<u>Michael Anderson</u>	Social Security Number <u>999-00-3691</u>
Pay Period:	<input checked="" type="checkbox"/> weekly	<input type="checkbox"/> bimonthly <input type="checkbox"/> monthly
Number of Allowances:	<u>0</u>	<input type="checkbox"/> married <input checked="" type="checkbox"/> single
<b>GROSS PAY</b>		
1. Regular Wages:	<u>40</u> hours at \$ <u>7.80</u> /hr. =	\$ <u>312.00</u>
or		
2. Regular Salary:	=	
3. Overtime:	<u>6</u> hours at \$ <u>11.70</u> /hr. =	<u>70.20</u>
<b>GROSS PAY</b>	.....	\$ <u>382.20</u>
<b>REQUIRED DEDUCTIONS</b>		
4. Federal Income Tax (use tax tables) .....		\$ <u>43.00</u>
5. State Income Tax (use tax tables) .....		\$ <u>25.00</u>
6. Social Security Tax (use 6.2% × gross pay) .....		\$ <u>23.70</u>
7. Medicare Tax (use 1.45% × gross pay) .....		\$ <u>5.54</u>
<b>OTHER DEDUCTIONS</b>		
8. Insurance .....		\$ <u>16.00</u>
9. Union Dues .....		\$ _____
10. Credit Union .....		\$ _____
11. Savings .....		\$ _____
12. Retirement .....		\$ <u>15.29</u>
13. Charity .....		\$ _____
14. Other: _____ .....		\$ _____
<b>TOTAL DEDUCTIONS</b> (total lines 4 through 14) .....		\$ <u>128.53</u>
<b>NET PAY</b> (subtract total deductions from gross pay) .....		\$ <u>253.67</u>

## Activity 6.4 Employee Withholding Sheet

**Directions:** Complete the following Employee Withholding Sheet from the information given.

Phyllis White, Social Security No. 999-00-3288, receives a weekly paycheck. She is single and claims one allowance. Last week she worked five days for a total of 44 hours. Her regular rate of pay is \$8.10 an hour.

In addition to the required deductions, she also saves \$20 a week and sets aside 5 percent of her gross pay into a retirement account.

EMPLOYEE WITHHOLDING SHEET			
Employee Name <u>Phyllis White</u>		Social Security Number <u>999-00-3288</u>	
Pay Period:	<input checked="" type="checkbox"/> weekly	<input type="checkbox"/> bimonthly	<input type="checkbox"/> monthly
Number of Allowances:	<u>1</u>	<input type="checkbox"/> married	<input checked="" type="checkbox"/> single
<b>GROSS PAY</b>			
1. Regular Wages:	<u>40</u> hours at \$ <u>8.10</u> /hr. =	\$ <u>324.00</u>	
or			
2. Regular Salary:	=		
3. Overtime:	<u>4</u> hours at \$ <u>12.15</u> /hr. =	<u>48.60</u>	
<b>GROSS PAY</b> .....		\$ <u>372.60</u>	
<b>REQUIRED DEDUCTIONS</b>			
4. Federal Income Tax (use tax tables) .....	\$ <u>31.00</u>		
5. State Income Tax (use tax tables) .....	\$ <u>21.00</u>		
6. Social Security Tax (use $6.2\% \times$ gross pay) .....	\$ <u>23.10</u>		
7. Medicare Tax (use $1.45\% \times$ gross pay) .....	\$ <u>5.40</u>		
<b>OTHER DEDUCTIONS</b>			
8. Insurance .....	\$ _____		
9. Union Dues .....	\$ _____		
10. Credit Union .....	\$ _____		
11. Savings .....	\$ <u>20.00</u>		
12. Retirement .....	\$ <u>18.63</u>		
13. Charity .....	\$ _____		
14. Other: _____	\$ _____		
<b>TOTAL DEDUCTIONS</b> (total lines 4 through 14) .....		\$ <u>119.13</u>	
<b>NET PAY</b> (subtract total deductions from gross pay) .....		\$ <u>253.47</u>	

## Activity 6.5 Employee Withholding Sheet

**Directions:** Complete the following Employee Withholding Sheet from the information given.

Terry Peterson, Social Security No. 999-00-2838, receives a weekly (4 times/month) paycheck. He is single and claims three allowances. His monthly salary is \$1,600.

In addition to the required deductions, he also pays insurance premiums of \$18 a week and sets aside 5 percent of his gross pay for retirement each week.

<b>EMPLOYEE WITHHOLDING SHEET</b>			
Employee Name <u>Terry Peterson</u>		Social Security Number <u>999-00-2838</u>	
Pay Period: <input checked="" type="checkbox"/> weekly <input type="checkbox"/> bimonthly <input type="checkbox"/> monthly			
Number of Allowances: <u>3</u> <input type="checkbox"/> married <input checked="" type="checkbox"/> single			
<b>GROSS PAY</b>			
1. Regular Wages: _____ hours at \$_____ /hr. =		\$ _____	
or			
2. Regular Salary:		= <u>400.00</u>	
3. Overtime: _____ hours at \$_____ /hr. =		_____	
<b>GROSS PAY</b> .....		\$ <u>400.00</u>	
<b>REQUIRED DEDUCTIONS</b>			
4. Federal Income Tax (use tax tables) .....		\$ <u>15.00</u>	
5. State Income Tax (use tax tables) .....		\$ <u>13.00</u>	
6. Social Security Tax (use 6.2% × gross pay) .....		\$ <u>24.80</u>	
7. Medicare Tax (use 1.45% × gross pay) .....		\$ <u>5.80</u>	
<b>OTHER DEDUCTIONS</b>			
8. Insurance .....		\$ <u>18.00</u>	
9. Union Dues .....		\$ _____	
10. Credit Union .....		\$ _____	
11. Savings .....		\$ _____	
12. Retirement .....		\$ <u>20.00</u>	
13. Charity .....		\$ _____	
14. Other: _____ .....		\$ _____	
_____ .....		_____	
<b>TOTAL DEDUCTIONS</b> (total lines 4 through 14) .....		\$ <u>96.60</u>	
<b>NET PAY</b> (subtract total deductions from gross pay) .....		\$ <u><u>303.40</u></u>	

## **Activity 6.6 Employee Benefits**

**Directions:** Interview two people who are working full time and have employee benefits. Ask them the following questions and then write a one-paragraph summary of your findings.

**INTERVIEW #1**      Job Title: \_\_\_\_\_

Do you belong to a union? \_\_\_\_\_      If so, which one: \_\_\_\_\_

Check the employee benefits that you receive:

- \_\_\_\_\_ Sick Leave (if so, how many days a year) \_\_\_\_\_
- \_\_\_\_\_ Personal Leave (if so, how many days a year) \_\_\_\_\_
- \_\_\_\_\_ Paid Vacation (if so, how many days a year) \_\_\_\_\_
- \_\_\_\_\_ Paid Holidays (if so, how many days a year) \_\_\_\_\_
- \_\_\_\_\_ Profit Sharing or Stock Options
- \_\_\_\_\_ Retirement Plan, such as 401(k)
- \_\_\_\_\_ Annual Bonus
- \_\_\_\_\_ Health Insurance
- \_\_\_\_\_ Group Disability and Life Insurance
- \_\_\_\_\_ Group Dental and Vision Insurance
- \_\_\_\_\_ Other: \_\_\_\_\_

Of all the employee benefits you receive, which one is the most valuable to you? Why?

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**INTERVIEW #2**      Job Title: \_\_\_\_\_

Do you belong to a union? \_\_\_\_\_      If so, which one: \_\_\_\_\_

Check the employee benefits that you receive:

- \_\_\_\_\_ Sick Leave (if so, how many days a year) \_\_\_\_\_
- \_\_\_\_\_ Personal Leave (if so, how many days a year) \_\_\_\_\_
- \_\_\_\_\_ Paid Vacation (if so, how many days a year) \_\_\_\_\_
- \_\_\_\_\_ Paid Holidays (if so, how many days a year) \_\_\_\_\_
- \_\_\_\_\_ Profit Sharing or Stock Options
- \_\_\_\_\_ Retirement Plan, such as 401(k)
- \_\_\_\_\_ Annual Bonus
- \_\_\_\_\_ Health Insurance
- \_\_\_\_\_ Group Disability and Life Insurance
- \_\_\_\_\_ Group Dental and Vision Insurance
- \_\_\_\_\_ Other: \_\_\_\_\_

Of all the employee benefits you receive, which one is the most valuable to you? Why?

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