

Unit 2

2.2 + 2.3 Alternate Ways to Earn Income

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Objective

Discover and understand some alternate methods of income.

Definitions

self employed: you work for yourself (like my uncle)

piecework: you are paid for something you do (not by the hour)

commision: money paid (usually as a percentage) for a service someone else provides as you make money

contract: legal agreement that specifies how the work relationship happens.

bonus: money given above and beyond normal pay

shift premium: Extra money made for unusual hours of work

Start

Intro

Now while I was working for my uncle I had a job very similar to most of you when you get your first job, but my uncle had a job that was another ball game completely. He was self-employed, which means that while he paid us by the hour, he was paid quite differently.

Small Business Owner

Lets say my uncle makes 10,000 dollars to frame a house. However, he also has a contractor that finds houses for him to build. The contractor takes a 10% cut off of the house contract.

So instead of getting the full 10,000 dollars, we think of the commission just like tax, and calculate it exactly the same way

$$10,000 \times 10\% = 1,000\text{dollars}$$

So if it takes 6 guys 2 weeks to finish a house, how much is left for my uncle?

- assuming that we work a total of 80 hours
- and each person is paid 20 dollars an hour

$$\frac{20\text{dollars}}{1\text{hour}} \times \frac{80\text{hours}}{1} \times 6 = 9600$$

This would mean my uncle would be losing 600 dollars per house built, and while this would provide 6 reasonable jobs, he wouldn't have any money to provide for his own family.

- Q: At this point there are some options, but what would you do?

Lets say that my uncle gets a 1000 bonus if he finishes the house before a certain date. We would simply add that sum to the final amount of money made.

And if my uncle wanted us to work a night shift, our wages would be different as well (higher), we would simply change our value of wage for whatever time we are finding out (much like what we did for overtime pay)

Example 1

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Example 2

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Example 3

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Break down the question, drawing from what we already know

Assignment

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End activity

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