2 Calculating Employee Pay

LEARNING OBJECTIVES

After studying this chapter, you will be able to:

- **Identify various pay-period options**
- **Distinguish between salaries and wages**
- **Define overtime pay**
- **Determine employee pay using multiple methods**
- **Calculate incentives, commissions, and bonuses**
- **Establish the payroll register**

When calculating employee pay, a number of considerations must be taken into account. Primarily, the job duties determine the most appropriate method for calculating employee pay. In this chapter, you will first examine the distinction between salaries and wages. You will also consider a number of additional types of pay, as well as methods for determining each. Lastly, you will practice entering employee pay data within both the employee earnings record and the payroll register.

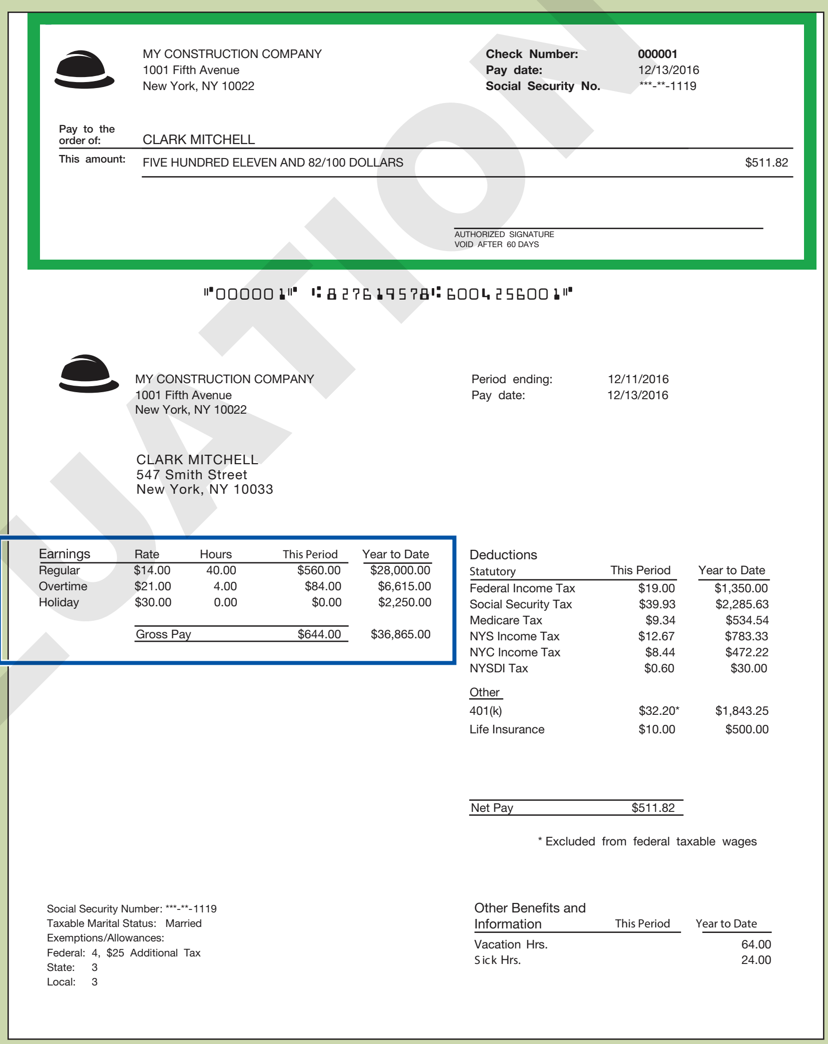
CASE STUDY

Calculating Employee Pay for Lucky Ties Apparel

Lucky Ties Apparel employs a number of people who occupy different positions, and thus uses a variety of compensation methods. Some employees are paid on an hourly basis, while others have agreed to annual pay. The company is considering allowing employees who work on the sales floor the opportunity to earn commissions in addition to their hourly pay, in which case a few managers would be eligible for bonuses based on the store's overall performance.

Having recently taken over all payroll responsibilities, you want to be certain that you fully comprehend not only how to calculate the various types of compensation, but also the regulations relating to each. You decide to review the process underlying all of the store's payroll calculations and to examine the store's payroll-recording process.

A variety of components are used to calculate an employee's gross pay.


MY CONSTRUCTION COMPANY
1001 Fifth Avenue
New York, NY 10022

Check Number: 000001
Pay date: 12/13/2016
Social Security No. ***-**-1119

Pay to the order of: CLARK MITCHELL

This amount: FIVE HUNDRED ELEVEN AND 82/100 DOLLARS $511.82

AUTHORIZED SIGNATURE
VOID AFTER 60 DAYS

⑈000001⑈ ⑆827619578⑆ 6004256001⑈

MY CONSTRUCTION COMPANY
1001 Fifth Avenue
New York, NY 10022

Period ending: 12/11/2016
Pay date: 12/13/2016

CLARK MITCHELL
547 Smith Street
New York, NY 10033

Earnings	Rate	Hours	This Period	Year to Date
Regular	$14.00	40.00	$560.00	$28,000.00
Overtime	$21.00	4.00	$84.00	$6,615.00
Holiday	$30.00	0.00	$0.00	$2,250.00
	Gross Pay		$644.00	$36,865.00

Deductions	This Period	Year to Date
Statutory		
Federal Income Tax	$19.00	$1,350.00
Social Security Tax	$39.93	$2,285.63
Medicare Tax	$9.34	$534.54
NYS Income Tax	$12.67	$783.33
NYC Income Tax	$8.44	$472.22
NYSDI Tax	$0.60	$30.00
Other		
401(k)	$32.20*	$1,843.25
Life Insurance	$10.00	$500.00
Net Pay	$511.82	

* Excluded from federal taxable wages

Social Security Number: ***-**-1119
Taxable Marital Status: Married
Exemptions/Allowances:
Federal: 4, $25 Additional Tax
State: 3
Local: 3

Other Benefits and Information	This Period	Year to Date
Vacation Hrs.		64.00
Sick Hrs.		24.00

Pay Periods and Workweeks

Employees are paid periodically throughout the year. The necessary payroll calculations are based on consistent definitions of the **pay period** and workweek for each employee. Understanding these terms enables an employee to verify the accuracy of a paycheck.

Pay Period Options

Employers can choose to pay employees on any of a number of different schedules. The most common options are weekly, biweekly, semimonthly, and monthly.

Pay Period Definitions

Pay Period Type	Frequency of Pay Dates
Weekly	Pay dates occur once per week, on the same day of the week
Biweekly	Pay dates occur once every other week, on the same day of the week
Semimonthly	Pay dates occur twice per month, typically at the midpoint and on the final day of each month
Monthly	Pay dates occur once per month, typically on the same date each month

This weekly pay period runs from Monday through Sunday.

July 2016						
Sun.	Mon.	Tues.	Wed.	Thurs.	Fri.	Sat.
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24/31	25	26	27	28	29	30

This biweekly pay period covers the equivalent of two consecutive weekly periods.

July 2016						
Sun.	Mon.	Tues.	Wed.	Thurs.	Fri.	Sat.
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24/31	25	26	27	28	29	30

This semimonthly pay period covers the first half of a month; the subsequent pay period covers the second half of the same month.

July 2016						
Sun.	Mon.	Tues.	Wed.	Thurs.	Fri.	Sat.
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24/31	25	26	27	28	29	30

This monthly pay period covers a full month, regardless of the days on which it begins and ends.

July 2016						
Sun.	Mon.	Tues.	Wed.	Thurs.	Fri.	Sat.
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24/31	25	26	27	28	29	30

Payroll processing can be time consuming, particularly if employees are paid on an hourly basis. In many instances, when employees are paid on any of the above schedules, they are not being paid for the most recent week(s). Therefore, it is common for a lag to exist between the dates during which employees earn their pay, and the date on which they receive a paycheck.

For example, a weekly schedule could call for employees to be paid every Friday. If employees earn a total of $1,000 from Monday (4/11) through Friday (4/15), they would not receive the $1,000 until the following Friday (4/22). The check they receive on Friday, 4/15, would compensate them for the time that they worked during the prior week (Monday, 4/4, through Friday, 4/8).

TIP! In some states laws have been enacted that require certain classes of employees to be paid on a specific basis. For example, New York State Labor Law Section 191 dictates that manual workers are to be paid weekly. Employers must be careful to comply with all such applicable regulations.

Defining the Workweek

As mentioned in Chapter 1, a workweek, as defined in the Fair Labor Standards Act (FLSA), is any consecutive seven-day period. It can differ from a calendar week (it does not need to run from Sunday through Saturday), and can begin at any hour. For example, an acceptable workweek could begin at 8:00 a.m. on Tuesday and run through the following Tuesday at 7:59 a.m.

It is important that a business clearly define its workweek so that payroll is properly calculated. For example, if an employee receives overtime pay for any hours worked after the first 40 in a given week, there must be a clear beginning and end to the workweek so that overtime hours are accurately determined.

WARNING! The workweek must be consistent from one week to another. It may be altered only if the change is intended to be permanent, and if it is not made in order to circumvent overtime requirements.

Case In Point 2-1 Evaluate Pay Periods and Workweeks

In these examples, we will review a number of pay periods and determine whether certain specified workweeks are acceptable under the FLSA:

1. Jason Ivory receives two paychecks every month, each of which compensates him for half of the current month. What type of pay period is Jason's employer utilizing?

   This employer is compensating Jason on a semimonthly basis. This is the only pay period type under which an employee consistently receives two paychecks every month.

2. Lance Quigley receives 52 paychecks every year. What type of pay period is Lance's employer utilizing?

   This employer is compensating Lance on a weekly basis. As a result, Lance receives one paycheck for each of the 52 weeks in a given year.

3. Drew Graham began working for his employer on Monday, 9/12. He receives his first paycheck on Wednesday, 9/21, and his second paycheck on Wednesday, 10/5. The second paycheck was twice as large as the first, and every paycheck after the 10/5 check compensates Drew for the same period of time. What type of pay period is Drew's employer utilizing?

   This employer is compensating Drew on a biweekly basis. The 9/21 paycheck compensated Drew for his first week of employment (Monday, 9/12, through Friday, 9/16). The 10/5 paycheck compensated Drew for his second and third weeks of employment (Monday, 9/19, through Friday, 9/30). We know that Drew is not paid on a semimonthly basis because each paycheck compensates him for the same period of time. Because the number of days within each month differs, semimonthly paychecks do not all compensate employees for the same number of days.

4. Vincent Meacham's employer has traditionally utilized a workweek running from Monday morning through Sunday evening. During the summer months. the company experiences an increased workload over the weekends. Vincent's employer has decided to alter the workweek so that it begins on Saturday morning each week. The employer expects to return to the Monday through Sunday schedule at the end of the summer. Is Vincent's employer in violation of the Fair Labor Standards Act?

   Yes, the employer is in violation of the FLSA. While it is acceptable for an employer to change a workweek, there must be an expectation that the change is permanent. Temporary changes are not permissible under the FLSA.

5. Gino Lofton's employer pays employees on a biweekly basis. As a result, the employer defines a workweek as the two-week period running from Monday through the second Sunday of the period. Is Gino's employer in violation of the Fair Labor Standards Act?

   Yes, the employer is in violation of the FLSA. Regardless of the pay period in use, a workweek must be defined as a consistent seven-day period. Defining a workweek like this means that, regardless of the frequency of paychecks, a number of payroll-related items, such as overtime hours, are determined on a week-by-week basis.

Wage Determination Issues

When establishing the wage rate for an employee, several considerations should be made. An employer must ensure compliance with the Equal Pay Act. Additionally, in certain states there are mandated minimum wages that exceed the current federal minimum wage. Employers are required to pay employees no less than these higher state minimum wage rates. Lastly, employers must establish time cards for each employee, which may then be used to track all hours worked.

The Equal Pay Act of 1963 (EPA)

On the Web

http://www.eeoc.gov/laws/statutes/epa.cfm

The **Equal Pay Act of 1963 (EPA)** is one of the most prominent amendments to the Fair Labor Standards Act. It dictates that no employer may discriminate against any employee by paying a lower wage than is paid to an employee of the opposite gender for a similar job. While the Equal Pay Act prohibits discrimination against employees of either gender, it was enacted primarily to protect female employees.

WARNING! Employers cannot reduce the wage rate of any employee in an effort to comply with the Equal Pay Act. If a wage disparity exists, the lower wage must be increased so that it equals the higher wage.

According to the U.S. Department of Labor, in 1963 women earned, on average, 59 cents for every dollar earned by a man in a similar job. In 2013, 50 years after the enactment of the Equal Pay Act, this figure had risen to 81 cents. This statistic underscores the fact that gender-based wage discrimination is still prevalent today, and employers must be vigilant to ensure that it does not exist in their organizations.

The Equal Pay Act allows for a disparity in pay between employees of different genders under a small number of prescribed circumstances. These include the existence of:

- a seniority system
- a merit system
- a system based on quantity or quality of output produced
- any other non-gender-based system that results in a pay differential

State Minimum Wages

On the Web

http://www.dol.gov/whd/minwage/america.htm

Under the FLSA, if an employee's state mandates a higher minimum wage than the current federal minimum wage of $7.25/hour, the employee is required to be paid at least the higher state rate. Such state minimum wages can be significantly higher than the federal minimum wage, as in Washington, where the state minimum wage is currently $9.47/hour.

NOTE! Some municipalities have enacted minimum wage rates that are higher than the applicable federal and state rates. For example, as of 1/1/2016 the San Francisco minimum wage was set at $13.34.

Time Cards

For employees who are paid on an hourly basis, an employee **time card** offers a method by which hours worked may be tracked. Since employee pay is often based on hours worked, this is a vital component of the payroll process.

This employee time card allows employees to enter hours worked for a one-week period.

Employee Time Card

Employee Name ____________________

Employee SS# ____________________

Day	Date	Morning		Afternoon		Daily Total
		Time In	Time Out	Time In	Time Out	
Monday						
Tuesday						
Wednesday						
Thursday						
Friday						
Saturday						
Sunday						
				Weekly Total:		

Employee Signature ____________________________

Note that the Daily Total column displays the total hours worked by the employee each day. Per the FLSA, employers are permitted to round employee time worked to the nearest 15-minute increment. This rounding is completed based on consecutive hours worked, not total hours worked in a single day. For example, if an employee works 4 hours and 2 minutes in the morning and then 3 hours and 6 minutes in the afternoon, an additional 15-minute increment is not credited to the employee for the extra 8 minutes worked (2 in the morning + 6 in the afternoon). However, if all 8 additional minutes are worked in the morning, then the employee would receive credit for an additional 15-minute increment. Furthermore, employee time cards must be verified by at least one supervisor prior to calculating employee pay.

NOTE! In many work environments, even salaried employees complete time cards so that the employer has verification of hours worked.

Alternative Timekeeping Methods

While many employers continue to use time cards, an increasing number are turning to electronic timekeeping methods. Examples include badge terminals (at which employees swipe badges), and biometric terminals (at which employees apply handprints, fingerprints, or other biological data). In both instances, the computer system logs employee hours based on the entries at these terminals.

Case In Point 2-2 Complete Time Cards for Two Employees

In this example, we'll complete a time card for two different employees. Note that this employer rounds employee time to the nearest 15-minute increment.

1. Angelo Dorsett (SSN 444-44-4444) worked five days for Lucky Ties Apparel during the week of 11/28/2016 through 12/4/2016 (he had Monday and Sunday off). Each working day he arrived at 8:00 a.m. (except Wednesday, when he was three minutes early, and Friday, when he arrived at 6:59 a.m.). He left for lunch at 12:00 p.m. each day (except Tuesday, when he left at 12:07 p.m.), and arrived back at 1:00 p.m. (except Friday and Saturday, when he arrived back at 12:57 p.m. and 1:02 p.m., respectively). He left each day at 5:00 p.m. (except Wednesday and Thursday, when he stayed until 7:10 p.m. and 8:42 p.m., respectively). His completed time card appears as follows.

Employee Time Card

Employee Name Angelo Dorsett

Employee SS# 444-44-4444

Day	Date	Morning		Afternoon		Daily
		Time In	Time Out	Time In	Time Out	Total
Monday	11/28/16	--	--	--	--	--
Tuesday	11/29/16	8:00	12:07	1:00	5:00	8
Wednesday	11/30/16	7:57	12:00	1:00	7:10	10.25
Thursday	12/1/16	8:00	12:00	1:00	8:42	11.75
Friday	12/2/16	6:59	12:00	12:57	5:00	9
Saturday	12/3/16	8:00	12:00	1:02	5:00	8
Sunday	12/4/16	--	--	--	--	--
				Weekly Total:		47

Employee Signature Angelo Dorsett

Notice that the *Daily Total* column lists whole, not partial, hours for each day except Wednesday and Thursday. Since this employer rounds employee time to the nearest 15-minute increment, Angelo is credited with an extra quarter hour (15 minutes) on Wednesday and an extra three-quarters of an hour (45 minutes) on Thursday. Rounding resulted in full hours worked for all other workdays. For example, instead of listing 7 hours and 58 minutes for Saturday, the employer rounded to 8 hours.

2. Lucy Marshall (SSN 777-77-7777) worked six days for Lucky Ties Apparel during the week of 11/28/2016 through 12/4/2016 (she had Wednesday off). Each working day she arrived at 6:00 a.m. (except Monday, when she was five minutes early, and Friday, when she arrived at 9:32 a.m.). She left for lunch at 11:00 a.m. each day (except Thursday, when she left at 10:58 a.m., and Sunday, when she left at 11:29 a.m.), and arrived back at 12:00 p.m. (except Saturday, when she arrived back at 1:06 p.m.). She left work each day at 4:00 p.m. (except for Tuesday and Friday, when she stayed until 2:54 p.m. and 4:01 p.m., respectively). Her completed time card appears as follows.

Employee Time Card

Employee Name Lucy Marshall

Employee SS# 777-77-7777

Day	Date	Morning		Afternoon		Daily
		Time In	Time Out	Time In	Time Out	Total
Monday	11/28/16	5:55	11:00	12:00	4:00	9
Tuesday	11/29/16	6:00	11:00	12:00	2:54	8
Wednesday	11/30/16	--	--	--	--	--
Thursday	12/1/16	6:00	10:58	12:00	4:00	9
Friday	12/2/16	9:32	11:00	12:00	4:01	5.5
Saturday	12/3/16	6:00	11:00	1:06	4:00	8
Sunday	12/4/16	6:00	11:29	12:00	4:00	9.5
				Weekly Total:		49

Employee Signature Lucy Marshall

Because this employee worked an extra half hour on both Friday and Sunday, the Daily Total column displays 5.5 hours and 9.5 hours, respectively. Since it's common to credit an employee with an extra quarter hour for time worked in excess of at least eight extra minutes, the employer calculated the gross pay based on this additional time. Therefore, Lucy receives credit for two additional 15-minute increments on both Friday and Sunday as a result of her extra time worked.

Salaries and Wages

Employees are most commonly paid either wages or salaries by their employers.

- A **wage** is an amount typically paid to employees on an hourly basis.
- A **salary** is typically an annual pay amount (monthly or semimonthly may also be used) agreed upon by the employer and the employee.

NOTE! Alternative base wages may also be used, such as daily wage rates and rates based on employee output (such as for the number of products assembled).

Regular wages are calculated by multiplying an employee's wage rate by the number of hours worked. For example, an employee earning $8.00/hour, who works 38 hours a week, earns $304 ($8 × 38 hours). If the employee didn't earn any other type of pay (such as overtime), the $304 total also represents the employee's **gross wages**. Gross wages are earned wages that, as we will see later, are not equal to the amount actually paid to employees in their paychecks.

Regular earnings for salaried employees are calculated differently. For these employees, the employer must divide the annual salary by 52 weeks. For example, if an employer earns a salary of $52,000/year, then the employee's regular weekly earnings are $1,000 ($52,000/52 weeks).

Weekly Regular Earnings Calculation	
Wage-earning employee	Regular wage rate × regular hours worked
Salaried employee	Annual salary/52 weeks

Calculating Overtime Pay

As discussed previously, the Fair Labor Standards Act requires that overtime be paid for any hours employees work after the first 40 in a workweek. This pay must equal at least 1.5 times the regular wages paid to the employee (referred to as *time and a half*).

TIP! While the FLSA mandates that overtime pay cannot be below 1.5 times the regular wages, it is acceptable for an employer to offer overtime pay that is more than 1.5 times regular pay.

One common misconception is that overtime must be paid to employees who work nights and/or weekends. The FLSA does not require that employers pay overtime during these work shifts, as long as the 40 hours/week threshold has not yet been met.

When an employee earns overtime pay, total gross wages (which include both regular and overtime earnings) may be calculated in two different ways:

- First method—the employer adds the regular wages to the overtime wages (overtime wage rate × overtime hours worked).

- Second method—the employer first determines a total for all hours worked based on the regular wage rate (total hours worked × regular rate). To this the employer adds the additional pay earned for working overtime hours ([overtime rate – regular rate] × overtime hours worked).

Total Gross Wages Calculation	
Method 1	Regular wages + overtime wages
Method 2	Total regular wages for all hours worked + additional pay earned for overtime hours worked

Total gross wages are the same regardless of which method is used to calculate them.

TIP! In some circumstances, it's possible for an employee to have a workweek in which regular hours diverge from the 40-hour standard. Assume throughout this book, unless otherwise noted, that all employees operate with a regular 40-hour workweek.

Case In Point 2-3 Calculate Employee Regular and Overtime Earnings

In these examples, we'll review calculations for both regular and overtime earnings for Lucky Ties Apparel employees. We will also determine gross pay.

NOTE! For simplicity, all calculations shown throughout the textbook, both intermediate and final, have been rounded to two decimal places at each calculation. As you calculate amounts, you should also use the same standard rounding procedure; for example, 81.574 is rounded to 81.57, whereas 81.575 is rounded to 81.58.

1. Paul Rogers has worked for Lucky Ties Apparel for four years. During the most recent year he was paid regular wages of $11.50/hour. In the most recent week, he worked 35 hours. Calculate his gross pay for the week.

   As Paul did not work any overtime hours, his regular earnings are equal to his gross pay. These regular earnings are calculated as follows:

   $11.50 (regular wage rate) × 35 hours (regular hours worked) = $402.50

2. Lucky Ties Apparel hired Maryanne Sherman at the beginning of the current year at an annual salary of $40,000. Calculate her gross pay for the most recent week, assuming that she's paid on a weekly basis.

   Maryanne earns the same gross pay every week, since her annual salary is evenly divided over all 52 weeks of each year. Her regular earnings for a single week are calculated as follows:

   $40,000 (annual salary) / 52 weeks = $769.23

3. Bill Novak has worked for Lucky Ties Apparel for 10 years. He currently earns regular wages of $14.75/hour and overtime wages of $22.50/hour. During a recent week, Bill worked 46 hours. Calculate his gross pay using both methods.

   Bill's gross pay is the same for both methods. Remember that the FLSA dictates that any hours worked beyond the first 40 in a week must be compensated at the overtime wage rate. Bill's gross pay is calculated as follows:

   Method 1: $14.75 (regular wage rate) ×
   40 hours (regular hours worked) = $590
   $22.50 (overtime wage rate) ×
   6 hours (overtime hours worked) = $135
   $590 (regular wages) +
   $135 (overtime wages) = $725 (gross pay)

   Method 2: $14.75 (regular wage rate) ×
   46 hours (total hours worked) = $678.50
   $22.50 (overtime rate) –
   $14.75 (regular rate) = $7.75
   $7.75 (calculated above) ×
   6 hours (overtime hours worked) = $46.50
   $678.50 (calculated above) +
   $46.50 (calculated above) = $725 (gross pay)

Converting to Hourly Rates

It's common for employers to comply with the FLSA by compensating employees with an overtime pay rate of 1.5 times the regular rate (the minimum requirement). If an employee is not compensated with an hourly wage, his/her compensation must be converted to an hourly rate in order to calculate the applicable overtime earned.

As discussed previously, certain employees are exempt from the provisions of the FLSA, and employers are not compelled to compensate these employees at the standard overtime rate. While many salaried employees (such as executive, administrative, and professional employees) fit this description, others are non-exempt and must be compensated at the overtime rate for any overtime hours worked. The following conversion process may be used to calculate overtime wages for employees not paid on an hourly basis.

Weekly Wage Conversions

If an employee earns $820/week and works 44 hours during one week, the employee is owed overtime pay (for working more than 40 hours in a week). Since the employee is not paid on an hourly basis, how can the employer determine the proper amount of overtime pay? Assuming that the employer offers overtime pay at 1.5 times regular pay, the overtime pay can be calculated by converting the weekly rate to an hourly rate.

Use this four-step process to make the conversion, and then calculate total gross pay.

Process for Determining Weekly Gross Pay Based on Weekly Wages	
Step 1:	Determine the hourly regular wage rate.
Step 2:	Convert to an hourly overtime wage rate.
Step 3:	Calculate overtime wages earned.
Step 4:	Determine gross pay by adding regular earnings to overtime earnings.

Based on the above example, gross pay is calculated as follows:

Step 1: Determine the hourly regular wage rate by dividing the weekly rate by 40 hours (total number of regular hours worked during the week). In this instance, $820 / 40 hours = $20.50/hour.

Step 2: Multiply the regular hourly rate by 1.5 to convert it to the overtime hourly rate. Here, that is $20.50 × 1.5 = $30.75/hour.

Step 3: Multiply the overtime hourly rate by the number of overtime hours worked. In this example, $30.75 × 4 hours = $123.

Step 4: Add the weekly wage rate to the overtime earnings. The total gross pay for this employee is $820 + $123 = $943.

TIP! If an employee receives a biweekly wage, you must begin the conversion process by dividing the biweekly wage by two (to convert it to a weekly wage). The above four-step process may then be followed as shown.

Annual Salary Conversions

A similar series of calculations is required when converting an annual salary to an hourly rate. For annual salary conversions, use a five-step process.

Conversion of Annual Salary to Weekly Gross Pay	
Step 1:	Determine the weekly salary.
Step 2:	Determine the hourly regular wage rate.
Step 3:	Convert to an hourly overtime wage rate.
Step 4:	Calculate overtime wages earned.
Step 5:	Determine gross pay by adding regular earnings to overtime earnings.

To put these steps in concrete terms, assume that an employee receives $58,000/year, worked 48 hours in a recent week, and is paid 1.5 times the regular wage rate for overtime hours. This employee's gross pay is calculated as follows:

Step 1: Divide the annual salary by 52 weeks to determine the weekly salary. Here, the weekly salary is calculated as $58,000 / 52 weeks = $1,115.38/week.

Step 2: Determine the hourly regular wage rate by dividing the weekly rate by 40 hours (total number of regular hours worked during the week). In this instance, $1,115.38 / 40 hours = $27.88/hour.

Step 3: Multiply the regular hourly rate by 1.5, to convert it to the overtime hourly rate. Here, that is $27.88 × 1.5 = $41.82/hour.

Step 4: Multiply the overtime hourly rate by the number of overtime hours worked. In this example, $41.82 × 8 hours = $334.56.

Step 5: Add the weekly wage rate to the overtime earnings. The total gross pay for this employee is $1,115.38 + $334.56 = $1,449.94.

TIP! If an employee receives a monthly or semimonthly salary, you must begin the conversion process by multiplying either the monthly salary by 12 months or the semimonthly salary by 24 (to convert them to an annual salary). The above five-step process may then be followed as shown.

Case In Point 2-4 Convert to Hourly Rates and Calculate Weekly Gross Pay

In these examples, we will review five independent circumstances, and determine both the hourly wage rates and gross pay for each employee:

1. Angelo Dorsett is a salesman for Lucky Ties Apparel. He earns regular wages of \$700/week, does not receive commission, and worked 47 hours during the most recent week. Assuming that Lucky Ties Apparel pays him an overtime rate of 1.5 times his regular rate, what should Angelo's gross pay be for the week?

   Step 1: Angelo's hourly regular wage rate is \$700 / 40 regular hours = \$17.50/hour.

   Step 2: Angelo's hourly overtime wage rate is \$17.50 × 1.5 = \$26.25/hour.

   Step 3: Angelo's overtime wages earned are \$26.25 × 7 overtime hours = \$183.75/hour.

   Step 4: Angelo's gross pay for the week is \$700 + \$183.75 = \$883.75.

2. Melissa Kubiak has worked in the warehouse of Lucky Ties Apparel for two years. She earns a biweekly wage of \$1,200 and worked 41 hours during the most recent week. Assuming that Lucky Ties Apparel pays her an overtime rate of 1.5 times her regular rate, what should Melissa's gross pay be for the week?

   Pre-Step: Melissa's weekly salary is \$1,200 / 2 weeks = \$600/week.

   Step 1: Melissa's hourly regular wage rate is \$600 / 40 regular hours = \$15/hour.

   Step 2: Melissa's hourly overtime wage rate is \$15 × 1.5 = \$22.50/hour.

   Step 3: Melissa's overtime wages earned are \$22.50 × 1 overtime hour = \$22.50.

   Step 4: Melissa's gross pay for the week is \$600 + \$22.50 = \$622.50.

3. Stacie Martin works in the warehouse of Lucky Ties Apparel and is paid an annual salary of \$43,992. During the most recent week, she worked 51 hours and is paid overtime wages of 1.5 times her regular wage rate. What should Stacie's gross pay be for the week?

   Step 1: Stacie's weekly salary is \$43,992 / 52 weeks = \$846/week.

   Step 2: Stacie's hourly regular wage rate is \$846 / 40 regular hours = \$21.15/hour.

   Step 3: Stacie's hourly overtime wage rate is \$21.15 × 1.5 = \$31.73/hour.

   Step 4: Stacie's overtime wages earned are \$31.73 × 11 overtime hours = \$349.03.

   Step 5: Stacie's gross pay for the week is \$846 + \$349.03 = \$1,195.03.

4. Lucy Marshall has been a member of the janitorial staff at Lucky Ties Apparel for six years and earns a monthly salary of $2,730. During the most recent week, she worked 49 hours and is paid overtime wages of 1.5 times her regular wage rate. What should Lucy's gross pay be for the week?

   Pre-Step: Lucy's annual salary is $2,730 × 12 months = $32,760.

   Step 1: Lucy's weekly salary is $32,760 / 52 = $630/week.

   Step 2: Lucy's hourly regular wage rate is $630 / 40 regular hours = $15.75/hour.

   Step 3: Lucy's hourly overtime wage rate is $15.75 × 1.5 = $23.63/hour.

   Step 4: Lucy's overtime wages earned are $23.63 × 9 overtime hours = $212.67.

   Step 5: Lucy's gross pay for the week is $630 + $212.67 = $842.67.

5. Donald McHenry has been a member of the janitorial staff at Lucky Ties Apparel for four years and earns a semimonthly salary of $1,326. During the most recent week, he worked 45 hours and is paid overtime wages of 1.5 times his regular wage rate. What should Donald's gross pay be for the week?

   Pre-Step: Donald's annual salary is $1,326 × 24 semimonthly periods = $31,824.

   Step 1: Donald's weekly salary is $31,824 / 52 = $612/week.

   Step 2: Donald's hourly regular wage rate is $612 / 40 regular hours = $15.30/hour.

   Step 3: Donald's hourly overtime wage rate is $15.30 × 1.5 = $22.95/hour.

   Step 4: Donald's overtime wages earned are $22.95 × 5 overtime hours = $114.75.

   Step 5: Donald's gross pay for the week is $612 + $114.75 = $726.75.

Commissions, Bonuses, and Incentive Plans

Wages and salaries are not the only types of compensation an employee may receive. Employers can also compensate employees through **commissions** (a percentage of each sale), **bonuses** (either planned or unplanned additional amounts), and **incentive plans** (more pay for increased productivity).

Paying Commissions

Commissions are typically paid to employees as a percentage of sales. For example, if an employee sells a product for $2,000 and earns a 10% commission on every sale, that employee is paid a $200 ($2,000 × 10%) commission. Commissions can be the only form of income earned by an employee, or they can be earned in conjunction with a wage or salary.

Commissions are considered to be a component of an employee's regular pay. To calculate the overtime pay of an employee who earns commissions, the regular hourly wages and the commissions must be combined to determine an overall hourly rate. This combined rate is then multiplied by 1.5 (or the higher applicable rate of compensation offered by the employer) to arrive at the overtime hourly rate.

For example, if an employee works 44 hours, earns a regular hourly wage of $10/hour, and earns commissions of $220, a combined regular hourly wage rate (which takes the commission into account) must be determined. Use the following three-step process to arrive at this figure.

Calculation of Regular Hourly Wage Rate Including Commission	
Step 1:	Determine total regular wages. ($10 × 44 hours = $440)
Step 2:	Add the commission to the above amount. ($440 + $220 = $660))
Step 3:	Divide the combined total by the regular hours worked. ($660 / 44 hours = $15)

If this employer offers an overtime wage rate of 1.5 times the regular rate, the overtime wage rate is $22.50 ($15 × 1.5). As the above calculation includes regular wages for overtime hours, we now must add the additional overtime pay to the above total. The additional overtime hourly wage rate is $7.50 per hour ($22.50 overtime wage rate minus $15 regular wage rate); therefore, additional overtime earnings are $30 ($7.50 per hour additional overtime hourly wage rate × 4 overtime hours). Total gross wages are $690 ($660 combined regular earnings and commissions + $30 additional overtime earnings).

NOTE! Employees of retail and service businesses who are paid commissions and who meet certain requirements set by the FLSA are exempt from the mandate that overtime pay exceed regular pay by at least 1.5 times.

Awarding Bonuses

A bonus is an amount awarded to an employee outside of regular and overtime pay. There are two types of bonuses: discretionary and nondiscretionary:

- A **discretionary bonus** is one that is unplanned and not contingent on the employee reaching specific goals. An example is a surprise holiday bonus given to employees at the end of the year.
- A **nondiscretionary bonus** is one that is planned and that an employer pays as a result of a specific metric being met. An example is a longevity bonus paid to an employee on his/her tenth anniversary with a company.

The distinction between these two bonus types is important, because nondiscretionary bonuses are considered part of regular pay, while discretionary bonuses are not. Similar to commissions, nondiscretionary bonuses must be combined with regular hourly wages prior to determining an employee's overtime pay.

Offering Incentive Plans

An employer may offer a variety of incentive plans to employees, which are designed to reward employees for their performance and/or loyalty to the company. The most common types of incentive plans are:

- Cash paid for reaching specified sales or production goals.
- Profit-sharing plans in which employees receive a share of profits once they exceed a predetermined level of productivity.
- Stock option plans in which employees who meet predetermined goals may purchase shares of stock with pre-tax dollars.
- Additional vacation days for employees whose tenure with the company surpasses preset lengths.
- Sabbaticals, common in academic institutions, that provide employees with paid leave after working for a predetermined number of years.

When a cash incentive is offered, it may be paid in a lump sum or as an increase in the hourly (or per-unit) rate paid. In the case of an increased pay rate, the increase is typically earned upon employee performance exceeding a preset, quantifiable level.

TIP! For the purposes of the FLSA, cash paid for reaching specified goals is considered a nondiscretionary bonus and therefore is a component of regular pay. This must be considered when calculating overtime pay.

Case In Point 2-5 Calculate Employee Commissions, Bonuses, and Incentive Pay

In these examples, we'll review four independent circumstances and will calculate the total earnings for each employee:

1. An employee who sells automobiles is paid $8/hour in regular wages. In addition, he earns another $300 for every car he sells. During the most recent week, he works 46 hours and sells five cars. His employer pays overtime wages of 1.5 times regular hourly wages.

   Step 1: Total regular wages are $8 × 46 hours = $368.

   Step 2: Total combined regular earnings are $1,500 (5 cars × $300) + $368 = $1,868.

   Step 3: The regular earnings hourly rate is $1,868 / 46 hours = $40.61/hour.

   Now that the regular earnings hourly rate is determined, the overtime hourly rate can be calculated as follows: $40.61 × 1.5 = $60.92/hour.

   The additional overtime hourly rate therefore is $60.92 – $40.61 = $20.31.

   Using this additional overtime hourly rate, the additional overtime earnings are $20.31 × 6 hours = $121.86.

   This results in total earnings of $1,868 + $121.86 = $1,989.86.

2. After his company made a particularly large sale, an employee is awarded a discretionary bonus of $2,000. During this same week, the employee works 42 hours, earning regular wages of $13/hour, with overtime pay calculated as 1.5 times the regular wage rate.

   Since a discretionary bonus is not considered to be part of regular earnings, overtime pay is calculated using the standard 1.5 × regular hourly wages formula.

   Regular pay therefore is $13 × 40 hours = $520. The overtime hourly rate is $13 × 1.5 = $19.50/hour, which results in overtime pay of $19.50 × 2 hours = $39.

   Total earnings for the week are $520 (regular earnings) + $39 (overtime earnings) + $2,000 (discretionary bonus) = $2,559.

3. An employee who earns regular wages of $9.50/hour and overtime pay of 1.5 times his regular wage rate works 53 hours during the most recent week. As a result of total company sales exceeding $1,000,000 for the year, the employee also received a predetermined bonus of $1,500.

   Because this bonus was planned and paid out once company sales reached $1,000,000, it's considered to be a nondiscretionary bonus. As a result, it's considered part of regular earnings. The three-step process for combining regular wages and commissions outlined previously may be used to combine regular wages and nondiscretionary bonuses as well.

   Step 1: Total regular wages are $9.50 × 53 hours = $503.50.

   Step 2: Total combined regular earnings are $1,500 + $503.50 = $2,003.50.

   Step 3: The regular earnings hourly rate is $2,003.50 / 53 hours = $37.80/hour.

   The overtime hourly rate, based on the above calculation, is $37.80 × 1.5 = $56.70/hour.

   The additional overtime hourly rate therefore is $56.70 – $37.80 = $18.90.

   Using this additional overtime hourly rate, the additional overtime earnings are $18.90 × 13 hours = $245.70.

   Therefore, total earnings are $2,003.50 + $245.70 = $2,249.20.

4. An employee works in a factory where she earns regular wages of $8/hour, with overtime pay calculated as 1.5 times regular earnings. If, during any week, she is able to assemble more than 1,000 product units, her regular rate increases to $9/hour for the week. Her rate similarly increases to $10/hour if she assembles more than 1,200 units and $11/hour if she assembles more than 1,400 units. During the most recent week she worked 44 hours and assembled 1,352 units.

   This employee has earned incentive pay, since she assembled more than 1,000 product units. For her level of production (1,352 units), she has earned an increased regular wage rate of $10/hour.

   Regular wages are calculated as follows: $10 × 40 hours = $400.

   Her overtime hourly wage rate is $10 × 1.5 = $15/hour.

   Therefore, her overtime pay is calculated as follows: $15 × 4 hours = $60.

   Her total earnings for the week are $400 + $60 = $460.

Alternative Pay Considerations

In certain instances, based on an employee's job duties, it's appropriate to use alternative methods of compensation.

- For individuals who are their own boss (such as Certified Public Accountants who earn income outside of a large organization), **self-employment income** must be determined.
- For employees who regularly receive tips from customers (such as waiters and waitresses), special minimum wage and overtime rules apply.
- For employees who produce a measurable output (such as seamstresses creating dresses), compensation may be based on the number of units produced. This is referred to as a **piecework system**.

Self-Employment Income

Individuals who operate a sole proprietorship or partnership must account for and report annual self-employment income. This consists of the revenue an owner may claim based on the company operations, minus expenses incurred. These individuals do not have to be concerned with the minimum wage and overtime provisions of the FLSA; however, they still must track total income to ensure that appropriate taxes are paid. We'll examine the tax implications of self-employment income in further detail in Chapter 5.

Tipped Employees

Employees who receive tips are covered by the FLSA and therefore must be paid the applicable hourly minimum wage. A tipped employee is someone who typically receives more than $30/month in tips. Employers can take advantage of a maximum tip credit of $5.12, which results in employees receiving an hourly wage of $2.13 ($7.25 minimum wage minus $5.12 tip credit). Employers who elect to take advantage of this tip credit must inform employees of their intention to do so, and must use a consistent tip credit for both regular and overtime hours. Additionally, if the applicable state tip credit is lower than $5.12, the employer may only take advantage of this lower amount.

Employers cannot use an employee's tips for any purpose other than a tip credit against wages owed, or as part of a **tip pool**. A tip pool, in which all employee tips are added together (pooled) and then divided amongst employees, is permissible under the FLSA. However, these employees each must receive the applicable hourly minimum wage, and the pool must include only employees who regularly receive tips.

WARNING! Regardless of whether an employer elects to utilize a tip credit, under no circumstance may that employer retain an employee's tips.

If the employee's total hourly wage (the sum of the hourly wage received and employee tips) does not exceed the applicable minimum wage, the employer must compensate the employee for the difference. In addition, the employer must use the overtime factor (1.5 for time and a half) to calculate the overtime hourly rate for a tipped employee based on the applicable minimum wage. No tip credit may be factored into this calculation.

Tipped Employees Overtime Calculation	
Step 1:	Regular hourly rate × regular hours worked = regular earnings
Step 2:	Minimum wage – regular hourly rate = hourly tip credit
Step 3:	(Minimum wage × overtime factor) – hourly tip credit = overtime hourly rate
Step 4:	Overtime hourly rate × overtime hours worked = overtime earnings
Step 5:	Total hours worked × hourly tip credit = total tip credit
Step 6:	Regular earnings + overtime earnings + total tips = total earnings

NOTE! The tip credit cannot exceed total tips received, so the employer should compare these figures after completing Step 5 above. If the tip credit is too high, the employer must reduce the tip credit such that it does not exceed total tips received. This reduction is calculated as *current tip credit* minus *total tips received*.

Utilizing Piecework Systems

In certain instances it's logical to compensate employees based on their output, rather than on hours worked. Under this piecework system, an employee receives a fixed amount for each unit of output. These units can take many forms, such as products assembled, telemarketing phone calls made, or packages filled.

One important element that the employer must remember is that the minimum wage requirements of the FLSA apply to employees compensated under a piecework system. To confirm compliance with the FLSA, an employer must determine each piecework employee's hourly rate. This may be done by dividing total weekly compensation by the number of hours worked.

Piecework Overtime Calculation	
Step 1:	Piece rate × units of output = regular earnings for all hours
Step 2:	Regular earnings for all hours / total hours worked = regular hourly rate
Step 3:	Regular hourly rate × additional overtime factor = additional overtime hourly rate
Step 4:	Additional overtime hourly rate × overtime hours worked = additional overtime earnings
Step 5:	Regular earnings for all hours + additional overtime earnings = total earnings

NOTE! The additional overtime factor is typically 0.5 (1.5 overtime rate minus 1.0 regular rate).

The additional overtime hourly rate, in Step 3 above, is often also called the **premium rate**, because it represents the premium over the regular hourly rate to which the piecework employee is entitled for overtime hours worked.

NOTE! An alternative to the calculation shown above is to pay an employee at least 1.5 times the regular piece rate for all units of output produced during overtime hours (all hours after the first 40). In this approach, the employer must ensure that the regular hourly rate exceeds the applicable minimum wage rate.

Case In Point 2-6 Calculate Earnings for Tipped and Piecework Employees

In these examples, we'll examine three independent circumstances and will determine how total compensation is calculated for each employee.

1. Eric Parker works for a small restaurant chain as a waiter. He is paid $2.13/hour by his employer and receives $150 in tips during a 35-hour workweek. What is Eric's total compensation for the week?

   Eric's employer pays regular wages of $74.55 ($2.13 regular wage rate × 35 regular hours worked). As a result, if the FLSA were ignored, Eric's total compensation would be $224.55 ($74.55 regular wages + $150 tips).

   Because this is less than the FLSA-mandated minimum of $253.75 ($7.25 minimum wage × 35 hours worked), the employer must compensate Eric for the difference. Therefore, Eric receives an additional $29.20 ($253.75 – $224.55) to increase his total compensation to $253.75.

2. Meredith Baer works as an automobile valet at a steak house. She is paid $3/hour by her employer and received $310 in tips during the most recent 44-hour workweek. Meredith's employer pays overtime hourly wages at a rate of 1.5 times regular hourly wages. What is Meredith's total compensation for the week?

   Using the six-step process detailed previously (in the Tipped Employees Overtime Calculation table on page 60), total compensation is calculated as follows:

   Step 1: Meredith's employer pays regular earnings of $120 ($3 regular wage rate × 40 regular hours worked).

   Step 2: This is the result of her employer taking a tip credit of $4.25 ($7.25 minimum wage – $3 regular wage rate).

   Step 3: When calculating overtime compensation, this tip credit must be maintained at the same level. Therefore, total overtime compensation is based on an hourly rate of $6.63 ($7.25 minimum wage × 1.5 overtime factor – $4.25 tip credit).

   Step 4: This results in overtime earnings totaling $26.52 ($6.63 overtime hourly rate × 4 overtime hours worked).

   Step 5: Before total compensation is finalized, the employer must ensure that the total tip credit does not exceed tips received by the employee. In this instance, the total tip credit of $187 ($4.25 tip credit × 44 hours worked) does not exceed total tips received of $310, and therefore the employer owes no additional compensation.

   Step 6: Total compensation is then calculated as $456.52 ($120 regular earnings + $26.52 overtime earnings + $310 tips).

3. Nancy Winchester assembles children's toys and is paid $0.06 for each unit assembled. During the most recent week, Nancy worked 48 hours and assembled 8,528 units. Nancy's employer pays overtime hourly wages at a rate of 1.5 times regular hourly wages. What is Nancy's total compensation for the week?

   Using the five-step process detailed previously (in the Piecework Overtime Calculation table on page 61), total compensation is calculated as follows:

   Step 1: Regular earnings for all hours are calculated as $0.06 (piece rate) × 8,528 (units of output) = $511.68.

   Step 2: The regular hourly rate is then calculated as $511.68 (regular earnings) / 48 (hours worked) = $10.66.

   Step 3: The additional overtime hourly rate is then calculated as $10.66 (regular hourly rate) × 0.5 (additional overtime rate) = $5.33.

   Step 4: Additional overtime earnings are calculated as $5.33 (additional overtime hourly rate) × 8 (overtime hours worked) = $42.64.

   Step 5: Total earnings are then calculated as $511.68 (regular earnings) + $42.64 (additional overtime earnings) = $554.32.

4. Andrew Fitzpatrick is a telemarketer who is paid $0.32 for every telemarketing phone call he places. During the most recent week, Andrew worked 43 hours and placed 1,722 calls, 124 of which were placed during the final three hours he worked. Andrew's employer pays an overtime piece rate 1.5 times the regular rate. Using the alternative method outlined earlier, determine Andrew's total compensation for the week.

 During regular hours Andrew placed 1,598 (1,722 – 124) calls, and therefore earned $511.36 (1,598 × $0.32) in regular earnings. As the overtime hourly piece rate is $0.48 ($0.32 × 1.5), Andrew earns overtime pay of $59.52 (124 × $0.48). Therefore, total earnings are $570.88 ($511.36 + $59.52).

Payroll Register

Unlike the employee earnings record, which displays the earnings for a single employee over a range of pay periods, the **payroll register** shows each employee's pay for a single period. Ordinarily the payroll register is completed prior to the employee earnings record, as the payroll register summarizes all payroll data for a single period. This data is then taken from the payroll register and entered within each individual employee earnings record.

The payroll register displays both total earnings (gross pay) and each employee's paycheck amount (net pay).

Payroll Register

Pay Period __________________

Pay Date __________________

	Earnings							*Deductions*						
Employee Name	Regular Hours	Regular Rate	Regular Earnings	Overtime Hours	Overtime Rate	Overtime Earnings	Total Earnings	FWT	SWT	Social Security	Medicare	Vol. With.	Check Number	Net Pay
Totals:														

As discussed earlier, the net pay is calculated by subtracting all deductions from the gross pay (total earnings) in the payroll register. Depending on the business, other columns may appear in the payroll register. For example, if a business's employees are unionized, the *Deductions* section may contain a separate column for *Union Dues* that are withheld from each employee's gross pay. Additionally, for some employees not all columns are necessary. For example, a salaried executive is exempt from the minimum wage provision of the FLSA, and therefore no hourly rate information is necessary.

TIP! Just as with the employee earnings record, the payroll register is typically completed within a computerized payroll system. However, we'll work with manual versions of the payroll register throughout the textbook.

Case In Point 2-7 Complete a Payroll Register

In this example, we will complete a payroll register for Lucky Ties Apparel. We will then transfer the information from the payroll register to the employee earnings records for each employee. Earlier we calculated the weekly pay for eight different employees of Lucky Ties Apparel. The partially completed payroll register for the most recent week appears below. The pay period ends on 12/4/2016, with checks distributed on the subsequent Thursday. Note that you must determine the totals within the Regular, Overtime, and Total Earnings columns after entering individual employee data.

NOTE! We'll return to this example in the next chapter, where we'll complete the *Deductions* and *Net Pay* sections of both the payroll register and the employee earnings records.

Payroll Register

Pay Period 12/4/2016

Pay Date 12/8/2016

	Earnings							*Deductions*						
Employee Name	Regular Hours	Regular Rate	Regular Earnings	Overtime Hours	Overtime Rate	Overtime Earnings	Total Earnings	FWT	SWT	Social Security	Medicare	Vol. With.	Check Number	Net Pay
Rogers, P	35	$ 11.50	$ 402.50	0	n/a	$ -	$ 402.50							
Sherman, M	n/a	n/a	$ 769.23	0	n/a	$ -	$ 769.23							
Novak, B	40	$ 14.75	$ 590.00	6	$ 22.50	$ 135.00	$ 725.00							
Dorsett, A	40	$ 17.50	$ 700.00	7	$ 26.25	$ 183.75	$ 883.75							
Kubiak, M	40	$ 15.00	$ 600.00	1	$ 22.50	$ 22.50	$ 622.50							
Martin, S	40	$ 21.15	$ 846.00	11	$ 31.73	$ 349.03	$ 1,195.03							
Marshall, L	40	$ 15.75	$ 630.00	9	$ 23.63	$ 212.67	$ 842.67							
McHenry, D	40	$ 15.30	$ 612.00	5	$ 22.95	$ 114.75	$ 726.75							
Totals:			$ 5,149.73			$ 1,017.70	$ 6,167.43							

To complete the *Earnings* portion of the employee earnings records, simply transfer the payroll information from the payroll register. Note that each employee's address, Social Security number, marital status, and withholding allowances have also been entered into the employee earnings records.

Employee Earnings Record

Name Paul Rogers

Address 657 Flicker Lane
Brockport, NY 14420

SS# 111-11-1111

Marital Status Single

Fed. Withholding Allow. 1

State Withholding Allow. 1

	Earnings							*Deductions*									
Pay Period Ending	Regular Hours Worked	Regular Pay Rate	Regular Wages	Overtime Hours Worked	Overtime Pay Rate	Overtime Wages	Gross Pay	Federal Withholding Tax	State Withholding Tax	Social Security Tax	Medicare Tax	Retirement Contribution	Life Insurance	Charitable Contribution	Additional Withholding	Check Number	Net Pay
12/4/16	35	$ 11.50	$402.50	0	n/a	$ -	$ 402.50										

Employee Earnings Record

Name: Maryanne Sherman
Address: 8171 Winston Court
Rochester, NY 14604
SS#: 222-22-2222

Marital Status: Single
Fed. Withholding Allow.: 2
State Withholding Allow.: 1

	Earnings							Deductions									
Pay Period Ending	Regular Hours Worked	Regular Pay Rate	Regular Wages	Overtime Hours Worked	Overtime Pay Rate	Overtime Wages	Gross Pay	Federal Withholding Tax	State Withholding Tax	Social Security Tax	Medicare Tax	Retirement Contribution	Life Insurance	Charitable Contribution	Additional Withholding	Check Number	Net Pay
12/4/16	n/a	n/a	$769.23	0	n/a	$ -	$ 769.23										

Employee Earnings Record

Name: Bill Novak
Address: 536A North Yellow Lake Avenue
Hamlin, NY 14464
SS#: 333-33-3333

Marital Status: Married
Fed. Withholding Allow.: 4
State Withholding Allow.: 3

	Earnings							Deductions									
Pay Period Ending	Regular Hours Worked	Regular Pay Rate	Regular Wages	Overtime Hours Worked	Overtime Pay Rate	Overtime Wages	Gross Pay	Federal Withholding Tax	State Withholding Tax	Social Security Tax	Medicare Tax	Retirement Contribution	Life Insurance	Charitable Contribution	Additional Withholding	Check Number	Net Pay
12/4/16	40	$ 14.75	$590.00	6	$ 22.50	$135.00	$ 725.00										

Employee Earnings Record

Name: Angelo Dorsett
Address: 400 Hillside Court
Hilton, NY 14468
SS#: 444-44-4444

Marital Status: Single
Fed. Withholding Allow.: 2
State Withholding Allow.: 2

	Earnings							Deductions									
Pay Period Ending	Regular Hours Worked	Regular Pay Rate	Regular Wages	Overtime Hours Worked	Overtime Pay Rate	Overtime Wages	Gross Pay	Federal Withholding Tax	State Withholding Tax	Social Security Tax	Medicare Tax	Retirement Contribution	Life Insurance	Charitable Contribution	Additional Withholding	Check Number	Net Pay
12/4/16	40	$ 17.50	$700.00	7	$ 26.25	$183.75	$ 883.75										

Employee Earnings Record

Name	Melissa Kubiak	Marital Status	Married
Address	254 Cheesehead Drive	Fed. Withholding Allow.	5
	Pittsford, NY 14534	State Withholding Allow.	4
SS#	555-55-5555		

	Earnings							Deductions									
Pay Period Ending	Regular Hours Worked	Regular Pay Rate	Regular Wages	Overtime Hours Worked	Overtime Pay Rate	Overtime Wages	Gross Pay	Federal Withholding Tax	State Withholding Tax	Social Security Tax	Medicare Tax	Retirement Contribution	Life Insurance	Charitable Contribution	Additional Withholding	Check Number	Net Pay
12/4/16	40	$ 15.00	$600.00	1	$ 22.50	$ 22.50	$ 622.50										

Employee Earnings Record

Name	Stacie Martin	Marital Status	Married
Address	2 Lava Lane	Fed. Withholding Allow.	2
	Brockport, NY 14420	State Withholding Allow.	1
SS#	666-66-6666		

	Earnings							Deductions									
Pay Period Ending	Regular Hours Worked	Regular Pay Rate	Regular Wages	Overtime Hours Worked	Overtime Pay Rate	Overtime Wages	Gross Pay	Federal Withholding Tax	State Withholding Tax	Social Security Tax	Medicare Tax	Retirement Contribution	Life Insurance	Charitable Contribution	Additional Withholding	Check Number	Net Pay
12/4/16	40	$ 21.15	$846.00	11	$ 31.73	$349.03	$1,195.03										

Employee Earnings Record

Name	Lucy Marshall	Marital Status	Single
Address	232 Muscle Road	Fed. Withholding Allow.	3
	Hamlin, NY 14464	State Withholding Allow.	2
SS#	777-77-7777		

	Earnings							Deductions									
Pay Period Ending	Regular Hours Worked	Regular Pay Rate	Regular Wages	Overtime Hours Worked	Overtime Pay Rate	Overtime Wages	Gross Pay	Federal Withholding Tax	State Withholding Tax	Social Security Tax	Medicare Tax	Retirement Contribution	Life Insurance	Charitable Contribution	Additional Withholding	Check Number	Net Pay
12/4/16	40	$ 15.75	$630.00	9	$ 23.63	$212.67	$ 842.67										

Employee Earnings Record

Name	Donald McHenry	Marital Status	Married
Address	22 Iceberg Lane	Fed. Withholding Allow.	6
	Fairport, NY 14450	State Withholding Allow.	5
SS#	888-88-8888		

	Earnings							Deductions									
Pay Period Ending	Regular Hours Worked	Regular Pay Rate	Regular Wages	Overtime Hours Worked	Overtime Pay Rate	Overtime Wages	Gross Pay	Federal Withholding Tax	State Withholding Tax	Social Security Tax	Medicare Tax	Retirement Contribution	Life Insurance	Charitable Contribution	Additional Withholding	Check Number	Net Pay
12/4/16	40	$ 15.30	$612.00	5	$ 22.95	$114.75	$ 726.75										