

Earning Power Worksheet



Name KEY Date _____

(Round answers to the nearest hundredth.)

1. Steve earns \$6.50 an hour. He worked 25 hours in the previous 1-week pay period. If Steve's employer withholds 10% of each of Steve's paychecks to pay Steve's income tax, how much will Steve take home in this week's paycheck? **\$146.25**

Hints:

- Calculate how much Steve will earn in 1 week by multiplying his hourly salary (\$6.50) by the number of hours he works in 1 week (25).
- Now that you know how much Steve earns in 1 week, one way to calculate how much is withheld from his paycheck each week is to multiply his weekly salary by 10%.
- Now calculate how much Steve will take home by subtracting the amount withheld from his weekly salary.

2. Dave works 60 hours in a 2-week pay period and grosses \$1,083.34. In each 2-week pay period, \$50 of Dave's salary is withheld to pay for his medical and dental insurance. This \$50 is not subject to income tax. If 18% of Dave's salary goes to his income tax withholding, how much will Dave take home in a 4-week period? **\$1,694.68**

Hints:

- To calculate how much Dave grosses in a 4-week period, multiply his 2-week gross salary by 2.
- To calculate how much is withheld that is not subject to taxes in a 4-week period, multiply by 2 the amount that is withheld for insurance every 2 weeks.
- Now you need to calculate the amount on which Dave's taxes are computed. First, subtract the nontaxable amount for 4 weeks from Dave's gross salary for 4 weeks. Next, multiply that amount by 18% to calculate the amount that is withheld for Dave's income tax every 4 weeks.
- Now, calculate how much Dave takes home every 4 weeks by subtracting the amount that is withheld for income tax in a 4-week period from the amount of his paycheck that remains after the nontaxable insurance amounts have been subtracted.

3. Ana works 25 hours a week at the library. If she is paid \$10 an hour, and her net salary each week is \$212.50, what percent of her salary is withheld for taxes? **15%**

Hints:

- Calculate how much Ana grosses in a 25-hour week by multiplying her hourly rate by 25.
- Next compute the amount that is withheld for taxes by subtracting her net salary from her gross salary.
- Now compute the percentage that is withheld for taxes by dividing the amount withheld by her gross salary.

4. Steve earns \$6.50 an hour. If he works more than 25 hours in a week, he is paid “time and a half” (150% of his regular hourly wage) for his overtime hours. If Steve works 3 hours of overtime in a 1-week pay period, how much extra will he earn (before taxes)? **\$29.25**

Hints:

- Calculate how much Steve earns for 1 hour of overtime work by multiplying his hourly rate by 1.5. (He is paid salary plus half for overtime work.)
- Now multiply that rate by 3 to calculate how much Steve is paid for 3 hours of overtime work.

5. After working satisfactorily for 6 months, Dave will be eligible for a 7% raise. How much will Dave’s gross salary be, after his raise, for each 2-week pay period? His current gross salary is \$1,083.34. **\$1,159.17**

Hints:

- Dave grosses \$1,083.34 in each 2-week pay period. One way to calculate how much his raise will be is to multiply his gross salary by 7%.
- To calculate how much he will now gross every 2 weeks, add the amount of his raise to his original gross salary.

6. Ana has been an exemplary employee! The library has given her a 5% raise in recognition of her hard work. If Ana normally has a net salary of \$212.50, what will Ana’s net salary be now? Remember, you calculated that 15% of Ana’s gross salary is withheld each week.
Her new net salary is \$223.13

Hints:

- Because 15% of Ana’s gross salary is withheld each week, to calculate Ana’s current gross salary divide her current net salary by 85%.
- Now calculate what 5% of Ana’s gross salary is. Add that amount of her current gross salary to figure Ana’s new gross salary.
- Multiply Ana’s new gross salary by 15% to calculate the amount that is withheld each week from Ana’s new salary.
- Subtract that amount from Ana’s new gross salary to compute Ana’s new net salary.