

COMMISSION



Unit Overview

In this unit you will learn how to compute commission on sales, commission and regular pay, piecework pay, and tips.

Commission

In some jobs, a person's pay depends upon the amount of goods or services the person sells. The salesperson receives a **commission**, or specified amount of money for sales made during a pay period. Commission is usually expressed as a percentage of sales and has the purpose of encouraging salespeople to sell more goods or services. The percent of total sales paid as commission is the **commission rate**.

Example: Mr. Green sells \$25,000 worth of computer equipment. His rate of commission is 1.4%. What is his commission on that sale?

$$\text{Commission} = \text{Sales} \times \text{Commission Rate}$$

- 1) Change the percent to a decimal

$$1.4\% = .014$$

- 2) Multiply the sales by .014

$$25,000 \times .014 = 350.00$$

Mr. Green's commission on his sales would be \$350.00



Salary plus Commission

Some people receive a fixed salary in addition to commission. The following example demonstrates how to find the total pay of someone who receives a fixed salary plus a commission on goods sold.

Example: Jerry sells auto parts. He receives a salary of \$450.00 a month plus a commission of 7% of his total sales. What was his total pay for the month if he had sales totaling \$4765.00?

- 1) Change 7% to a decimal

$$7\% = .07$$

- 2) Find the commission

$$\text{Sales} \times \text{commission rate} = \text{commission}$$

$$4765 \times .07 = 333.55 \longrightarrow \$333.55 \text{ commission}$$

- 3) Add the salary to the commission amount

$$450 + 333.55 = 783.55$$

Jerry's total pay for the month was \$783.55



Now go to the questions section and answer questions 1 through 10.

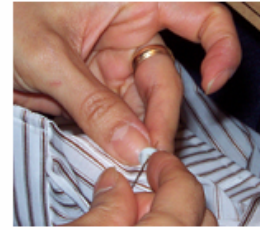
Piecework

Some people are paid by **piecework**. Piecework is paid according to the number of pieces or units of work they complete. For example, a garment worker may be paid by a rate of the number of buttons they sew on a shirt.

Example: Sally stitches complete shirts. She made 8 on Monday, 12 on Tuesday, 9 on Wednesday, 11 on Thursday, and 15 on Friday. She is paid \$5.89 for each completed shirt. How much did Sally earn during the week?

- 1) Add the number of shirts she stitched each day.

$$8 + 12 + 9 + 11 + 15 = 55$$



- 2) Multiply the number of shirts she stitched by the amount she gets paid for each shirt.

$$5.89 \times 55 = 323.95$$

Sally earned \$323.95 for the 55 shirts that she completely stitched.

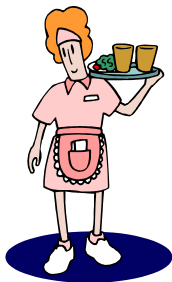


Now go to the questions section and answer questions 11 through 15.

Tips

Some workers receive extra money from people who appreciate good service. This money is called a **tip**. Examples of workers who are tipped include servers, cab drivers, porters, and hairstylists.

Example: Tricia worked 32 hours as a waitress and earned \$314. If her hourly rate is \$3.85, how much did she earn in tips?



- 1) Multiply 32 by her hourly rate of \$3.85 to determine what her wages were.

$$3.85 \times 32 = 123.20$$

- 2) Subtract the hourly amount from her total wages to determine how much she made in tips.

$$314 - 123.20 = 190.80$$

Tricia made \$190.80 in tips.



Now go to the questions section and answer questions 16 through 35.