

# Wages And Salaries

A **wage** is income determined by the number of hours an employee works for a fixed **hourly** rate, and is usually paid weekly. Wage earners have the capacity to earn more income by working extra hours (**overtime**).

A **salary** is income determined as a **fixed annual amount**, which is then paid to the employee in weekly, fortnightly or monthly amounts. Salary earners do not have the capacity to earn extra income through overtime, but can attract other benefits, such as a company car, bonus payments or an expense account.

For **wage** calculations: 1 year = 52 weeks or 26 fortnights

For **salary** calculations: 1 year = 52.18 weeks or 26.09 fortnights

## Days, weeks, months and years

1 year = \_\_\_\_\_ months = \_\_\_\_\_ weeks = \_\_\_\_\_ fortnights = \_\_\_\_\_ days

1 fortnight = \_\_\_\_\_ weeks

p.a. means per \_\_\_\_\_. This means per \_\_\_\_\_.

## Monthly Income:

To calculate monthly income, **divide** the yearly income by 12, because there are 12 months in a year.

**Do not** multiply weekly income by 4.

**Note:** 1 month  $\neq$  4 weeks.

## Fortnightly Income:

To calculate **fortnightly** (2 week) income, there are two ways you can do this:

(i) **Multiply** the weekly income by 2.

(ii) **Divide** the yearly income by 26 (there are 26 fortnights in 1 year).

**Weekly Income:**

To calculate weekly income:

- (i) Divide the yearly income by 52 (there are 52 weeks in a year).
- (ii) Divide the fortnightly income by 2.

➤ **Do not** divide monthly income by 4  
since 1 month  $\neq$  4 weeks.

**Example 1:** Leanne earns a salary of \$42 400 per year (p.a.). How much does she earn:

- (i) each week?
- (ii) each fortnight?
- (iii) each month.

**Example 2:** Tony's first job pays \$7.27 per hour. If he works 38.5 hours each week, calculate his

- (i) weekly income.
- (ii) monthly income
- (iii) fortnightly income