

1.1 Identifying Ways of Earning Income

Try These

Use mental math to calculate.

i) $\$500 + \$750 + \$1200 + \$250 = \$ \underline{2,700}$

ii) $\$10\,000 + \$12\,150 + \$3\,820 = \$ \underline{25,970}$

People who work earn **income** in different ways. The way they are paid depends on the type of job they have.

Ways of Earning Income

hourly wage	a fixed payment for each hour of work Examples: store clerk, fast-food restaurant worker
wage and tips	an hourly wage plus varying amounts in tips for services provided Examples: taxi driver, hotel worker
salary	a regular fixed payment for work, usually expressed as an amount per year but paid regularly (e.g., every two weeks or monthly) Examples: firefighter, teacher

commission	a payment based on a percentage of the worker's sales Examples: real estate agent, car salesperson
royalty	a payment for a piece of work that is marketed and sold. The amount is based on a percentage of sales Examples: author, musician
piecework	a payment based on the number of items created or completed Examples: sewing machine operator, cable TV installer
contract	a payment for a fixed period of time and/or a fixed amount of money Examples: electrical contractor, editor

Practice

1. Match each job with the payment method.

Job	Payment Method
video store clerk	salary
police officer	piecework
screenplay writer	hourly wage
tour guide	royalty
fruit picker	hourly wage and tips
furniture salesperson	contract
landscape architect	commission

2. Identify the way each worker below might be paid.
Explain how you know.

a) assembly line auto worker hourly

b) motorcycle and ATV salesperson commission
and salary

c) recording artist royalties

3. List three jobs that might be paid each way.
Research some ideas.

- a) wage and tips server, taxi driver
bartender, hair dresser, tour guide
- b) contract pro athlete, contractor,
film editor, lawyer

4. List three jobs you might be interested in.
For each job, identify the way you might
be paid.
