

Hourly vs. Salary Compensation

GRADE LEVEL(S): 9, 10, 11, 12

≡ **NBEA STANDARD(S):**

- Personal Finance, II. Earning and Reporting Income

≡ **RELATED ARTICLES:**

- “Your Money and the 40-hour Workweek”
- “The Paycheck Breakdown: What You Earn Is Not What You Keep”
- “Orchids, Waffles and Landing a Summer Job”
- “Live Long and Prosper: Planning for a Social Security Shortfall”

TOPIC/COMPETENCY: Employment and Income

CEE National Standard: Standard 1 – Employment and Income – Benchmark Grade 12 – 1

Jump\$tart National Standard: Employment and Income, Standard 2

Common Core State Standard:

CCSS.ELA-Literacy.RI.11-12.1

CCSS.ELA-Literacy.RI.11-12.7

ESTIMATED TIME: 50 minutes

MATERIALS NEEDED: Internet access or copies of articles, Worksheet – Practical problems

KEY VOCABULARY/TERMS: Inflation, Consumer Price Index, Contract, Hourly, Salary, Overtime

WHY THIS MATTERS TO YOU NOW: When you get your first real job, knowing how you will be paid is key to creating a spending and savings plan.

Activities:

- Motivational Hook:
 - Read the article on a 40 hour work week – [Your Money and the 40-hour Workweek](#)
 - Class discussion question – Would you rather be paid hourly or salary? Defend your answer.

- Comprehension –
 - Web article – [getrichslowly.org](#) – Read article Hourly vs. Salary, which is better?
 - Web article – [investopedia.com](#) – How Inflation Affects Your Cost of Living by Michelle Ullman

- Practicing –
 - [Hourly vs Salary Practical Problems](#)
 - [practicalmoneyskills.com](#) – calculators, salary conversion – Use the calculator to solve this problem.
 - Joe earns \$38500 a year, what is his hourly rate _____. His friend works in a factory making \$22 per hour. Who earns more money?

- Apply – learners apply what they have learned to real world problems; learners demonstrate their competence
 - Create a chart – Online job search for your ultimate job. What is the typical pay for this job? Are you paid hourly or salary? What are the advantage and disadvantages of each pay method?

- Going Further / Homework –
 - Go home tonight and talk with your parents about their compensation method. Do they think it is fair? Are they adequately compensated for the work they do?

Are there escalating clauses in their pay scale to account for inflation?

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