



UNIT 4

Getting Paid

Topic

Calculating Different Types of Pay

LEARNING OBJECTIVE(S)

Students will:

- **compare** ways in which people get paid.
- **identify** the benefits and tradeoffs of different work scenarios including employment, independent contractors, military, and entrepreneur.
- **explore** ways they can earn money in different ways in the future.

Title

Many Ways to be Paid

Overview

What difference does it make if you earn a salary, tips, commission, or other type of pay? After learning about different ways that people can be paid, students discover how four people can be paid differently but have similar job skills and training. Students apply this learning to their own career aspirations and consider multiple ways to earn money with the same job in the future.

Financial Literacy Theme

Getting Paid

21st Century Skill(s)

Collaboration, Communication, Critical Thinking

Key Terms

Income, wage, salary, tips, commission, piecework, profit, allowance, independent contractor

Materials

Many Forms of Pay Student Handout—one per student

Pathway to Financial Success

In Schools

Connect

How does this connect to the student?

Even students that have given considerable thought to “what they want to be when they grow up” may not have explored how they will get paid. Understanding the different ways people get paid can influence important career and education decisions.

How does this connect to careers?

Human Resources Director: Explaining pay and job benefits to new employees is often a responsibility of human resources directors.

How does this connect to the world?

More and more businesses are hiring consultants rather than employees with some estimating that 50% of the workforce in America could be in non-permanent positions. This shift has benefits and tradeoffs for both the individual and the company.

Prepare

Background: Background: How people are paid is influenced by the type of work they do and their work arrangement. While most people earn income in the form of a salary, hourly wage, or piecework, many also earn tips, commissions, and allowances, too. Employees also earn money in different ways than independent contractors. Students should be encouraged to explore various methods of pay and also different work arrangements when looking towards their futures.

Engage

- Challenge students to list 5–10 completely different jobs on a sheet of paper.
- Tell students that people can get paid for the jobs they do in very different ways. Describe the methods below. Ask students which, if any of the jobs they listed, might be paid that way. If none are given, provide an example.
 - **Hourly wage:** Money paid for each hour of work performed (e.g., administrative assistant, construction worker, bus driver)
 - **Salary:** An amount of money that an employee is paid per year - usually divided into equal amounts and paid weekly or every two weeks (e.g., teacher, manager)
 - **Tips:** Extra money earned for exceptional service. Often those who earn tips also earn an hourly wage. (e.g., restaurant waitstaff, hairdresser/barber)
 - **Commission:** Money paid to someone for a sale, usually a percentage of the amount sold (e.g., real estate agent, car salesperson)
 - **Piecework:** Work in which you are paid for each thing you make or do (e.g., artist, fruit picker)
 - **Profit:** Business owners are paid from the profit made by the company (e.g., restaurateur, landscaper)
 - **Allowance:** In addition to base pay, many members of the military also receive allowances for expenses such as housing and subsistence/food (e.g., members of the armed forces)

Pathway to Financial Success

In Schools

Teach

1. Share with students that how a person gets paid is not always dependent on the job he or she performs. People with the same basic career could all be paid in very different ways.
2. Inform students that not everyone works as an employee. For example, a growing number of people work as **independent contractors** and may be paid an hourly wage or a flat rate for a job (piecework). They can have one or many clients at a time. There are other differences between employees and independent contractors including how they are taxed and the frequency and reliability of their pay.
3. Tell students that they will review four scenarios in which people have similar education, training, and career goals. What differs is how they are employed and the ways in which they are paid.
4. Distribute one copy of the **Many Forms of Pay Student Handout** to each student. Invite students to form groups of 3-4 to discuss the four scenarios described on the handout. Students should consider the benefits and tradeoffs of each person's career choice. Challenge students to form individual opinions about which scenario they would prefer. Students should explain their decision to their group members. Allow groups to share out with the entire class about their conversation and the individual decisions made by group members.
5. Invite students to consider their own career aspirations and research at least two different ways that they could be paid and the benefits and tradeoffs of each.
6. Encourage students to consider a variety of options when planning for their future jobs and remind them to think about how they will be paid when weighing their career choices.

Extend

- **Guest Speaker:** Arrange a panel discussion with individuals who are paid in a variety of ways and have different work arrangements. Ask them to address the benefits and tradeoffs of each. If your school already has a career day, consider weaving how people are paid into the presentations.
- **Family:** Challenge students to interview family members who are paid in some of the ways discussed. What do and don't they like about how they are paid?
- **Research:** Invite students to research the pay of individuals in jobs that interest them. Using online tools such as [Glassdoor](#) or [PayScale](#).

Standards Correlation

[National Standards for Financial Literacy](#) from the [Council for Economic Education](#)

1. Workers are paid for their labor in different ways such as wages, salaries, or commissions.
1. People who own a business can earn a profit, which is a source of income.

Many Forms of Pay

Directions: Each of the individuals below is a computer programmer, yet they earn money in very different ways. Discuss each scenario and the benefits and tradeoffs associated with each person's career choice. Decide which scenario you prefer and explain your choice to your group.

Frances

Frances is 43-years old and has worked for the same company for over 20 years as a computer programmer. She oversees a team of 15 people and is responsible for training new hires. She earns an annual salary which is divided into equal amounts and paid every two weeks. Frances loves her job and the people with whom she works. She has some flexibility to work from home once a week but she usually drives to the office anyway to see her team members. A recent health issue caused her to also value the stability provided by her employment—good health insurance, a solid retirement program, and paid sick leave.

Steve

Steve is 31 and loves to travel. Ever since he graduated from college, he's worked as an independent consultant providing computer programming services for small businesses. This arrangement allows him to work anywhere he can find a reliable Internet connection. He markets his services through a website but gets most of his work through word of mouth and client referrals. Sometimes he has more work than he can handle and has to turn clients away while other times he wonders if he will get more work. For some clients, Steve is paid for each hour he works. For others, he earns a flat rate when the project is complete. He occasionally struggles with clients who take a long time to pay him and once had to take a client to court because they didn't pay an invoice. Steve watches his finances closely and sometimes worries if he will have enough saved for retirement. The increasing cost of healthcare is also a source of concern as he must pay for his own health insurance.

Bella

Bella is 24 and a Lieutenant Commander in the U.S. Navy. She attended college on a Navy R.O.T.C. scholarship and became a commissioned officer upon graduation. She recently completed a master's degree which was also paid for by the Navy. She enjoys her work and feels she is doing a service to her country by helping to prevent cyber attacks on naval vessels. In addition to her base salary, she receives a housing allowance as well as an allowance for subsistence which helps with the cost of meals. She is usually paid on the 1st and 15th of every month. Whenever she is deployed on a ship, she receives additional pay. Some of her civilian friends get jealous when she talks about retiring in her early forties. She still plans to work, though, as a consultant.

Darvin

Darvin is 27 and is the co-founder of his second business. He started his first business while in college and sold it to another company after three years. Like many people starting a business, he's not getting paid. Instead, he's living off the profit he made from his first company. Without that money, he'd probably be living at his parents. He's hoping to eventually sell this business, but there is always risk involved in being an entrepreneur. Will he make enough money to support himself in the future or will the business be a bust? Only time will tell.