

Numbers and Operations: Payroll Clerk

Micron Technology, Inc.

Job Description: Performs standard accounting clerical duties in the areas of accounts payable, accounts receivable, cost accounting, payroll or credit and collections.

Problem:

If my biweekly gross is \$900, and I get a \$5,000 per year raise, how much will my biweekly take-home paycheck increase?

Taxes, social security, insurance and retirement contributions take approximately 27% of my gross; but with my raise, the deductions will increase to 32% of my gross.

What is the difference between my old hourly wage and my new hourly wage?

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Solution:

1. $\$900 \times 26 \text{ paychecks} = \$23,400$ (annual salary w/o overtime)

$$\$23,400 + \$5,000 = \$28,400 \text{ (annual salary with raise)}$$

$$\$28,400 \div 26 \text{ paychecks} = \$1,092.30 \text{ (biweekly gross with raise)}$$

$$32\% \text{ of } \$1,092.30 = \$1,092.30 \times .32 = \$349.54$$

$$\$1,092.30 - \$349.54 = \$742.76 \text{ (biweekly take home with raise)}$$

$$27\% \text{ of } \$900 = \$900 \times .27 = \$243$$

$$\$900 - \$243 = \$657 \text{ (biweekly take home before raise)}$$

$$\$742.76 - \$657.00 = \$85.76 \text{ (increase in biweekly take home)}$$

2. $\$900 \div 80 \text{ hours biweekly} = \11.25 per hour (before raise)

$$\$1,092.30 \div 80 \text{ hours biweekly} = \$13.65 \text{ per hour (after raise)}$$

$$\$13.65 - \$11.25 = \$2.40 \text{ per hour raise (difference)}$$