**Unit 6 - SAS 1 – Monthly Take Home**

1. Kafi is considering three job offers in educational publishing.

* **Job 1 -** One is a full-time position as an editor that pays a salary of $37,500 per year.
* **Job 2 -** Another is a full-time position as an e-Learning designer that pays an hourly wage of $26.50. The job assumes five 8-hour days per week.
* **Job 3 -** The final offer is for a sales representative that pays a 5% commission. ***Sales representatives typically sell an average of $100,000 per month in textbooks.***

1. Record the income information for the editor, designer, and sales representative in Row 1 of Job Summary Table.
2. Estimate the **gross *annual* income** for each job offer. Record your estimate in Row 3 of Job Summary Table 1. Use Row 2 for any calculations that are needed to determine the income.
3. Estimate the **gross *monthly* income** for each job offer. For the purposes of his comparison, Kafi assumes that each job pays monthly. Record your estimate in Row 5 of Job Summary Table 1. Use Row 4 for any calculations that are needed to determine the income.
4. **Based on the gross monthly income, which job do you recommend Kafi take? Why?**
5. Determine the after-tax income for each job offer. Use the following information:
   * The U.S. government deducts Social Security (6.2%) and Medicare (1.45%).
   * Kafi will deduct 15% of gross income to cover federal income tax.
   * Kafi does not live in a state with state income tax.
6. What is the **total percentage** **taken out** for taxes?
7. This means that the total percentage he **keeps** is… \_\_\_\_\_\_\_\_\_\_\_\_ %
8. Hint: What is the process you would use to find the amount of money he keeps?

Record your estimate in Row 7 of Job Summary Table 1. Use Row 6 for any calculations that are needed to determine the income.

1. **Kafi determines that he needs at least $3,000 per month in after-tax income to cover his monthly expenses. Based on this budget estimate, are there any jobs that Kafi should not take? Justify your answer.**
2. Another consideration in comparing jobs is the benefits each provides, such as health insurance, retirement plan, vacation time, and sick leave.

* *The editor position includes two weeks of paid vacation and five paid sick days per year, paid health insurance, life insurance costing $35 per month, and a fully paid retirement plan.*
* *The designer position includes five paid vacation days and three paid sick days per year, paid health insurance, life insurance costing $35 per month, and a retirement plan that costs 3% of after-tax income.*
* *The sales position has no paid vacation or sick days, paid health insurance, paid life insurance, and a retirement plan costing $400 per month.*

1. Estimate the ***monthly cost***that will be deducted from Kafi’s pay for benefits. Use the following information:

* Kafi plans on taking two weeks (10 days) for vacation per year.
* In the past, Kafi averaged three sick days per year.
* Kafi plans to purchase life insurance and save for his retirement.

Record your estimate in Job Summary Table 1 in Rows 8 through 12.

***Remember if you have to take money out of your paycheck for vacation or sick leave, you only take that money out once NOT every month ☺ Hint: think of how many days Kafi works each month.***

1. Use your answers to question #8 to help you estimate the **monthly take-home income** in Row 13 of Job Summary Table 1.
2. **Based on the completed Job Summary Table 1, which job do you recommend that Kafi take? Explain your recommendation based on the net income.**
3. **Are there any factors that could affect the accuracy of the estimated net incomes? If *yes*, does this change your recommendation? Explain your reasoning.**
4. **Are there any other factors that Kafi should consider when deciding which job to take? If *yes*, does this change your recommendation? Explain your reasoning.**