

Name _____

Evaluating Raises and Promotions

Many jobs advertise a starting pay but promise periodic raises based on performance. Sometimes a job with a lower starting pay eventually can provide a higher pay.

1. Stacey has been offered 2 similar jobs with different pay structures.
Job 1: Offers \$600 per week plus \$30 increases every 6 months for the next 3 years
Job 2: Offers \$615 per week plus \$20 increases every 6 months for the next 3 years

Complete the table.

	Job 1 Weekly Pay	Job 1 Total income made this 6 months (26 weeks)	Job 2 Weekly Pay	Job 2 Total income made this 6 months (26 weeks)
1 st 6 months	\$600	600×26 $= \$15,600$	\$615	615×26 $= \$15,990$
2 nd 6 months	\$630		\$635	
3 rd 6 months				
4 th 6 months				
5 th 6 months				
6 th 6 months				
Total Income				

Which job should Stacey take if:

- a. Starting pay was the only factor?
- b. Pay after 3 years was the only factor?
- c. Total income over the first 3 years was the only factor?

Which job would you take? Why?

If Stacey was offered a third job at \$640 per week but no promised raises, should she take it over Job 1 and Job 2? Justify your answer.

2. You have been working a 40-hour work week in a job that pays \$16 per hour. You average 5 hours per week overtime at time and a half. You are offered a promotion to a 40-hour work week that pays \$40,000 annual salary with no overtime provision.

Present Job: Yearly pay, no overtime: _____

Yearly overtime pay: _____

Yearly total pay: _____

Would you accept the promotion? Why or why not?

3. Your current annual salary is \$65,000 and receive a 2% increase each year. You are offered a job with a starting salary of \$62,000 and a guaranteed 3% increase every 6 months for the first 2 years (3 increases total). After that, you will receive a 2% increase annually.

Complete the table for the new job offer.

	Annual Salary	Salary for 6 months (Annual Salary ÷ 2)
Starting Salary	\$62,000	
After 6 months	$62,000 \times 0.03 = 1,860$ $62,000 + 1,860 = \$63,860$	
After 1 year		
After 1 year 6 months		
Total pay during the first 2 years (Add the salary for 6 months column)		

Complete the table for your current job.

	Annual Salary
Current Salary	\$65,000
Salary after 1 year (calculate the 2% increase, similar to the 3% increase shown above)	
Total pay for the 2 years	

- Which job will have a higher total pay during the first 2 years?
- After 2 years, will your salary be higher at your current job or the new job offer?