Determining Compensation Amount for Flat Salary

If an employee is promised a flat amount to be paid over a period of time not equal to full pay periods, a ratio must be used. The result may be a few pennies off due to rounding issues.

1) determine ratio of days worked to workable days for each of the months worked – out to five decimal places
2) add that total together
3) divide monthly figure by the ratio and that is your monthly compensation rate
4) check your figures

Ex: Monthly Ee promised a total of $3750 for 5 months and their effective dates are Jan 18th-May 18th (*dates used were from 2005*)

1) Jan = 10 days worked/21 workable days = .47619
   Feb/Mar/April = 3
   May = 13 days worked/22 workable days = .59090
2) Total ratio = 4.06709
3) 3750/4.06709 = 922.04 monthly compensation rate

4) Check:
   Jan = (10/21)*922.04
   Feb + Mar + April = (922.04+922.04+922.04)
   May = (13/22)*922.04
   Total paid = (439.06)+(2766.12)+(544.83)=3750.01