BUILDING BLOCKS TEACHER GUIDE

Exploring types of pay

Students play a game to learn about wages, salaries, tips, and commissions.

Learning goals

Big idea

Workers are paid in different ways such as wages, salaries, tips, or commissions.

Essential questions

- What are some types of pay that workers earn?
- What type of pay would I prefer to earn as an adult?

Objectives

- Learn about the types of income workers are paid
- Understand how wages, salaries, tips, and commissions are different

What students will do

- Learn about the types of income people earn.
- Listen to pay descriptions and work together to decide if the income is in the form of wages, a salary, tips, or a commission.

NOTE

Please remember to consider your students' accommodations and special needs to ensure that all students are able to participate in a meaningful way.

KEY INFORMATION

Building block:

- Financial habits and norms
- Financial knowledge and decision-making skills

Grade level: Elementary school (4–5)

Age range: 9–11

Topic: Earn (Getting paid)

School subject: English or language arts, Social studies or history

Teaching strategy: Direct instruction, Gamification

Bloom's Taxonomy level: Understand, Apply, Analyze

Activity duration: 45–60 minutes

National Standards for Personal Financial Education, 2021

Earning Income: 4-1, 4-2, 4-3, 8-2

These standards are cumulative, and topics are not repeated in each grade level. This activity may include information students need to understand before exploring this topic in more detail.

Preparing for this activity

- ☐ While it's not necessary, completing the "Graphing ways to make money" activity first may make this one more meaningful.
- ☐ Print a copy of the "Pay descriptions and answer guide" in this guide to read to the students.
- ☐ Write or project on the board the words "Wages," "Salary," "Tip," and "Commission" so students can refer to them.
- ☐ Obtain a 60-second timer large enough for students to see.
    - You can use an online timer and show it on a monitor or project it on the board.

What you'll need

THIS TEACHER GUIDE

- **Exploring types of pay** (guide) cfpb_building_block_activities_exploring-types-pay_guide.pdf
- **Pay descriptions and answer guide** (in this guide)
- **60-second timer**

Exploring key financial concepts

TIP

Because terms and laws related to types of pay change, students should be encouraged to always look for the most up-to-date information.

People can get money in different ways. Most adults earn money from their job. A job is a specific arrangement where you do tasks for an employer. Adults have jobs so that they can earn money to pay for things they need and want. Some types of pay adults earn are wages, salaries, tips, and commissions. Wages are an amount of money that a worker is paid based on the amount of time they work, which is typically by the hour. Salaries are the amount of money a person is paid each year, regardless of the amount of time they work. Many people who provide services, such as taxi drivers and servers at restaurants, earn part of their income through tips. A tip is an extra amount of money that you give to someone (such as a waitress or waiter) who performs a service for you. Adults who sell things in their jobs sometimes earn a commission. A commission is an amount of money someone earns for selling something. People who work in the same place may earn different types of pay. For example, a head librarian may earn a salary, while a librarian who works at the same library a few hours a week may earn wages. Understanding different types of pay can help you manage your money later in life.

Teaching this activity

Whole-class introduction

- Direct students to review the words "Wages," "Salary," "Tip," and "Commission" on the board.
- Ask students what they think each word means.
- Introduce students to four types of pay that different workers earn.
  - You may consider reading the "Exploring key financial concepts" section to the class to introduce the topic.
- Be sure students understand key vocabulary:
  - **Earn:** To receive money in exchange for goods or services.
  - **Commission:** An amount of money someone earns for selling something.
  - **Income:** Includes money earned from working, such as wages, salaries, tips, and commissions.
  - **Job:** A specific arrangement where you do tasks for an employer.
  - **Salary:** The amount of money a worker is paid each year.
  - **Tip:** An extra amount of money you give to someone (such as a waitress or waiter) who performs a service for you.
  - **Wages:** An amount of money a worker is paid based on the amount of time they work.

TIP

Visit CFPB's financial education glossary at consumerfinance.gov/financial-education-glossary/.

Group work

- Tell students they'll play a game to learn about types of pay workers earn.
- Divide students into teams.
- Tell students that you'll read a description of a worker being paid.
- Teams will take turns deciding what type of pay the worker in the description received, using the pay types on the board.
  - Explain that each pay type may be used more than once.
- Each team will have 60 seconds to give an answer.
  - Show students the timer.
- If a team answers correctly within 60 seconds, they score a point.

- If they don't answer correctly within 60 seconds, give the next team 30 seconds to answer and score a point.
- If that team doesn't answer correctly within 30 seconds, share the answer with the class.
- Read the next description to the next team and repeat the process until you've read all the descriptions.
- The team with the most points wins.
    - You may consider using one description as a tie-breaker if needed.

Wrap-up

- Bring the groups back together.
- Have students complete an exit ticket (a short, ungraded quiz). Give students five minutes at the end of class to complete the following prompts:
    - What type of pay do you think you'd like to earn when you're an adult?
    - Why did you choose that type of pay?

Suggested next steps

Consider searching for other CFPB activities that address the topic of earning, including getting paid or making money. Suggested activities include "Charting types of pay" and "Playing a business game."

Measuring student learning

Students' answers during the game and on their exit tickets can give you a sense of their understanding.

The "Pay descriptions and answer guide" includes possible answers to the game. **Keep in mind that students' answers may vary.** The important thing is for students to have reasonable justification for their answers.

Pay descriptions and answer guide

Print a copy of these descriptions and answers to use during the game.

Game instructions

- Write or project on the board the words "Wages," "Salary," "Tip," and "Commission."
- Divide students into teams.
- Read the descriptions and have the teams take turns identifying the correct pay type within 60 seconds.
- Tell the teams that each pay type may be used more than once.
- If a team answers correctly within 60 seconds, they score a point.
- If they don't answer correctly within 60 seconds, give the next team 30 seconds to answer and score a point.
- If that team doesn't answer correctly within 30 seconds, share the answer with the class.
- Repeat the process until you've read all the descriptions.
- The team with the most points wins.
    - You may consider using one description as a tie-breaker if needed.

Pay description	Answer
1. Martha works as a server in a restaurant. When people pay their bill, they add a percentage of the amount to give to Martha. What type of pay is this?	**Tip**
2. Dan drives a bus and gets paid by the hour. What type of pay is this?	**Wages**
3. Sonia teaches a kindergarten class. She's paid the same amount every week no matter how many hours she works. What type of pay is this?	**Salary**
4. Kim works in a furniture store. If he sells more furniture, he gets more pay. What type of pay is this?	**Commission**
5. Asim is a tour guide. He can figure out his pay based on the number of hours he works. What type of pay is this?	**Wages**
6. Sabrea is a pet groomer. When pet owners think she did a really good job, they pay her extra. What type of pay is this?	**Tip**
7. Peyton is a lawyer. She earns the same amount no matter how many cases she works on. What type of pay is this?	**Salary**

Pay description	Answer
8. Sanjay sells comic books. He earns a small amount on each one he sells. What type of pay is this?	**Commission**
9. Taylor is a professional ball player who earns $3 million a year. What type of pay is this?	**Salary**
10. Jai is a real estate agent. When she sells a house, she earns part of the sale price as her pay. What type of pay is this?	**Commission**
11. Sam cleans houses. The more hours he works, the more he gets paid. What type of pay is this?	**Wages**
12. Alex delivers food for a restaurant. She's paid by the hour. When customers pay for their food, they often give her a little extra money, especially when she brings their food in bad weather. What types of pay are these?	**Wages and tip**