**Calculating Salaries of Workers**

Calculating salaries for employees is something that seems like it should be very simple! However correct calculation is imperative, especially when agreeing contracts with new employees. To help you out we have set up all the formulas you could need to get your figures correct!

**1. You know what hourly rate you want to pay and need to calculate the annual salary.**

For this we have assumed your employee is joining on a full-time basis (40 hours per week) and this calculates as 2080 hours a year. If your employee does not work 40 hours per week calculate their time spent working per week and multiply it by 52 (number of weeks in a year).

Hourly Rate X 2080 (number of hours worked per week) = Annual Salary

e.g., £8.50 X 2080 = £17,680

**2. It can be more confusing if your employee does not work the same amount of hours per week.**

To calculate the yearly salary estimation for this type of flexible work you should take an average of monthly working hours, which you should work out from the weekly breakdown. Divide this by 4 to calculate the average weekly time. Then multiply this by 52 weeks in the year. Finally multiply this figure by your hourly pay rate. This calculation is particularly useful when advertising job opportunities.

Week 1 hours + Week 2 hours + Week 3 hours + Week 4 hours = Number of hours in average month

Number of hours in average month / 4 = Number of hours in average week

Number of hours in average week X 52 = Average hours worked in a year

Average hours worked in a year X Hourly Rate = Estimated Annual Salary

**3.**  **You know your annual salary but want to calculate how much to pay in each payday.**

All employers pay their employees at different points and intervals throughout the year. To calculate your payments you must first work out how many payments you will make per year. The most common is monthly – therefore your pay frequency is 12 paydays per year.

Annual Salary / 12 (number payment periods you will) = Payment to be paid each payday

e.g., £7,680 / 12 = £1,473 per instalment