Numbers and Operations: Office Manager/Bookkeeper
Computer Arts, Inc.
Job Description: General office operations including telephones, ordering supplies, supervising employees, Accounts Receivable bookkeeping, Accounts Payable, and payroll.

Problem:
Our company has a 401(K) Profit Sharing Plan for employees. Employees may defer up to 15% of their salary to the profit sharing plan. This is a great benefit to employees. Not only is the deferral "pre-tax", the company offers a "match" on the deferral.

The 401(K) amount is deducted from the gross payroll before Federal and State taxes are deducted. The company matches $.50 on the dollar up to 3% of salary. Payment for the deferrals and company match must be sent to the Trust each pay period. The names of six employees, their monthly salary, and their chosen deferral percentage are listed below.

What is the total check amount to the Trust each pay period?

Complete the following table:

Employee	Salary	% Deferral	Amount	Match*	Total
Judy	$1,000	15%			
Tom	1,200	10%			
Joe	2,000	3%			
Sue	900	5%			
Sally	1,500	3%			
John	1,750	7%			

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See problem page for details.

Solution:
Deferral Amount = Salary x % Deferral

Match* =Salary x 3% = Salary x 0.03

Example: Judy invests 15%, which is $1000 x .15 = $150/month. The company matches $.50 on the dollar up to 3%, which is $1000 x 0.03 = $30 x .50 = $15. The company will add $15/month to Judy's investment.

Total = Deferral amount plus match amount. For Judy that is $150 + $15 = $165.

Employee	Payroll	% Deferral	Amount	Match*	Total
Judy	$1,000	15%	$150.00	$15.00	$165.00
Tom	1,200	10%	120.00	18.00	138.00
Joe	2,000	3%	60.00	30.00	90.00
Sue	900	5%	45.00	13.50	58.50
Sally	1,500	3%	45.00	22.50	67.50
John	1,750	7%	122.50	26.25	148.75
Total check to trust:					**$667.75**