ADVICE ON SALARY STRUCTURE.

(The organisation needed advise on calculating pro-rate salary)

I understand the situation of your organization. For you to calculate an 11 month working position for a 12 month period. I advise the following steps.

1.Determine the annual salary of the employee requesting the 11 month position. This means that you will determine the basic pay of the employee for a month and multiply it by 12 months.

For example, if the employee's monthly pay is \$2000, the annual salary will be \$2000 ×12= \$24,000.

2. Determine the pro-rate salary of the employee. Pro- rated salaries are calculated based on the actual time worked(i.e 11 months) versus the full year(12 months).

Pro-rated salary formula is

= Annual salary ×11/12.

i.e 24000×11/12

=22,000

Therefore, 22,000 is the employers base salary for 11 months.

3. Determine the cost of benefits to be paid:This is important since it has been agreed beforehand that the employee will receive benefits for the 12 month. To calculate this, simply add the costs of all the benefits for each month and multiply it by 12, to get the total cost of benefits for the year.

4. Determine the total compensation for the employee for the given year: This is done by adding the Pro-rated salary for the year with the annual benefits.I.e the pro-rated salary of \$22,000 plus annual benefits of \$3000 gives \$25,000 annual total compensation for the employee.

5. Calculate the monthly pay. Since the annual total compensation has been determined. The monthly pay of the employee is calculated by dividing the yearly pro-rated salary into 11, for the 11 months the employee will work. I.e \$22000/11=\$2,000.

Please don't forget to take into consideration policies, labor laws and your budget.