



CAREER CLUSTER

Finance

CAREER PATHWAY

Corporate Finance

INSTRUCTIONAL AREA

Financial Analysis

BUSINESS FINANCE SERIES EVENT

PARTICIPANT INSTRUCTIONS

PROCEDURES

1. The event will be presented to you through your reading of these instructions, including the Performance Indicators and Event Situation. You will have up to 10 minutes to review this information to determine how you will handle the role-play situation and demonstrate the performance indicators of this event. During the preparation period, you may make notes to use during the role-play situation.
2. You will have up to 10 minutes to role-play your situation with a judge (you may have more than one judge).
3. You will be evaluated on how well you meet the performance indicators of this event.
4. Turn in all your notes and event materials when you have completed the role-play.

PERFORMANCE INDICATORS

1. Explain the nature of payroll expenses (e.g., Social Security tax, Medicare tax, FUTA, SUTA, workers' compensation, etc.)
2. Calculate employee earnings
3. Calculate employee deductions
4. Account for payroll transactions (e.g., earnings, taxes, benefits, other deductions)
5. Process payroll payments and remittances (e.g., employees, benefits, taxes)

EVENT SITUATION

You are to assume the role of a BUDGET ANALYST for a large corporation, ROYAL PLASTICS INC. in the Midwest. Your operations manager, Mr./Ms. Ross (judge), is looking to expand the business and hire a new employee. The operations manager feels confident that by hiring another employee it will increase revenue.

Mr./Ms. Ross has asked you to find the expected payroll amounts for the new employee. This includes being able to calculate the weekly, gross pay, take home pay and cost to the business for the employee. You will do this by calculating, Federal Income Tax (given to you), State Income Tax (given), Social Security tax, Medicare tax, Federal Unemployment Tax, and State Unemployment Tax. You are expected to be able to tell the operations manager how much each tax is and how much the new employee will cost the company.

- The new employee is expected to work 40 hours per week at \$15.00 an hour.
- The new employee has a withholding of 1 (Federal \$63, State \$27)
- Social Security tax calculated out is \$37.20 for the employee and \$37.20 for the employer
- Medicare tax calculated out is \$8.70 for the employee and \$8.70 for the employer.

The employer must pay for the following taxes as well:

- FUTA tax \$36.00
- SUTA tax \$19.50

On a separate sheet of paper make all of the calculations necessary to give Mr./Ms. Ross the weekly, gross pay, take home pay and cost the business will incur from the employee. Lastly, the Operation's Manager has a weekly budget of \$800 for this new employee, does the cost to the business fall below that number?

You will present the information to Mr./Ms. Ross in a meeting to take place in their office. The operations manager will begin the meeting by greeting you and asking to hear your ideas about the new employee payroll. After you have presented the information and have answered their questions, they will conclude the meeting by thanking you for your work.

JUDGE'S INSTRUCTIONS

DIRECTIONS, PROCEDURES AND JUDGE'S ROLE

In preparation for this event, you should review the following information with your event manager and other judges:

1. Procedures
2. Performance Indicators
3. Event Situation
4. Judge Role-play Characterization
Participants may conduct a slightly different type of meeting and/or discussion with you each time; however, it is important that the information you provide and the questions you ask be uniform for every participant.
5. Judge's Evaluation Instructions
6. Judge's Evaluation Form
Please use a critical and consistent eye in rating each participant.

JUDGE ROLE-PLAY CHARACTERIZATION

You are to assume the role of MR./MS. ROSS, Operations Manager, at ROYAL PLASTICS INC. in the Midwest. You are looking to add a new employee and need some help determining how much the employee will cost you and the business. You have talked to the Budget Analyst (student participant) to seek guidance on this matter.

You have asked the budget analyst (participant) to analyze the payroll for this employee and let you know if it can fall within the new weekly budget for payroll of the employee (\$800). In addition, you requested the budget analyst explain the weekly, gross pay, take home pay and cost to the business for the employee. You further have requested a breakdown of calculating, Federal Income Tax, State Income Tax, Social Security tax, Medicare tax, Federal Unemployment Tax, and State Unemployment Tax.

The budget analyst (participant) was given this information from you to be able to complete the payroll.

- The new employee is expected to work 40 hours per week at \$15.00 an hour.
- The new employee has a withholding of 1 (Federal \$63, State \$27)
- Social Security tax calculated out is \$37.20 for the employee and \$37.20 for the employer
- Medicare tax calculated out is \$8.70 for the employee and \$8.70 for the employer

The employer must pay for the following taxes as well:

- FUTA tax \$36.00
- SUTA tax \$19.50

The meeting will take place in your office. You will begin the meeting by greeting the budget analyst and asking to their ideas about the new employee payroll.

During the course of the meeting you are to ask the following questions of each participant:

1. We have not taken into account the amount of revenue this employee will bring in, is this something that important to consider when adding an employee?
 - a. *Possible Solutions- This is an important part of hiring an employee. Having just the expense portion for the employee does not tell the whole story. The participant should talk about the extra revenue the employee can make, by decreasing time of production and adding sales for the company.*
2. Do we have to worry about insurance, retirement, or other benefits for this employee?
 - a. *Possible Solutions: With the Affordable healthcare act we do have to offer healthcare to full time employees. Other items like retirement, dental, and other benefits are optional, but may motivate candidates to apply for the job.*

Once the budget analyst (participant) has presented the information and has answered your questions, you will conclude the meeting by thanking the budget analyst (participant) for their research and assistance.

You are not to make any comments after the event is over expect to thank the participant.

SOLUTION

Gross Weekly Pay = Hours per week x Hourly pay

$$\$600 = 40 \times \$15.00$$

Tax Deductions

Federal Income tax = \$63.00 (Amount provided to students)

State Income tax = \$27.00 (Amount provided to students)

Social Security Tax = \$37.20 (Amount provided to students)

Medicare Tax = \$8.70 (Amount provided to students)

Take Home Pay = Gross Weekly Pay – Tax Deductions – Social Security - Medicare

$$\$464.10 = \$600 - \$63.00 - \$27 - \$37.20 - \$8.70$$

Amount that the employer must budget

Social Security Tax employer = \$37.20 (Amount provided to students)

Medicare Tax = \$8.70 (Amount provided to students)

Federal Unemployment Tax = \$36.00 (Amount provided to students)

State Unemployment Tax = \$19.50 (Amount provided to students)

Cost to the employer = Gross Weekly Pay + Social Security + Medicare + Fed Unemployment
+ State Unemployment

$$\$701.40 = \$600 + \$37.20 + \$8.70 + \$36.00 + \$19.50$$

With an \$800 budget, Yes you can afford the employee

JUDGE'S EVALUATION INSTRUCTIONS

Evaluation Form Information

The participants are to be evaluated on their ability to perform the specific performance indicators stated on the cover sheet of this event and restated on the Judge's Evaluation Form. Although you may see other performance indicators being demonstrated by the participants, those listed in the Performance Indicators section are the critical ones you are measuring for this particular event.

Performance Indicator Information

1. **Explain the need to invest:** If you save now you can spend later. If you have money, you do not have to worry about it and investing money allows for a person to gain money on their savings, with little or no work.
2. **Explain the types of investments:**
 - Bank Products- Certificates of Deposit, Money Management accounts, Savings accounts with little interest rates.
 - Bonds- A loan an investor makes to an organization in exchange for interest payments over a specific term plus repayment of principal at the bond's maturity date.
 - Stocks- You can buy a share of a company's stock, you own a piece of that company. Stocks come in a wide variety, and they often are described based on the company's size, type performance during market cycles and potential for short-term and long-term growth.
Investment
 - Funds- such as mutual funds, pool money from many investors and invest it according to a specific investment strategy.
 - Retirement- For saving tax-advantaged retirement options such as 401 (k) or an IRA can be smart choices.

3. **Calculate stock-related values (e.g. the value of a constant growth stock, the expected value of future dividends, the expected rate of return, etc.):** The only important one for this roleplay is expected rate of return which is calculated by multiplying potential outcomes by the chances of them occurring, and summing these results.
4. **Manage investment portfolio:** An investment portfolio is a collection of assets owned by an individual or by an institution. Most investment portfolios, particularly portfolios that are assembled to pay for a retirement, are made up mainly of securities, such as stocks, bonds, mutual funds, money market funds and exchange traded funds.
5. **Discuss the financial planning process:** In the case of this roleplay, participants should look at the client's life stage and work with the client on when they would like to retire, the client's, short term, mid-term, and long term financial goals. Also, the participant should consider any life changing events that could happen in the client's life.



BUSINESS FINANCE SERIES, 2018

Participant: _____

JUDGE'S EVALUATION FORM
DISTRICT EVENT

I.D. Number: _____

INSTRUCTIONAL AREA
Financial Analysis

Did the participant:

		Below Expectations	Meets Expectations	Exceeds Expectations	Judged Score
PERFORMANCE INDICATORS					
1.	Explain the nature of payroll expenses (e.g., Social Security tax, Medicare tax, FUTA, SUTA, workers' compensation, etc.)	10-11	12-13	14	
2.	Calculate employee earnings	10-11	12-13	14	
3.	Calculate employee deductions	10-11	12-13	14	
4.	Account for payroll transactions (e.g., earnings, taxes, benefits, other deductions)	10-11	12-13	14	
5.	Process payroll payments and remittances (e.g., employees, benefits, taxes)	10-11	12-13	14	
21st CENTURY SKILLS					
6.	Reason effectively and use systems thinking?	4	5	6	
7.	Make judgments and decisions, and solve problems?	4	5	6	
8.	Communicate clearly?	4	5	6	
9.	Show evidence of creativity?	4	5	6	
10.	Overall impression and responses to the judge's questions	4	5	6	
TOTAL SCORE					

Exceeds Expectations

Participant demonstrated the performance indicator in an extremely professional manner; greatly exceeds business standards; would rank in the top 10% of business personnel performing this performance indicator

Meets Expectations

Participant demonstrated the performance indicator in an acceptable and effective manner; meets at least minimal business standards; there would be no need for additional formalized training at this time; would rank in the 70-89th percentile of business personnel performing this performance indicator

Below Expectations

Participant demonstrated the performance indicator with limited effectiveness; performance generally fell below minimal business standards; additional training would be required to improve knowledge, attitude and/or skills; would rank in the 50-69th percentile of business personnel performing this performance indicator