



AMPLE CALCULATIONS FOR FRINGE BENEFIT CREDITS

- First:** Calculate the employer's total cost for fringe benefits provided on an annual basis.
- Second:** Use the annualizing formula: Divide the total cost of fringe benefits provided by 2080 hours (40h/w X 52w) to obtain your hourly fringe benefit credit (or total hours worked for seasonal operations).
- Third:** Subtract your hourly fringe benefit credit from the "Benefit" rate on the prevailing wage rate schedule.
- Fourth:** Any difference remaining is paid weekly as TAXABLE wages in the employee's pay check.
- Fifth:** Upon termination, the employer must recalculate the correct Benefit Credit based on all actual hours worked (prevailing & private) and actual benefits paid.

Example 1. EMPLOYER PAYS 100% MEDICAL INSURANCE PREMIUM:

Monthly premium for employee: \$380.00
 Annual cost: (\$380 x 12 months) = \$4,560.00
 Fringe Benefit Credit: (Divide by 2080): \$2.19/hour

Carpenter prevailing wage rate:	\$19.60 base + \$7.20 fringe
Fringe Benefit Credit:	<u>-2.19</u>
Add to base wages due:	\$5.01
Adjusted prevailing wage rate due:	\$19.60 + \$5.01 = \$24.61/hour.
Employee's regular hourly rate:	\$18.00/hour.

Weekly payroll:

Regular Rate:	16 hours x \$18.00 = \$288.00
Prevailing Rate:	24 hours x \$24.61 = <u>\$590.64</u>
Total Wages Due:	\$878.64

Example 2. EMPLOYER PAYS 50% MEDICAL INSURANCE PREMIUM:

Monthly premium for employee: \$380.00
 Employer's Cost = \$190.00
 Annual cost: (\$190 x 12 Months) = \$2,280.00
 Fringe Benefit Credit: (Divide by 2080): \$1.09/hour

Carpenter prevailing wage rate:	\$19.60 base plus \$7.20 fringe
Fringe Benefit Credit:	<u>- 1.09</u>
Add to base wages due:	\$6.11
Adjusted prevailing wage rate due:	\$19.60 + \$6.11 = \$25.71/hour.

Weekly payroll:

Regular Rate:	16 hours x \$18.00 = \$288.00
Prevailing Rate:	24 hours x \$25.71 = <u>\$617.04</u>
Total Wages Due:	\$905.04