

# Welcome



*to the  
Unemployment Benefits Services  
Tutorial*



## How to Calculate and Report Earnings

# Tutorial Content

In this tutorial you will learn about calculating earnings, and reporting work, earnings, and other income when you submit a payment request.

If you have **no** earnings or other income to report, go to the [How to Request Benefit Payments](#) tutorial.



You can go through this tutorial page by page, or you can skip to any of these main sections by selecting the appropriate links:

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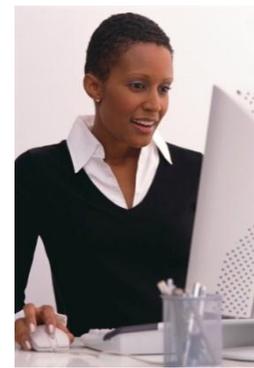
## Truth in Filing

All the information you give must be true and complete. You may be committing fraud if you do not accurately report gross earnings when you request payment. Unemployment benefits fraud is punishable by law, both felony and misdemeanor. Violators could face serious penalties and consequences.

# TWC Definition of Work

We define work as any type of service for pay, including but not limited to:

- full-time or part-time work;
- paid orientation and training;
- temporary and seasonal work;
- commissions and tips;
- self-employment, including but not limited to:
  - ❖ helping a friend with his or her business
  - ❖ styling hair
  - ❖ taking photos for special occasions
  - ❖ catering parties
- contract labor and side jobs, including but not limited to:
  - ❖ day labor
  - ❖ mowing lawns
  - ❖ yard work
  - ❖ cleaning houses
- Remuneration from bartering; and
- U.S. military service, National Guard, or reservist duties.



## Common Mistake

One of the most common mistakes is believing that you do not need to report earnings from part-time work. **This is not true.** You **must** report earnings from **ALL** work, **no exception.** It does not matter whether you got the job before or after you started your claim.

# Work and Benefits

## Can I work and receive benefits? **Yes!**

You may **earn up to 25%** of your weekly benefit amount (WBA) before your benefits are reduced. So when you file and report your earnings, you may receive **up to 125%** of your WBA.

### Example

- Juan's weekly benefit amount (WBA) is \$396.
- Juan got a job selling cars. He earns minimum wage (\$7.25) plus a \$50 commission on every car he sells.
- Last week, Juan worked 25 hours and sold one car.
- Juan earned \$181 for the hours worked (minimum wage  $\$7.25 \times 25$  hours) plus a commission of \$50 for the one car he sold. That is a total of \$231.
- When Juan requests benefit payment, he reports that he worked 25 hours and earned \$231 ( $\$181 + \$50$ ).
- TWC calculates 125% of his WBA ( $\$396 \times 1.25 = \$495$ ).
- Because Juan meets all other eligibility requirements, TWC pays him \$264, the difference between 125% of his WBA and his earnings (i.e.,  $\$495 - \$231$ ).
- In addition, Juan receives \$231 from his job. In total, Juan receives \$495 for that week, which is more than his WBA alone, \$396.

### Working Full Time?

**Stop your claim. You are no longer eligible for unemployment benefits.**

To stop your claim, simply stop requesting payment.

- You may still request payment for weeks before you start your job, but be sure to report your work and earnings if you start work during your payment request period.
- Report the date you expect to return to work by going to [WorkInTexas.com](http://WorkInTexas.com), selecting the **Tell Us You're Hired** link, and completing the message form.

# Reporting Work

You must report your hours worked and earnings if you continue to request payment while working.

When requesting a payment, you must answer these questions:

- “Did you work in Claim Week 1?”; and
- “Did you work in Claim Week 2?”

If you worked in *either or both* weeks, answer “Yes.”

- **You must report** the total hours you worked each week. If you worked multiple jobs, add the number of hours worked at each job and report the total.
- **Self-employed?** You must report the hours worked each week, even if you did not make a profit.

Work and Earnings
Claim Week 1 (Sep 16, 2012 - Sep 22, 2012)
Did you work in Claim Week 1? * <input type="radio"/> Yes <input type="radio"/> No
Did you earn <u>vacation</u> or <u>holiday</u> pay while on temporary layoff or on vacation from a current job during Claim Week 1? * <input type="radio"/> Yes <input type="radio"/> No
Claim Week 2 (Sep 23, 2012 - Sep 29, 2012)
Did you work in Claim Week 2? * <input type="radio"/> Yes <input type="radio"/> No
Did you earn <u>vacation</u> or <u>holiday</u> pay while on temporary layoff or on vacation from a current job during Claim Week 2? * <input type="radio"/> Yes <input type="radio"/> No

If you worked and answer “No” to the question “Did you work in Claim Week . . .?” **you may be prosecuted for fraud.** According to Texas law, fraud is knowingly making a false statement to obtain benefits.

When you get a job, go to [www.WorkInTexas.com](http://www.WorkInTexas.com) and report your hire date.

# Reporting Earnings

If you are requesting payment **and working**:

- **You must report** total gross earnings for the week you performed the work, **not** after the employer(s) pay you.

If you work multiple jobs, add your gross earnings from each job and report the total.

- **You must report** total gross earnings **before** deductions, not take-home pay; and
- **You must report** gross earnings in **whole dollars**. For example, if you earn \$100.75, report \$100 (always round down).

**THERE ARE NO EXCEPTIONS.**  
Unreported and underreported earnings cause overpayments that you must repay.

## Self-employed?

If so, you must report:

- **earnings** from any odd jobs or side jobs that you work while unemployed;
- **net profits** (money remaining after paying all expenses); and
- **zero dollars** (\$0) earned if you worked but have **no profits** to report.

**Contact TWC if you are not sure whether your work is considered self-employment.**

Earnings and Hours Worked	
Earnings include wages or salary before deductions, tips, commissions or any kind of pay you receive for work. Earnings also include vacation or holiday pay if you are on temporary layoff or on vacation from a current job.	
Claim Week 1 (Sep 16, 2012 - Sep 22, 2012)	
Earnings Before Deductions:	* \$ <input type="text"/> (Whole dollars only)
Number of Hours Worked:	* <input type="text"/> (Whole hours only)
Were you self-employed or working only for commission during Claim Week 1?	
* <input type="radio"/> Yes <input type="radio"/> No	

**To calculate earnings, go to the next page.**

# Calculating Earnings

A close-up photograph of a person's hands and torso. The person is wearing a light pink long-sleeved shirt and a red necktie. They are holding a silver pen in their right hand and using a silver calculator on a white desk. A white envelope is also on the desk. The background is a bright, out-of-focus window.

**In this section, you will learn to:**

- Calculate earnings from wages only;
- Calculate earnings from wages + sales commission;
- Calculate earnings from wages + tips;
- Estimate earnings from outside sales at 100% commission; and
- Calculate earnings from self-employment.

# Calculating Earnings from Wages Only

Susan applied for unemployment after being laid off from her full-time job. She also has a part-time job where she continues to work. Her part-time job pays \$8.00 an hour. Her hours vary.

Today, Susan is requesting payment. **Susan is paid from her part-time job every two weeks, so she does not get a paycheck for another week. However, because she worked, she must report hours *and* earnings.**

When requesting payment, Susan must report:

- Her hours worked each week. (She keeps track of her hours on a calendar. )
- The amount of earnings she **will** be paid. Because she has not been paid, she calculates her earnings by multiplying her hourly rate by her hours worked.

Susan Requests Payment for Claim Week 1	
<b>Two weeks ago</b> , Susan attended 3 hours of training and worked 7 hours at her part-time job. Total hours = 10 hours. Susan must report her work. It doesn't matter that she had the job before she applied for benefits.	
Susan Answers Required Information	
Did you work in Claim Week 1?	Yes
Number of hours worked: (3 hours of training + 7 hours of work)	10
Total earnings for the week: (\$8/hour X 10 hours)	\$80

Susan Requests Payment for Claim Week 2	
Last week, Susan worked 21 hours at her part-time job.	
Susan Answers Required Information	
Did you work in Claim Week 2?	Yes
Number of hours worked: (21 hours at job)	21
Earnings before deductions:	\$168
Susan Calculates Earnings	
Wages from job = \$168 (\$8/hr X 21 hours) = \$168	

# Calculating Earnings from Wages + Sales Commission

Kevin just got a sales job and earns \$7.25/hour plus 3% commission on every product he sells. Today, he is requesting payment. **Because he worked, he *must* report hours *and* earnings.**

**To calculate his earnings, Kevin:**

- multiplies the number of hours worked by his hourly rate; then
- adds any commission earned.

Kevin Requests Payment for Claim Week 1	
<b>Two weeks ago, Kevin:</b> <ul style="list-style-type: none"><li>▪ began working;</li><li>▪ attended a 3-hour orientation and a 6-hour training session;</li><li>▪ worked 7 hours; and</li><li>▪ made no sales.</li></ul>	
Kevin Answers Required Information	
Did you work in Claim Week 1?	Yes
Number of hours worked:	16
(3 hours orientation + 6 hours training + 7 hours work)	
Earnings before deductions:	\$116
(\$7.25/hr X 16 hours)	

Kevin Requests Payment for Claim Week 2	
<b>Last week, Kevin:</b> <ul style="list-style-type: none"><li>▪ worked 15 hours; and</li><li>▪ made 3 sales: \$1,000, \$500, and \$1,500.</li></ul>	
Kevin Answers Required Information	
Did you work in Claim Week 2?	Yes
Number of hours worked:	15
Earnings before deductions:	\$198
Kevin Calculates Earnings	
Wages + commission = \$198	
$\$198.75 = (\$7.25/\text{hr} \times 15 \text{ hours}) + (\$1,000 \times .03) + (\$500 \times .03) + (\$1,500 \times .03)$	

# Calculating Earnings from Wages + Tips

Jasmine works as a waitress. She earns \$2.13/hour plus tips. Today, she is requesting payment. Because she worked, she must report hours and earnings.

**To calculate her earnings, Jasmine:**

- multiplies the number of hours she worked by her hourly rate; then
- adds any tips earned.

Jasmine Requests Payment for Claim Week 1	
<b>Two weeks ago, Jasmine:</b> <ul style="list-style-type: none"><li>▪ worked 7 hours, and</li><li>▪ made \$36 in tips.</li></ul>	
Jasmine Answers Required Information	
Did you work in Claim Week 1?	Yes
Number of hours worked:	7
Earnings before deductions:	\$50
Jasmine Calculates Earnings	
Wages + tips = \$50 $\$50.91 = (\$2.13/\text{hour} \times 7 \text{ hours}) + \$36$	

Jasmine Requests Payment for Claim Week 2	
<b>Last week, Jasmine:</b> <ul style="list-style-type: none"><li>▪ worked 14 hours, and</li><li>▪ made \$115 in tips.</li></ul>	
Jasmine Answers Required Information	
Did you work in Claim Week 2?	Yes
Number of hours worked:	14
Earnings before deductions:	\$144
Jasmine Calculates Earnings	
Wages + tips = \$144 $\$144.82 = (\$2.13/\text{hour} \times 14 \text{ hours}) + \$115$	

# Estimating Earnings from Outside Sales at 100% Commission

John works outside sales as an independent sales representative and earns **only** commission. When John makes a sale, he earns 20% of the gross margin (sales price minus direct expenses).

Today, he is requesting payment and reporting hours and earnings. However, John **has not received** a paycheck so he is **estimating his commission**.

John Requests Payment for Claim Week 1	
Two weeks ago, John: <ul style="list-style-type: none"> <li>▪ worked 25 hours;</li> <li>▪ spent \$200 on travel and samples; and</li> <li>▪ made three sales at \$500 each.</li> </ul> Customers have 30 days to pay for the items.	
John Answers Required Information	
Were you self-employed or working only for commission during Claim Week 1?	Yes
Number of hours worked:	25
Earnings before deductions:	\$260
John Estimates Commission for Claim Week 1	
<b>Gross margin</b> = Sales (3 x \$500) – Direct Expenses (\$200) = <b>\$1,300.</b> <b>John's earnings (commission)</b> = 20% (.20) X Gross Margin (\$1,300) = <b>\$260.</b>	

John Requests Payment for Claim Week 2	
Last week, John: <ul style="list-style-type: none"> <li>▪ worked 25 hours;</li> <li>▪ spent \$250 on travel and presentation expenses; and</li> <li>▪ made <b>no</b> sales.</li> </ul>	
John Answers Required Information	
Were you self-employed or working only for commission during Claim Week 2?	Yes
Number of hours worked:	25
Earnings before deductions:	\$0
John Estimates Commission for Claim Week 2	
<b>Gross margin</b> = Sales (\$ 0) – Direct Expenses (-\$250) = <b>\$0.</b> <b>John's earnings (commission)</b> = 20% (.20) X Gross Margin (\$0) = <b>\$0.</b>	

# Calculating and Reporting Earnings from Self-Employment

Maggie is a self-employed hairdresser. Today, Maggie is requesting benefit payment.

To calculate her earnings, Maggie will calculate her net profits (money remaining after paying all expenses).

<u>Maggie's Salon Pricing List</u>	<u>Tip</u>	<u>Revenue</u>
Haircut: \$45	+ \$8	= \$53
Shampoo & Blow dry: \$35	+ \$6	= \$41
Flat Iron: \$10	+ \$2	= \$12
Color: \$65	+ \$10	= \$75

<b>Maggie Requests Payment for Claim Week 1</b>	
<b>Two weeks ago, Maggie:</b>	
<ul style="list-style-type: none"> <li>▪ worked no hours; and</li> <li>▪ made no sales.</li> </ul>	
<b>Maggie Answers Required Information</b>	
Were you self-employed or working only for commission during Claim Week 1?	<b>Yes</b>
Number of hours worked:	<b>0</b>
Earnings before deductions:	<b>\$0</b>

<b>Week 2 Schedule</b>		
<b>Day</b>	<b>Service</b>	<b>Hours worked</b>
Tuesday	Shampoo/blow dry	2
Thursday	Haircut	2
	Buy supplies	2
Friday	Color	3
	Shampoo/blow dry/flat iron	2
Saturday	Color (2)	6

<b>Maggie Requests Payment for Claim Week 2</b>	
<b>One week ago, Maggie:</b>	
<ul style="list-style-type: none"> <li>▪ had clients; and</li> <li>▪ worked 2 hours buying \$50 of supplies.</li> </ul>	
<b>Maggie Answers Required Information</b>	
Were you self-employed or working only for commission during Claim Week 2?	<b>Yes</b>
Number of hours worked:	<b>17</b>
<b>17</b> = sum of the hours she worked each day (2 + 2 + 2 + 3 + 2 + 3 + 3)	
Earnings before deductions:	<b>\$322</b>
<b>\$322</b> = revenue (\$41 + \$53 + \$75 + \$41 + \$12 + \$75 + \$75) – expenses (\$50)	

# Work and Other Income

## Other Income

In addition to earnings, you must report other income including:

- Retirement or pension;
- Workers' compensation; or
- Severance pay or wages paid in lieu of advance notice of layoff.



**Other Income**

Did you receive other income from any of the sources below that you have **not already** reported to TWC such as Retirement or disability pension, Workers' Compensation, or Additional payment, such as severance pay or wages instead of providing advance notice of work separation?

\*  Yes  No

If Yes, check all that apply:

Retirement or disability pension  
 Workers' Compensation  
 Additional payment when you left your job other than wages you had earned

## Retirement or Pension

Notify TWC if you are receiving or begin receiving a retirement pension.

We will determine if your pension affects your unemployment benefits and will mail you a decision.

If the pension affects your benefits, we deduct the weekly amount of your pension, dollar for dollar, from your benefits.

### What you should know about pensions:

Social Security old-age benefits and railroad retirement are **not** deductible.

## Workers' Compensation

If you receive Workers' Compensation, you may not be eligible for unemployment benefits. TWC will make that decision based on what type of disability payment you receive.

If you receive Impairment Income Benefits, you may receive benefits. If you receive some kinds of Temporary Income Benefits, Supplement Income Benefits, or Lifetime Income Benefits, TWC cannot pay you unemployment benefits.

## Wages Paid in Lieu of Advance Notice of Layoff

If you received **separation/severance pay** or wages instead of advance notice of layoff, you may not be eligible for benefits during the period covered by those wages.

# Don't Commit Fraud



## **TWC will catch you!**

**We can detect** when you have worked and not reported your earnings because ***employers report your earnings to TWC.***

If there is a discrepancy between what you and your employer report, we will review your claim for potential overpayment or fraud.

**You commit fraud** if you knowingly provide false or misleading information or fail to disclose facts for yourself or another person to obtain or increase benefits.

## **You may be committing fraud if you do not:**

- accurately report your work and work hours when you request benefit payment. Work includes, but is not limited to: full-time work, part-time work, reduced hours, temporary work, contract labor, casual work, side jobs, commission, and self-employment profits.
- accurately report gross earnings when you request benefit payment.
- report a job separation (fired, quit, laid off) that occurred while you were receiving benefits.

## **Unreported or underreported earnings may be considered fraud.**

**If you commit unemployment benefits fraud, you *must pay back overpaid benefits*** and could face serious penalties, including:

- Criminal prosecution by state or federal authorities;
- Possible jail or prison sentences; and
- Potential loss of future benefits.

If you want to request  
payment, go to the  
[How to Request Benefit  
Payment](#) tutorial.



*Still need help?*

Call the TWC Tele-Center at 800-939-6631,  
Monday - Friday, to speak with one  
of our customer service representatives.