

Lesson 11 Summary

There are many everyday situations where a percentage of an amount of money is added to or subtracted from that amount, in order to be paid to some other person or organization:

	goes to	how it works
sales tax	the government	added to the price of the item
gratuuity (tip)	the server	added to the cost of the meal
interest	the lender (or account holder)	added to the balance of the loan, credit card, or bank account
markup	the seller	added to the price of an item so the seller can make a profit
markdown (discount)	the customer	subtracted from the price of an item to encourage the customer to buy it
commission	the salesperson	subtracted from the payment that is collected

For example,

- If a restaurant bill is \$34 and the customer pays \$40, they left \$6 dollars as a tip for the server. That is 18% in \$34, so they left an 18% tip. From the customer's perspective, we can think of this as an 18% increase of the restaurant bill.
- If a realtor helps a family sell their home for \$200,000 and earns a 3% commission, then the realtor makes \$6,000, because $(0.03) \cdot 200,000 = 6,000$, and the family gets \$194,000, because $200,000 - 6,000 = 194,000$. From the family's perspective, we can think of this as a 3% decrease on the sale price of the home.