


Understanding Pay Stubs & Deductions

		The Best Company Ever, 2313 Awesome Rd, Oakville, ON L9K 2P3		EARNINGS STATEMENT		
John Smith						
EMPLOYEE ID		PAY PERIOD		PAY DATE		CHECK NUMBER
123456		2018/11/04 – 018/11/16		2018/11/16		321654
INCOME	RATE	HOURS	CURRENT TOTAL	DEDUCTIONS	CURRENT TOTAL	YEAR TO DATE
REGULAR	\$20.00/hr	80	1600.00	CPP	85.39	1495.69
OVERTIME	\$31.25/hr	4	125.00	EI	28.64	658.26
				INCOME TAX	416.59	7035.70
				UNION DUES	10.84	249.32
				LIFE INSURANCE	4.94	113.62
				LTDI	7.01	161.23
				SAVINGS BONDS	8.00	184.00
YTD GROSS	YTD DEDUCTIONS	YTD NET PAY	GROSS PAY	DEDUCTIONS	NET PAY	
39 675.00	9 897.82	29 777.18	1 725.00	561.41	1 163.59	

What does it all mean?

1. Net Pay: _____
2. Gross Pay: _____
3. Deductions: _____

The Canada Pension Plan (CPP):

Who pays into the CPP?	
What percent of an employee's gross income is taken off for CPP?	
What is the maximum amount an employee is required to contribute to CPP in 1 year?	
Who is eligible to collect CPP?	

4. Employment Insurance (EI):

What are the 5 kinds of EI?	
What percent of an employee's gross income is taken off for EI?	
What is the maximum amount an employee is required to contribute to EI in 1 year?	
What is the maximum length of time a person can collect EI?	

5. Income tax:

What does income tax pay for?	
Is there a maximum amount an employee is required pay in 1 year?	

6. Other deductions: _____

7. Year to Date: _____

In your own words: Explain what is meant by Net Pay, Gross Pay, and Deductions.

Canada Pension Plan (CPP)

What is it?

Your Employer will deduct CPP from your pay check if:

1. If you are aged 18-70 (even if you receive a CPP retirement pension)
2. You work in a “pensionable” job
3. You are NOT considered to be disabled under the CPP

When needed, the CPP provides contributors and their families with a partial replacement of earnings in case of retirement, disability or death.

Your employer will calculate how much CPP to deduct with approved calculation tools, using the chart below:

CPP contribution rates, maximums and exemptions

Year	Max. Annual Pensionable Earnings	Basic Exemption	Maximum Contributory Earnings	Employee Contribution Rate (%)	Max. Annual Employee Contribution	Max. Annual Self - Employed Contribution
2018	\$55,900	\$3,500	\$52,400	4.95	\$2,593.80	\$5,187.60
2017	\$55,300	\$3,500	\$51,800	4.95	\$2,564.10	\$5,128.20
2016	\$54,900	\$3,500	\$51,400	4.95	\$2,544.30	\$5,088.60
2015	\$53,600	\$3,500	\$50,100	4.95	\$2,479.95	\$4,959.90
2014	\$52,500	\$3,500	\$49,000	4.95	\$2,425.50	\$4,851.00
2013	\$51,100	\$3,500	\$47,600	4.95	\$2,356.20	\$4,712.40
2012	\$50,100	\$3,500	\$46,600	4.95	\$2,306.70	\$4,613.40
2011	\$48,300	\$3,500	\$44,800	4.95	\$2,217.60	\$4,435.20
2010	\$47,200	\$3,500	\$43,700	4.95	\$2,163.15	\$4,326.30

Employment Insurance (EI)

What is Employment Insurance?

The Employment Insurance (EI) program offers temporary financial assistance to unemployed workers, or to people who take time off due to specific life events. Money is deducted from your pay check and placed into the Canada's EI account in case you ever need to use the service at some point in your life.

How Much is Deducted?

Year	Max. Annual Insurable Earnings	Rate (%)	Max. Annual Employee Premium	Max. Annual Employer Premium
2018	\$51,700	1.66	\$858.22	\$1,201.51

The 5 Types of Benefits:

1. **Regular benefits:** You have lost your job due to no fault of your own.
2. **Sickness benefits:** You are unable to work due to illness, injury or quarantine.
3. **Maternity and Parental benefits:** You are pregnant, have recently given birth, you are adopting a child, or you are caring for a newborn.
4. **Caregiving benefits:** You are providing care or support to a critically ill or injured person or someone needing end-of-life care.
5. **Fishing benefits:** You are a self-employed fisher who is actively seeking work.

Who Can Collect:

Eligible	Not Eligible
<ul style="list-style-type: none"> • You have paid premiums into the EI Account (deductions from your pay) • You lost your job, but it wasn't your fault • You have been without work and without pay for at least seven consecutive days in the last 52 weeks • You have worked for the required number of insurable hours in the last 52 weeks or since the start of your last EI claim, whichever is shorter • You are ready, willing, and capable of working each day • You are actively looking for work 	<ul style="list-style-type: none"> • You voluntarily left your job without just cause • You were dismissed for misconduct • You are unemployed because you are directly participating in a labour dispute (strike, lockout, or other type of dispute).

Number of hours of insurable employment required to qualify for benefits:

Regional rate of unemployment	Required number of hours of employment in the last 52 weeks
6% or less	700 hours
6.1% to 7%	665 hours
7.1% to 8%	630 hours
8.1% to 9%	595 hours
9.1% to 10%	560 hours
10.1% to 11%	525 hours
11.1% to 12%	490 hours
12.1% to 13%	455 hours
13.1% or more	420 hours

What is the Record of Employment (ROE)?

The ROE is the form that your employer must complete when you stop working and earning money. Your employer must issue it even if you do not intend to claim EI benefits. On your ROE, you will find information about your employment history.

How much will I get?

The basic rate for calculating EI benefits is **55%** of your average weekly “insurable” earnings. As of January 1, 2018, the maximum yearly insurable amount is **\$51 700**. This means that you can receive a maximum amount of **\$547** per week.

For how long will I receive EI benefits?

You may receive EI regular benefits for a period ranging from 14 to 45 weeks. The number of weeks of benefits depends on the unemployment rate in your region and on the number of hours of insurable employment that you accumulated during in the last 52 weeks before the start date of your claim.

Federal and Provincial Income Tax

An **income tax** is a tax levied on the income of individuals or businesses to pay for services like health care, education, and national defence. Ontario operates on a system of progressive income taxation, which means that the more you earn the more you are taxed. Tax “brackets” are created to determine how much you will pay.

Federal tax rates for 2018:

Annual Salary	Tax Rate
0 - \$46 605	15%
\$46 603 - \$93 208	20.5%
\$93 208 - \$144 489	26%
\$144 489 - \$205 842	29%
\$205 842 and up	33%

Provincial/Territorial tax rates for 2018:

Annual Salary	Tax Rate
0 - \$42 960	5.05%
\$42 960 - \$85 923	9.15%
\$85 923 - \$150 000	11.16%
\$150 000 - \$220 000	12.16%
\$220 000 and up	13.16%

Where your Tax dollars go:

