

Let's Talk **TAXES**

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**MONEY
THING®**

Your pay stub is a source of valuable information



The image shows a stylized illustration of two hands holding a document titled "Earnings Statement". The document is a form with various fields and a table. The title "Earnings Statement" is prominently displayed at the top right. Below the title, there are fields for "EMPLOYEE NO.", "EMPLOYEE NAME", and "SOCIAL INSURANCE NO.". The main body of the form contains a table with columns for "EARNINGS", "RATE", "HOURS", "TOTAL", "DEDUCTIONS", "AMOUNT", and "YTD". At the bottom, there are fields for "NET PAY" and "YTD NET PAY". The form is held by two hands, one on the left and one on the right, against a white background with teal borders at the top and bottom.

EMPLOYEE INFORMATION		
EMPLOYEE NO.	EMPLOYEE NAME	SOCIAL INSURANCE NO.

EARNINGS	RATE	HOURS	TOTAL	DEDUCTIONS	AMOUNT	YTD

NET PAY	YTD NET PAY

It shows you **how your income is distributed**, gives you a heads-up on **what to expect at tax time** and allows you to set a **realistic budget**



The image shows a stylized illustration of two hands holding a document titled "Earnings Statement". The document is a form with various fields and a table. At the top, there are three horizontal lines for a header. Below these, the title "Earnings Statement" is prominently displayed. The form includes fields for "EMPLOYEE NO.", "EMPLOYEE NAME", and "SOCIAL INSURANCE NO.". Below these fields is a table with the following columns: "EARNINGS", "RATE", "HOURS", "TOTAL", "DEDUCTIONS", "AMOUNT", and "YTD". The table has several rows of data, each represented by a horizontal bar. At the bottom of the form, there are two more fields: "NET PAY" and "YTD NET PAY".

EMPLOYEE INFORMATION		
EMPLOYEE NO.	EMPLOYEE NAME	SOCIAL INSURANCE NO.

EARNINGS	RATE	HOURS	TOTAL	DEDUCTIONS	AMOUNT	YTD

NET PAY	YTD NET PAY

Understanding your
PAYCHEQUE



Gross Pay

The total amount you earn before withholdings

You usually think of it in terms of your salary or your hourly wage



Net Pay

Your take-home pay

It's what's left of
your earnings after
withholdings have
been deducted



Withholdings

The portion of your paycheck that your employer withholds for the government

These can also be referred to as **Involuntary** or **Mandatory Deductions**



Deductions

Other, voluntary amounts that are taken from your paycheque

They vary from person to person and are also known as **Voluntary Deductions**

Your pay stub may look a little different

Keep in mind that your pay stub may use the term “deduction” to refer to **both** withholdings **and** deductions



Let's talk
WITHHOLDINGS

FEDERAL TAXES



Federal income tax is automatically deducted from your paycheque

The amount deducted depends on the federal tax rate as well as how much money you make

FEDERAL TAXES

Your federal tax dollars go toward things like:



***Public
Safety***



Education



Infrastructure



***National
Defence***

FEDERAL TAXES



The amount of tax withheld on your paycheck might be higher or lower than the actual amount of federal tax due to the government, so you may find yourself owing additional funds or getting a refund at tax time

PROVINCIAL AND LOCAL TAXES



Depending on where you live,
amounts may also be withheld for
provincial and local taxes

PROVINCIAL AND LOCAL TAXES

Your provincial and local tax dollars go toward things like:



Schools



Healthcare



***Public
Transportation***



***Low-Income
Assistance***

EMPLOYMENT INSURANCE (EI)



Employment Insurance provides regular benefits to those who lose their jobs through no fault of their own (e.g., due to sickness, injury, mass layoffs or shortage of work)

CANADA PENSION PLAN (CPP)



Canada Pension Plan contributions mainly go toward providing retirement benefits—payments are deducted from your paycheque and can be applied for and received in retirement (typically at age 65)

Let's talk

VOLUNTARY DEDUCTIONS

VOLUNTARY DEDUCTIONS

EXTENDED HEALTH COVERAGE

This includes premiums for extended medical, dental or vision plans



RETIREMENT SAVINGS

Contributions to your RRSP can be taken directly from your pay



LIFE INSURANCE

Insurance coverage premiums may also be deducted



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Sources: Government of Canada, Duke University, The Balance

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