



**JUST THE FACTS:  
HELPING YOU TALK ABOUT MONEY**

# Understanding Your Paycheque

Your paycheque (or pay stub) includes the amount of income for a period, and the deductions that have been subtracted from that amount.

- The original amount is known as “gross” pay, the balance after deductions is “net” pay.

Deductions should be consistent from paycheque to paycheque. If there is a change, you should ask why.

- Experts say to review your paycheques carefully. Mistakes happen.

If you have more than one employer, it is your responsibility to ensure that the right amount is being deducted from each paycheque.

**Common deductions:**

- **Canada Pension Plan (CPP)** – Mandatory percentage of income (5.10%) contributing to a pool of funds that are distributed to individual Canadians after age 65.
- **Employment Insurance (EI)** –Mandatory percentage of income (1.66%) paid by all employees to cover protection in case of involuntary loss of job.
  - CPP and EI premiums are paid up to a certain amount of your income. After you have reached the threshold the deductions should stop.
  - Your employer also contributes, matching your CPP and providing 1.4 times your EI.
  - Your employer is responsible for sending CPP and EI contributions (yours and your employer’s) to the government.
- **Income Tax** – Certain amount from each pay period sent to the government, which can be negotiated with your employer toward the total taxes you pay.
  - Your annual tax return essentially “evens up” the account — calculating whether too much or too little was deducted during the year.
- **Benefits** – Payments toward private health care plans offering services not covered by government-funded health care. Both the employer and employee may contribute to these costs.
- **Union/Professional Dues** – If applicable, fees for membership in a union or professional organization, as negotiated in collective agreements.
- **Pension Plans** – If applicable, contributions to registered pension plans outside the CPP.
- **RRSPs** – Arranging for your employer to deduct a portion of your pay to contribute to your personal retirement savings plans.
- **Equipment/Uniform Rentals** – If applicable, payments to your employer for supplying specified equipment or clothing.

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