

Reading a pay stub

Objective:	To enable participants to read and understand the information on a basic pay stub.
Tools:	Activity Sheet 2-1, Reading a pay stub quiz Handout 2-2, Reading a pay stub
Format:	Individual and large group activity



Introduce the topic

When you earn income through employment, your employer must give you pay stubs when you get paid. This is so that you can see how your pay was calculated. It is important to understand all of the common deductions from a pay cheque. That way, you can make sure that the pay amount is correct.



Activity: Reading a pay stub

Tip: You can choose to do this activity first as individuals and then go over the answers in the larger group. Or, you can do the quiz as a large group, by asking for volunteers to answer each question and discussing the answers as you go along.

1. Give each participant a copy of *Activity Sheet 2-1, Reading Jemma's pay stub (Quiz)*.
2. Ask them to refer to the information on the pay stub to answer the Quiz questions.
3. Give each participant a copy of *Handout 2-2, Reading a pay stub*.
4. As you review the questions in the larger group, cover the key points for each term from Handout 2-2.

Quiz answers

1. March 1 to 15th, 2011
2. March 15th, 2011 to Sept 15th, 2011 (from date on cheque to 6 months later)
3. SIN is a form of government ID that is used to track your income and government benefits
4. \$10 / hour
5. Jemma works 35 hours a week. (70 hours/2 weeks)
6. \$1400 GROSS per month
7. Total tax \$64.65 (\$55.50+\$8.85)
8. Canada Pension Plan
9. CPP is 4.95% of the GROSS amount
10. Employment Insurance
11. Total Income \$1177.78 (\$588.89 x 2 paycheques)
12. Jemma should file it away safely for a year until her T4 slip comes.
13. Jemma should not throw it in the garbage. It has personal information that could be used to steal her identity.

Module 2 - Income and Taxes

ACTIVITY SHEET 2-1

Reading Jemma's pay stub (quiz)

1. What is the pay period on Jemma's paystub? _____
2. When can Jemma cash her paycheque? _____
3. What is the social insurance number used for? _____
4. How much does Jemma make an hour? _____
5. How many hours does Jemma work in a week? _____
6. What is Jemma's monthly GROSS PAY amount? _____
7. What is the total tax taken off Jemma's cheque? _____
8. What does CPP stand for? _____
9. What percentage of her GROSS PAY is the CPP amount? _____
10. What does EI stand for? _____
11. What is Jemma's total NET income for the month? _____
12. What should Jemma do with this pay stub? _____
13. What should Jemma NOT do with this pay stub? Why not? _____

Module 2 - Income and Taxes

ACTIVITY SHEET 2-1, continued

Jemma's pay stub

Big City Movers
345 – 46th Street
Saskatoon, SK
S1V 1B2

Pay Period: 01/03/2011 - 15/03/2011

Pay date: 15/03/2011

Cheque No: 000656

SIN: 123-456-789

Jemma Singh
123 East 82 Ave
Saskatoon, SK S1V 1B2

Earnings

Pay Rate:	# of Hours:	Gross Pay:	Year to Date:
\$10/hr	70	\$700.00	\$3500.00

Deductions

Federal Income Tax	\$ 55.50	\$ 277.50
SK Provincial Tax	\$ 8.85	\$ 44.25
Canada Pension Plan (CPP) (4.95%)	\$ 34.65	\$ 173.25
Employment Insurance (EI) (1.73%)	\$ 12.11	\$ 60.55
Total:	\$ 111.11	\$ 555.55

Net Pay:	\$ 588.89	\$2944.45
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Module 2 - Income and Taxes

HANDOUT 2-2

Reading a pay stub

Pay Period: This is the date range you are being paid for. It is usually biweekly (every two weeks). It could also be semi-monthly – that is, always on the 15th and 30th of the month. Sometimes the pay period is monthly.

Pay Date: This is the date that you can cash the cheque. The cheque is no longer valid (stale-dated) six months from that date.

SIN: This is your Social Insurance Number. You must keep it very private, to protect yourself from identity theft. DO NOT carry your SIN card in your wallet! If your pay stub includes your SIN file it safely, and then shred it before throwing it away.

Pay Rate: This is the amount you are paid per hour. Some people make a salary that does not depend on their hours worked. On their pay stubs, they see only the amount of pay in the pay period, but not an hourly rate of pay.

of Hours: This is the number of hours in this pay period. Check to make sure it is correct. If you have worked more hours, speak with your employer. If your employer uses a time clock, always remember to punch in and out so your hours are recorded.

Gross Pay: This is the amount you have earned before any deductions.

Year to Date: Many pay stubs will keep a running total of your earnings and deductions for the year.

Deductions:

Federal Income Tax: Your employer will calculate the amount of federal income tax to deduct from your earnings. The tax system in Canada is 'progressive'. This means that the more income you make, the higher percentage of your income will go toward taxes.

Provincial Income Tax: Your employer will also calculate the amount of provincial income tax to deduct from your earnings. This amount will be lower than the federal tax and is different in each province.

Canada Pension Plan (CPP): For those 18 years old and over. Employers will deduct 4.95% from your gross earnings over \$3500 until you reach the maximum contribution. The 2011 maximum was \$2,217.60. It goes up each year.

Employment Insurance (EI): Employers deduct 1.78% from your gross earnings until you reach the maximum contribution. The maximum was \$786.76 in 2011.

Net Pay: This is the Gross Pay minus the deductions – the amount you take home.

Your employer must provide you with a pay stub to show your earnings and deductions. Check to make sure that the information is correct!