

Name: \_\_\_\_\_

## Unit 3 – Finance

### 3.7 – Net Income

#### Definitions

**Net Income** is the money paid to an employee after taking off all deductions from the gross pay.

#### Overview

You can calculate Net Income from gross pay as follows:

$$\text{Net Income} = \text{Gross Pay} - \text{Deductions}$$

$$\text{Deductions} = \text{CPP} + \text{EI} + \text{Federal IT} + \text{Provincial IT} + \text{Any other voluntary deductions}$$

#### Examples

1. Mike has a gross weekly wage of \$402.85. Find his Net Income after the mandatory deductions:

CPP contribution \_\_\_\_\_

EI premium \_\_\_\_\_

Federal IT deduction (claim code 2) \_\_\_\_\_

Provincial IT deduction (claim code 2) \_\_\_\_\_

**Total Deductions** \_\_\_\_\_

**Net Income** = \_\_\_\_\_ - \_\_\_\_\_ = \_\_\_\_\_

2. Julie has a gross weekly wage of \$387.93. Find her Net Income after the mandatory deductions if she has a claim code of 3.

3. Paula works a 40 hour week and earns \$8.50 an hour with **double time** for overtime. Last week she worked 43 hours. She pays union dues of \$5.90 and a dental plan deduction of \$2.50 every week. If her claim code is 2, find her net pay.

5. Ed Itor works for a community newspaper. He works the following hours: Monday  $8\frac{1}{2}$ , Tuesday 8, Wednesday  $10\frac{3}{4}$ , Thursday  $7\frac{1}{4}$ , and Friday 7. The newspaper pays him time-and-a-half for any hours over 8 he works in a given day. His regular hourly rate is \$8.95. Calculate his net weekly pay if his claim code is 3 and he contribute \$3.75 for Union Dues and \$2.45 for RPP.

## Assignment – Show all work!

1. Jack's weekly salary is \$386. Find his net pay if his claim code is 2 and if his only deductions are CPP, EI, FIT and PIT.
2. Paul works a 40-hour week and receives \$8.15 per hour. **Time-and-a-half** is paid if he works more than 40 hours in a week. Last week he worked 46 hours. Find his net pay if his only deductions are CPP, EI, FIT and PIT (claim code 1).
3. Justin Case works in a law firm. His hourly rate of pay is \$8.45 and he is paid **time-and-a-half** for all hours over 8 he works in a given day. Last week he worked the following hours: Monday  $8\frac{1}{2}$ , Tuesday  $7\frac{3}{4}$ , Wednesday 8, Thursday 10, Friday  $7\frac{1}{2}$  and Saturday  $3\frac{3}{4}$ . Find his net weekly pay if his only deductions are CPP, EI, PIT and FIT (claim code 3).
4. Barb Wire is an electrician. Calculate her net weekly pay for the following hours: Monday  $8\frac{1}{4}$ , Tuesday 8, Wednesday  $9\frac{3}{4}$ , Thursday  $7\frac{1}{2}$ , Friday 8 and Saturday 4. Her company pays her an hourly rate of \$8.05 as well as **double time** for any work on the weekend. In addition to weekly deductions for CPP, EI, PIT and FIT, Barb contributes \$4.75 for union dues and \$22.80 to a RPP. Her claim code is 0.

5. Lorne Order works in a law enforcement agency. His regular wage is \$9.35 and hours and he is paid **time-and-a-half** for Saturday and Sunday work. In additions to deductions for CPP, EI, FIT and PIT, he contributes \$4.50 for union dues and \$3.75 to a charity each week. Lorne's claim code is 4. Complete his time card for the week and calculate his gross wages and net wages.

Employee Name Lorne Order					Hourly Rate of Pay \$9.35			
Day	Morning		Afternoon		Total Hours	Overtime		Total Hours
	In	Out	In	Out		In	Out	
Mon.	8:00	11:45	1:15	5:00				
Tue.	8:30	12:00	1:00	4:45				
Wed.	8:00	11:45	1:00	4:45				
Thu.	9:00	12:00	1:00	4:45				
Fri.	8:15	11:45	1:30	5:00				
Sat.						9:30	12:00	
Sun.						1:45	4:45	
		Hours			Rate		Amount	
Regular								
Overtime								
Total Hours					Gross Wages			

CPP	
EI	
Union Dues and/or RPP	
Taxable Income ( )	
Income Tax	
Others	
Total Deductions	
Net Wages	