

Answer Key

Review - Earning an Income

1. a) Nadia receives an annual salary of \$34000.00. What is her average monthly income? $\frac{34000}{12} = \$2833.33$
 b) Katy receives an annual salary of \$41500.00. What is his average semi-monthly income? $\frac{41500}{24} = \$1729.17$

2. Jonathan earns \$17.89/hour for regular hours of work. He is paid time and a half for overtime work. What is his overtime rate of pay? $17.89 \times 1.5 = \$26.84$

3. Gwen works as a home care nurse. She receives an hourly wage of \$21.96 for hours worked Monday to Friday. On the weekends she earns time and a half. Gwen works Tuesday to Saturday, for 12 hours a day. Calculate her weekly earnings. $48 \times 21.96 = 1054.08$, $12 \times 32.94 = 395.28$, Total = 1449.36

4. Andy's taxable income is \$3556.25/month. He pays federal tax at a rate of 10.4%, provincial tax at a rate of 7.0%, CPP at 4.95%, and EI at 1.73%. What is his net income? $3556.25 - 291.67 = 3264.58$, $3264.58 \times 0.0495 = 161.60$, $3264.58 \times 0.104 = 339.52$, $3264.58 \times 0.0173 = 56.48$, Total Deductions = 557.60 , Net Income = $3264.58 - 557.60 = 2706.98$

5. Monica has taken a new job in the Northwest Territories. Her annual salary is \$52500.00. She received a travel allowance to help her move from Alberta and visit her family for the holidays. If her allowance is 7% of her salary, how much will she earn that year? $52500 \times 0.07 = 3675$, Total = $52500 + 3675 = 56175$

6. You pay 34% of your salary in deductions. If your gross pay is \$778.00 every two weeks, what is your net biweekly pay? What is your annual net pay? $778 \times 0.34 = 264.52$, $778 - 264.52 = 513.48$, Annual = $513.48 \times 26 = 13350.48$

7. What percentage is being deducted from your wages if you earn \$802.00/week and pay \$39.70 for CPP, \$13.87 for EI, \$78.60 for federal tax, and \$29.67 for provincial tax? What is your taxable income. $802.00 - 161.84 = 640.16$, $\frac{161.84}{802} = 20.17\%$

8. Hugo earned \$3517.00 last month as a line chef, including tips. He took home \$525.00 in tips. If he worked 176 hours in the month, what is his hourly wage? $\frac{2992.00}{176 \text{ hours}} = \$17/\text{hour}$

9. If your CPP contribution rate is 4.95% and your salary is \$2345.43 every two weeks, how much will be

6. You pay 34% of your salary in deductions. If your gross pay is \$778.00 every two weeks, what is your net biweekly pay? What is your annual net pay?

$778 \times 0.34 = 264.52$
 $778 - 264.52 = 513.48$
 $513.48 \times 26 = 13350.48$

7. What percentage is being deducted from your wages if you earn \$802.00/week and pay \$39.70 for CPP, \$13.87 for EI, \$78.60 for federal tax, and \$29.67 for provincial tax? What is your taxable income?

$802.00 - 161.84 = 640.16$ (20%)
 $161.84 / 802 = 0.2017$
 $802.00 - 161.84 = 640.16$
 $3517.00 - 525.00 = 2992.00$
 $2992.00 / 176 \text{ hours} = 17/\text{hour}$

8. Hugo earned \$3517.00 last month as a line chef, including tips. He took home \$525.00 in tips. If he worked 176 hours in the month, what is his hourly wage?

If your CPP contribution rate is 4.95% and your salary is \$2345.43 every two weeks, how much will be deducted from your paycheck for CPP?

$2345.43 \times 0.0495 = 134.61$

10. Calculate the Net Pay in Prince Edward Island.

$2345.43 - 134.61 = 2210.82$
 $2210.82 \times 0.0495 = 109.44$
EI: 11.88

Employee Name:		
Company:	Pay Begin Date: 01/03/2011	Net Pay:
	Pay End Date: 15/03/2011	Cheque Date: 15/03/2011

General		Taxes Data	
Employee ID:	Job Title:	Description	Federal
Address: Nova Scotia	Pay Rate: \$800.00/semi monthly	Claim Code	2
	Annual: \$19200.00		

Hours and Earnings			Before-Tax Deductions	
Description	Rate	Gross Earnings	Description	Amt.
Regular	\$800.00/semi	800.00	Union Dues	\$24.86
			Pension	\$35.07
			Total	\$59.93

Taxes	
Description	Current
Federal	\$23.60
Provincial	\$35.00
CPP	\$32.35
EI	\$15.04
Total	\$96.02

Paycheque Summary				
Gross Earnings	Taxable Gross	Total Taxes, CPP, and EI	Total Deductions	Net Pay
	\$800.00	\$96.02	\$155.95	\$644.05

EI:
 $800 \times 0.01 = 8.00$
 $= 815.04$
 CPP: 3500
 $3500 \times 0.0495 = 173.25$
 $800 - 145.80 = 654.20$
 $654.20 \times 0.0495 = 32.38$
Complete
 Pg. 89-91
 #1-#9