

Finance Assignment 3: Deductions and Net Pay

1. Juliana has an annual salary of \$45 785.00.
 - a) How much does she pay in union dues if the rate is 2.4%?
 - b) How much does she pay in CPP if the rate is 4.95% and her taxable income is \$44 686.16?

2. Mario had \$685.74 deducted in federal tax. If his taxable income was \$2981.52, what was his tax rate?

3. What will be your net pay if you have deductions of \$105.30 federal tax, \$23.76 provincial tax, \$48.61 CPP, and \$14.12 EI from your paycheque of \$982.00?

4.

Employee Name: Amanda						
Company:		Pay Begin Date: 08/17/2008		Net Pay:		
		Pay End Date: 08/23/2008		Cheque Date:		
General			Taxes Data			
Employee ID:		Job Title:		Description	Federal	
Address: 123 Main St. Cochrane, AB		Pay Rate: \$500.00/wk Annual: \$26 000.00		Claim Code	1	
Hours and Earnings			Before-Tax Deductions		Taxes	
Current			Description	Amt.	Description	
Description	Rate	Gross Earnings	Union Dues		Federal	
Regular	\$500.00/wk	\$500.00	Pension		Provincial	
			Total		CPP	?
					EI	
					Total	

- a) Calculate the Canada Pension Plan deduction for Amanda whose pay statement is shown here. In 2008, the CPP contribution rate was 4.95% of any gross earnings above \$3500.00.

- b) Referring to Amanda's pay statement, calculate the Employment Insurance premium that will be deducted from her weekly pay. In 2008, the EI premium rate was 1.73% of gross earnings.

5) Amber works as a cashier and earns \$960.00 biweekly. Each pay period, her employer deducts \$69.50 for federal tax, \$21.91 for provincial tax, and 1.73% for EI premiums. The CPP contribution rate is 4.95%, and the CPP annual exemption is \$3500.00. What is Amber's net pay?

6) Gerry's employer has a dental plan for employees that covers Gerry, his spouse, and their child. The dental plan will pay 100% for routine checkups and cleaning and basic procedures such as fillings. It pays 70% for a crown and 65% for braces. One year, the following dental work is done:

- each member of the family has a routine checkup and cleaning that costs \$165 for each person;
- Gerry gets a crown that costs \$900.00; and
- the child has a filling that costs \$125.00 and gets braces that cost \$4250.00

a) How much is the total bill?

b) What amount will the insurance company pay?

Answers

1. a) \$1098.84 b) \$2211.96 2. about 23% 3. \$790.21 4.a) \$21.42 b) \$8.65
5. \$811.12 6.a) \$5770.00 b) \$4012.50