

Cooperative Education Financial Literacy Lesson Plan 1

Pay Slips

Connections to Financial Literacy

The financial literacy knowledge and skills which will be addressed in this lesson as they relate to the curriculum expectations are:

- *consumer protection and consumer awareness;*
- *personal financial planning, such as budgeting, saving and investing;*
- *social, ethical and environmental implications of financial decisions;*
- *active citizenship;*
- *understanding the economy; and*
- *planning for the future.*

Curriculum Document/Grade/Course Code (secondary) or Strand (elementary)

Curriculum Expectations

Cooperative Education

2.3.1.1: Pre-placement: In addition to the knowledge and skills acquired in the Career Studies course, students in pre-placement orientation will be expected to demonstrate self-assessment skills, job-readiness skills, and an understanding of the following: work ethics and the responsible use of information technology

2.3.2: Integration: Students are expected to achieve the expectations described below during their integration sessions: Demonstrate an understanding of issues relating to human rights, discrimination, harassment, and disability

Career Studies

Preparation for Transitions and Change

Overall Expectation: Use appropriate decision-making and planning processes to set goals and develop a career plan

Specific: Demonstrate an understanding of the decision-making process as it relates to career planning

Specific: Compare the "open" (publicly advertised) job market, and the "hidden" (unadvertised) job market, and identify appropriate strategies to access each market

Learning Goals

Learning goals make explicit building blocks that are embedded or implicit in the expectations.

At the end of this lesson, students will know and understand:

- the information contained on their pay slips
- the reasons for, and the importance of, payroll deductions
- the importance of examining their pay slips
- the ethical implications of being paid "under the table"

Instructional Components and Context

Readiness

Prior to this lesson: If the students in the class have part time jobs, ask them to bring in a recent pay slip to use in class next day. If students do not have part time jobs, sample pay slips are provided.

Terminology

Association fee
Canada Pension Plan (CPP)
Direct Deposit
Employment Insurance (EI)
Gross Earnings
Income Tax (federal and provincial)
Net Pay
Payroll Deduction
Pay Period
Pay Slip
TD1 form
Union Dues
Vacation Pay

Materials

This Lesson is designed for students who have access to the internet as well as those who do not. The following websites are provided for students to research information:

<http://www.servicecanada.gc.ca/eng/isp/cpp/cppinfo.shtml>
(Canada Pension Plan)
<http://www.servicecanada.gc.ca/eng/sc/ei/benefits/regular.shtml>
(Employment Insurance)
<http://www.wsib.on.ca/en/community/WSIB/>
(Workplace Safety Insurance Board)
<http://www.cra-arc.gc.ca/E/pub/tp/it470r-consolid/it470r-consolid-e.pdf>
(Other Benefits)
<http://www.fin.gc.ca/tax-impot/2011/html-eng.asp>
(Where Your Tax Dollars Go)

The following “Fact Sheets” for students without internet access have been provided. The information on the “Fact Sheets” is accurate as of March 2012. Teachers should update the “Fact Sheets” in subsequent years.

Canada Pension Plan Fact Sheet
Employment Insurance Fact Sheet
Workplace Safety Insurance Board Fact Sheet
Other Benefits Fact Sheet
Where Your Tax Dollars Go

Additional Materials Provided:

1. 4 Pay Slips for different businesses and people showing part and full time work scenarios
2. Pay Slip Comparison “T Chart”
3. Graphic organizer
4. Research Summary Graphic Organizer
5. Dissecting a Pay Slip worksheet assignment, pages 1 and 2
6. Debate Circle worksheet
7. 2012 TD1 form – 2012 Personal Tax Credits Return

Minds On <ul style="list-style-type: none"> Establishing a positive learning environment Connecting to prior learning and/or experiences Setting the context for learning 	Connections
<p>Brainstorming with an “Elbow Partner”</p> <p>Ask students to brainstorm with an “Elbow Partner” for all the things that are paid for in this country by our tax dollars; in other words, as citizens of Canada, what services do we use on a daily basis or have access to but do not need to pay for individually on a day-to-day basis.</p> <p>Discuss as a class the results of the student brainstorming – the teacher or a student could print the results on the board/chart paper, etc.</p>	<p>Guiding Questions: <i>In Canada, we all pay taxes. How do we pay them? (HST, property taxes, income taxes, etc.) What are the taxes used for in our country?</i></p> <p>Assessment: <i>AOL Assessment for learning – teachers can assess informally by listening to the discussions of student pairs about where tax dollars are spent and then during the class discussion</i></p>

Action! <ul style="list-style-type: none"> Introducing new learning or extending/reinforcing prior learning Providing opportunities for practice and application of learning (guided > independent) 	Connections
<p>Dissecting the Pay Slip Project one of the sample pay slips and with the class, name all of the deductions identified. Project the sample TD1 form and explain the purpose of the form to the class. Distribute copies of the 4 sample pay slips to groups of 3-4 students Ask students to draw a “T Chart” or distribute copies of the <i>Pay Slip Comparison</i> provided. Students note similarities and differences between the pay slips on the chart and then record any questions that they have regarding the pay slips. E.g., Why does one pay slip have income for vacation pay while the other does not?</p> <p>Jig Saw Research Assign groups of 4 students to work together for a “Jig Saw” exercise. Assign a number each student. Student # 1: Goes to the station with the CPP information and completes the <i>Graphic Organizer</i> with the students assigned from the other groups. Student # 2: Goes to the EI station and completes the <i>Graphic Organizer</i> with the students assigned from the other groups. Student # 3: Goes to the WSIB station and completes the <i>Graphic Organizer</i> with the students assigned from the other groups. Student # 4: Goes to the Other Benefits/Deductions station and completes the <i>Graphic Organizer</i> with the students assigned from the other groups.</p> <p>Following 15 -25 minutes of student research at their assigned stations, students return to their original grouping and share what they have learned with their group and answer the questions that they posed when comparing the different pay slips. Each student in the group completes their own <i>Research Summary Graphic Organizer</i> summarizing the information on the various programs.</p> <p>Class Discussion of Activity Teacher guided questions to review the information about CPP, EI, WSIB, and other deductions/benefits. Each group should present one question that they had regarding the comparison of the pay slips along with the answer.</p>	<p>Guiding Questions: <i>Identify gross and net pay. What is the difference? How much has been deducted for CPP, etc.?</i></p> <p>Assessment for Learning: <i>Discussion while the group and teacher are “Dissecting the Pay Slip” will provide teacher with required information as to current level of knowledge of the students.</i></p> <p>Differentiated Instruction: <i>Purposeful grouping of students and numbering of students will allow students to learn from each other and have the opportunity to teach each other the Jig Saw information.</i></p> <p><i>Websites have been provided as well as Fact Sheets so that those students who work best using electronic devices can use the websites and those whose needs are best met using hard copies can complete their research via hard copy fact sheets.</i></p> <p><i>If an individual has considerable prior knowledge or completes the research much sooner than the remainder of the students, he/she can do additional learning and report back to the class on “Where Your Tax Dollars Go” using either the website or the fact sheet.</i></p> <p>Assessment: <i>Students self-assess and add to their Research Summary Graphic Organizer during the discussion.</i></p>
Consolidation <ul style="list-style-type: none"> Providing opportunities for consolidation and reflection Helping students demonstrate what they have learned 	Connections
<p>Dissecting a Pay Slip – Worksheet Assignment Students complete the “<i>Dissecting a Pay Slip- Worksheet Assignment</i>” using the pay slip provided (Palmart Pay Slip) or using their own personal pay slip.</p> <p>Debate Circle – Groups of 4 students Debate Circle – Students use the handout provided to debate the statement: “Working for cash, hurts the employee in the long run.” Directions for the activity are provided on the <i>Debate Circle</i> handout.</p> <p>Teacher Lead Discussion Teacher leads consolidation discussion regarding the ethics involved and the benefits to the employee and society of not being “paid under the table.”</p>	<p>Assessment of Learning: <i>The “Dissecting a Pay Slip” could be used as an exit card as students leave the class and assessed by the teacher before next class.</i></p> <p>Differentiated Instruction: <i>Allowing the students to use their own pay slip or one provided allows for differentiation.</i></p> <p>Guiding Questions: <i>What are the benefits to society when people pay taxes? What benefits will a worker not have access to if “paid under the table”? Will an employer be willing to write a letter of reference or serve as a reference for a person who has not officially been on the payroll?</i></p>



Your employer or payer will use this form to determine the amount of your tax deductions.

Read the back before completing this form. Complete this form based on the best estimate of your circumstances.

Last name	First name and initial(s)	Date of birth (YYYY/MM/DD)	Employee number
Address including postal code		For non-residents only – Country of permanent residence	Social insurance number

1. Basic personal amount – Every resident of Canada can claim this amount. If you will have more than one employer or payer at the same time in 2012, see "More than one employer or payer at the same time" on the next page. If you are a non-resident, see "Non-residents" on the next page.

10,822

2. Child amount – Either parent (but not both), may claim \$2,191 for each child born in 1995 or later, that resides with both parents throughout the year. If the child is **infirm**, add **\$2,000** to the claim for that child. Any unused portion can be transferred to that parent's spouse or common-law partner. If the child does not reside with both parents throughout the year, the parent who is entitled to claim the "Amount for an eligible dependant" on line 8 may also claim the child amount for that same child.

3. Age amount – If you will be 65 or older on December 31, 2012, and your net income for the year from all sources will be \$33,884 or less, enter \$6,720. If your net income for the year will be between \$33,884 and \$78,684 and you want to calculate a partial claim, get the TD1-WS, *Worksheet for the 2012 Personal Tax Credits Return*, and complete the appropriate section.

4. Pension income amount – If you will receive regular pension payments from a pension plan or fund (excluding Canada Pension Plan, Quebec Pension Plan, Old Age Security, or Guaranteed Income Supplement payments), enter \$2,000 or your estimated annual pension income, whichever is less.

5. Tuition, education, and textbook amounts (full time and part time) – If you are a student enrolled at a university or college, or an educational institution certified by Human Resources and Skills Development Canada, and you will pay more than \$100 per institution in tuition fees, complete this section. If you are enrolled full time, or if you have a mental or physical disability and are enrolled part time, enter the total of the tuition fees you will pay, plus \$400 for each month that you will be enrolled, plus \$65 per month for textbooks. If you are enrolled part time and do not have a mental or physical disability, enter the total of the tuition fees you will pay, plus \$120 for each month that you will be enrolled part time, plus \$20 per month for textbooks.

6. Disability amount – If you will claim the disability amount on your income tax return by using Form T2201, *Disability Tax Credit Certificate*, enter \$7,546.

7. Spouse or common-law partner amount – If you are supporting your spouse or common-law partner who lives with you, and whose net income for the year will be less than \$10,822 (\$12,822 if he or she is **infirm**) enter the difference between this amount and his or her estimated net income for the year. If your spouse's or common-law partner's net income for the year will be \$10,822 or more (\$12,822 or more if he or she is **infirm**), you cannot claim this amount.

8. Amount for an eligible dependant – If you do not have a spouse or common-law partner and you support a dependent relative who lives with you, and whose net income for the year will be less than \$10,822 (\$12,822 if he or she is **infirm** and you **did not claim the child amount** for this dependant), enter the difference between this amount and his or her estimated net income. If your eligible dependant's net income for the year will be \$10,822 or more (\$12,822 or more if he or she is **infirm**), you cannot claim this amount.

9. Caregiver amount – If you are taking care of a dependant who lives with you, whose net income for the year will be \$15,033 or less, and who is either your or your spouse's or common-law partner's:

- parent or grandparent (aged 65 or older), enter \$4,402 (\$6,402 if he or she is **infirm**) or
 - relative (aged 18 or older) who is dependent on you because of an infirmity, enter \$6,402.
- If the dependant's net income for the year will be between \$15,033 and \$19,435 (\$15,033 and \$21,435 if he or she is **infirm**) and you want to calculate a partial claim, get the TD1-WS, and complete the appropriate section.

10. Amount for infirm dependants age 18 or older – If you support an infirm dependant age 18 or older who is your or your spouse's or common-law partner's relative, who lives in Canada, and whose net income for the year will be \$6,420 or less, enter \$6,402. You cannot claim an amount for a dependant you claimed on line 9. If the dependant's net income for the year will be between \$6,420 and \$12,822 and you want to calculate a partial claim, get the TD1-WS, and complete the appropriate section.

11. Amounts transferred from your spouse or common-law partner – If your spouse or common-law partner will not use all of his or her age amount, pension income amount, tuition, education and textbook amounts, disability amount or child amount on his or her income tax return, enter the unused amount.

12. Amounts transferred from a dependant – If your dependant will not use all of his or her **disability amount** on his or her income tax return, enter the unused amount. If your or your spouse's or common-law partner's dependent child or grandchild will not use all of his or her **tuition, education, and textbook amounts** on his or her income tax return, enter the unused amount.

13. TOTAL CLAIM AMOUNT – Add lines 1 through 12.

Your employer or payer will use this amount to determine the amount of your tax deductions.

Continue on the next page ➔

Completing Form TD1

Complete this form **only** if:

- you have a new employer or payer and you will receive salary, wages, commissions, pensions, Employment Insurance benefits, or any other remuneration;
- you want to change amounts you previously claimed (such as when the number of your eligible dependants has changed);
- you want to claim the deduction for living in a prescribed zone; or
- you want to increase the amount of tax deducted at source.

Sign and date it and give it to your employer or payer.

If you do not complete a TD1 form, your new employer or payer will deduct taxes after allowing the basic personal amount **only**.

More than one employer or payer at the same time

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If you have more than one employer or payer at the same time and you have already claimed personal tax credit amounts on another TD1 form for 2012, you **cannot claim them again**. If your total income from all sources will be **more** than the personal tax credits you claimed on another TD1 form, **check** this box, enter "0" on line 13 on the front page and do not complete lines 2 to 12.

Total income less than total claim amount

☐

Check this box if your total income for the year from **all** employers and payers will be **less** than your total claim amount on line 13. Your employer or payer will not deduct tax from your earnings.

Non-residents

Are you a non-resident of Canada who will include 90% or more of your world income when determining your taxable income earned in Canada in 2012? If you are unsure of your residency status, call the International Tax Services Office at **1-800-267-5177**.

☐

- If **yes**, complete the previous page.
- If **no**, **check** the box, enter "0" on line 13 and do not complete lines 2 to 12, as you are not entitled to the personal tax credits.

Provincial or territorial personal tax credits return

If your claim amount on line 13 is more than \$10,822, you also have to complete a provincial or territorial personal tax credit return. If you are an employee, use the TD1 form for your province or territory of employment. If you are a pensioner, use the TD1 form for your province or territory of residence. Your employer or payer will use both this federal form and your most recent provincial or territorial TD1 form to determine the amount of your tax deductions.

If you are claiming the basic personal amount **only** (your claim amount on line 13 is \$10,822), your employer or payer will deduct provincial or territorial taxes after allowing the provincial or territorial basic personal amount.

Note: If you are a Saskatchewan resident supporting children under 18 at any time during 2012, you may be able to claim the child amount on Form TD1SK, *2012 Saskatchewan Personal Tax Credits Return*. Therefore, you may want to complete Form TD1SK even if you are **only** claiming the basic personal amount on this form.

Deduction for living in a prescribed zone

If you live in the Northwest Territories, Nunavut, Yukon, or another prescribed **northern** zone for more than six months in a row beginning or ending in 2012, you can claim:

- \$8.25 for each day that you live in the prescribed northern zone; or
- \$16.50 for each day that you live in the prescribed northern zone if, during that time, you live in a dwelling that you maintain, and you are the only person living in that dwelling who is claiming this deduction.

Employees living in a prescribed **intermediate** zone can claim 50% of the total of the above amounts.

For more information, get Form T2222, *Northern Residents Deductions*, and the Publication T4039, *Northern Residents Deductions – Places in Prescribed Zones*.

Additional tax to be deducted

You may want to have more tax deducted from each payment, especially if you receive other income, including non-employment income such as CPP or QPP benefits, or Old Age Security pension. By doing this, you may not have to pay as much tax when you file your income tax return. To choose this option, state the amount of additional tax you want to have deducted from each payment. To change this deduction later, complete a new Form TD1.

Reduction in tax deductions

You can ask to have less tax deducted if on your income tax return you are eligible for deductions or non-refundable tax credits that are not listed on this form (for example, periodic contributions to a Registered Retirement Savings Plan (RRSP), child care or employment expenses, and charitable donations). To make this request, complete Form T1213, *Request to Reduce Tax Deductions at Source for year(s) _____*, to get a letter of authority from your tax services office. Give the letter of authority to your employer or payer. You do not need a letter of authority if your employer deducts RRSP contributions from your salary.

Certification

I certify that the information given in this return is, to the best of my knowledge, correct and complete.

Signature _____

Date _____

It is a serious offence to make a false return.

Pay Slip Comparison

Pay slips being compared:

Pay Slip # _____

Pay Slip # _____

Similarities between pay slips	Differences between pay slips

Questions about pay slips:
1.
2.
3.
4.

Pay Slip 1 – ABC Mechanical

ABC Mechanical		Statement of Earnings and Deductions	
Employee Name: John Pearson		Hourly Rate: \$10.75	
Employee: 01234		Total Hours Worked: 80	
Pay Period: Sept. 24, 2012 – Oct. 05, 2012		Pay Date: October 05, 2012	
Pay period frequency: Biweekly (26 pay periods a year)		Federal TD1: Minimum - \$10,822.00 (Claim code 1)	
		Provincial TD1: Minimum -\$ 9,405.00 (Claim code 1)	
Gross Pay	\$860.00		
Total Deductions	132.15		
Net Pay	\$727.85		
CURRENT DEDUCTIONS		YEAR TO DATE	
CPP	\$35.91	GROSS EARNINGS	\$13,760.00
EI	15.74	CANADA PENSION	574.56
Federal Income Tax	52.50	EMPLOYMENT INS.	251.84
Provincial Income Tax	28.00	INCOME TAX	1,288.00
Total tax deductions	80.50	NET PAY	\$11,645.60
Retain For Your Records			

Pay Slip 2 – Great Graphics

Great Graphics		Statement of Earnings and Deductions	
Employee Name: Chris Davis		Hourly Rate: \$25.00	
Employee: 01567		Total Hours Worked: 80	
Pay Period: Sept. 24, 2012 – Oct. 05, 2012		Pay Date: October 05, 2012	
Pay period frequency: Biweekly (26 pay periods a year)		Federal TD1: Minimum - \$10,822.00 (Claim code 1)	
		Provincial TD1: Minimum - \$9,405.00 (Claim code 1)	
Gross Pay	\$2,000.00		
Total Deductions	487.23		
Net Pay	\$1,512.77		
CURRENT DEDUCTIONS		YEAR TO DATE	
CPP	\$92.34	GROSS EARNINGS	\$32,000.00
EI	36.60	CANADA PENSION	1,477.44
Federal Income Tax	238.13	EMPLOYMENT INS.	585.60
Provincial Income Tax	120.16	INCOME TAX	5,732.64
Total tax deductions	358.29	ASSOCIATION FEE	123.00
		NET PAY	\$24,081.32
Retain For Your Records			

Pay Slip 3 – Smiles Are Us

Smiles Are Us		Statement of Earnings and Deductions	
Employee Name: Chantelle Lamontagne		Hourly Rate: \$25.00	
Employee: 09876		Total Hours Worked: 80	
Pay Period: Sept. 24, 2012 – Oct. 05, 2012		Pay Date: October 05, 2012	
Pay period frequency: Biweekly (26 pay periods a year)		Federal TD1: Minimum - \$10,822.00 (Claim code 1)	
		Provincial TD1: Minimum - \$9,405.00 (Claim code 1)	
Gross Pay	\$2,000.00		
Total Deductions	504.63		
Net Pay	\$1,495.37		
CURRENT DEDUCTIONS		YEAR TO DATE	
CPP	\$92.34	GROSS EARNINGS	\$32,000.00
EI	36.60	CANADA PENSION	1,477.44
Federal Income Tax	233.29	EMPLOYMENT INS.	585.60
Provincial Income Tax	118.15	INCOME TAX	5,623.04
Total tax deductions	351.44	UNION DUES	352.00
Union Dues	22.00	MEDICAL DENTAL	36.00
Medical/Dental Ins	2.25	NET PAY	\$23,925.92
Retain For Your Records			

Pay Slip 4 – The Town Pool

The Town Pool		Statement of Earnings and Deductions	
Employee Name: Karim Kherani Employee: 77654 Pay Period: Aug. 1, 2012 – Aug. 31, 2012 Pay period frequency: Monthly (12 pay periods a year)		Hourly Rate: \$11.25 Total Hours Worked: 46 Pay Date: August 31, 2012 Federal TD1: Minimum - \$10,822.00 (Claim code 1) Provincial TD1: Minimum - \$9,405.00 (Claim code 1)	
Gross Pay	\$517.50		
Vacation Pay	20.70		
Total Deductions	22.05		
Net Pay	\$516.15		
CURRENT DEDUCTIONS		YEAR TO DATE	
CPP	\$12.20	GROSS EARNINGS	\$1,293.75
EI	9.85	VACATION PAY	51.75
Federal Income Tax	0	CANADA PENSION	30.50
Provincial Income Tax	0	EMPLOYMENT INS.	24.63
Total tax deductions	0	INCOME TAX	0
		NET PAY	\$1,290.37
Retain For Your Records			

Who is eligible? Does one need to apply?

Who pays for the program?

What is it? What is its purpose?

What are the benefits?

Other important information?

Research Summary Graphic Organizer

	Canada Pension Plan	Employment Insurance	Workplace Safety Insurance	Other Benefits, Deductions & Vacation Pay
Acronym				
What is it?				
Purpose?				
Benefits?				
Who pays?				
Who is eligible?				
Do you need to apply?				
What are the disadvantages if one does not belong?				
Other interesting and important information				

Workplace Safety Insurance Board (WSIB) Fact Sheet

Who we are

We administer Ontario's no-fault workplace insurance for employers and their workers. As part of this system, we provide disability benefits, monitor the quality of health care and assist in early, safe return to work for workers injured on the job or who contract an occupational disease. We are entirely funded by employer premiums.

Working for you

The WSIB works for you. Whether you're a worker, a large employer or small business owner, we're here to help.

- For employers, we provide no-fault collective liability insurance and access to industry-specific health and safety information
- For workers, we provide loss of earnings benefits and health care coverage

Both workers and employers benefit from the WSIB's help when it's time to go back to work after an injury. Find out more about how the WSIB works for you:

Facts at a glance

The Workplace Safety and Insurance Board (WSIB) was created in 1915 as the Workmen's Compensation Board, through an Act of the Ontario government. The WSIB is legislated by the Ontario government and is responsible for administering the Workplace Safety and Insurance Act (WSIA).

The WSIB administers no-fault workplace insurance for employers and their workers and is committed to the elimination of workplace injuries, illnesses and fatalities. It also provides disability benefits, monitors the quality of healthcare, and assists in early and safe return to work for workers who are injured on the job or contract an occupational disease.

- The WSIB is funded entirely by the employers of Ontario and receives no government funding
- An average of 300,000 new claims are filed with the WSIB each year
- Approximately 1,100 claims are registered each working day
- There are currently 237,300 registered employer accounts, classified in 154 rate groups covering approximately 4.5 million workers in Ontario
- The WSIB has approximately 4,200 full-time staff
- The WSIB main office is located in Toronto at 200 Front St, with 14 regional offices located throughout the province
- Currently, 88% of initial entitlement decisions are made within 14 days
- There are 1 million decisions annually with appeals on these decisions numbering less than 1%

- The WSIB provides the following benefits to covered workers often not offered by most private insurers:
 - Loss of retirement income at 65
 - Loss of earnings
 - Special allowances for severe impairment including independent living allowance
 - Work reintegration support
 - No cap on health care benefits
 - Lump sum and monthly awards for spouses and dependent children, and benefits for funeral expenses under survivor benefits
 - Prevention and return to work support and tools.

The cost of doing business

- In 2009 the WSIB had operating expenses of \$5.3 billion and revenue of \$3.2 billion
- The WSIB's administrative budget for 2010 represents less than 11 per cent of total operating costs
- Overall health care costs for 2009 were \$578 million. The top categories were:
 - Non-Direct Health Care (including travel and accommodation allowances etc.)
 - Drug Benefit Program
 - Specialty Clinics
- The unfunded liability (UFL) - the difference between payments for future benefits to workers and funding received from business - was \$11.8 billion in 2009

The financial future

- The WSIB is introducing a modest 2 per cent rate increase for the average premium rate for 2011 and 2012 to help slow the growth of the UFL
- The WSIB is undergoing a year-long Funding Review, conducted by a third-party Chair. The review will seek input from the public on issues relating to the WSIB's financial future including appropriate funding levels for the WSIB, the rate group model and a timeline for the elimination of the unfunded liability
- A value-for-money audit of WSIB claims administration and adjudication is also planned

Source: <http://www.wsib.on.ca/en/community/WSIB/>

Canada Pension Plan (CPP) Fact Sheet

1. What benefits does the Canada Pension Plan provide?

The Canada Pension Plan is a contributory, earnings-related social insurance program. It ensures a measure of protection to a contributor and his or her family against the loss of income due to retirement, disability and death.

There are three kinds of Canada Pension Plan benefits:

- **disability benefits** (which include benefits for disabled contributors and benefits for their dependent children);
- **retirement pension**; and
- **survivor benefits** (which include the death benefit, the survivor's pension and the children's benefit).

The Canada Pension Plan operates throughout Canada, although the province of Quebec has its own similar program, the Quebec Pension Plan

2. Who pays into the Canada Pension Plan?

With very few exceptions, every person in Canada over the age of 18 who earns a salary must pay into the Canada Pension Plan. You and your employer each pay half of the contributions. If you are self-employed, you pay both portions.

You do not make contributions if you are receiving a Canada Pension Plan disability or retirement pension. At age 70, you stop contributing even if you have not stopped working.

3. How much do I pay into the Canada Pension Plan?

The amount you pay is based on your salary. If you are self-employed, it is based on your net business income (after expenses). You do not contribute on any other source of income, such as investment earnings.

If, during a year, you contributed too much or earned less than a set minimum amount, you will receive a refund of contributions when you complete your income tax return.

You only pay contributions on your annual earnings between the minimum and a set maximum level (these are called your "pensionable" earnings).

The minimum level is frozen at \$3,500. The maximum level is adjusted each January, based on increases in the average wage.

4. Why are my contributions important?

Your contributions are used to determine if you or your family is eligible for a benefit, and to calculate the monthly amount. Both the length of time and the amount of earnings on which you contribute (up to the maximum each year) are factors. Normally, the more you earn and contribute to the Canada Pension Plan over the years, the higher the benefit will be (when you become entitled) because you will have built up a lot of Canada Pension Plan pension credits. Your Canada Pension Plan credits can also be affected by "credit splitting".

5. What is my "contributory period" and how is it used?

(CPP Page 2)

The total span of time during your life when you **may** contribute to the Canada Pension Plan is called your contributory period. It is used in calculating the amount of any Canada Pension Plan benefit to which you become entitled. Your contributory period begins when you reach age 18 or January, 1966 (the start of the CPP) and continues until you begin receiving your retirement pension, reach age 70 or die (whichever is the earliest).

6. If I had some low-earning years, will that reduce my pension?

Remember that Canada Pension Plan calculations include both how much and how long you have contributed.

However, to protect you, some parts of your contributory period can be dropped out of the calculation, such as:

- periods when you stop working or your earnings become lower **while** you are raising your children under the age of seven;
- low earning months **after** the age of 65;
- any month when you were eligible for a Canada Pension Plan disability pension;
- 15 per cent of your lowest earning years in your contributory period.

Dropping out periods of low earnings will **increase** the amount of your benefit.

7. How does the Canada Pension Plan keep track of my contributions?

Since 1966, the Canada Pension Plan has kept a "Record of Earnings" for each person who pays into the Canada Pension Plan and for people who pay into both the Canada Pension Plan and the Quebec Pension Plan. The information is supplied through the Canada Revenue Agency (CRA) and Revenu Québec.

It is **important** that you check your T4 slip (the statement of earnings you receive from your employer each year) to make sure that your name and social insurance number are the same as on your social insurance card. If not, your Canada Pension Plan contributions will not be credited to your Canada Pension Plan account. This could mean not getting benefits to which you are entitled or a reduction in your pension.

If you change your name or lose your social insurance card, you should contact the Service Canada Centre nearest you as soon as possible.

8. How do I find out how much I have contributed?

You should automatically receive a Statement of Contributions annually. However, you can ask for a statement once a year.

Your Statement of Contributions shows, by year, the total amount of your Canada Pension Plan contributions, and your "pensionable" earnings on which they are based. If you are over age 30, it also estimates what your pension or benefit would be if you were eligible now.

Check your statement carefully - particularly your earnings and contributions. You should compare these amounts to any previous T4 (income tax) slips. If you disagree with any of the figures, Canada Pension immediately. It could have an effect on the amount of your future Canada Pension Plan benefits.

Source: <http://www.servicecanada.gc.ca/eng/isp/cpp/cppinfo.shtml>

Employment Insurance (EI) Fact Sheet

What is Employment Insurance?

The Employment Insurance (EI) program offers temporary financial assistance to Canadians. One type of benefits that the EI program offers is regular benefits. EI regular benefits are offered to people who have lost their employment through no fault of their own (for example, because of a shortage of work or because they were employed in seasonal work) and who are ready, willing, and capable of working each day but unable to find work.

Am I eligible for EI regular benefits?

You may be entitled to receive EI regular benefits if you:

- have paid premiums into the EI Account;
- lost your employment through no fault of your own;
- have been without work and without pay for at least seven consecutive days in the last 52 weeks;
- have worked for the required number of insurable hours in the last 52 weeks or since the start of your last EI claim, whichever is shorter;
- are ready, willing, and capable of working each day; and
- are actively looking for work (you must keep a written record of employers you contact, including when you contacted them).

You may **not** be entitled to receive EI regular benefits if you:

- voluntarily left your employment without just cause;
- were dismissed for misconduct; or
- are unemployed because you are directly participating in a labour dispute (strike, lockout, or other type of dispute).

Definitions

Hours of insurable employment: These are the hours worked in an employment, for either one or more employers, according to the terms of a contract of service, either written or verbal, for which the employee was paid wages by the employer.

Paying premiums into the EI Account: You pay a certain amount of premiums, which are deducted from your wages as indicated on your pay stub. These premiums are paid into the EI Account. The fact that you paid premiums may provide you with protection in case you lose your employment.

Section 1 Applying for Benefits

Do I need to apply to receive EI benefits?

Yes, you need to apply for EI benefits, because Service Canada first needs to determine whether you are entitled to benefits. Benefits are not paid to you automatically, even if your employer has issued you a Record of Employment (ROE).

When should I apply?

You should apply as soon as possible once you have stopped working, even if your employer has not issued your ROE yet. You should know that if you delay applying for benefits beyond four weeks after your last day of work, you risk losing benefits.

How do I apply?

(EI Page2)

To find out if you can receive EI benefits, you must submit an application online.

You can apply:

At home

If you have access to the Internet at home, you can apply for EI benefits from there—24 hours a day, seven days a week.

- **At a Service Canada Centre**
You can apply online at any Service Canada Centre using one of the many Internet kiosks available. To find the Service Canada Centre nearest you, visit the Service Canada Web site.
- **At a public Internet access site**
There are various locations in your community, such as public libraries, where you can access the Internet to apply for EI benefits.

What documents and information do I need to apply?

It will take about 60 minutes to complete the online application form for EI benefits. To apply, you will need the following information:

- your Social Insurance Number;
- your mother's maiden name;
- your mailing and residential addresses, **including the postal codes**;
- your complete banking information to apply for direct deposit, including the financial institution name, the bank branch number, and your account number;
- the names, addresses, dates of employment, and reason for separation for all your employers for the last 52 weeks;
- your detailed version of the facts, if you quit or have been dismissed from any job in the last 52 weeks;
- the dates (Sunday to Saturday) of any weeks in the last 52 weeks when you did not work or receive any earnings, and the reason(s) why; and
- the dates (Sunday to Saturday) for weeks of employment in the last 52 weeks, as well as salary before deductions, if one of the following situations applies to you:
 - you had weeks where your earnings before deductions were less than \$225 but more than \$0 per week; or
 - you reside in one of the economic regions designated under the [Best 14 Weeks pilot project](#) and you are not applying for fishing benefits.

What is the Record of Employment (ROE)?

The ROE is the form that your employer must complete when you stop working and experience an interruption of earnings. Your employer must issue it even if you do not intend to claim EI benefits. On your ROE, you will find information about your employment history.

When will I start to receive EI benefits?

If we have all the information we need and you are entitled to receive EI benefits, your first payment should be issued within 28 days of the date we receive your application for benefits.

What is the two-week waiting period?

(EI Page 3)

Before you start receiving EI benefits, there are two weeks for which you will not be paid. This is what we call the "waiting period." The waiting period is like the deductible that you must pay for other types of insurance.

You usually serve the waiting period at the very beginning of a benefit period, unless you receive earnings during this two-week period. In that case, the waiting period will start during the first week for which you would otherwise be entitled to benefits.

How much will I get?

We cannot tell you exactly how much you will receive without having processed your application. However, we can tell you that the basic rate for calculating EI benefits is **55%** of your average insurable weekly earnings. As of January 1, 2012, the maximum insurable earnings amount is **\$45,900**. This means that you can receive a maximum amount of **\$485** per week.

The basic rate and the maximum insurable earnings amounts are reviewed each year. For more information on the most recent rates and amounts, visit the Service Canada Web site

For how long will I receive EI benefits?

You may receive EI regular benefits for a period ranging from 14 to 45 weeks. The number of weeks you may receive benefits depends on the unemployment rate in your region and on the number of hours of insurable employment that you accumulated during your qualifying period, which is usually the last 52 weeks before the start date of your claim.

I heard that I have to submit reports to receive EI benefits. What are these reports?

After you apply for EI benefits, you must complete and submit EI reports to get the benefits you are entitled to receive. During the period your EI claim is active, you have to submit reports to Service Canada every two weeks that show you are still entitled to receive EI benefits.

How do I submit my EI reports?

There are two ways to complete and submit your EI reports:

1. You can use the **EI Internet Reporting Service**
2. You can call the **EI Telephone Reporting**

On your EI reports, you must indicate whether you:

- were outside Canada during the period of the report;
- worked or received earnings, including self-employment earnings;
- started a full-time job;
- attended school or a training course;
- were ready, willing, and capable of working each day; and
- received or will receive money other than that already reported.

How will my benefits be paid? Direct deposit

Section 2 – Eligibility criteria

(EI Page 4)

To be entitled to receive EI regular benefits, I need to have lost my employment through no fault of my own. What does this mean?

If we consider that you are responsible for the loss of your employment, you may not be entitled to receive EI benefits. Here are a few examples of situations in which you may be considered to be responsible for the loss of your employment:

- you left your employment voluntarily and without just cause (you did not consider all the reasonable alternatives available to you to keep your job);
- you were dismissed for misconduct (your employer considered that you voluntarily or deliberately committed an inappropriate action, a violation, or professional misconduct); or
- you are unemployed as a result of a labour dispute in which you participated, whether it is a strike, a lockout, or other type of dispute.

However, we may consider that you are **not** responsible for the loss of your employment if:

- your employer ended your employment, but it was not as a result of misconduct on your part; or
- you left your employment for reasons that could be considered just cause for leaving the employment (for example, harassment, discrimination, or dangerous working conditions).

In these cases, you may be entitled to receive regular benefits if you meet the eligibility criteria.

How many hours of insurable employment do I need to qualify for regular benefits?

It depends on your situation. However, in all cases, the hours of insurable employment that are used to calculate your benefit period must have been accumulated during your qualifying period.

What is the qualifying period?

The qualifying period is the shorter of:

- the 52-week period immediately before the start date of your claim; or
- the period from the start of a previous benefit period to the start of your new benefit period, if you applied for benefits earlier and your application was approved in the last 52 weeks.

If you were already a member of the work force or if you previously received maternity or parental benefits

You will need to have accumulated between 420 and 700 hours of insurable employment during the qualifying period to be entitled to receive EI regular benefits, as long as:

- you can show that you have accumulated at least 490 hours of participation in the labour market during the labour force attachment period (the 52-week period immediately preceding the qualifying period); or
- you received at least one week of maternity or parental benefits in the 208 weeks preceding the 52 weeks before the qualifying period (in other words, in the four years preceding the labour force attachment period).

What is the labour force attachment period?

(EI Page 5)

You should not confuse the labour force attachment period with the qualifying period. The labour force attachment period is the 52-week period immediately preceding the qualifying period. It corresponds to the number of hours for which a person was a member of the labour force (in other words, the person worked or received earnings, received benefits or compensation, participated in an approved training or other program, was serving a waiting period, or participated in a labour dispute).

You need to have accumulated at least 490 hours as a member of the labour force during the labour force attachment period to be required to accumulate only between 420 to 700 hours of insurable employment during the qualifying period.

The number of hours of insurable employment required is determined when you apply for benefits, depending on the following:

- your place of residence; and
- the unemployment rate for your region.

If you made a false statement or misrepresentation when filing a previous EI claim

If you made a false statement or misrepresentation on a previous EI claim, you may be required to accumulate a greater number of hours of insurable employment to qualify for benefits in the future. The increase in the number of hours you will need depends on the seriousness of the violation.

What do you mean by "ready, willing, and capable of working each day"?

To receive EI benefits, you need to show that you are ready, willing, and capable of working each day.

Being "ready to work" means that your conduct shows your desire to work, but you have been unable to find a job.

Being "willing to work" means that you are willing to accept all types of work that your abilities, skills, training, or experience enable you to do, and you are willing to accept labour market conditions (for example, going rate of pay, hours of work).

Being "capable of working" means that you are, first of all, able to work. Ability to work is characterized by the physical and mental strength required to perform the duties of an employment under the same conditions as workers who usually do that type of work.

Can you tell me more about the premiums paid into the EI Account?

To be entitled to receive benefits, you need to have paid premiums into the EI Account. These are premiums that are deducted from your wages or salary by your employer. There is no minimum or maximum age for paying EI premiums. In fact, whenever you are employed in insurable employment, your employer deducts the applicable EI premiums from your wages or salary, regardless of your age.

You need to pay premiums on all your earnings until your annual earnings reach the established maximum amount. In 2012, this means a deduction of \$1.83 for every \$100 of earnings, until your annual earnings reach \$45,900. The maximum amount of premiums to be paid in 2012 is therefore \$839.97.

...you leave your employment voluntarily?

(EI Page 6)

If you took the initiative to end the employment, you are considered to have left your employment voluntarily. What's more, if you do not consider all the reasonable alternatives available to you to keep your job, we consider that you did not have just cause for leaving your employment voluntarily. To receive EI regular benefits, you need to show that leaving your employment voluntarily was the only reasonable alternative in your case, given the circumstances.

If you leave your employment voluntarily and without just cause, you are not entitled to receive EI regular benefits. After leaving your employment, you will need to return to work for the minimum number of hours of insurable employment required to receive regular benefits. However, you may still receive maternity, parental, sickness, or compassionate care benefits, as long as you qualify for them.

...you leave your employment voluntarily but you believe you have valid reasons for doing so?

You may have excellent reasons for leaving your employment voluntarily, but this does not mean that you have just cause for leaving your employment. Before deciding to leave your employment, you should always analyze the problem and use the measures or reasonable alternatives available to you to fix the situation. If you leave your employment without considering all the measures or reasonable alternatives available to you, you will need to explain why you did not consider these measures or reasonable alternatives.

Depending on the circumstances, the reasons listed below may be just cause for leaving your employment voluntarily:

- you are a victim of sexual or other harassment, or you are a victim of discrimination because you belong to an association, organization, or union of workers;
- you need to accompany your spouse or dependent child to another residence;
- you are a victim of discrimination;
- your working conditions are dangerous to your health and safety;
- you need to care for a child or a member of your immediate family;
- you have reasonable assurance of another employment in the immediate future;
- your wages or salary have been significantly changed, or your employment conditions have changed to the extent that they have significantly impacted your wages or salary;
- you are asked to work an unreasonable amount of overtime or your employer refuses to pay you for it
- you experience antagonism with a supervisor, and you are not primarily responsible for the antagonism;
- your employer has certain practices that are contrary to law; or
- you are unduly pressured by your employer or your co-workers to leave your employment.

If your employer is permanently reducing its work force and offers you the option of leaving your job to protect the job of a co-worker, we consider that you had just cause for leaving your employment voluntarily. However, the company you work for must show that the downsizing is permanent and that your resignation allowed the company to protect the job of another employee. If your employer gives you the option of leaving your job within the context of a work-force reduction, it is best to first consult an EI agent before making a decision. You should not assume that you will automatically be entitled to receive benefits.

Other reasonable circumstances may be considered to be just cause for leaving an employment voluntarily. However, while you may be considered to have just cause for leaving your employment in certain situations, there may be doubts as to your availability for work. An example of this is a person who leaves an employment to look after a child or a member of the person's family. If you are not sure whether you can establish just cause for leaving your employment voluntarily, contact us for more information.

...you are affected by a labour dispute?

(EI Page 7)

When a strike, lockout, or other type of labour dispute makes you lose your employment or stops you from working, you are usually not entitled to receive EI benefits. The following conditions apply, regardless of whether or not you are unionized or whether you are employed in full-time or part-time employment.

If you directly participate in a labour dispute, you are not entitled to receive EI benefits until:

- the strike or the lockout is over; or
- you find another regular employment for which you are paying EI premiums and you work for the minimum number of hours of insurable employment required to receive EI regular benefits.

However, you may be entitled to receive benefits if:

- you are not participating in the labour dispute;
- you are not directly financing the dispute;
- you are not directly affected by the dispute

Definitions

Average insurable earnings: The average income earned on which EI contributions were paid. This is used to calculate the weekly benefit rate to which you are entitled.

Maximum yearly insurable earnings: The highest amount of income on which EI contributions can be paid.

Source: Service Canada website

Other Benefits/Deductions Fact Sheet

There are many types of benefits and allowances that may be included in an employee's income. Whether or not they are taxable depends on the type of benefit or allowance and the reason an employee receives it.

An employee is considered to have received a benefit if the employer provides something to him or her that is personal in nature. A benefit can include:

- a reimbursement of personal expenses,
- free use of property, goods, or services owned by the employer, or
- an allowance.

When a benefit is provided to an employee the value of it may have to be included in the employee's income. Whether or not the benefit is taxable depends on its type and the reason an employee receives it.

The benefit may be paid in cash (such as a meal allowance or reimbursement of personal cellular phone charges), or provided in a manner other than cash (we call this a **non-cash** benefit), such as a parking space or a gift.

The value of a benefit is generally its fair market value (FMV). This is the price that can be obtained in an open market between two individuals dealing at arm's length.

The taxable benefits and allowances are added to the employee's income each pay period to determine the total amount that is subject to source deductions. The benefits and allowances may be subject to CPP contributions, EI premiums and income tax deductions.

The following benefits will be included as income and subject to EI, CPP, and income tax deductions:

Board and Lodging
Rent-Free and Low-Rent Housing
Travel Benefits
Personal Use of Employer's Motor Vehicle
Gifts (Including Christmas Gifts)
Holiday Trips, Other Prizes and Incentive Awards
Frequent Flyer Program
Travelling Expenses of Employee's Spouse
Premiums under Provincial Hospitalization and Medical Care Insurance Plans
Employer-Paid Educational Costs
Cost of Tools – Reimbursement
Wage Loss Replacement Plans
Interest-Free and Low-Interest Loans
Financial Counselling and Income Tax Return Preparation

The following amounts will NOT be included as income or subject to income tax, EI, or CPP deductions:

Discounts on Merchandise and Commissions on Sales
Subsidized Meals
Uniforms and Special Clothing
Subsidized School Services
Transportation to the Job
Recreational Facilities
Premiums under Private Health Services Plans
Employer's Contribution under Provincial Hospitalization and Medical Care Insurance Plans
Transportation Passes
Public Office Holders
Employee Counselling Services
Professional Membership Fees

Vacation Pay:

This employment standard has two parts: vacation **time** and vacation **pay**.

Employees are entitled to two weeks of **vacation time** after each 12-month vacation entitlement year. Where the employer has established an alternative vacation entitlement year (an alternative vacation entitlement year is one that does not start on the first day of employment and thereafter the anniversary date of the first day), the employee is entitled to a pro-rated amount of vacation time for the period (stub period) before the alternative vacation entitlement year starts.

Vacation pay must be at least four per cent of the "gross" wages earned in the 12-month vacation entitlement year or in the stub period (where that applies).

Note: If an employee's contract or collective agreement provides a better vacation benefit than the minimum required, the employee may be entitled to a higher percentage of his or her gross earnings for vacation pay. For example, an employee might be entitled to three weeks' vacation per year, with six per cent of gross earnings for vacation pay.

Vacation pay is calculated as a minimum of **four per cent** of the wages (excluding vacation pay) the employee earned in the vacation entitlement year or stub period for which the vacation is being given.

Wages include:

- regular wages
- commissions
- bonuses and monetary gifts that are *not* discretionary or that are related to hours, production or efficiency
- overtime pay
- public holiday pay
- allowances for room or board
- termination pay

They do not include:

- vacation pay (although the definition of wages in the ESA includes vacation pay, it is not included in this calculation)
- tips and gratuities
- discretionary bonuses and monetary gifts that are not related to hours, production or efficiency (such as Christmas bonuses unrelated to performance)
- expenses and travelling allowances
- generally, contributions made by an employer to a benefit plan
- payments from a benefit plan that an employee is entitled to
- severance pay (although the definition of wages in the ESA includes severance pay, it is not included in this calculation)

Direct Deposit:

Direct Deposit is system that allows your pay to be deposited on the predetermined pay date directly into your bank account. You must provide your employer with your bank account information for this to occur.

Source: Ontario Ministry of Labour and Canada Revenue Agency websites

WHERE YOUR TAX DOLLARS GO FACT SHEET

TAX DOLLAR: 2010-2011 FISCAL YEAR

TRANSFER PAYMENTS

Payments that go directly to persons, to provincial and territorial governments, and to other organizations are called —transfers.

Transfers are the largest category of government spending. They made up about **58 cents** of each tax dollar spent (\$157.9 billion).

TRANSFERS TO PERSONS

Major transfers to persons cost **25 cents** of each tax dollar spent (\$68.1 billion).

The biggest category within Transfers to Persons was elderly benefits. These transfers include:

Old Age Security
Guaranteed Income Supplement
Allowance for Spouses

Total elderly benefits cost about \$35.6 billion, or roughly **13 cents** of each tax dollar spent.

Another major transfer to persons is Employment Insurance (EI) benefits. Altogether, EI benefits cost over **7 cents** of every tax dollar spent (\$19.9 billion).

For information on EI premiums, see the section entitled —Where the money comes from.

The final category of Transfers to Persons is Children's Benefits. Canada provided \$12.7 billion to help families raise their children through the Canada Child Tax Benefit and the Universal Child Care Benefit. These payments cost almost **5 cents** of every tax dollar spent.

TRANSFERS TO PERSONS: FAMILIES AND CHILDREN

Canada also provides assistance to low- and modest-income families through the Goods and Services Tax (GST) credit (\$3.8 billion).

TRANSFERS TO PROVINCIAL AND TERRITORIAL GOVERNMENTS

Major transfers to other levels of government totaled about \$53.0 billion last year, or **20 cents** of each tax dollar spent. These transfers help fund health care, post-secondary education and other programs for Canadians.

The Canada Health Transfer provided \$26.0 billion for health programs, representing almost **10 cents** of each tax dollar spent.

The Canada Social Transfer provided \$11.2 billion for post-secondary education, social programs and programs for children, representing about **4 cents** of each tax dollar spent.

Other major transfers, including the Equalization and Territorial Formula Financing programs and the gas tax transfers to cities and communities, totaled roughly **6 cents** of every tax dollar spent (\$15.8 billion).

The Equalization and Territorial Formula Financing programs help less prosperous provinces and territories provide services that are reasonably comparable to those in other provinces at reasonably comparable levels of taxation. Gas tax transfers help Canada's cities and communities provide environmentally sustainable municipal infrastructure.

TRANSFERS TO PROVINCIAL AND TERRITORIAL GOVERNMENTS: HEALTH CARE

Federal support for health care goes beyond cash payments under the Canada Health Transfer and the Equalization and Territorial Formula Financing programs.

In 1977, provinces assumed a share of federal taxes to supplement direct cash transfers. In 2010–11, these — taxpoints added some \$21.2 billion to provincial finances for programs such as health care, post-secondary education, social assistance and social services.

In addition, Canada provided about \$6 billion last year for:

- First Nations health services
- Health care for veterans
- Health research
- Programs for public health

OTHER TRANSFER PAYMENTS

Last year, spending on federal grants, contributions and subsidies added up to \$36.8 billion, almost **14 cents** of each tax dollar spent. This included approximately:

- \$6.7 billion in transfers for First Nations and Aboriginal peoples
- \$1.9 billion in assistance to farmers and other food producers;
- \$4.1 billion in foreign aid and other international assistance;
- \$10.5 billion in support for research and development, infrastructure, regional development and assistance to businesses.

Other funding went to student assistance programs, health research and promotion, the arts, amateur sports, and multiculturalism and bilingualism.

OTHER PROGRAM EXPENSES

After transfers, the bulk of federal tax dollars went to cover the operating costs of the more than 130 government departments, agencies, Crown corporations and other federal bodies that provide programs and services for Canadians.

Government operating expenses such as salaries and benefits, facilities and equipment, and supplies and travel made up **30 cents** of each tax dollar spent (\$81.7 billion). Close to half of this spending—just over **14 cents** of each tax dollar spent—went to just three organizations.

DEFENCE

First, spending last year by National Defence on Canada's military forces made up **8 cents** of each tax dollar spent (\$21.3 billion)

PUBLIC SAFETY

Next, operating costs of Public Safety and Emergency Preparedness represented over **3 cents** of each tax dollar spent (\$9.4 billion).

This includes funding for the Royal Canadian Mounted Police, the federal prison system, and border traffic and security operations.

CANADA REVENUE AGENCY

And third, expenses of the Canada Revenue Agency, which administers the federal tax system (and also collects personal income taxes for all provinces except Quebec) totaled \$7.3 billion, or close to **3 cents** of each tax dollar spent.

OTHER OPERATIONS

A further \$33.1 billion—roughly **12 cents** of each tax dollar—was spent on the operations of the other federal departments and agencies.

These included major departments such as:

- Environment
- Fisheries and Oceans
- Health
- Human Resources and Skills Development
- Industry
- Justice
- Natural Resources
- Public Works
- Transport
- Veterans Affairs

Funding also went to federal agencies such as the Canadian Food Inspection Agency, Parks Canada and the Canadian International Development Agency.

PAYING FOR PARLIAMENT

One of the smallest spending slices goes to Parliament itself—the House of Commons, the Senate and the Library of Parliament.

Last year, the combination of salaries and benefits for Members of Parliament, Senators and parliamentary staff, and spending on facilities and services, totaled about \$555 million. That's less than one-quarter of a cent of every tax dollar spent.

CROWN CORPORATIONS

Crown corporations (organizations owned directly or indirectly by the government) cost \$10.5 billion, or just under **4 cents** of each tax dollar spent.

Most of this spending was by four organizations:

- Canada Mortgage and Housing Corporation, which helps support home ownership and affordable housing -- \$3.0 billion;
- Canadian Broadcasting Corporation -- \$1.8 billion;
- Atomic Energy of Canada Limited -- \$1.7 billion and,
- Canadian Commercial Corporation -- \$1.6 billion.

WHERE YOUR TAX DOLLARS GO FACT SHEET

PAGE 4

Funding was also provided to cultural organizations (including the National Gallery of Canada, the Canadian Museum of Civilization and the Canada Council for the Arts), to enterprises like VIA Rail, and to the Canadian Tourism Commission.

PUBLIC DEBT CHARGES

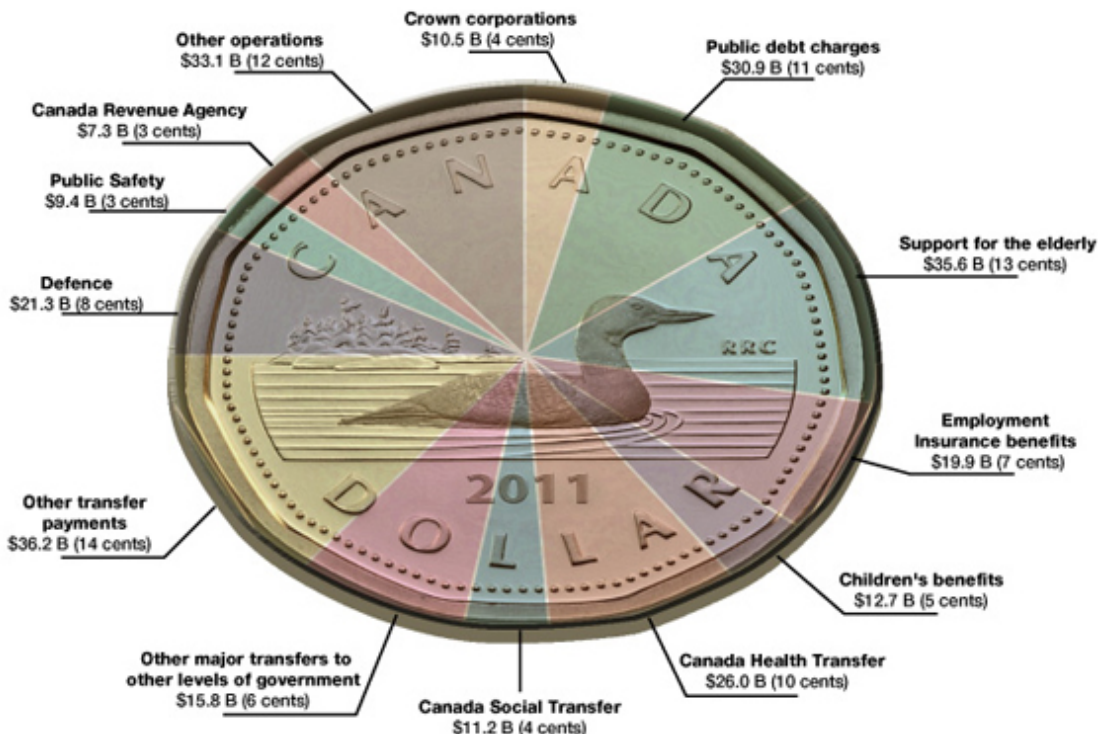
Interest charges on Canada's public debt – money borrowed by the federal government over the years and not yet repaid – cost \$30.9 billion. That's about **11 cents** of every tax dollar spent.

Currently, 78% of this debt is owed to Canadians, including citizens and domestic institutions holding federal bonds, Treasury bills and other forms of the debt.

That's our brief summary of federal spending for 2010–11.

Canada Health Transfer (**10 cents**)
 Canada Revenue Agency (**3 cents**)
 Canada Social Transfer (**4 cents**)
 Children's benefits (**5 cents**)
 Crown corporations (**4 cents**)
 Defence (**8 cents**)
 Employment Insurance benefits (**7 cents**)
 Other major transfers to other levels of government (**6 cents**)
 Other operations (**12 cents**)
 Other transfer payments (**14 cents**)
 Public debt charges (**11 cents**)
 Public Safety (**3 cents**)
 Support to elderly (**13 cents**)

Where Your Tax Dollar Goes—2010/11



Source: Public Accounts of Canada 2011
 For more information, see <http://www.fin.gc.ca/taxdollar/index-eng.asp>

WHERE THE MONEY COMES FROM

During 2010–11, the federal government recorded \$237.1 billion in revenues.

These revenues came from:

Personal income tax – \$113.5 billion, or almost **48 cents** of every dollar raised in revenues.

Corporate income tax – about \$30.0 billion, close to **13 cents** of every dollar.

Goods and Services Tax – \$28.4 billion, or **12 cents** of every dollar.

A number of other taxes—such as non-resident withholding taxes, customs import duties, energy taxes and excise taxes and duties on alcohol and tobacco—made up \$19.7 billion, or over **8 cents** of every dollar raised in revenues.

As well, Employment Insurance premiums contributed \$17.5 billion to federal revenues^[1], or close to **7 cents** of every dollar in revenues.

And other revenues—such as earnings by Crown corporations and revenues from the sale of goods and services—provided the remaining \$28.1 billion, or **12 cents** of every tax dollar.

WHERE THE MONEY COMES FROM : SUMMARY

Corporate income tax (**13 cents**)

Earnings by Crown corporations and revenues from the sale of goods and services (**12 cents**)

Employment Insurance premiums (**7cents**)

Non-resident withholding taxes, customs import duties, energy taxes and excise taxes and duties on alcohol and tobacco (**8 cents**)

Personal income tax (**48 cents**)

Revenues from the Goods and Services Tax (**12 cents**)

THE BUDGETARY DEFICIT

The \$33.4-billion difference between the government's total expenses of \$270.5 billion and total revenues of \$237.1 billion is the 2010–11 budgetary deficit. The budgetary deficit represents an increase in the federal debt (accumulated deficit).

MORE ABOUT THESE NUMBERS

The federal government calculates its financial results over a 12-month —fiscal year that ends every March 31.

This presentation is based on the Annual Financial Report of the Government of Canada for the most recent complete fiscal year, 2010–11.

So that's the story of where your federal tax dollar goes, and how it is raised.

Source: Department of Finance Canada

Dissecting Pay Slip - Worksheet Assignment

Page 1

1. Use Pay Slip - Palmart or your own to complete this worksheet. If you are using your own pay slip, attach it to this worksheet.
2. Complete the chart below by filling in the required information.

a) How much does the person earn per hour of work?	
b) How often does the person get paid?	
c) What day did the person get paid?	
d) How much money did the person actually receive?	
e) How much vacation pay did the person receive with this pay?	
f) Why did this person receive vacation pay when the person was not actually on vacation?	
g) How much money has the person actually earned this year working for Palmart?	
h) How much money has the person paid for union dues in the year so far?	
i) Why did Holly not pay any provincial income tax?	
j) How much money was deducted for the current pay period for Employment Insurance?	
k) Why is it important to pay into EI?	
l) If the person continued to work the same number of hours per week until December 21, how much would the total gross earnings be for the "Year to Date?"	
m) How much money would the person have earned in vacation pay for the "Year to Date" up to and including December 21?	

Dissecting a Pay Slip – Palmart

Page 2

Palmart		Statement of Earnings and Deductions	
Employee Name: Holly Chookomolin		Hourly Rate: \$10.75	
Employee: 98734		Total Hours Worked: 48	
Pay Period: Aug. 20, 2012 – Aug. 31, 2012		Pay Date: August 31, 2012	
Pay period frequency: Biweekly (26 pay periods a year)		Federal TD1: Minimum - \$10,822.00 (Claim code 1)	
		Provincial TD1: Minimum - \$9,405.00 (Claim code 1)	
Gross Pay	\$516.00		
Vacation Pay	20.64		
Total Deductions	41.26		
Net Pay	\$495.38		
CURRENT DEDUCTIONS		YEAR TO DATE	
CPP	\$19.90	GROSS EARNINGS	\$2,322.00
EI	9.82	VACATION PAY	92.88
Federal Income Tax	6.54	CANADA PENSION	89.55
Provincial Income Tax	0	EMPLOYMENT INS.	44.19
Total tax deductions	6.54	INCOME TAX	29.43
Union dues	5.00	UNION DUES	22.50
		NET PAY	\$2,229.21
Retain For Your Records			

Debate Circle

“Working for cash, hurts the employee in the long run.”

<p>1. Read the statement at the top of this page and then state your opinion on this issue. Explain the rationale for your opinion. Record your opinion and explain your reason for it.</p>	<p>2. Add a supporting argument. Read your classmate's response. In this box, add another reason that would support your classmate's opinion.</p>
<p>3. Add an opposing argument. In this box, record a reason that might be used to argue against what is written in boxes #1 and #2. (You do not necessarily have to agree with the opposing argument)</p>	<p>4. Add your “two cents.” Read what is written in the three boxes. Add your opinion and <i>your reason</i> for it in this box.</p>

Follow-up: Be prepared to discuss your group findings with the class.