**Ch 7 Gross and Net Pay (Day 2)**

**Gross Pay:** refers to any money your employer pays to you before deductions. This includes \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ or \_\_\_\_\_\_\_\_\_\_, plus \_\_\_\_\_\_\_\_\_\_. Fringe benefits include the following: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, and any other forms of payment.

**Gross pay** does not account for deductions from a pay cheque

**Deductions** include: \_\_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_\_\_\_\_\_\_.

Gross pay \_\_\_\_ Salary

Most workers receive at least one or more of the fringe benefits from the list above.

**Gross Pay = Base Salary + Fringe Benefits**

**Example 1:** Sonia receives a yearly base salary of $42 640, plus a 10% performance bonus, plus 3% holiday pay. What is Sonia’s average gross pay each week?

**Net Pay** is the amount of money you actually receive each pay period. Most people refer to it as take home pay. Net pay is gross pay minus all deductions

Deductions include: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_,

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_,

 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

**Net Pay = Gross Pay – Deductions**

**Example 2:** Darcy is a single person making $60 000 gross pay in BC. His federal and provincial taxes total $10 491, CPP is $2544, EI is $955 and MSP premiums are $900, all per year. What is his monthly and be-weekly net pay?

\*monthy net pay – 12 pay cheques per year

\*\*bi-weekly net pay – 26 pay checks per year.

**Example 3:** Sage has a 40 hour work week at $24.60 per hour and averages 5 hours of overtime per week at time and a half. Her federal and provincial taxes are a combined rate of 20.6% nimus a basic exemption of $11 635. Basic exemption is the amount the federal and provincial government allow before any taxes are collected on gross pay. If CPP, EI, and MSP total $4300.29 and are tax deductible, what is Darcy’s semi –monthly (24 pay periods) net pay.