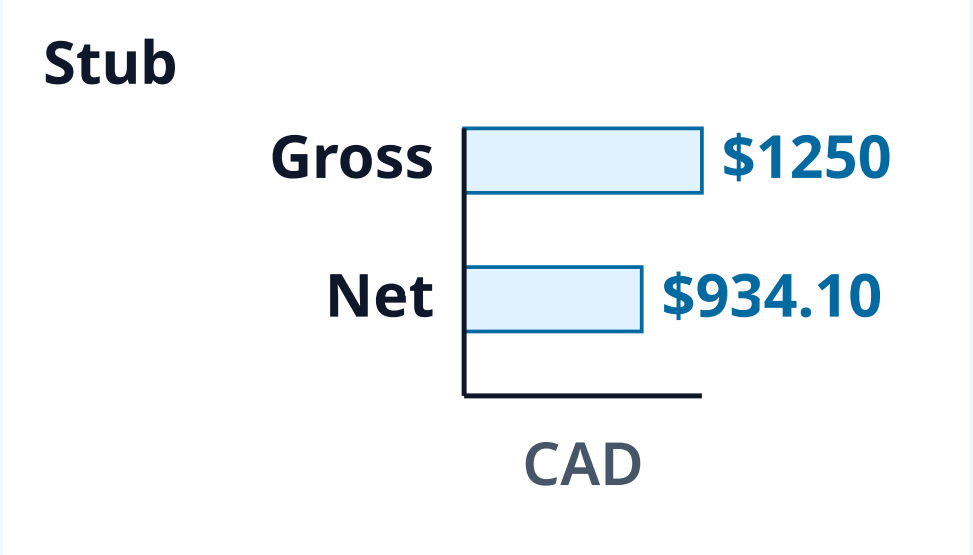
Mathematics 10-3

Unit N: Money and income

Gross pay and net pay

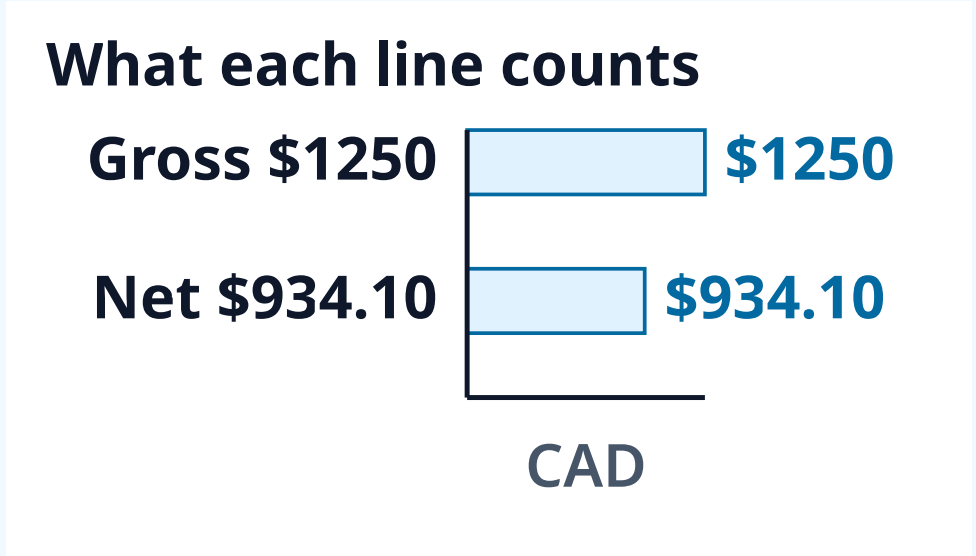
The deposit is the last line

- A co-op student opens a pay stub whose top line is gross pay of 1250 dollars.
- The deposit matches the last line, after the stub's given deductions have been subtracted one at a time.



What gross pay and net pay count

- Gross pay counts the pay before the listed deductions.
- Net pay counts the pay after those listed deductions have been subtracted.
- The CPP, EI, income tax, and health plan figures in this lesson are the amounts the question gives on the stub.



Key terms

Gross pay

The pay counted before the listed deductions are subtracted.

Net pay

The pay counted after the listed deductions have been subtracted.

Deduction

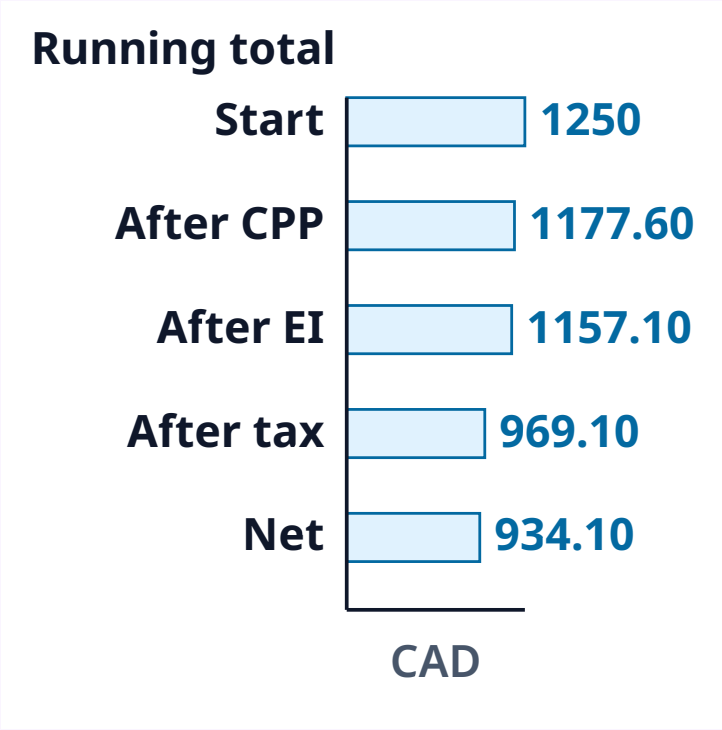
An amount the question lists to subtract from gross pay, such as the given CPP, EI, income tax, or health plan figure.

Pay stub

The slip that lists gross pay, each given deduction, and the net pay that remains.

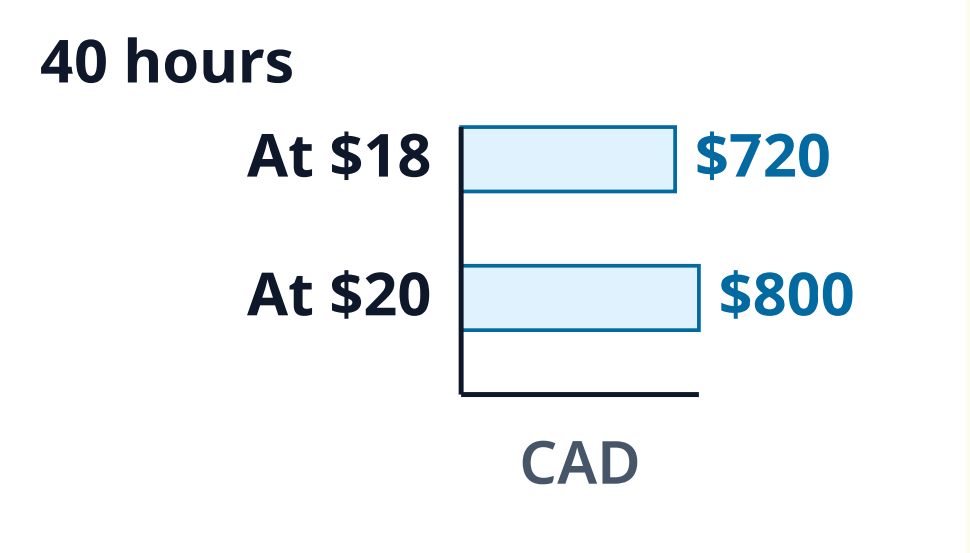
A running total down the stub

- Start at gross pay 1250 dollars and subtract CPP 72.40 dollars.
- That 1250 minus 72.40 equals 1177.60.
- Subtract EI 20.50 dollars.
- That 1177.60 minus 20.50 equals 1157.10.
- Subtract income tax 188 dollars.
- That 1157.10 minus 188 equals 969.10.
- Subtract the health plan 35 dollars.
- That 969.10 minus 35 equals 934.10.
- Net pay on this stub is 934.10 dollars.



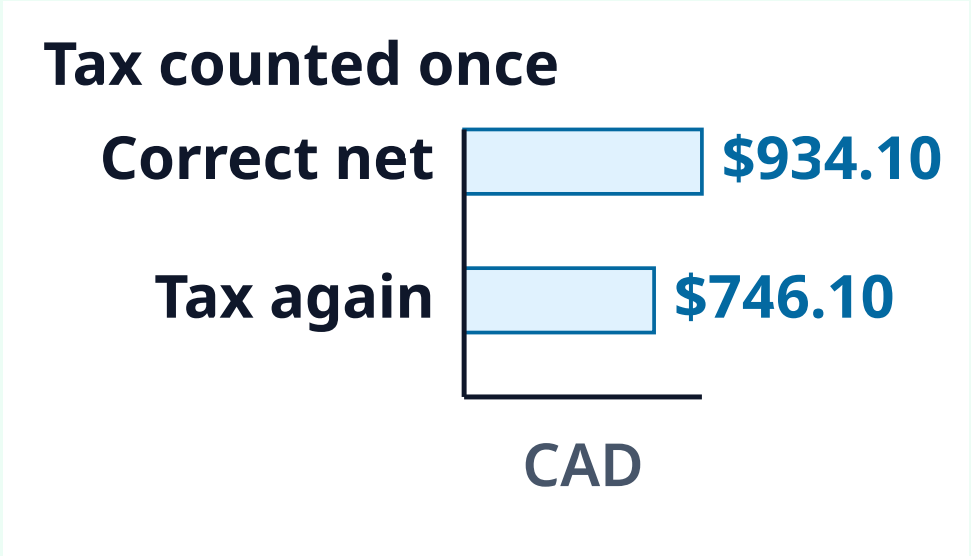
A what-if on the hourly rate

- A simple table compares 40 hours at 18 dollars with 40 hours at 20 dollars.
- Multiplying 40 by 18 equals 720, and multiplying 40 by 20 equals 800.
- The gross rises by 800 minus 720, which equals 80, before any deduction change.



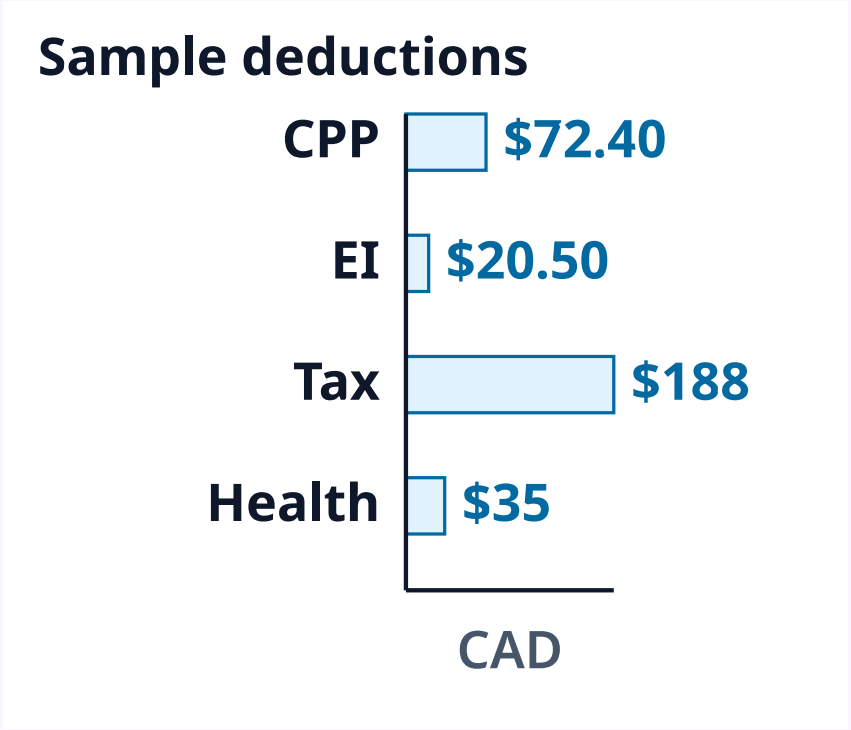
Income tax subtracted a second time

- The corrected net pay is 934.10 after the 188 dollars tax has already been subtracted once.
- Subtracting that 188 dollars again produces 934.10 minus 188.
- That second subtraction double-counts the tax, and the corrected net stays 934.10.



Other lines a stub can list

- Uniforms, union dues, charitable donations, and a payroll tax can appear as further given deductions.
- Each of those lines is another subtraction when the question lists it.
- Gross pay still counts the pay before the lines, and net pay still counts what remains after the lines the question includes.



Stub check

- Find the net pay for gross 1250 dollars with the four given deductions 72.40 dollars, 20.50 dollars, 188, dollars and 35 dollars.
- State the gross-pay rise from 40 hours at 18 dollars to 40 hours at 20 dollars.

