

Calculating Employment Insurance

- Maximum annual EI deductions are \$913.68. What is the annual income that will result in the maximum annual EI deduction?

$$EI = \text{gross pay} \times 1.88\%$$

*If the maximum EI payment required is \$913.68/year, then;
\$913.68 = Gross Income \times 1.88%.*

$$\$913.68 = \text{Gross Pay} \times 1.88\%$$

$$\$913.68 = \text{Gross Pay} \times 0.0188$$

$$\frac{\$913.68}{0.0188} = \text{Gross Pay} \times \frac{\cancel{0.0188}}{0.0188}$$

$$\$48\,600 = \text{Gross Pay}$$

The annual income that results in the maximum annual EI deduction is \$48 600.

- Michelle, a carpenter, makes \$60 249.96 in a year. Calculate her monthly EI deduction.

Step 1: EI deduction.

$$\begin{aligned} EI &= \$60\,249.96 \times 1.88\% \\ &= \$60\,249.96 \times 0.0188 \\ &= \$1132.70 \end{aligned}$$

Step 2: Check to see if the annual premium amount is greater than the maximum EI contribution of \$913.68.

Michelle only needs to contribute the maximum allowable amount of \$913.68.

Step 3: Calculate her monthly amount.

$$\begin{aligned} \text{monthly deductions} &= \$913.68/\text{year} \div 12 \text{ months/year} \\ &= \$76.14/\text{month} \end{aligned}$$

Michelle's monthly EI contribution is \$76.14/month.