

# Lesson 2: Personal Taxes

## Summary

Review what you have learned prior to completing the Lesson Assignment.

### Key Ideas

- Net income is the pay received after deductions are taken off of gross pay.
- Mandatory deductions include EI, CPP, and Income Tax.
- Voluntary deductions include benefits, personal pension, or RRSP contributions.
- CPP is short for Canada Pension Plan and this deduction is paid back to Canadians in the form of a pension once a person reaches the age of 65.
- EI is short for Employment Insurance and contributors may receive payment from this insurance plan in the event of a job loss.
- Income Tax is paid to both the provincial and federal governments for social programs.

### Key Terms

- Gross Pay
- Net Income
- Mandatory Deductions
- EI
- CPP
- Income Tax
- Tax Brackets
- Voluntary Deductions
- Taxable Income