Let's walk through the sample paystub.

Here is a sample paystub from an employee of Queens University in Ontario.

Hours and Earnings and Taxes

These are the first two sections of the paystub and are self explanatory. Note that CPP and EI contributions are listed as tax even though this is not quite the case. With CPP the employee is paying into a fund that generates a monthly pension stream in retirement and employment insurance is (mandatory) buying of insurance that pays out if the employee becomes unemployed.

Gross pay less tax equals pay before deductions

Before Tax Deductions

These are deducted from earnings before tax is calculated. Pension payments, like an RRSP contribution, reduces taxable income. The employer is reducing tax based on the pension payment (and union dues in this example). Many employees do not have this feature. Many get paid, pay the tax, make an RRSP contribution, report the contribution when filing their tax return, then get the tax reduction either in the form of a refund or lower tax payable. In the end, the effect on tax is the same.

After-Tax Deductions

After tax deductions are things you are buying through your employer. Many companies do not offer these. You can buy these on your own or buy more if needed. It likely your employer negotiates a better price than you could. These are typically a good deal. This employer offers a dental plan, life insurance, disability insurance and other things.

After-Tax Deductions Employer Paid

These are the things the employee gets in addition to their salary; or benefits. From the employer's point of view, total employee cost is salary plus these benefits. Note that the employee contributed $150 toward their pension and the employer contributed $200. This illustrates a financial planning essential. You must contribute an amount that maximizes the employer contribution.

Summary

The bottom of the pay stub summarizes everything.