**The True Cost Of Hiring An Employee in Canada**

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The total cost of hiring a new employee in Canada may cost more than you think. Use the insights below to understand the real cost of hiring in a new employee.

According to some experts calculation, it costs the employer approximately 1.5 times the employee's salary or wages. So if you hire a new employee for $50,000 a year, at the end of the year the total cost of that hire may end up around $75,000 because of some extra mandatory and nonmandatory costs.

**Let see the factors of these extra costs:**

**Mandatory Costs:** As a successful new hire, you will have to remit Canada Pension Plan (CPP) contributions, Employment Insurance (EI) premiums, and income tax deducted from your employee's income. For CPP you must have to pay the same amount that deducts from your employee's payment. So if your employee pays $50 you will also have to pay $50. And for Employee Insurance you must pay 1.4 times the amount of the employee's premiums. If your employee pays $50 you must have to contribute another $70.

**Worker's Compensation Benefits Costs:** WCB compensations paid for the injury, disability, or death of an employee, under the law of Canada or a province. will have to register your business with your provincial Workers' Compensation Board and pay employees Compensation insurance based on your company classification.

**Hiring Costs:** You will spend money to recruit, interview, hire and train each new employee. In this case, you can take help from an external hiring agency but it will cost you a lot. And if you already have HR team they have to spend time in screening resumes, interview, training of the new employee which is also costly.

**Less Productivity Cost:** It's very normal a new employee to take between three and six months to become fully proficient in their job. New employees take more time, make more mistakes, and ask for more help which disrupts other employees Until they are fully proficient at their new job. For example, if you pay $1000 to your employee per week and he achieves 50% of productivity is incurring $500 per week of lost productivity costs.

There is another potential cost that is much harder which is lost of clients or lost of opportunities. A new employee is more likely to make a mistake with clients. So there has the possibility that the client will probably go elsewhere for business which is a great loss for you.

**Discretionary Costs:** In Canada, the employee gets a mandatory two weeks of vacation annually after the employee completes one year of employment. There are nine statutory holidays for everyone in the Canadian calendar. And you have to pay for all these holidays. Other discretionary costs may include sick days, company pension plan, profit sharing, group benefits plan, bonuses, etc. Your new employee will also require a computer, desk, chair, telephone, and office supplies which will cost you a good amount of money.

Bringing a new employee is a sign that your business is growing. It can be an evolution point for your business. These costs breakdown will help you to budget properly for a new position and avoid any unpleasant financial surprises.