



Salary Sacrifice = Free Pension Taken from the 'Scary Business Breakfast'

Pre sacrifice position			
Salary	Gross value of individual relief at source ie. Pension contributions		Employer contribution
£25,000		£1,200	£0
Employer NI to be given up	100%		

Change			
Salary reduction	Gross value of individual relief at source ie. Pension contributions	Reduced by	Employer contribution increase
£1,200		£1,200	£1,200

Post sacrifice position			
Salary	Gross value of individual relief at source ie. Pension contributions		Employer contributions
£23,800		£0	£1,200

	Pre Sacrifice	Post Sacrifice	Change
Employee			
Salary	£25,000	£23,800	£-1,200
Less Income tax	£3,112	£2,872	£-240
Less National Insurance (class 1)	£2,069	£1,925	£-144
	<u>£19,819</u>	<u>£19,003</u>	
Less Contributions paid net	£960	£0	
Take home pay	<u>£18,859</u>	<u>£19,003</u>	£144
Pension pot	£1,200	£1,200	£0
Employer			
Employer pension contribution	£0	£1,200	£1,200
Plus salary paid	£25,000	£23,800	£-1,200
Plus employers National Insurance (class 1)	£2,388	£2,222	£-166
Cost to employer	<u>£27,388</u>	<u>£27,222</u>	£-166

