

**GENERIC ILLUSTRATIONS OF POTENTIAL MONTHLY SAVINGS
USING SALARY EXCHANGE FOR PENSION CONTRIBUTIONS**

Rate of employee pension contributions	5% (4% net)
Rate of employer pension contributions	3%

BEFORE SALARY EXCHANGE

Pensionable Salary = Total Earnings (less non-contractual overtime)	£25,000	£30,000	£35,000
Pensionable Salary (monthly)	£2,083.33	£2,500.00	£2,916.67
Net cost of paying into the pension scheme			
Employee contributions	£104.17	£125.00	£145.83
Less income tax savings	(£20.83)	(£26.25)	(£30.62)
Less NIC savings	-	-	-
Net cost of paying into the pension scheme	£83.34	£98.75	£115.21
Contributions into the pension scheme			
Employee pension contributions (including tax relief)	£104.17	£125.00	£145.83
Employer – regular pension contributions	£62.50	£75.00	£87.50
Total pension contribution	£166.67	£200.00	£233.33

AFTER SALARY EXCHANGE

Pensionable Salary = Total Earnings (less non-contractual overtime)	£25,000	£30,000	£35,000
Pensionable Salary (monthly)	£2,083.33	£2,500.00	£2,916.67
Net cost of paying into the pension scheme			
Employee contributions via salary exchange	£104.17	£125.00	£145.83
Less income tax savings	(£20.83)	(£26.25)	(£30.62)
Less NIC savings	(£12.50)	(£15.00)	(£17.50)
Net cost of paying into the pension scheme	£70.84	£83.75	£97.71
MONTHLY SAVING USING SALARY EXCHANGE	£12.50	£15.00	£17.50
Contributions into the pension scheme			
Employee pension contributions (including tax relief)	-	-	-
Employer – regular pension contributions	£62.50	£75.00	£87.50
Employer – additional pension contribution as a result of Salary Exchange	£104.17	£125.00	£145.83
Total pension contribution	£166.67	£200.00	£233.33

Notes

- **This example is for illustrative purposes only and does not constitute tax or legal advice.**
- The calculations above are based on income tax and NIC rates for 2023/24 for Scotland and a personal allowance of £12,570.
- The income tax and NIC savings assume there are no additional earnings above the Pensionable Salary shown.