

From 6 April 2029, the Government intends to apply National Insurance Contributions (NICs) on salary or bonuses given up above a £2,000pa limit. This change was announced as part of the November 2025 Budget and since then there has been supporting material in the form of:

- [HM Treasury Guidance](#).
- [HMRC Pension Schemes Newsletter 175](#).
- [An HMRC Policy Paper](#).
- [The National Insurance Contributions \(Employer Pension Contributions\) Bill 2024/26](#).
- A House of Lords Library [Research Briefing](#) on the Bill.

In this Insight, we assess the amount of the additional NICs that will be payable by employees at six different salary levels. Two different quote options are considered:

- Adding employer and employee NI savings to increase take-home pay after sacrifice. In this case, the pension contribution before and after sacrifice will remain at the same level.
- Adding employer and employee NI savings to increase the pension contribution after sacrifice. In this case, an employee's take-home pay will be the same before and after sacrifice.

### Quote assumptions

For each example, the 'employees' are assumed to be 'rest of the UK' taxpayers with the rates and thresholds used for income tax and NI those applying in the 2025/26 tax year. Rates and thresholds applying in 2029/30 may be different although some [thresholds](#) are frozen until 5 April 2031.

The standard personal allowance of £12,570 is assumed to apply, although account is taken of the [reduction](#) that takes effect when adjusted net income is above £100,000.

As a reminder, employers pay NICs at 15% on earnings over £5,000pa in 2025/26. Employees pay NICs at 8% on earnings between £12,570 and £50,270pa, and at 2% on earnings above £50,270. There are different rates and thresholds that apply in [specific circumstances](#) (for example, apprentices), but these are not covered in this Insight.

All of the examples shown assume a 5%pa employer (ER) and employee (EE) pension contribution before sacrifice. Figures are rounded to whole pounds for simplicity.

**Quote type 1 – pension contribution stays the same after sacrifice**

Gross salary before sacrifice	£25,000	£50,000	£75,000	£100,000	£125,000	£150,000
Gross salary after sacrifice	£23,750	£47,500	£71,250	£95,000	£118,750	£142,500
Salary sacrifice	£1,250	£2,500	£3,750	£5,000	£6,250	£7,500
Amount > £2,000	£0	£500	£1,750	£3,000	£4,250	£5,500
Extra ER NI*	£0	£75	£262	£450	£637	£825
Extra EE NI*	£0	£40	£35	£60	£85	£110

In each case, the employer is assumed to add in none of their employer NI saving after sacrifice (this is typically optional in practice).

\* Extra NI costs expected to be incurred in the 2029/30 tax year.

**Quote type 2 – pension contribution increases after sacrifice**

Gross salary before sacrifice	£25,000	£50,000	£75,000	£100,000	£125,000	£150,000
Gross salary after sacrifice	£23,611	£47,222	£71,121	£94,828	£118,421	£142,217
Salary sacrifice	£1,389	£2,778	£3,879	£5,172	£6,579	£7,783
Amount > £2,000	£0	£778	£1,879	£3,172	£4,579	£5,783
Extra ER NI*	£0	£117	£282	£476	£687	£867
Extra EE NI*	£0	£62	£38	£63	£92	£116

In each case, the employer is assumed to add in 100% of their employer NI saving to increase the pension contribution after sacrifice (this is typically optional in practice).

\* Extra NI costs expected to be incurred in the 2029/30 tax year.

## Aries Comment

Full quote breakdowns have not been provided for the above examples but if any of them are needed please let the Aries Team know.

The examples suggest that employees incurring additional NI at 8% will be disproportionately affected by this change compared to those incurring additional NI at 2%.

Where additional employer and employee NICs will become due from 6 April 2029, this will impact the quote figures after sacrifice. Those offering salary sacrifice calculators will need to decide how to display this outcome for each of the quote options they provide.

There is provision in the *National Insurance Contributions (Employer Pension Contributions) Bill 2024/26* for regulations to require that a different amount to that sacrificed is to be regarded as remuneration. Presumably, this is to address the situation where an employer shares some or all of their NICs saving with an employee to help increase the employer contribution after sacrifice. The examples in this Insight do not factor this possibility in.

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