

An example of how savings are made with the Cycle to Work Salary Sacrifice Scheme

Mary's salary is £12,000 per year before Tax, National insurance and Pension deductions are taken.

Each month on her salary of £1000 she has a total deduction of £107, meaning Mary's monthly take home pay therefore is £893.

Mary decides to join the Cycle to work scheme and gets a bike and equipment costing a total of £1200 which she does through salary sacrifice. Spread over the 12 month term of the scheme, Mary will pay back £100 each month before any deductions are made.

This means that Mary's yearly pay is reduced to £10,800 before any deductions and her monthly salary is now £900 before any deductions. Her new deductions now total £77. Mary's monthly take home pay is now £823.

Before joining Cycle to Work Scheme		After joining and sacrificing £100 per month	
Basic Pay per month	£1000	Basic Pay per month	£900
Monthly deduction	£107	Monthly deduction	£77
Take home pay	£893	Take home pay	£823

Difference between take home pay before and after joining the Cycle to Work Scheme	£70
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So, this means that while Mary may pay back a £100 a month before Tax, NI and Pension - her take home pay is only reduced by £70 meaning that she effectively saves £360 on her contributions over the year!