

Bonus sacrifice explained

What is bonus sacrifice?

Bonus sacrifice allows you to pay some, or all, of your bonus into your pension.

Instead of receiving your bonus with your salary, your employer will pay the amount you choose into your pension.

If you don't need the extra money now, this can be a smart way to grow your retirement savings.

How do I sacrifice my bonus?

All you need to do is speak to your employer. You can sacrifice all or part of your bonus — just tell them how much you want to sacrifice before they pay it.

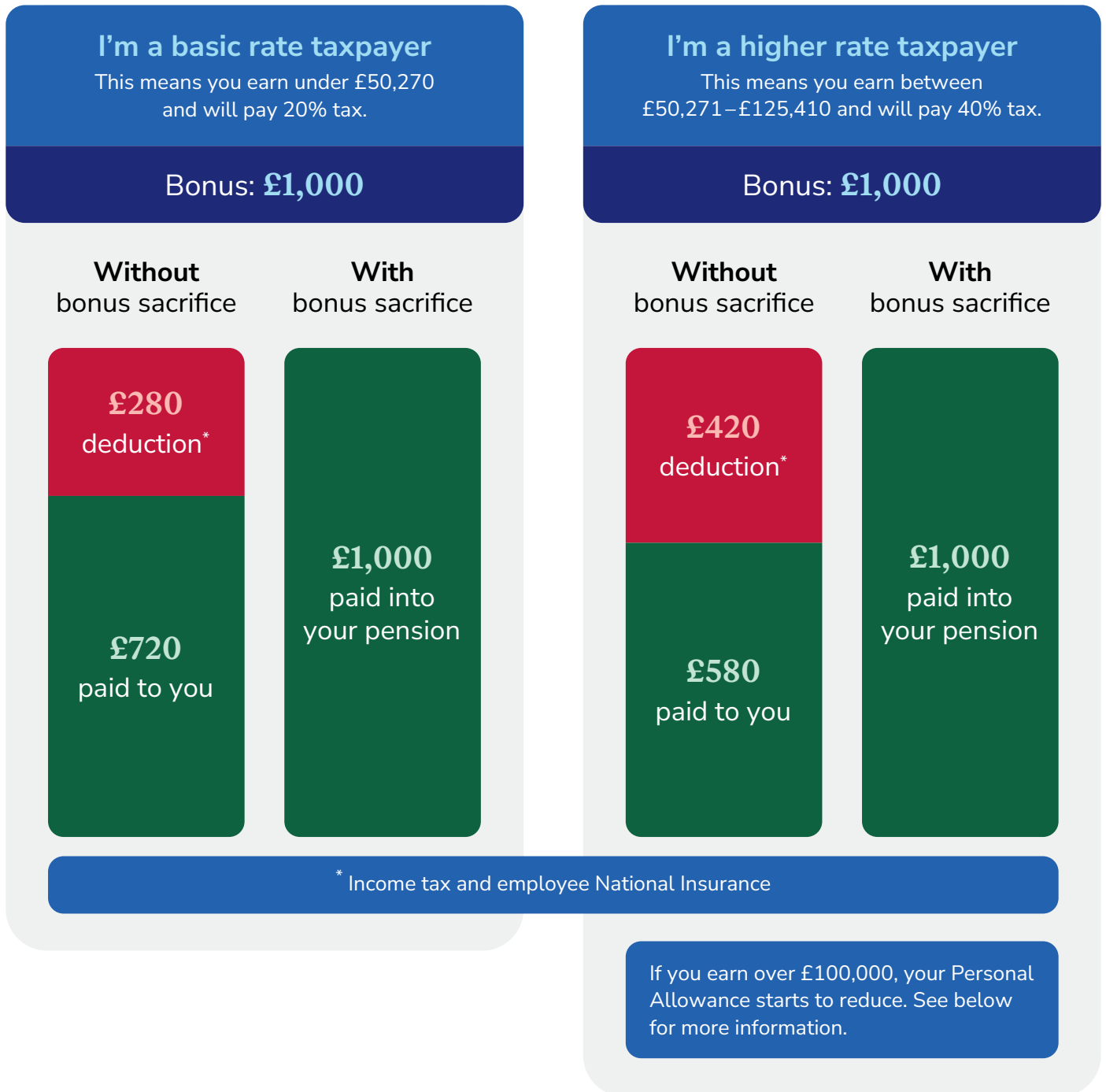
Benefits to you

- **Keep more of your money** – you won't pay Income Tax or National Insurance on the amount you sacrifice. Every penny goes into your pension.
- **Get an extra boost** – some employers pass on their National Insurance savings to you, adding even more to your pension.
- **No changes to your normal take-home pay** – you're simply using the bonus you'd have received to top up your pension instead.
- **Grow your pension faster** – even small amounts can add up over time, giving your pension time to grow and work harder for you.
- **Extra benefit if you pay a higher tax rate** – paying your bonus into your pension means more of it goes in before tax, giving your pension a bigger boost.



How bonus sacrifice works

The diagrams below show the difference between taking your bonus as cash and paying it into your pension through bonus sacrifice. These examples use a £1,000 bonus amount and are based on the current tax year (2026 / 2027). Tax rates may change in the future.



Things to consider before you sacrifice your bonus

- You can't take money from your pension until you reach age 55 (or age 57 from April 2028).
- Taking your bonus could push you into a higher tax bracket, which might mean paying more tax on your regular salary. If you're close to the limit for the next bracket, sacrificing some or all your bonus could help you stay below it.
- If you choose to sacrifice your bonus, check you won't go over your Annual Allowance. For most people, this is £60,000. Find out more: gov.uk/tax-on-your-private-pension/annual-allowance
- If you earn more than £100,000, your tax-free Personal Allowance starts to reduce as your earnings go up, meaning more of your income is taxed. By boosting your pension with some or all of your bonus, you may be able to keep more of your allowance and pay less tax. Find out more: gov.uk/income-tax-rates

Getting more help or advice

Speak to us:


L&G can also help you access guidance and advice. To see what services are available to you, you can call us on **0345 070 8686**. Call charges will vary. We may record and monitor calls.

Speak to a financial adviser:

You may want to speak to a financial adviser to help with your decision. They usually charge for this service. You can find an adviser in your area at unbiased.co.uk.



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