

True Cost of an Employee Calculator

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How much does it really cost to employ someone?

This calculator accounts for all the hidden costs that can easily be overlooked and reveals the true cost of an employee.

It will help you identify whether it could be more cost effective to outsource a job and reduce business costs.


As you enter the costs that are relevant to your business the true cost of an employee will be updated and shown in the results at the bottom.

You'll probably be surprised at how much greater the true cost is compared with the basic salary.

We've included a useful pie chart to clearly show the breakdown of costs.

Read our user guide for explanations of each step:

[True Cost of an Employee Calculator User Guide](#)

STEP 1 :: ENTER BASIC ANNUAL SALARY & HOURS	
Basic Annual Salary	£ 26,000.00
Hours worked per week	37.0
Basic Salary Hourly Rate	£ 13.51
Select NI Code Letter (Default code is 'A')	A 

STEP 2 :: ENTER ADDITIONAL PAYMENTS	
Basic Annual Salary	£ 26000
Annual Bonus / Commission	£
Total Annual Overtime	£
Other taxable payments	£
TOTAL BONUS/COMMISSION, ETC	£ 0.00
TOTAL TAXABLE INCOME	£ 26000.00



Employer's Class 1A NICs	£ 2375.81
TOTAL SALARY COSTS	£ 28375.81

STEP 3 :: ENTER OPTIONAL BENEFITS

Company car	£
Gym	£
Health care	£
Life assurance	£ 0.00
Pension	£ 720.00
Other	£
Benefits total for NICs calculation	£ 720.00
Class 1A NICs (P11D)	£ 99.36
TOTAL OPTIONAL BENEFITS COST	£ 819.36
TOTAL EMPLOYER'S NI	£ 2475.17
TOTAL PAYROLL COSTS	£ 29195.17

STEP 4 :: ENTER FACILITIES AND OTHER COSTS

Employee specific costs	
Software licences	£ 300.00
Training	£ 3,000.00
Mobile phone	£
Computer & IT support	£ 2,500.00
Other	£
TOTAL EMPLOYEE COSTS	£ 5800.00

STEP 5 :: ENTER APPORTIONMENT OF OFFICE COSTS

Share of general overheads (rent, rates, building maintenance, water, heat & light, telephone, insurance, etc)	£ 500.00
Consumables (stationery, toner, tea/coffee, toilet paper, etc)	£
Administrative overheads (HR, payroll, secretarial, appraisals, etc) ^a	£ 2,000.00
Other	£
TOTAL EMPLOYEE COSTS	£ 2500.00

STEP 6 :: ENTER OTHER COSTS AND POTENTIAL LIABILITIES

Maternity/paternity leave	£
Sick leave holiday pay	£
Jury service	£



Redundancy	£
Unfair dismissal claims	£
OFFICE COSTS	£ 0.00

STEP 7 :: ENTER HOLIDAYS & OTHER LOST TIME	Days
Weekdays in a year	261
Deduct:	
Holidays (minimum is 28 days for Full Time employees)	28
Formal training	5
Other	
Sick days	4.7
Wasted/unproductive time (allow 15 mins per working hour)	55.825
ACTUAL PRODUCTIVE WORKING DAYS PER YEAR	167.48

THE TRUE COST OF AN EMPLOYEE	
ACTUAL COST PER HOUR	£ 26.62
ACTUAL COST PER DAY (total costs/working days)	£ 197.01
ACTUAL COST PER YEAR	£ 51222.60
MULTIPLE OF BASIC SALARY	£ 1.97

RESET

True Cost of an Employee Pie Chart

