

## Factsheet 19

# State Pension

April 2016

### Inside this factsheet

This factsheet gives information about both the new State Pension (for people reaching State Pension age on or after 6 April 2016) and the pre-2016 State Pension (for people who reached State Pension age before 6 April 2016). It also explains how to claim your pension and what to do if you have a change of circumstance.

The information in this factsheet is correct for the period April 2016 – March 2017. Benefit rates are reviewed annually and take effect in April but rules and figures can sometimes change during the year.

The information in this factsheet is applicable to the UK.

# Contents

1	Current rates	5
2	What is the State Pension?	5
3	State Pension age	6
	<b>New State Pension</b>	<b>6</b>
4	What is the new State Pension?	7
5	Calculating how much	7
5.1	If your starting amount is less than the full new State Pension	8
5.2	If your starting amount is more than the full new State Pension	9
5.3	If you don't have any NI contributions or credits from before 6 April 2016	9
6	National Insurance	9
7	Putting off or deferring your new State Pension	10
8	Increasing or inheriting State Pension from a spouse or civil partner	11
8.1	Inheriting additional State Pension and Graduated Retirement Benefit	11
8.2	Inheriting a protected payment	11
8.3	Inheriting a deferral payment	12
8.4	Women who have paid Reduced Rate contributions	12
8.5	Divorce or dissolved civil partnership	13
	<b>Pre-2016 State Pension</b>	<b>13</b>
9	Couples	14
10	Basic State Pension	14
10.1	Category A State Pension on your own contributions	14
10.2	Category B State Pension on your spouse or civil partner's contributions	15
10.3	Category D non-contributory State Pension	15
11	Additional State Pension	15
11.1	SERPS	16
11.2	State Second Pension	16
11.3	Contracting out of the additional State Pension	17

12	Graduated Retirement Benefit	17
13	Other State Pension payments	17
13.1	Age addition	17
13.2	Christmas bonus	17
13.3	Invalidity addition	18
13.4	Increases for dependants	18
14	National Insurance	18
14.1	State Pension top up	20
15	Putting off or deferring your State Pension	20
15.1	Effect on other State Pension amounts	21
15.2	Effect on spouses and civil partners	21
16	Increasing or inheriting State Pension from a spouse or civil partner	22
16.1	Increasing your basic State Pension	23
16.1.1	If you are married or in a civil partnership	23
16.1.2	If you are widowed or a surviving civil partner	24
16.1.3	If you are divorced, your civil partnership has been dissolved or you are separated	25
16.2	Inheriting additional State Pension	25
16.3	Inheriting Graduated Retirement Benefit	28
16.4	Inheriting a deferred State Pension	28
	General information	29
17	National Insurance	29
17.1	NI contributions in work	29
17.2	NI credits	30
17.3	Home Responsibilities Protection	32
17.4	Voluntary NI contributions	33
17.5	Qualifying years	34
17.6	Checking your NI record	35
17.7	Contracting out of the additional State Pension	35
18	Getting a State Pension statement	36
19	How to claim your State Pension	36

19.1	Backdating and advance claims	37
20	Putting off or deferring your State Pension	38
20.1	Claiming other benefits and deferring	38
20.2	Income Tax and the impact on income-related benefits	38
20.3	Changing your mind about deferral or 'de-retiring'	39
21	Decisions and payment	39
21.1	If you disagree with a decision	39
21.2	Payment	40
22	Change in your circumstances	40
22.1	Going abroad or living there	40
22.2	Going into hospital	41
22.3	Going into a care home	41
23	Other entitlements at retirement	41
23.1	Stopping work under State Pension age	41
23.2	Working after State Pension age	42
23.3	Other benefits after State Pension age	43
24	Income Tax	43
	Useful organisations	44
	Age UK	47
	Support our work	47

## 1 Current rates

The full weekly rate of the new State Pension (for people reaching State Pension age on or after 6 April 2016) for 2016/17 is:

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New State Pension	£155.65
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The full weekly rates of the pre-2016 State Pension for 2016/2017 are:

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Category A pension	£119.30
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Category B pension based on late spouse's or civil partner's National Insurance contributions	£119.30
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Category B pension based on spouse's or civil partner's National Insurance contributions	£71.50
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Category D non-contributory pension	£71.50
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The additional State Pension (SERPS and S2P) and Graduated Retirement Benefit have not increased.

The extra 25p payable with the pre-2016 State Pension when you reach the age of 80 has not increased.

## 2 What is the State Pension?

The State Pension is paid to people who have reached State Pension age, fulfil the National Insurance (NI) contribution conditions and have made a claim. The amount you get is not affected by your income and capital but all parts of the State Pension are taxable.

Some major changes to State Pensions began to take effect on 6 April 2010. They include a process to equalise State Pension age for men and women. A new State Pension was introduced on 6 April 2016 only for people reaching State Pension age on or after that date.

This factsheet includes relevant information about the State Pension whether you reach State Pension age before or after 6 April 2016

The current State Pension will continue for those who are already claiming it and those who reach State Pension age before 6 April 2016. It's the date that you reach State Pension age that's important – not when you start to claim. If you are unsure about the date you reach State Pension age, you can contact the Pension Service to find out (see below) or go to [www.gov.uk/calculate-state-pension](http://www.gov.uk/calculate-state-pension).

For example, if you reached State Pension age before 6 April 2016 and chose to defer your State Pension, you will still be subject to the current rules rather than those applying from 6 April 2016 onwards.

The DWP is the Government department responsible for State Pensions and other benefits. Older people deal mainly with the Pension Service. HMRC deal with NI contributions.

### 3 State Pension age

You can claim your State Pension when you reach State Pension age. Before April 2010 State Pension age was 65 for men and 60 for women. Since then women's State Pension age has been increasing for those born on or after 6 April 1950. As at April 2016, women's State Pension age is 63 and it will be 63 and nine months by April 2017. State Pension age is due to be equalised at 65 for both men and women by November 2018. It is then scheduled to increase again to 66 by October 2020 and 67 by April 2028. The government will make five yearly reviews of the State Pension age, with the first review to report by May 2017.

Some other benefits, such as Pension Credit and Winter Fuel Payment, which used to be paid from the age of 60, are now linked to women's State Pension age.

Following the implementation of the *Gender Recognition Act* in April 2005, if you are granted a full Gender Recognition Certificate your State Pension age depends on your acquired gender.

#### Action

You can find out your State Pension age by using the calculator at [www.gov.uk/calculate-state-pension](http://www.gov.uk/calculate-state-pension) or by phoning the Future Pension Centre on 0845 3000168.

### New State Pension

A new State Pension was introduced in April 2016 for those who reach State Pension age on or after 6 April 2016. This will only apply to:

- women born on or after 6 April 1953
- men born on or after 6 April 1951.

Anyone born before these dates will remain on the existing (pre-2016 State Pension) system (see Section 9 onwards)

The aim of the change is to introduce a simpler, fairer system in which people have a clearer idea about what their State Pension will be, making it easier for them to plan their retirements.

## 4 What is the new State Pension?

The new State Pension will be flat rate and not have additional amounts like the pre-2016 State Pension. The full amount has been set at £155.65 per week for the financial year 2016/17.

However, the amount you receive will normally be based only on your own NI contributions during your working life so you may get more or less than this. For those beginning to make NI contributions from 6 April 2016, the full amount will be given to people with 35 years of NI contributions or credits. Those with between 10 and 34 years of contributions will receive a proportion of it. Anyone with less than 10 years of contributions will not be entitled to any amount. For those with NI contributions before 6 April 2016, transitional arrangements will apply which take the pre-2016 NI record into account. For more information about what counts as NI contributions see Section 6.

### Note

There are some exceptions to these rules if you are entitled to no or very little State Pension based on your own NI contributions because you paid married women's and widow's reduced-rate NI contributions, or if you are widowed or your civil partner has died. See Section 8 for information about increasing or inheriting State Pension from a spouse or civil partner.

## 5 Calculating how much

If you have NI contributions or credits on your record from before 6 April 2016, transitional arrangements will apply to you and your pre-2016 record will be used to calculate a "starting amount". You may get more or less than the full weekly amount, depending on your NI record.

Your starting amount will be the higher of:

- the amount you would have received based on your own NI contributions under the pre-2016 State Pension system (which includes the basic and additional pension elements)
- the amount you would have got if the new State Pension had been in place at the start of your working life.

When working out the 'starting amount', a deduction will be made from both the pre-2016 calculation and the new system calculation if you have been in a 'contracted out' personal or workplace pension scheme prior to 2016 – for example, if you have been a member of a public-sector pension.

In this case you will have paid NI contributions at a lower rate because you were paying into a contracted-out pension instead, or some of your NI contributions will have been paid into your private pension instead of going towards your additional State Pension.

From 6 April 2016 the rules changed and contracting out ended. You will be paying more National Insurance (which will be the standard amount of National Insurance) from that date. (See Section 17.7 for more information about this).

### **Remember**

To receive any amount of the new State Pension you must have at least 10 years of NI contributions. There are some exceptions to this – see Section 8 for information about increasing or inheriting State Pension from a spouse or civil partner.

To see what your estimated 'starting amount' is you can request a State Pension statement from age 55. This will give you an idea of much your State Pension will be so you can plan for your retirement more effectively. See Section 18 for more information about this. You can also request a NI statement to see how many years of contributions you have, see Section 17.6.

## **5.1 If your starting amount is less than the full new State Pension**

You may be able to build up more State Pension by adding more qualifying years on your NI record until you reach the full new State Pension amount or you reach State Pension age, whichever is first. (See Section 17 for information about how to increase your NI record).

Each qualifying year on your NI record will add  $1/35^{\text{th}}$  of the full amount (about £4.45 a week which is £155.65 divided by 35) to your new State Pension.

### **Example**

You had a starting amount from your NI record before 6 April 2016 of £120 a week.

You add another 5 qualifying years on your record before you reach State Pension age (each year adding around £4.45 a week to your State Pension amount) equalling £22.24 a week.

This adds up to £142.24 a week for your new State Pension when you start claiming.



## 5.2 If your starting amount is more than the full new State Pension

If your starting amount is more than the full new State Pension amount, the part that's above the full new weekly amount is called your 'protected payment'. This is paid on top of your new State Pension when you start claiming it and increases each year in line with inflation.

If you are already over the full new State Pension amount, any qualifying years you now add to your record before you reach State Pension age will not add more to your State Pension amount.

## 5.3 If you don't have any NI contributions or credits from before 6 April 2016

Your State Pension will be calculated entirely under the new State Pension rules. You will need 35 qualifying years on your NI record to get the full new State Pension amount. You will get a proportion of it if you have between 10 and 35 qualifying years. You must have at least 10 qualifying years on your record to get any new State Pension amount (there are some exceptions to this – see Section 8 for information about increasing or inheriting State Pension from a spouse or civil partner).

Your new State Pension is more likely to be calculated in this way if you were born after the year 2000 or became a resident of the UK after 2015.

### Example

You have 20 qualifying years on your NI record after 6 April 2016.

You multiply 20 qualifying years by  $\frac{1}{35}^{\text{th}}$  of £155.65 (which is around £4.45).

Your new State Pension will be £88.94 per week.

## 6 National Insurance

Whether you will get a full State Pension depends on your NI contributions record. Your record might be made up of a combination of:

- NI contributions paid while you were working
- NI contributions paid while you were self-employed (these now count in full)
- NI contributions you have paid voluntarily
- NI credits awarded while you were receiving certain benefits
- NI credits and/or HRP awarded while you had caring responsibilities.

To receive the full amount of new State Pension you must have 35 years of NI contributions or credits. Anything less than this will be pro-rated to determine your entitlement. However, if you have a pre-2016 NI record and your “starting amount” based on the pre-2016 system calculation is higher than the full amount, you might still get the same or more than the full rate with fewer than 35 years.

If you have less than 10 years of contributions you will not be eligible for any amount, subject to some exceptions (see section 8 about increasing or inheriting State Pension from your spouse or civil partner’s NI record).

If you do not have enough NI contributions to be eligible for the new State Pension you should think about paying voluntary NI contributions (see Section 17.4). To find out if you have any gaps in your record see Section 17.6.

For more general information about NI contributions and working see Section 17.

## 7 Putting off or deferring your new State Pension

Once you reach State Pension age you can choose to put off or defer claiming your State Pension, in which case you can get extra State Pension at a later date. This may not be right for everyone, and whether you gain overall will depend on your circumstances.

The new State Pension deferral rules offer less generous returns compared with the pre-2016 State Pension. You will have to defer for at least nine weeks and your new State Pension will increase by 1% for every nine weeks you defer. That’s just under 5.8% for a full year. There are no time limits for how long you can defer.

Any extra amount from deferring is paid on top of your new State Pension and counts as taxable income. You will not be able to take the extra amount as a lump sum payment as previously possible, and if you die before your spouse or civil partner, they will not be able to inherit any of your new State Pension increase.

For more general information about deferring see Section 20.

### Action

If you are thinking about deferring your State Pension, it is important to consider the full implications. Seek advice if you are not sure whether deferral is right for you.

## 8 Increasing or inheriting State Pension from a spouse or civil partner

The new State Pension is normally based on your own NI record only. However, you might be able to inherit an extra payment from your spouse or civil partner or qualify for a higher amount if you paid married women's and widow's reduced rate NI contributions. These circumstances are explained below.

### Note

You won't be able to inherit anything if you remarry or form a new civil partnership before you reach State Pension age.

### 8.1 Inheriting additional State Pension and Graduated Retirement Benefit

You can inherit part of your deceased spouse's or civil partner's additional State Pension (see section 11) and half their Graduated Retirement Benefit (see section 12) once you start claiming your own State Pension if both the following apply:

- your marriage or civil partnership with them began before 6 April 2016
- you would have been able to inherit these amounts if you were in the pre-2016 system

and one of the following applies:

- your partner reached State Pension age before 6 April 2016, or
- they died before 6 April 2016 but would have reached State Pension age on or after that date.

### 8.2 Inheriting a protected payment

You can inherit half of your partner's protected payment (see Section 5.2) once you start claiming your own State Pension if your marriage or civil partnership with them began before 6 April 2016 and both of the following applies:

- they reached, or would have reached, State Pension age on or after 6 April 2016
- they died on or after 6 April 2016.

### 8.3 Inheriting a deferral payment

If your spouse or civil partner reached State Pension age before 6 April 2016 and they were receiving extra State Pension when they died because they had deferred their State Pension, you may inherit some of their extra State Pension once you start claiming your own State Pension if both the following are true:

- you were married or in a civil partnership when they died (your date of marriage or civil partnership can be before, on or after 6 April 2016)
- you didn't remarry or form a new civil partnership before you reached State Pension age.

If they died while still deferring their State Pension you will be able to choose to receive either a one-off taxable lump-sum payment or extra weekly state pension if they had deferred for at least 12 months. If they had deferred for less than 12 months but more than 5 weeks you will be able to inherit extra weekly State Pension.

### 8.4 Women who have paid Reduced Rate contributions

Until April 1977, married women could choose to pay a reduced rate of National Insurance contributions (sometimes called the 'married women's stamp'). This option was withdrawn after April 1977, but those who had already made that choice could continue paying the reduced rate if they wished to. A small number may still be doing so.

The right to pay reduced-rate NI stopped immediately on divorce or if the woman chose to revoke her election to start paying at the full rate. The reduced-rate election stopped automatically at the end of two complete tax years during which she earned below the level on which NI contributions must be paid or had stopped working altogether.

This has a serious effect on benefit entitlement based on your NI contributions, such as the State Pension. This is because reduced-rate NI contributions do not count towards qualification for NI benefits.

To help women in this position who may have little or no State Pension entitlement of their own, the new State Pension rules say that you may be able to have your State Pension worked out in a different way to give you more State Pension, provided your right to pay reduced-rate NI still applied at some point in the 35 year period before the start of the tax year in which you reach State Pension age.

If you meet this condition, you won't need to have the minimum of 10 qualifying years on your NI record to get a State Pension and you may get a State Pension that will be about the same as:

- the pre-2016 lower rate basic State Pension of £71.50 a week (if married or in a civil partnership and your partner has reached State Pension age), or

- the pre-2016 rate of the basic State Pension of £119.30 a week (if widowed, divorced or your civil partnership has been dissolved).

You will also get any additional State Pension and Graduated Retirement Benefit that you built up before 6 April 2016 on top of this basic amount. This will be paid to you when:

- you or your spouse or civil partner reach State Pension age (whichever is later)
- you reach State Pension age (if widowed or divorced)
- you're widowed, divorced or your civil partnership has been dissolved after you reach State Pension age.

You'll get this amount if it is more than you would have got under the normal new State Pension rules based on your own NI record. If you're widowed, you may also be able to inherit some of your late partner's State Pension under the rules explained in sections 8.1 to 8.3 above.

## 8.5 Divorce or dissolved civil partnership

The courts can make a 'pension sharing order' if you get divorced or dissolve your civil partnership.

You will get an extra payment on top of your own State Pension if your ex-partner is ordered to share their additional State Pension or protected payment with you.

Your State Pension will be reduced if you're ordered to share your additional State Pension or protected payment with your partner.

## Pre-2016 State Pension

Your State Pension may consist of a basic Category A or B State Pension plus Additional State Pension (based on NI contributions after April 1978) and Graduated Retirement Benefit (based on your NI contributions between April 1961 and April 1975). You will get an extra 25p each week when you reach the age of 80.

The Category D State Pension is a non-contributory pension for people over the age of 80.

You can claim and get your State Pension even if you decide to continue working past State Pension age. Alternatively, you can choose not to claim at State Pension age and get extra State Pension or a one-off taxable lump-sum payment at a later date.

## 9 Couples

Since 6 April 2010 the State Pension provisions which enable a person to qualify for State Pension based on their partner's NI record have been equalised so that they apply to husbands and wives and to people in registered civil partnerships. Since 2014, they also apply to the members of married same-sex couples.

In the past some of these pension rights did not apply to husbands and civil partners. Pension changes are generally not retrospective, which means that if your spouse or civil partner was born before 6 April 1950 (and so reached State Pension age before 6 May 2010, in the case of a woman, or 6 April 2015, in the case of a man) you'll not be able to get the "married person's" basic pension.

Also, if you reached State Pension age before 6 April 2010 and you are widowed over State Pension age you'll only be able to inherit additional State Pension or Graduated Retirement Benefit if your partner died when they were over State Pension age. (However, if you are a woman married to a woman who had legally changed gender from male to female since the start of your marriage, the rules will apply to you in the same way as if your spouse was still legally a man.)

## 10 Basic State Pension

The weekly rates of basic State Pension are set out in section 1. The categories of pension are described below. Category A State Pensions are generally based on an individual's own NI record, while Category B State Pensions are based on a spouse's or civil partner's record. Category A and B pensions may consist of a basic and/or Additional State Pension.

### 10.1 Category A State Pension on your own contributions

You will get the full basic Category A State Pension if you have paid, or been treated as having paid, NI contributions at the appropriate rate for enough qualifying years in your working life, or if any gaps in your record are covered by NI credits or Home Responsibilities Protection (HRP). More information about the NI contribution conditions is given in section 14. If you do not have sufficient qualifying years for the full Category A State Pension, you may get a reduced amount.

Normally you need to have satisfied the NI contribution conditions in your own right. However, divorcees, widowed people and those whose civil partnership has ended through bereavement or dissolution may be able to use the NI contributions record of their former or deceased spouse/civil partner to help them qualify for a Category A State Pension.

## **10.2 Category B State Pension on your spouse or civil partner's contributions**

You may be entitled to increase your State Pension based on the NI record of your current spouse or civil partner, your former spouse or civil partner, or a deceased spouse or civil partner. See Section 16 for more information.

## **10.3 Category D non-contributory State Pension**

This is a non-contributory taxable State Pension of £71.50 a week for people aged 80 or over. You can claim it if you have no basic State Pension. If you already get a small State Pension, Category D pension can top it up to £71.50 a week. To qualify for a Category D State Pension you have to be living in the UK on your 80th birthday or the date of your claim if this is later, and to have been living in the UK for 10 years or more in any 20-year period after your 60th birthday. In some circumstances you may be eligible if you are living in another EEA country on your 80th birthday or the date of claim.

## **11 Additional State Pension**

When you get your Category A or B State Pension you may also get Additional State Pension, or you may qualify for Additional State Pension even if you do not get any basic State Pension.

The Additional State Pension scheme started on 6 April 1978. From 1978 to April 2002, Additional State Pension was built up under the State Earnings-Related Pension Scheme (SERPS). Since April 2002 the Additional State Pension has been built up under the State Second Pension (S2P).

Additional State Pension is based on earnings above the Lower Earnings Limit, which is £112 a week in 2016/17. Since April 2002 some carers and long-term sick or disabled people have been credited with S2P as if they have earnings at the required level. You do not build up any Additional State Pension based on your earnings if you are self-employed, paying the reduced-rate married woman's NI contributions, earning less than the Lower Earnings Limit or contracted out of the state scheme (see section 17.7).

Additional State Pension is related to your weekly earnings between the weekly Lower Earnings Limit and Upper Accrual Point (£112 and £770 respectively in 2016/17), or credited earnings under the S2P, from April 1978 (or the tax year in which you reached the age of 16) until 5 April before you reach State Pension age. These earnings are re-valued in line with increases in average earnings until you reach State Pension age.



## 11.1 SERPS

If you reached State Pension age before 6 April 1999, your Additional State Pension was based on 25% of earnings between the specified levels (if you had a history of 20 continuous years from 1978). However, between 1999 and 2009, changes were introduced to phase in reductions to the amount of Additional State Pension. The main aim of these changes was to reduce the maximum level of SERPS from 25% of earnings to 20% for people reaching State Pension age from 2009 onwards.

## 11.2 State Second Pension

Since 6 April 2002 the Additional State Pension has been built up under the S2P. If you have entitlement under SERPS, this will be protected, so if you reached State Pension age on or after 6 April 2003, you may get an Additional State Pension built up partly under SERPS and partly under the S2P.

The S2P is calculated in a way that is more beneficial than SERPS to those with low or modest earnings. Since April 2002 employees with annual earnings of at least the Lower Earnings Limit (£5,824 in 2015/16) but less than the Low Earnings Threshold (£15,100 in 2014/15) are treated as though they have earnings equal to the Low Earnings Threshold. From 6 April 2012 a flat rate amount is accrued - for 2015/16 this is £93.60.

People with earnings above the Low Earnings Threshold are also entitled to an extra earnings-related payment.

You can also be treated as though you have earnings equal to the Low Earnings Threshold (from 2012/13 a flat rate) if, throughout the year, you are:

- entitled to Carer's Allowance
- entitled to the long-term rate of Incapacity Benefit (or you would have been entitled if you had satisfied the contribution conditions)
- paid Severe Disablement Allowance
- in some circumstances, paid contribution-based Employment and Support Allowance
- awarded HRP (only up to April 2010 – see section 17.3)
- receiving Carer's Credits, credits as a foster carer or credits because you are receiving Child Benefit for a child under the age of 12 (only since April 2010 – see section 17.2).

To qualify for a year of the S2P for years before April 2010 you had to fulfil one of the criteria for a whole tax year – for example, you could not qualify if you provided care for part of the year and met the disability conditions for the rest of the year, or if you paid NI contributions for part of the year and were entitled to HRP for the rest of it.



Since 6 April 2010, a qualifying year for S2P can be built up using any combination of credits or paid contributions.

### **11.3 Contracting out of the additional State Pension**

When working out your additional State Pension amount, a deduction will be made if you have been in a 'contracted out' personal or workplace pension scheme prior to 2016 – for example, if you have been a member of a public-sector pension. In this case you will have paid NI contributions at a lower rate because you were paying into a contracted-out pension instead, or some of your NI contributions will have been paid into your private pension instead of going towards your additional State Pension (see Section 17.7 for more information about this).

## **12 Graduated Retirement Benefit**

This taxable pension scheme, sometimes called 'Graduated Pension', existed from April 1961 to April 1975 and was based on graduated contributions paid from earnings. If you were over 18 during this period and paying graduated contributions, your weekly Graduated Retirement Benefit for the year 2016/17 will be 13.30 pence for every £7.50 of contributions paid if you are a man, or if you are a woman who reached State Pension age on or after 6 April 2010. Women who reached State Pension age before 6 April 2010 get 13.30 pence for every £9.00 of contributions. Graduated Retirement Benefit is paid when you claim your State Pension, normally with the basic State Pension. However, you can get it even if you do not qualify for a basic State Pension.

## **13 Other State Pension payments**

### **13.1 Age addition**

An extra 25p a week is paid on Category A and B pensions if you are 80 or over.

### **13.2 Christmas bonus**

If you receive a State Pension and you are living in the UK or any other EU country during the qualifying week (normally the first full week of December) you will receive a Christmas bonus of £10. The bonus is tax-free and has no effect on other benefits. In some circumstances, you may get an additional bonus for a dependant partner who is not entitled to one in their own right.

There is usually no need to claim, as the bonus is paid automatically with your State Pension. If you think you are entitled to the bonus but do not receive it, contact the Pension Service or a local advice agency.

### 13.3 Invalidity addition

You may receive an invalidity addition on your Category A or B State Pension if you were receiving any of the following payments before reaching State Pension age:

- an invalidity allowance with Invalidity Benefit
- transitional invalidity allowance with Incapacity Benefit
- an age addition with long-term Incapacity Benefit.

The invalidity addition is paid at the same rate as your invalidity allowance or age addition but is offset against your Additional State Pension or contracted-out deduction.

### 13.4 Increases for dependants

#### Adult dependants

In the past you could claim an increase for a dependant spouse who was under State Pension age. Since 6 April 2010 it has not been possible to claim an increase. This also applies if you deferred claiming your State Pension until that date or later. If you were already receiving an increase for a dependant spouse at the time the new rules came into effect, you can continue to get the increase as long as you continue to meet the conditions until the dependant reaches State Pension age or 5 April 2020, whichever is sooner. The increase is a maximum of £65.70 a week.

#### Child dependants

Increases for dependent children have not been payable on new claims for State Pension since 6 April 2003. Check if you can claim Child Tax Credit instead. If you were already receiving an increase for a child dependant at the time the new rules came into effect, you can continue to qualify for the increase, which is £8.00 for the first child and £11.35 for each other dependent child. Increases for dependent children are not taxable.

## 14 National Insurance

Whether you will get a full State Pension depends on your NI contributions record. Your record might be made up of a combination of:

- NI contributions paid while you were working
- NI contributions paid while you were self-employed
- NI contributions you have paid voluntarily
- NI credits awarded while you were receiving certain benefits
- NI credits and/or HRP awarded while you had caring responsibilities.

For more general information about NI contributions and working see Section 17.

### **If you reached State Pension age on or before 5 April 2010**

If you reached State Pension age before 6 April 2010, there are two conditions that you must meet to get a Category A State Pension. The first condition is that you have paid sufficient NI contributions to make at least one year in your working life since 6 April 1975 a 'qualifying year' or paid at least 50 flat-rate contributions at any time before 6 April 1975. Credited contributions cannot count towards this first condition.

The second condition is that you must normally have paid or been credited with NI contributions for about 90% of the years of your 'working life'. Your working life normally starts in the tax year (i.e. 6 April to 5 April) when you were 16 and ends with the last full tax year before you reached State Pension age.

Each year in your working life that you have paid or been credited with sufficient contributions is called a 'qualifying year'. HRP can reduce the number of qualifying years you need.

A woman who reached State Pension age before 6 April 2010 and had a working life of 44 years, will get a full basic Category A State Pension if 39 of the years were qualifying years. A man who reached State Pension age before 6 April 2010 and had a working life of 49 years will get a full basic Category A State Pension if he has 44 qualifying years. If you are not entitled to a full Category A State Pension, you may get a reduced one based on the number of qualifying years you have. So, for example, if you have half the number of years needed, your pension will be half the normal rate. However, you get no Category A State Pension at all if the number of qualifying years you have is less than 25% of the number needed for a full State Pension.

#### **Note**

If you are over 80 and you have not paid enough contributions for a basic State Pension worth at least £71.50, you might qualify for the non-contributory Category D State Pension described in section 7.5.

## **If you reach State Pension age between 6 April 2010 and 5 April 2016**

Both men and women who reach State Pension age between 6 April 2010 and 5 April 2016 receive the full Category A Basic State Pension if they have 30 or more qualifying years. If you have fewer than 30 qualifying years, you get a reduced pension as long as you have at least one qualifying year. Each qualifying year entitles you to one-thirtieth of the full amount. There is no minimum number of qualifying years and there is no longer a requirement that at least one of your qualifying years be based on paid NI contributions (rather than NI credits).

### **Action**

If you don't have enough contributions for a full State Pension, see section 9.4 about paying voluntary contributions to cover missing years. Also check if you might be entitled to Pension Credit to top up your income – see factsheet 48, *Pension Credit*, or contact Age UK Advice or a local advice agency. If you are over 80 and you have not paid enough contributions for a basic State Pension worth at least £71.50, you might qualify for the non-contributory Category D State Pension described in section 10.3.

## **14.1 State Pension top up**

This is a scheme which enables you to boost your State Pension by making a lump sum NI contribution (a Class 3A voluntary NI contribution). This is referred to as State Pension top up. Each unit purchased will increase your State Pension by £1 a week up to a maximum of £25 a week.

The only conditions are that you have an entitlement to a State Pension and you reached State Pension age before 6 April 2016. Class 3A contributions will only be available until 5 April 2017. The cost of purchasing the contributions varies with your age and a calculator is available at [www.gov.uk/state-pension-topup](http://www.gov.uk/state-pension-topup).

## **15 Putting off or deferring your State Pension**

Once you reach State Pension age you can choose to put off or defer claiming your State Pension, in which case you can get extra State Pension at a later date.

This may not be right for everyone, and whether you gain overall will depend on your circumstances. Please see section 20 for further information about deferring your state pension.

For every five weeks you defer your State Pension your weekly entitlement is increased by 1% – this works out at around 10.4% for each full year of deferral, so if you defer your State Pension for five years, it is increased by just over half. There are no time limits for how long you can defer.

Alternatively, instead of extra State Pension you can get a taxable lump-sum payment plus your weekly State Pension paid at the normal rate. The lump sum is calculated based on the amount of State Pension you have foregone and a compounded interest rate of 2% above the Bank of England base rate. You have to defer your State Pension for at least 12 consecutive months to have the choice of a lump-sum payment with interest. Consider asking for backdating if you have deferred for less than 12 months and would like a lump sum (see section 19.1).

### **Action**

If you are thinking about deferring your State Pension, it is important to consider the full implications. Seek advice if you are not sure whether deferral is right for you.

## **15.1 Effect on other State Pension amounts**

### **Additional State Pension and Graduated Retirement Benefit**

If you defer your State Pension, your Additional State Pension and Graduated Retirement Benefit will be increased in the same way as the basic State Pension; or if you opt for a lump-sum payment under the current rules, they will be included in the calculation of this.

### **Dependants and deferral**

If you are entitled to an increase for a dependant and you deferred your State Pension, you would not get any extra State Pension or lump sum for that part of your State Pension. Dependant additions are no longer payable on new claims for State Pension.

## **15.2 Effect on spouses and civil partners**

### **Category B pensions**

If you are entitled to a Category B State Pension or an increase to your State Pension based on your spouse or civil partner's contributions, you can choose to claim this even if they are deferring their own State Pension. Alternatively, you can defer your State Pension and get extra State Pension or a lump sum when you do claim.

In general, you will not get extra State Pension or a lump-sum payment for deferring a Category B State Pension if, while your partner is deferring their State Pension, you claim a Category A State Pension on your own contributions, or certain other benefits. It may be better not to claim your own State Pension (for example, if this is a small amount) if your partner is deferring theirs. However, if you claim Graduated Retirement Benefit only, it will not stop you getting extra State Pension or a lump-sum payment from your partner's contributions.

#### **Note**

If your wife or civil partner, or husband (if you are a man married to a man) was born before 6 April 1950, you cannot get the lower-rate basic Category B State Pension based on their contributions. This is because the change in the law did not apply retrospectively. (This rule does not apply if you are a woman married to a woman who legally changed gender from male to female after the start of your marriage.)

#### **Divorce and dissolved civil partnerships**

If you are entitled to a shared Additional State Pension (resulting from the sharing of a former spouse or civil partner's Additional State Pension following divorce or dissolution of a civil partnership), you can also defer this.

## **16 Increasing or inheriting State Pension from a spouse or civil partner**

You can sometimes increase or inherit State Pension based on your spouse or civil partner's NI contribution record when you reach State Pension age. Once you are getting a State Pension on this basis, you can remarry, form a civil partnership or live with a partner without losing your entitlement.

Some aspects of the rules are different for widowers and civil partners who reached State Pension age before April 2010. These are covered briefly in this section but contact the Pension Service or a local advice agency if you need further information.

#### **Note**

See factsheet 56, *Benefits for People under Pension Credit age*, for information about bereavement benefits for people under State Pension age.

## 16.1 Increasing your basic State Pension

If your own basic State Pension is less than the full amount, you may be able to increase it based on your spouse or civil partner's NI contribution record, even if you are divorced or widowed. This is known as a Category B State Pension, or (if you are divorced) a "substituted" Category A pension.

### 16.1.1 If you are married or in a civil partnership

#### Women married to men

If you are a married woman and you are not entitled to a basic State Pension based on your own NI contributions record, or it is less than £71.50 a week, you may be able to get a pension based on your husband's NI contributions once he reaches State Pension age. This is sometimes referred to as the 'married woman's pension'. If you have no basic Category A State Pension you may get the Category B State Pension of £71.50 a week. If your Category A State Pension is less than £71.50 a week it can be made up to that amount. If your husband does not have a full contributions record, you will receive a proportionally reduced pension.

If you are already receiving a Category A State Pension on your own NI contributions record and your husband claims his State Pension, the Pension Service will normally pay you any extra Category B State Pension that you are entitled to so you will not need to make a new claim.

You will need to make a claim if you are not already getting a State Pension at the time your husband reaches State Pension age or if your husband decides to put off claiming his State Pension. Until 6 April 2010 your husband had to be getting his State Pension before you could make a claim but now it is possible to do this even if he is putting off claiming ('deferring') his State Pension. See section 13 for more about deferring the State Pension. If he is deferring his State Pension you should contact the Pension Service to claim the Category B pension even if you are already getting some Category A pension, as it will not be awarded automatically.

On top of any basic State Pension you get, you may also be entitled to Graduated Retirement Benefit and/or Additional State Pension based on any NI contributions you have made, as explained in sections 10 and 11. Sometimes married women who have paid NI contributions in the past but who are not working when they reach State Pension age do not realise that they may be entitled to some State Pension based on their earlier NI contributions. The State Pension is not awarded automatically except in the circumstances described above – you have to make a claim. See section 19 for information on claiming.



## **Married men, women married to women and civil partners**

If your spouse or your civil partner was born before 6 April 1950, then as a married man, woman married to another woman or a civil partner you are not able to claim a State Pension based on your spouse's or civil partner's NI contributions record.

(This does not apply if you are a woman married to a woman who has legally changed gender from male to female after the start of your marriage. The rules that apply to women married to men will apply to you instead.)

If your spouse or your civil partner was born after 6 April 1950, has reached State Pension age and you reach State Pension age after 6 April 2010 (and you are not entitled to a basic State Pension of at least £71.50 a week based on your own NI contributions record) you can claim a Category B State Pension based on their NI contributions record.

This means that men and women married to women and female civil partners started to qualify from May 2010 and men married to men and male civil partners started to qualify from April 2015. If you qualify for a Category B State Pension as a spouse or civil partner, the rules are now in line with those set out above for women married to men.

### **Note**

The above rate of £71.50 is called a 'lower rate Category B State Pension' and applies if you are currently married or in a civil partnership. If you are widowed, divorced or your civil partnership has been dissolved see the sections below as you may be entitled to a 'basic rate Category B State Pension' of up to £119.30 per week.

### **16.1.2 If you are widowed or a surviving civil partner**

If you were under State Pension age when your spouse or civil partner died and you have not remarried or formed a civil partnership, by the time you reach State Pension age you may be able to use their NI contributions to bring your basic State Pension up to a maximum of £119.30 a week.

The amount you get will depend upon your own, and your late spouse's or civil partner's NI contributions record.

You may also be able to inherit some of their additional State Pension and Graduated Retirement Benefit (see sections 16.2 and 16.3 below).



### **16.1.3 If you are divorced, your civil partnership has been dissolved or you are separated**

#### **Divorced people**

If you are divorced but do not qualify for a full Category A State Pension based on your own NI contributions record, you may be able to use your former spouse's contributions to increase the amount of basic State Pension you get to the maximum of £119.30 a week. You are not entitled to your former spouse's Graduated Retirement Benefit or Additional State Pension, although it is possible for Additional State Pension to be divided as part of a divorce settlement.

Your former spouse's NI contributions record up to when your marriage ended is substituted for your own either from the start of your working life up to your divorce or just for the period of your marriage.

If you get divorced before State Pension age, you may need to pay further NI contributions after your divorce to qualify for a full Category A State Pension.

If you remarry or form a civil partnership before State Pension age, you cannot claim a State Pension on your former spouse's NI contributions record. However, if you remarry or form a civil partnership after State Pension age, you will not lose any State Pension based on your previous spouse's NI contributions record.

#### **Dissolved civil partnerships**

The term 'dissolution' is used if civil partners legally separate; it is the equivalent of divorce for married couples. State Pension rules are the same as those described above for divorced people.

#### **Separation**

If you are separated from your husband, wife or civil partner and you do not qualify for a basic Category A State Pension when you reach State Pension age, or you are entitled to less than £71.50 a week, you may be able to claim a Category B State Pension of up to £71.50 a week when your spouse or civil partner reaches State Pension age – see section 17.1. As explained there, before 6 April 2010 this only applied to married women, and for married men, women married to women and civil partners it depends on the date of birth of their spouse or civil partner.

## **16.2 Inheriting additional State Pension**

For information about what this is see Section 11. The additional State Pension has been known as SERPS and the State Second Pension (S2P).

When you start to get your State Pension, or if you are already receiving your State Pension when your spouse or civil partner dies, you may be able to inherit some or all of their Additional State Pension (adjusted for periods when they were contracted out). The amount you are entitled to inherit is added to any Additional State Pension on your own contributions up to the maximum amount a single person could have built up by 2015/16 (the last tax year in which a person can build up additional State Pension under the pre-2016 State Pension system). From 2016/17, this is £165.60 per week. This amount will be increased by inflation from April 2017.

In some circumstances, different rules apply for inheriting additional State Pension, depending on whether you are a woman whose husband has died or a widowed man, a woman whose female spouse has died or a surviving civil partner.

### **If your spouse or civil partner died before you reached State Pension age**

The rules are the same as between widows, widowers and surviving civil partners if your spouse or civil partner died on or after 9 April 2001. Providing you do not remarry or form a new civil partnership before you reach State Pension age you will be able to inherit additional State Pension when you reach State Pension age if you were entitled to either Bereavement Allowance or Widowed Parent's Allowance as a result of the death. Unless you were still receiving Widowed Parent's Allowance (which includes inherited additional State Pension) immediately before you reached State Pension age the amount you may get may be reduced, depending on your age when you were widowed or your Widowed Parent's Allowance ended.

If you were widowed before 9 April 2001, you will normally only be able to inherit any additional State Pension if you are a widow who is still entitled to widow's pension or widowed mother's allowance when you reach State Pension age. Some widowers may also inherit additional State Pension have not remarried or formed a civil partnership before State Pension age and they reach State Pension age on or after 6 April 2010 or had been awarded Widowed Parent's Allowance from 9 April 2001 because they were responsible for a dependent child or children at that date.

### **If your spouse or civil partner dies after you reach State Pension age**

You will be able to inherit additional State Pension if both you and your late spouse or civil partner were over State Pension age when he or she died.

If your spouse or civil partner dies when he or she is under State Pension age, you will not be able to inherit additional State Pension unless you are a woman whose husband has died, or you reached State Pension age on or after 6 April 2010. (If you are a woman whose female spouse has died but she had legally changed gender from male to female since the start of your marriage, the rules will apply to you as if your spouse had not legally changed her gender).

The amount of SERPS pension that you can inherit (subject to the rules explained above) depends on the date of birth of the person who has died. Use the following tables to see how this might affect you. You may also inherit 100% of your late spouse's or civil partner's SERPS if they died before 6 October 2002, regardless of their date of birth.

### Maximum SERPS that a man's spouse or civil partner can inherit

Man's date of birth	Maximum percentage of SERPS
5 October 1937 or before	100%
6 October 1937 to 5 October 1939	90%
6 October 1939 to 5 October 1941	80%
6 October 1941 to 5 October 1943	70%
6 October 1943 to 5 October 1945	60%
6 October 1945 and after	50%

### Maximum SERPS that a woman's spouse or civil partner can inherit

Woman's date of birth	Maximum percentage of SERPS
5 October 1942 or before	100%
6 October 1942 to 5 October 1944	90%
6 October 1944 to 5 October 1946	80%
6 October 1946 to 5 October 1948	70%
6 October 1948 to 6 July 1950	60%
6 July 1950 and after	50%

## State Second Pension

S2P has replaced SERPS for contributions made since April 2002. The maximum amount of the S2P that a widow, widower or surviving civil partner can inherit is 50%, regardless of when they are widowed.

### 16.3 Inheriting Graduated Retirement Benefit

For information about what this is see Section 12.

If you are a widow whose husband has died (or whose female spouse has died but she had legally changed gender from male to female since the start of your marriage) you can inherit half of their Graduated Retirement Benefit whether you are under or over State Pension age at the time of bereavement provided you have not remarried before your State Pension age. This also applies if you reached State Pension age on or after 6 April 2010 and you are a widower, a woman whose female spouse has died or a surviving civil partner.

If you are a widower, a woman whose wife has died or a surviving civil partner who reached State Pension age before 6 April 2010, you can inherit half of your spouse or civil partner's Graduated Retirement Benefit, provided you were both over State Pension age at the time of their death.

### 16.4 Inheriting a deferred State Pension

If your wife or civil partner was receiving extra State Pension when they died because they had deferred their State Pension, you may inherit some of their extra State Pension.

If they died while still deferring their State Pension you will be able to choose to receive either a one-off taxable lump-sum payment or extra weekly state pension if they had deferred for at least 12 months. If they had deferred for less than 12 months but more than 5 weeks you will be able to inherit extra weekly State Pension

If you are deferring your own State Pension you'll receive any inherited deferral payment when you start claiming your State Pension.

If you were widowed or your civil partner died before you reached State Pension age, you will only have been able to inherit a deferral payment if you did not remarry or form a new civil partnership before State Pension age.

If you were not married or in a civil partnership at the time of their death, you may be able to inherit up to 3 months of their deferred State Pension. Contact the Pension Service if this applies to you.

### Note

If you are a widower or surviving civil partner who reached State Pension age before 6 April 2010, you must have been over State Pension age when your spouse or civil partner died for these provisions to apply to you.

## General information

The information in the rest of this factsheet applies to people in either State Pension system. However, before reading this, you should first read information specific to your type of State Pension.

## 17 National Insurance

### 17.1 NI contributions in work

Since April 1975, employees aged 16 or over and under State Pension age have paid NI contributions depending on the level of their earnings.

If you are an employee with earnings of £112 a week or more (the level of the Lower Earnings Limit in 2016/17), you are building up qualifying years that count towards entitlement to a State Pension. However, you do not start to pay NI contributions until your earnings reach £155 a week. If you earn between £112 and £155, you are treated as though you are paying NI contributions and are still building up qualifying years that count towards entitlement to the new State Pension and other contributory benefits.

So, when this factsheet refers to people who have 'paid' NI contributions, this includes people with earnings between £112 and £155 a week who are not actually paying NI but are still treated as having paid NI contributions.

Since April 1975 employed people have paid Class 1 NI contributions as a percentage of earnings, and these are collected with Income Tax. Employers also pay NI contributions.

If you do not have enough NI contributions for a full State Pension but you have not yet reached SPA you may be able to increase your State Pension if you continue to work and pay NI contributions.

### Working abroad

NI contributions paid abroad may help you qualify for the State Pension if you worked in another EEA country or one that has a reciprocal agreement with the UK.

## Self-employed

If you are self-employed you have to pay a flat-rate Class 2 contribution for each week in which you are self-employed, if you have relevant profits at or above the small profits limit (SPL), currently £5965, which count towards the State Pension. If your taxable income is over a certain amount, additional contributions (Class 4) are collected with your Income Tax. If your profits are below the SPT you can still pay Class 2 contributions anyway to protect your State Pension rights.

## 17.2 NI credits

If you are under State Pension age there are various circumstances in which you are entitled to a credit in place of a NI contribution. These include each week that you are:

- unemployed and claiming Jobseeker's Allowance or available for and actively searching for work, or unable to work due to sickness or disability and claiming certain benefits such as Employment and Support Allowance
- looking after someone who is disabled and you are receiving Income Support as a carer, or Carer's Allowance, or would be receiving Carer's Allowance if you were not receiving certain benefits instead
- not getting Carer's Allowance or Income Support as a carer but providing care for at least 20 hours a week for one or more sick or disabled persons who get Attendance Allowance, Constant Attendance Allowance, Disability Living Allowance (middle or higher rate care component), Personal Independence Payment (daily living component) or whose need for care has been certified by a health or social care professional (these are called Carer's Credits)
- receiving Child Benefit for a child under 12 years of age. This applies even if you decide to stop getting Child Benefit payments because of the introduction of the new tax charge provided you have claimed the Child Benefit
- an approved foster carer
- a grandparent or other adult family member providing childcare for a child aged under 12, usually because the parents are in work
- receiving Working Tax Credit
- receiving Universal Credit

- a man in the tax year in which you would have reached State Pension age had you been a woman, or any subsequent tax year up to, but not including, the one in which you reach the age of 65, and not paying contributions, even if you are not ill or signing on as unemployed. This does not apply to any tax year in which you are abroad for more than six months. This is being phased out from April 2010 in line with the increase in women's State Pension age and will not apply to men born after 5 October 1953
- over 18 years old and in full-time training approved by the government and not lasting longer than a year.

From April 2016 a new NI credit will be available for people married to, or in a civil partnership with, a member of the armed forces and who were accompanying them on a posting outside the UK. The credit will be available to women born on or after 6 April 1953 or men born on or after 6 April 1951 for tax years from 1975/76 and will count towards entitlement to the new State Pension. The member of the armed forces must have been insured under the UK NI scheme at the time of the posting. The credits will also be available to widows, widowers, divorcees and former civil partners provided they were married or in a civil partnership with the member of the armed forces at the time of the accompanied posting.

The credits for men approaching State Pension age and the credits associated with particular benefits are awarded automatically.

You need to make an application to get Carer's Credits, credits as a foster parent and credits for grandparents. Credits for grandparents and other family members were introduced from April 2011. Except for grandparent's credits, you should apply for all these credits before the end of the tax year following the one in which you are entitled to the credits. Late applications may sometimes be accepted if there is a good reason for not applying earlier.

Grandparents credit must be applied for after the end of the tax year following the one in which you are entitled to the credits. You will also need to apply for the new credits for military spouses and civil partners but there are no time limits for applying.

Different types of credits and paid contributions can be combined to make a full qualifying year. Details of these and other credits available can be found on [www.gov.uk/national-insurance-credits](http://www.gov.uk/national-insurance-credits).

### Action

Apply for Carer's Credits using application form CC1 which you can get online from [www.gov.uk](http://www.gov.uk). Use form CF411A from HMRC for foster parent credits.



## 17.3 Home Responsibilities Protection

From 1978 to April 2010, HRP protected the NI contribution record of people caring for a child or a sick or disabled person. It helped protect your basic State Pension and bereavement benefits for your spouse or civil partner. Between April 2002 and April 2010 it could also help build up Additional State Pension through the State Second Pension (see section 11.2).

In April 2010 HRP was replaced by the credits for parents and carers, described in section 17.2.

You cannot get HRP for the years before April 1978 when you were looking after someone. A married woman or widow cannot get HRP for any tax year in which she would only be liable to pay reduced-rate NI contributions, if she had been working or self-employed.

You are entitled to HRP if you meet any of the following conditions, or in some situations a combination of them, for a whole tax year between April 1978 and 2010:

- you received Child Benefit for a child under 16
- you received Income Support and you did not need to register for work because you were caring for a sick or disabled person
- you were regularly spending at least 35 hours a week looking after someone getting Attendance Allowance, Constant Attendance Allowance or DLA (middle or higher rate care component). You need to have been caring for 48 weeks in any tax year, this rose to 52 weeks after 6 April 1994
- you were a registered foster parent (from 2003/04 onwards).

If you got Carer's Allowance, you would normally have received NI credits towards your State Pension so you would not need HRP, although you could not get credits or HRP if you retained the right to pay the reduced-rate married woman's contributions.

Whether you have done any work is irrelevant. You will get HRP if you qualify for it and haven't paid or been credited with enough NI contributions for the tax year to count as a qualifying year.

### How to work it out

If you reach State Pension age on 6 April 2010 or later, any years of HRP you have been awarded will be converted into NI credits (up to a maximum of 22 years). If you reached State Pension age before 6 April 2010, each year of HRP was taken away from the number of qualifying years needed to get a full Category A State Pension. However, HRP could not be used to reduce the number of qualifying years to below 20.



## Example

Maeve worked and paid full contributions from 1960 when she was 16 to 1990 when she gave up work to look after her mother. She was still caring for her mother in 2004, when she became 60. As Maeve worked and paid contributions for 30 years she is entitled to a full pension as HRP reduced the number of qualifying years she needed to 25. It works like this:

Working life	44 years
Qualifying years needed for full pension	39 years
Number of years of HRP	14 years
Qualifying years needed after taking away years of HRP	25 years

## When to apply

HRP should be given automatically if you qualified because you were getting Child Benefit or Income Support as a carer. You need to apply for HRP if you qualified because you were looking after someone who was getting DLA, AA, or Constant AA, because you were a foster parent, or if you qualified under one condition for part of a tax year and under another for the rest of the year.

Applications for HRP for years spent caring for a sick or disabled person before 2002/03 can be made at any time up to State Pension age. You can also apply after State Pension age but you will not normally be paid any increase of State Pension that may have been due for previous years.

### Action

Apply for HRP on form CF411 which you can get from your local Jobcentre Plus office, by phoning HMRC, or downloading from their website.

## 17.4 Voluntary NI contributions

If you are not paying NI contributions, and are not entitled to credits or HRP, you can pay Class 3 voluntary contributions to protect your State Pension. You cannot pay voluntary contributions for any year in which you were only liable to pay the reduced-rate married woman's contributions.

There are time limits for paying voluntary contributions. They must normally be paid by the end of the sixth tax year after the one in which they were due.

If you are under the new State Pension system you will have more time to pay voluntary Class 2 or Class 3 NI contributions for the years from 2006/07 to 2015/16. For people in this category the payment should be made by 5 April 2023.

If you are under the pre-2016 State Pension system, you can increase your pension by paying Class 3A NI contributions until 5 April 2017. See Section 14.1 for more information about these.

### Action

If you do not have enough NI contributions for a full new State Pension, you need to decide whether to make additional voluntary contributions by weighing up the cost of the voluntary contributions against the potential gains in entitlement. There may also be potential losses in means-tested benefits like Pension Credit to consider. See section 18 for information about how to get a State Pension statement for an estimate of your entitlement.

## 17.5 Qualifying years

A qualifying year is a tax year in which you have paid or been credited with enough NI contributions to count towards the State Pension.

Before 1975 working people paid NI contributions by flat-rate weekly stamp. To work out your qualifying years before 1975, all your stamps (paid and credited) are added up and divided by 50, rounding up any that are left over – but you cannot have more qualifying years worked out in this way than the number of years in your working life up to April 1975.

Between April 1975 and April 1978 the qualifying earnings were 50 times the Lower Earnings Limit.

Since 1978 a qualifying year is one in which your earnings are the same as, or more than, 52 times the weekly Lower Earnings Limit if you are an employee. This tax year, 2016/17, the Lower Earnings Limit is £112 a week.

If you are self-employed or have paid voluntary contributions you need to make 52 flat-rate contributions in each qualifying year.

A qualifying year can be made up of a combination of credits and contributions.

## 17.6 Checking your NI record

You can see if you have any gaps in your NI record by requesting a statement from HMRC. You can do this online at [www.hmrc.gov.uk](http://www.hmrc.gov.uk) by searching for 'national insurance statement' or by calling the helpline on 0300 200 3500.

You can also request a State Pension statement to get an estimate of how much you will get when you start claiming. See Section 18 for more information about how to do this.

## 17.7 Contracting out of the additional State Pension

When your State Pension is calculated, a deduction will be made if you have previously been in a 'contracted out' personal or workplace pension scheme – for example, if you have been a member of a public-sector pension.

This is because you will have paid NI contributions at a lower rate because you were paying into a contracted-out pension instead, or some of your NI contributions will have been paid into your private pension instead of going towards your additional State Pension. You could not contract out of the basic State Pension.

Only employees earning more than the Lower Earnings Limit and paying standard-rate Class 1 NI contributions could contract out of the additional State Pension. Before 6 April 2012 you could contract out via a defined contribution scheme; and before 6 April 2016 you could contract out if you joined a defined benefit pension scheme, such as a final salary scheme.

### Changes to contracting out from 6 April 2016

From this date the rules will change so that if you're currently contracted out:

- you will no longer be contracted out
- you will pay more National Insurance (which will be the standard amount of National Insurance).

### Check to see if you were contracted out

Previously contracting out can have a big effect on your State Pension weekly amount when you come to claim it, so it's important to check to see if it applied to you.

You may be able to see if you're contracted out by looking at your previous payslips. You are contracted out if the NI contributions line has the letter D, E, L N or O next to it. You are not contracted out if it has a letter A.

If there is a different letter or you are unsure, you can check with your employer or pension provider. You are more likely to have been contracted out if you have worked in public sector organisations and professions such as the NHS, local councils and the civil service, fire services, teachers, police forces and the armed forces.

## 18 Getting a State Pension statement

A State Pension statement provides personalised information about your State Pension position, based on your NI record when the statement is produced. It includes:

- when you reach State Pension age
- an estimate of your State Pension based on your NI record to date
- the number of qualifying years you currently have.

### Action

You can find out how to get an estimate of your State Pension and the earliest you can get it at [www.gov.uk/check-state-pension](http://www.gov.uk/check-state-pension)

You can obtain a statement until 30 days before reaching your State Pension age by post or telephone. See section 19 for details of the Future Pension Centre.

If your statement shows that you currently do not have the full qualifying years needed to get a full State Pension, you need to consider whether you have enough time to make up the shortfall before you reach State Pension age. If not, you may want to ask HMRC for a NI statement. You can check it against your own records and query any missing contributions, credits or HRP. You may also want to consider paying voluntary NI contributions to make up for gaps in your record (see section 17.4). You may want to get help from an independent advice agency.

## 19 How to claim your State Pension

You won't get your State Pension automatically – you have to claim it. You should get a letter 4 months before you reach State Pension age, telling you what to do.

There are 4 ways to claim:

- Online State Pension claims

You can claim your State Pension online anytime as the service is available 24 hours a day, 7 days a week. The service is safe and secure and there is an on line helpdesk to help you through the process if you have any difficulty.

Go to: [www.gov.uk/claim-state-pension-online](http://www.gov.uk/claim-state-pension-online).

If you need help claiming online you can call: 0345 604 3349, Welsh 0345 604 3412, Textphone: 0345 604 0523. Further information is available on Twitter: <https://twitter.com/ClaimPensionDWP>.

- Over the phone

State Pension claim line:

Telephone: 0800 731 7898

Textphone: 0800 731 7339

Monday to Friday, 8am to 6pm (except public holidays)

- Download the State Pension claim form and send it to your local pension centre

- Claim from abroad including the Channel Islands.

If you haven't received a letter 3 months before your State Pension age, phone the claim line. They'll discuss with you what you need to do.

You will need to provide your NI number when you make a claim and you may need to provide evidence of your date of birth.

### Action

If you have lost your NI number, contact the National Insurance Registrations Helpline on 0300 200 3502.

If you are receiving other benefits like Pension Credit when you reach State Pension age, you may not need to make a claim for your State Pension as it will be awarded automatically. The Pension Service will advise you if this applies.

You may decide to put off claiming your State Pension in order to get extra State Pension. This is known as 'deferring' your State Pension and is explained in section 20. If you do not make a claim for your State Pension when you reach State Pension age you are treated as having deferred it.

If you do defer your State Pension, contact the Pension Service well in advance to allow time for the claim to be processed.

## 19.1 Backdating and advance claims

You may claim your State Pension up to, but no more than, four months in advance. It is a good idea to claim in advance as it may take a while for your claim to be processed.

The maximum period for backdating is 12 months, but your claim cannot be backdated to a date before you reached State Pension age. You will not be paid interest on any backdated pension. If you claim more than 12 months after you became entitled to your pension, you will be treated as having deferred (see section 20).

## 20 Putting off or deferring your State Pension

The information in this section applies to both State Pension systems. It is important to read information specific to your type of State Pension before you read this:

- If you come under the new State Pension see section 7.
- If you come under the pre-2016 State Pension see section 15.

### 20.1 Claiming other benefits and deferring

You cannot be counted as deferring your State Pension if you (or, in some circumstances, your partner) are receiving certain other benefits during the deferral period. For example, if you are over State Pension age and you are claiming Carer's Allowance and have not claimed your State Pension, you will not gain any extra State Pension.

If you (or your partner) are receiving Pension Credit, any State Pension you could claim will be taken into account as notional income when calculating your entitlement and you will not qualify for any increase to your State Pension. See factsheet 48, *Pension Credit*, for more information about this benefit.

If you claim Housing Benefit or Council Tax Support while you are deferring your State Pension, it will not count as notional income and will not affect the amount of those benefits you can get. See factsheet 17, *Housing Benefit* and factsheet 21, *Council Tax* for more information. In Wales, see Age Cymru's factsheet 21w, *Council Tax in Wales*.

### 20.2 Income Tax and the impact on income-related benefits

The State Pension is taxable and is taken into account for income-related benefits such as Pension Credit, Housing Benefit and Council Tax Support. If you get extra State Pension following deferral, this will count as part of your taxable income and may reduce the amount of any income-related benefits you get.

### Note

If you were deferring under the pre-2016 State Pension and choose a lump-sum payment instead of an increase, this will be ignored. The lump sum will be taxed at the highest rate you are currently paying Income Tax on other income (so it will not put you into a higher tax band). You can choose to delay receiving it until the tax year after you start receiving your State Pension, which may be advantageous if your income is lower then.

## 20.3 your mind about deferral or ‘de-retiring’

If you do claim your State Pension, it is possible to change your mind, de-retire and defer it again for a period. However, this can only be done once, and if you reached State Pension age before 6 April 2016 you must be living in the UK (there are exemptions to this rule for people living in EEA countries). For example, if you are claiming your State Pension (and have not de-retired before), you could choose to stop receiving it and defer claiming it again for a time.

### Note

For more information on State Pension deferral, see the Pension Service guide DWP024 deferring your State Pension.

## 21 Decisions and payment

Once your claim has been processed, the Pension Service will send you a decision notice including details of how much your State Pension will be, how and when it will be paid, your duty to report relevant changes in your circumstances and your dispute and appeal rights.

### 21.1 If you disagree with a decision

If you think that you have been awarded the wrong amount of State Pension, or disagree with any decision to do with your State Pension, you must first ask for the decision to be revised; if you are still unhappy with the decision after that you can then appeal to an independent tribunal administered by Her Majesty’s Courts and Tribunals Service. There are time limits for submitting revision requests and appeals so it is important to act quickly. See factsheet 74, *Challenging welfare benefit decisions*.



## 21.2 Payment

Most people now get their State Pension paid directly into an account. When you apply for your State Pension you will be given information about the different types of bank, building society and Post Office accounts you can use. People who reached State Pension age before 6 April 2010 had the option to get their State Pension paid weekly in advance or four-weekly or quarterly in arrears.

The position has changed for people who reach State Pension age on or after 6 April 2010. Pensions are usually paid four-weekly in arrears, although you can ask to be paid weekly or fortnightly.

Your State Pension can be paid to an appointee who acts on your behalf if you are not able to act for yourself. It can sometimes be paid by a new system called 'simple payments', which can be collected from PayPoint outlets that are often located in local shops, if you are unable to open or manage an account. Simple payments are gradually replacing cheques which are being phased out. There are also ways of authorising someone else to collect your money from a Post Office, or a bank or building society account. When you are deciding how to have your State Pension paid, consider the different options – if you are unsure, a local advice agency may be able to help.

Pay day for anyone who started to get their State Pension before 28 September 1984 is normally Thursday. For people who retired after that date and before April 2010, pay day is usually Monday, although if your spouse was already receiving a State Pension on Thursday, you could choose to have yours on the same day. From April 2010 the State Pension pay day is based on the last two digits of your NI number. Under the old State Pension scheme payments are normally made only for full weeks and your State Pension starts from your first pay day after you are entitled to payment. In the new State Pension scheme from April 2016, payment will start from the day you reach State Pension age.

## 22 Change in your circumstances

You must report all changes in your circumstances that might affect your State Pension to the Pension Service, the following are some examples.

### 22.1 Going abroad or living there

Your State Pension is payable without time limit if you go abroad. If you are going abroad for some time, you can arrange to get your State Pension in the country where you are staying. If you remain abroad, the annual State Pension increase will be paid only if you are living in an EEA country or in a country with which the UK has special arrangements.



### Note

For more information about receiving your State Pension while living abroad, contact the International Pension Centre.

## 22.2 Going into hospital

Your State Pension continues to be paid however long you are in hospital. If you are also receiving a benefit such as Attendance Allowance, payment of which may be combined with your State Pension, this may be affected by a hospital stay.

## 22.3 Going into a care home

Your State Pension will not be affected if you go into a care home but it will be taken into account as income if you apply to your local authority's social services department for help with care home fees.

### Note

In Scotland, this will not affect free personal and nursing care. For more information about the social services financial assessment for care services, see factsheet 10, *Paying for permanent residential care*, and other related factsheets on residential care. In Scotland see factsheet 10s, *Council charging procedures for care homes*. In Wales, Age Cymru has version 10w of this factsheet.

## 23 Other entitlements at retirement

The earliest age at which someone can get their State Pension is not necessarily the age at which they retire from work. Some people will stop work before State Pension age and some will work longer, while others may want to retire gradually – for example, by reducing their hours rather than leaving work completely.

### 23.1 Stopping work under State Pension age

You cannot get your State Pension until you reach State Pension age. Before then, you may be entitled to other financial support. See factsheet 56, *Benefits for people under Pension Credit age*, for more information.

If you are a man and you have not reached your State Pension age but you are over the age at which a woman with the same birthday could get their State Pension, you may be entitled to Pension Credit and Winter Fuel Payment.

If you are under State Pension age and not paying NI contributions, check whether you will have enough contributions to be eligible for a full State Pension. See section 9 to find out how to do this and to check whether you can get NI credits or pay voluntary contributions to increase your State Pension.

### **Occupational and personal pensions**

You may qualify for some occupational pension before State Pension age if you retire early – check with your employer or the scheme administrator for details. You may also be able to claim your personal pension or stakeholder pension at any time after you reach the age of 55.

## **23.2 Working after State Pension age**

Once you reach State Pension age you can choose to claim your State Pension or to put off claiming it in order to gain later (see section 20). If you work and get your State Pension, it will not be affected by the amount you earn or the number of hours you work. You should note, however, that if you are claiming an increase in your State Pension for a dependent spouse, this increase could be affected by their earnings (see section 13.4).

Although your State Pension will not be reduced because you are working, it is counted as part of your taxable income. Your tax code will be adjusted to take into account the amount of any State Pension you get (including Additional State Pension and Graduated Retirement Benefit).

If you carry on working for an employer after State Pension age, you will not have to pay NI contributions. You should notify your employer, who will still have to pay contributions for you.<sup>1</sup> If you are self-employed you have to continue paying Class 4 contributions until the end of the tax year in which you reach State Pension age.

### **Unemployment and sickness**

If you become sick or unemployed after State Pension age, you cannot claim Employment and Support Allowance, Income Support or Jobseeker's Allowance and you may not be able to claim Universal Credit.

### **Occupational and personal pensions**

If you have a private pension, you may be able to get it while you are working – contact your pension scheme for more information.

<sup>1</sup> see [www.gov.uk/tax-national-insurance-after-state-pension-age/stopping-paying-national-insurance](http://www.gov.uk/tax-national-insurance-after-state-pension-age/stopping-paying-national-insurance) for information about this.

### 23.3 Other benefits after State Pension age

In addition to their State Pension, many people are entitled to other benefits, like Pension Credit, Housing Benefit and Council Tax Support. You might be entitled to these even if you are working, but whether you qualify will depend on your income and capital.

Some people may also be entitled to Attendance Allowance or Personal Independence Payment, which are not means-tested and are intended to help with the costs of illness or disability.

Some benefits overlap with State Pension, including Carer's Allowance which is a benefit for people who are looking after someone who is disabled. If you are receiving Carer's Allowance, this will no longer be paid if you start to claim a State Pension that is worth more than Carer's Allowance, although you may retain an underlying entitlement to it. If you claim Pension Credit, an underlying entitlement means that a carer's addition will still be paid in your Pension Credit. Age UK has additional factsheets about these other benefits, see the end of this factsheet about how to access them.

#### **New State Pension claimants**

Those who reach State Pension age on or after 6 April 2016 will not be able to claim the savings credit part of Pension Credit. Savings credit will continue to be part of the Pension Credit system for people who reach State Pension age before 6 April 2016.

## 24 Income Tax

All parts of the State Pension are taxable. Whether you have to pay Income Tax, and if so how much, depends on your total income and your tax allowance(s). See factsheet 12, *Planning your retirement: money and tax*, for more information.

## Useful organisations

The DWP and HMRC publish information on the State Pension and National Insurance. This can be obtained online on the Gov.uk website, or by telephoning HMRC or the Pension Service.

### **Citizens Advice Bureau (CAB)**

England or Wales go to [www.citizensadvice.org.uk](http://www.citizensadvice.org.uk)

Northern Ireland go to [www.citizensadvice.co.uk](http://www.citizensadvice.co.uk)

Scotland go to [www.cas.org.uk](http://www.cas.org.uk)

In England telephone 0344 411 1444

In Wales telephone 0344 477 2020

In Scotland telephone 0808 800 9060

National network of advice centres offering free, confidential, independent advice, face to face or by telephone.

### **Civil Legal Advice**

[www.gov.uk/civil-legal-advice](http://www.gov.uk/civil-legal-advice)

Telephone 0345 345 4 345

People living on a low income or benefits, who are eligible for legal aid can get specialist legal advice on benefits appeals, debt, education, housing, discrimination and family problems.

### **Disability Benefits Helpline**

[www.gov.uk/disability-benefits-helpline](http://www.gov.uk/disability-benefits-helpline)

DWP helpline providing advice or information about any claim for Disability Living Allowance, Personal Independence Payment or Attendance Allowance that you have already made.

### **Attendance Allowance (AA)**

Telephone 0345 605 6055

### **Disability Living Allowance (DLA)**

If you were born on or before 8 April 1948

Telephone 0345 605 6055

If you were born after 8 April 1948

Telephone 0345 712 3456

### **Personal Independence Payment helpline**

Telephone 0345 850 3322

### **Future Pension Centre**

Telephone 0345 300 0168

**Gov.uk**

[www.gov.uk](http://www.gov.uk)

Official website for government information and services. Includes information about pensions planning, the State Pension, workplace pensions, and personal and stakeholder pensions.

**HM Revenue and Customs**

[www.gov.uk/government/organisations/hm-revenue-customs](http://www.gov.uk/government/organisations/hm-revenue-customs)

Contact HMRC for more information about taxes and National Insurance contributions. The National Insurance contributions office is also listed below.

**HM Revenue and Customs Tax Credits Office**

[www.gov.uk/claim-tax-credits](http://www.gov.uk/claim-tax-credits)

Telephone 0345 300 3900

**International Pension Centre**

[www.gov.uk/international-pension-centre](http://www.gov.uk/international-pension-centre)

Telephone 0191 218 7777

**Money Advice Service**

[www.moneyadviceservice.org.uk](http://www.moneyadviceservice.org.uk)

Telephone 0800 138 7777

Free money advice covering life events, such as pensions and retirement or divorce and separation, as well as everyday money advice on basic banking, insurance, and offering a range of financial planning tools. Service is available online, over the phone, or in some areas face to face.

**National Insurance Contributions Office**

[www.gov.uk/national-insurance/overview](http://www.gov.uk/national-insurance/overview)

Telephone 0300 200 3500

**Pensions Advisory Service (The) (TPAS)**

[www.pensionsadvisoryservice.org.uk](http://www.pensionsadvisoryservice.org.uk)

Telephone 0300 123 1047

An independent organisation providing information and guidance on different types of pensions. They can also help you if you have a complaint about your workplace or private pension plan.

**Pensions Ombudsman**

[www.pensions-ombudsman.org.uk](http://www.pensions-ombudsman.org.uk)

Telephone 020 7630 2200

The Office of the Pensions Ombudsman is a free, statutory service investigating complaints about how pension schemes are run.

**Pension Service (The)**

[www.gov.uk/browse/working/state-pension](http://www.gov.uk/browse/working/state-pension)

Telephone 0345 60 60 265

State Pension Forecasting Team 0345 3000 168

For details of state pensions, including forecasts and how to claim your pension.

**Pension Tracing Service**

[www.gov.uk/find-lost-pension](http://www.gov.uk/find-lost-pension)

Telephone 0345 600 2537

A free service provided by the DWP that can help to trace an old pension scheme if the details are unclear or have been lost.

## Age UK

Age UK provides advice and information for people in later life through our Age UK Advice line, publications and online. Call Age UK Advice to find out whether there is a local Age UK near you, and to order free copies of our information guides and factsheets.

### Age UK Advice

[www.ageuk.org.uk](http://www.ageuk.org.uk)

0800 169 65 65

Lines are open seven days a week from 8.00am to 7.00pm

### In Wales contact

#### Age Cymru

[www.agecymru.org.uk](http://www.agecymru.org.uk)

0800 022 3444

### In Northern Ireland, contact

#### Age NI

[www.ageni.org](http://www.ageni.org)

0808 808 7575

### In Scotland, contact Age Scotland by calling

#### Silver Line Scotland

[www.agescotland.org.uk](http://www.agescotland.org.uk)

0800 470 8090

(This is a partnership between The Silver Line and Age Scotland)

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