

Introduction to your State Pension

Your State Pension is a great foundation for retirement planning. The following questions and answers are designed to help you get to grips with your State Pension and take the first simple steps towards planning and saving for your retirement.

1. What is the basic State Pension?

The basic State Pension is a regular payment that you can claim once you reach State Pension age.

2. How do I build up my basic State Pension?

The amount of your basic State Pension depends on your National Insurance record. When you are working you pay National Insurance contributions and these go towards your State Pension, among other things. You can also be credited with contributions if, for example, you have taken time out of the workplace to look after your children or if you have been caring for someone or claiming certain benefits.

3. What are 'qualifying years' and how many do I need to get the full basic State Pension?

To get the full basic State Pension you need to build up a certain number of years of National Insurance contributions, called 'qualifying years'. How many qualifying years you need depends on your age:

- men and women reaching State Pension age on or after 6 April 2010 need 30 qualifying years to get a full basic State Pension.

If you reached your State Pension age before 6 April 2010, please visit the 'Build a better future' website to check how many qualifying years you need.

» [Build a better future](#) (Directgov website)

4. How much basic State Pension will I get?

At the moment the full basic State Pension is around £97 a week, but the amount you receive depends on a number of things, most importantly

the number of qualifying years you've built up through National Insurance you've contributed or been credited with over your working life. You may also get some additional State Pension on top of your basic State Pension. The basic State Pension is usually increased each year to protect its value and ensure it will buy roughly the same in future as it does now. At the moment the basic State Pension is usually increased annually by prices. From April 2011 there will be a 'triple guarantee' so the basic State Pension will rise by the highest of the following:

- earnings – the average increase in UK wages that year
- prices – how much the cost of living increases that year
- 2.5 per cent.

You can start by using the State Pension profiler – it's a simple online tool that shows you how much basic State Pension you may have built up and when you can claim it. You can check this out on the Build a better future website.

5. When will I get my State Pension?

You will be able to claim the State Pension when you reach your State Pension age, which depends on when you were born. The State Pension age for women is now gradually rising from age 60 to age 65, to match the State Pension age for men.

The Government has announced new proposals for increasing State Pension age. Under the new proposals, from December 2018 the State Pension age for both men and women will start to increase to reach 66 by April 2020. This would mean women's State Pension age would



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Introduction to your State Pension (page 2)

increase more quickly to 65 between April 2016 and November 2018. The proposed changes to the timetable are not yet law and still require the approval of Parliament.

It is important that you understand when you will be able to get your State Pension so you can plan ahead. It is easy to find out your current State Pension age by using the information on the Directgov website.

» [State Pension](#) (Directgov website)

6. I think I may not have enough National Insurance contributions for a full basic State Pension. What do I need to do?

Don't worry – there are two ways you may be able to increase your basic State Pension entitlement:

- if you have a husband, wife or civil partner with a good National Insurance record, you may qualify for some basic State Pension through them. This could give you a total basic State Pension of up to about 60 percent of the full rate including any basic State Pension of your own. From April 2010, the full basic State Pension is around £97 a week, so you could get a basic State Pension of around £58 a week in total.

» [State Pension](#) (Directgov website)

OR

- you might be able to buy voluntary National Insurance contributions. These are payments you can make to plug gaps in your record and build up a bigger basic State Pension for when you claim. There are time limits for paying these so do check how any restrictions might apply to you before you decide if this is a good option.

If you are still worried about your retirement income, there are other ways to boost it such as working longer.

» [Do you need to top up your National Insurance contributions?](#) (Directgov website)

Everyone's circumstances are different so it's really important to check and understand all your options before making any decisions.

7. What if I want to work longer or delay taking my State Pension?

There is no State retirement age. You can carry on working past your State Pension age and staying in work has lots of advantages. For instance, once you have reached State Pension age you won't pay any National Insurance on your earnings. It may also make financial sense to delay claiming your State Pension if you have other income such as a wage, because you could get a higher weekly amount later or, if you defer your State Pension for at least a year, a lump sum with interest.

These days there are lots of options for older workers. You could talk to your employer about staying on, changing jobs, or working flexibly. Delaying claiming your State Pension is a decision you'll need to make based on your own individual circumstances.

» [Working past pension age - your options](#) (Directgov website)

8. If I get a private pension or put money in a savings account, do I get less State Pension?

The basic State Pension is not income-related. If you have savings, private, personal or workplace pension plans, property or other sources of income, your basic State Pension will not be affected.

9. What is the additional State Pension?

The additional State Pension is part of the potential pension you can get from the State. How much you get depends on a number of things. People who are contracted-out or self-employed may not get an additional State Pension



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Introduction to your State Pension (page 3)

Until April 2002, the additional State Pension for employees was called the State Earnings-Related Pension Scheme (SERPS). The amount of SERPS pension you received was based on a combination of the amount of your National Insurance contribution and credits and how much you earned.

In April 2002, SERPS was reformed and the additional State Pension is now known as the State Second Pension. It gives a more generous additional State Pension to low and moderate earners, certain carers, people with a long-term illness and disabled people.

» [State Pension](#) (Directgov website)

10. What should I do if I am not working and caring for someone or more than one person?

If you are caring for one or more people for 20 hours or more a week but don't get Carer's Allowance or Income Support as a carer, you could apply for the new National Insurance credits to protect your State Pension, called Carer's Credit.

Carer's Credit is for people who look after family and/or friends and may be missing out on making National Insurance contributions towards their State Pension, through giving up work or working less as a result of caring.

To qualify, you need to be caring for a total of 20 hours or more a week for one or more people who get Disability Living Allowance, Attendance Allowance or Constant Attendance Allowance. If they don't get these benefits you may still get Carer's Credit but you need a health or social care professional to confirm the care you provide is appropriate. You also need to be aged between 16 and your State Pension age.

You do not need to make a separate application for Carer's Credit if you are already receiving benefits such as Carer's Allowance, Income Support as a carer, or Child Benefit for a child under 12, as in these cases your State Pension is

already protected.

Would you benefit?

There are a number of groups of carers who may benefit. These include carers who are missing out on Carer's Allowance because they:

- don't spend time caring for someone for 35 hours or more a week
- look after someone who isn't claiming disability benefits
- care for a disabled or ill person where someone else is claiming Carer's Allowance for looking after them
- look after several people but don't care for just one of them for 35 hours or more a week
- care and work but do not earn enough to pay National Insurance contributions for the whole year
- care and are self-employed.

Carers who are getting certain benefits such as Jobseeker's Allowance or Employment and Support Allowance may also find it worthwhile to apply for Carer's Credit as they may be able to get credits towards the State Second Pension.

They can find out more information about Carer's Credit by visiting the Directgov website or calling:

 **0845 608 4321**

 **0845 604 5312**

» [Caring and your pension](#) (Directgov website)

11. How can I track down any lost private, personal or workplace pension plans?

You may well have paid into pension plans for a short time and forgotten about them and small amounts can add up and make a difference in retirement. Around £3 billion lies unclaimed in pension accounts.

» [Pension tracing service](#) (Directgov website)



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