

How to increase your State Pension if you reach State Pension age between 6 April 2010 and 5 April 2015

Men born between 6 April 1945 and 5 April 1950

Women born between 6 April 1950 and 5 October 1952*

Introduction

If you have reached or are due to reach State Pension age between the dates above but are not receiving or expecting to receive a full basic State Pension, then you may be able to improve the amount you get by paying up to six additional years of voluntary Class 3 National Insurance contributions (we will call these 'voluntary contributions' in this factsheet) for years going back to 1975.

This is in addition to the opportunity you may already have to pay voluntary contributions for some or all of the last six tax years.

This factsheet tells you about your options. It gives useful information, including how you can find out whether you are getting or are likely to receive a full basic State Pension.

Paying voluntary contributions is not right for everyone-it depends on your personal circumstances. You should seek further information and advice before making any payment. Sections 5-7 tell you how to do this.

1. What are voluntary contributions?

When you work you pay part of your earnings to the government, so that when you retire you may get some regular income from the State Pension. The money you pay is called National Insurance contributions. In some circumstances you may be treated as having paid or be credited with National Insurance contributions.

If you do not have enough contributions in a tax year, you may be able to pay voluntary contributions to improve your basic State Pension.

You may already be paying some voluntary contributions to improve your basic State Pension. Now you may have the opportunity to improve it further.

***What if I reach State Pension age between 6 April 2008 and 5 April 2010?**

If you are a man born between 6 April 1943 and 5 April 1945 or a woman born between 6 April 1948 and 5 April 1950, you should instead read "How to increase your State Pension if you reach State Pension age between 6 April 2008 and 5 April 2010".

2. Opportunity to pay additional voluntary contributions for past years

You may be able to pay up to an additional six years of voluntary contributions to cover years going back to 1975, if you:

- reach State Pension age between 6 April 2010 and 5 April 2015; and
- already have 20 qualifying years, including any full years of Home Responsibilities Protection (HRP).

You can work out your State Pension age by using the calculator at www.nidirect.gov.uk

What is a qualifying year?

A qualifying year is a tax year in which you have paid, are treated as having paid, or been credited with, enough National Insurance contributions for it to count towards your State Pension. You pay National Insurance contributions while you are working. Or you can be credited with contributions, for example, while caring for others or claiming certain benefits.

What is Home Responsibilities Protection?

Home Responsibilities Protection (HRP) protected the National Insurance record of carers for the time they spent caring for children under 16, or for a sick or disabled person, for at least 35 hours a week; and, from 2003, approved foster carers. From 6 April 2010, HRP has been replaced with a weekly National Insurance credit to count towards the State Pension.

Can I pay voluntary contributions for any years when I paid the married woman's rate?

If you are a married woman or widow, you cannot pay voluntary contributions for any tax year where you had chosen to pay the married woman's reduced rate for the whole of that year.

How much will the voluntary contributions cost?

The weekly cost is £13.25 in 2012/13, or £689 a year for each complete year that you buy. The cost may change each year. You may not need to pay for a whole year if you already paid some contributions or have some credits in the tax year you want to pay for.

Is there a time limit for paying additional voluntary contributions under this opportunity?

You have up to six years from the date you reach State Pension age to pay voluntary contributions under this opportunity.

How much more extra basic State Pension could I get?

Each extra year you pay for will increase your basic State Pension by 1/30th of the full basic State Pension. The full basic State Pension is £107.45 a week from

April 2012 and a 1/30th increase is around £3.58 a week. Voluntary contributions cannot increase your basic State Pension above the full rate.

When would my basic State Pension increase from?

The voluntary contributions will count towards your basic State Pension from when your payment is received.

If you pay after you reach State Pension age this means the increase will not be backdated to your State Pension age.

3. Things to consider before paying voluntary contributions

State Pension rules changed from 6 April 2010. One of the changes means that you will only need 30 qualifying years for a full basic State Pension. Most of the rules for receiving Bereavement Benefits, which may be payable to your spouse or civil partner when you die, have not changed. A person must have qualifying years for about 90% of their working life for their spouse or civil partner to qualify for the full rate of certain Bereavement Benefits. You may wish to consider this when deciding whether or not to pay voluntary contributions.

Not everyone who can pay voluntary contributions will benefit from paying them.

Here are some examples of circumstances that might mean you would gain little or no benefit from paying voluntary contributions:

- An improved basic State Pension may reduce any income-related benefits, for example Pension Credit or Housing Benefit that you or your partner currently get or may get in the future.
- An improved basic State Pension may mean you pay more tax, because State Pension is taxable.
- You may be able to use contributions from your late spouse or civil partner, or former spouse or civil partner to improve your basic State Pension – so you may not need to pay extra voluntary contributions.

You need to check whether you would be better or worse off if you paid voluntary contributions.

Your decision to pay voluntary contributions may also be affected by:

- your life expectancy;
- the date you and, where appropriate, your late or former spouse or civil partner reach State Pension age; and
- the number of qualifying years you have or expect to have by that date.

If you have not reached your State Pension age, you can find out how many qualifying years you have and how much your basic State Pension is likely to be by requesting a State Pension estimate. Section 5 tells you how to do this.

If you have already reached your State Pension age, you could obtain a provisional State Pension assessment or find out if you could improve your State Pension by contacting The Pension Service on **02890 545586** . If you live overseas you should contact the International Pension Centre on **+44 191 218 7777**.

It is important to consider your own circumstances carefully before you pay. There is no automatic right to a refund if, after paying, you decide you have made the wrong choice.

4. More information

You can get more general information on the basic State Pension, Bereavement Benefits and what this change may mean for you, from www.nidirect.gov.uk

5. What to do next if you are more than 4 months and 4 days away from State Pension age

We recommend that you first obtain an estimate of your State Pension from the Future Pension Centre. This will give you, in today's money values, an estimate of the basic and additional State Pension you may get based on your National Insurance contributions record.

The Future Pension Centre will be able to tell you about any gaps in your National Insurance record for the last six years from the current tax year, to help you decide if paying voluntary contributions is the right choice for you.

If you live in NI

If you live in Northern Ireland, you can get a State Pension estimate:

- online at www.nidirect.gov.uk
- by ringing the Future Pension Centre on **0845 3000 168**
- by filling in application form **BR19** and sending it to

**Future Pension Centre
The Pension Service
Tyneview Park
Whitley Road
Newcastle upon Tyne
NE98 1BA
United Kingdom**

If you live abroad

If you are currently living abroad, you can get a State Pension estimate by:

- calling the Future Pension Centre on **00 44 191 2183 60**
- filling in application form **BR19** and sending it to the Future Pension Centre address above.

Once you have received your estimate you may want to get some independent advice to find out if making these extra payments is the right thing for you. Section 7 tells you how to do this.

If you then decide that you want further information, for example about how much extra basic State Pension you might get if you pay, how much it would cost or how to pay voluntary contributions, please contact the Future Pension Centre on the numbers above.

6. What to do next if you are within 4 months and 4 days of, or have already reached, State Pension age

If you live in NI

If you live in Northern Ireland and think you might benefit from paying voluntary contributions, and you have reached or will reach State Pension age within 30 days, you can phone The Pension Service on **02890 545586**.

If you are more than 30 days away from State Pension age, you can get a State Pension estimate by

- calling the Future Pension Centre on **0845 3000 168**
- filling in application form **BR19** and sending it to the address below.

If you live abroad

If you live abroad and think you might benefit from paying voluntary contributions, and you have reached or will reach State Pension age within 30 days, you can contact the International Pension Centre on **+44 191 218 7777**.

If you are more than 30 days away from State Pension age you can get a State Pension estimate by:

- calling the calling The Future Pension Centre on **00 44 191 2183 600**
- filling in application form **BR19** and sending it to:

**Future Pension Centre
The Pension Service
Tyneview Park
Whitley Road
Newcastle upon Tyne
NE98 1BA
UK**

If you telephone The Pension Service, the International Pension Centre or The Future Pension Centre, please have ready:

- your full name
- national insurance number
- date of birth; and
- (for UK addresses) your post code.

We will contact HMRC on your behalf to find out the gaps in your National Insurance record. We will then write to you to confirm how many years of voluntary contributions you might be able to buy under the new opportunity and explain the process for paying them, if that is what you decide to do.

7. Getting independent advice

You may wish to get some independent advice. Several organisations offer free advice, or you could get advice from an independent financial adviser, but note that you may have to pay for this.

You may find the *Financial advice and support contacts* page on www.nidirect.gov.uk helpful.

If you decide to use a financial adviser always make sure that the firm you use is registered by the Financial Services Authority (FSA) so that you will have access to their complaints procedure and compensation scheme if things go wrong. You

can find the FSA's register of financial advisers at www.fsa.gov.uk/pages/register/

8. When seeking advice or further information, always have available:

- your full name and current address
- your date of birth
- your National Insurance number
- your previous addresses and the dates you lived there (including any time spent living abroad)
- if you are a married or in a civil partnership, you will need the name, date of birth and National Insurance number of your husband, wife or civil partner
- details of any other benefits you are receiving or claiming; and
- details of any Child Benefit you received in the past, so we can check if Home Responsibilities Protection has been entered on your record.