

How to increase your State Pension if you reached State Pension age between 6 April 2008 and 5 April 2010

Men born between 6 April 1943 and 5 April 1945
Women born between 6 April 1948 and 5 April 1950*

Introduction

If you reached State Pension age between 6 April 2008 and 5 April 2010, but you are not getting a full basic State Pension, then you may be able to improve the amount you get. You can do this 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 of the last six tax years.

This factsheet tells you about your options.

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

You may already have paid 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 2010 and 5 April 2015?**

If you are a man born between 6 April 1945 and 5 April 1950 or a woman born between 6 April 1950 and 5 October 1952, you should instead read the factsheet,

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

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:

- reached State Pension age between 6 April 2008 and 5 April 2010; and
- already have 20 qualifying years, including any full years of Home Responsibilities Protection (HRP); and
- have at least one qualifying year that consists of paid contributions, or contributions treated as paid.

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?

For people who reached State Pension age before 6 April 2010, Home Responsibilities Protection protected the National Insurance record of carers for the time they are 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.

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 reached State Pension age to pay additional voluntary contributions under this opportunity.

How much more extra basic State Pension could I get?

The amount can vary for different people. Each extra year of voluntary contributions you pay for could increase your basic State Pension by between 2% (around £2.15 a week) and 5% (around £5.35 a week) of the full basic State Pension which is £107.45 a week from April 2012. Voluntary contributions cannot increase your basic State Pension above the full rate.

When would my basic State Pension increase from?

The voluntary contributions will increase your basic State Pension from when your payment is received. This means the increase will not be backdated to your State Pension age.

3. Things to consider before paying 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 spouse or civil partner, 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 spouse or civil partner, reach State Pension age; and
- the number of qualifying years you have.

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, and what this change may mean for you, from www.nidirect.gov.uk

5. What to do next

If you live in Northern Ireland and think you might benefit from paying voluntary contributions, you can phone The Pension Service on **02890 545586**.

If you live abroad you can contact the International Pension Centre on **+44 191 218 7777**.

You will need to have ready:

- your full name
- national insurance number
- date of birth;
- and 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 voluntary contributions you might be able to buy under this new opportunity and explain the process for paying them, if that is what you decide to do.

6. 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/

7. 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.