A guide for people approaching State Pension age

The State Pension

The State Pension is the bedrock of pension planning in the UK. How much you'll receive will depend on a number of factors. The State Pension changed on 6 April 2016 and this guide explains how the new State Pension will affect you.

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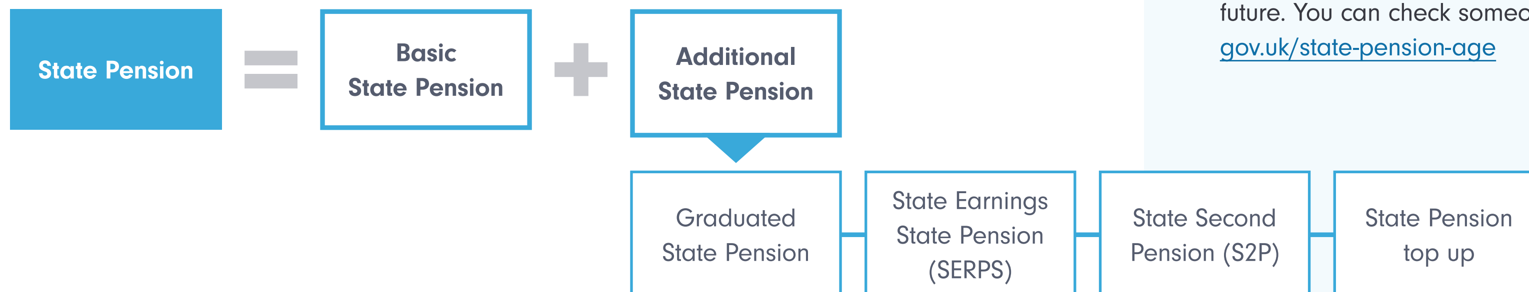
What are the changes to the State Pension?

The UK State Pension changed on 6 April 2016. From that date, anyone reaching State Pension Age will qualify for the new State Pension. However, if you were entitled to a higher amount under the previous State Pension scheme, you'll still be entitled to the higher amount.

The previous State Pension was made up of a two components. A Basic State Pension and an Additional State Pension. There have been a number of different schemes over the years that made up this additional element.

Old State Pension (pre-6 April 2016)



New State Pension (post-6 April 2016)

How the State Pension age will rise in the future

As life expectancy has continued to increase, the government has been reviewing the age at which the State Pension is paid to men and women. The current State Pension age is 66 for both men and women. Current legislation proposes that the State Pension age will increase as follows:

- Rising to age 67 between 2026 and 2028.
- Rising to age 68 between 2044 and 2046.

The goverment intends to carry out a review of the increase in State Pension age from 67 to 68 at some point in the future. You can check someone's State Pension age at gov.uk/state-pension-age

How does the new single-tier scheme work?

The new scheme was introduced in April 2016 to simplify the previous system. It combines the Basic and Additional State Pension into a single payment. Your entitlement under the new scheme builds up gradually over a period of 35 years.

The main features of the new scheme are:

- The maximum payment is £221.20 per week in 2024/25.
- To receive the full amount you need to have 35 qualifying years.
- If you don't have 35 qualifying years, the amount you'll receive will be proportionate.
- If you have less than 10 qualifying years you won't normally be entitled to any State pension (you might receive some State Pension if you've worked or lived abroad).
- It's no longer possible to claim based on your spouse's or civil partner's National insurance record (though see section 'What happens if I've paid reduced National insurance contributions', page 8).

What are 'qualifying years'?

The amount of your State Pension will depend on how many qualifying years you've built up. Generally, you build up qualifying years by:

- Working and paying National Insurance. Class 1 for employed individuals.
- National Insurance credits. These are received, for example, if you're unemployed, unwell, a parent or carer or self-employed with profits above the Small Profits Theshold.
- Voluntary National Insurance contributions. These allow you to make up any shortfall in your State Pension.

How can I qualify for National Insurance credits?

You can qualify for National Insurance credits if you are not making National Insurance contributions. Typically, this will arise when you're not in paid employment. National Insurance credits boost your National Insurance record, which means you could receive a higher State Pension.

You'll usually be eligible for National Insurance credits if you fall into these categories:

- Registered for Child Benefit for children under 12 (whether receiving this benefit or not).
- An approved foster carer.
- Caring for at least 20 hours a week for people receiving Attendance Allowance, the middle or highest rate care component of Disability Living Allowance, or Constant Attendance Allowance or Personal Independence Payment (or if you're caring for 20 hours each week for other disabled people who need help).
- Receiving certain benefits such as Jobseeker's Allowance or Incapacity Benefit.
- Registered as unemployed and looking for work.
- Provided evidence of being unfit for work.
- Receiving Universal Credit or Working Tax credit.
- A family member over 16 but under State Pension age caring for a child under 12.
- Self-employed with earnings in excess of the Small Profits Threshold.

These are some examples, you can find out more at gov.uk/national-insurance-credits

How is the new State Pension calculated?

You'll receive the higher of:

- The amount you would have received under the old Basic State Pension (including any payments from the Additional State Pension).
- The amount you would have received if the new State Pension had been in place from the start of your working life.

This means if you would have received a higher pension under the arrangements in place before the new State Pension scheme started, you'll retain this right. The extra amount is known as a 'protected payment' and is paid on top of your State Pension.

If your starting amount is less than the full State Pension, you can add qualifying years.

Each qualifying year will add 1/35th of the full amount of the new State Pension to your State Pension.

The new State Pension – an example

As at 6 April 2016, Mr A has a starting amount of £110 per week. He has continued to make NI contributions since that date and has eight more qualifying years as at 5 April 2024. Each additional year entitles Mr A to an extra £6.32 per week (£221.20 divided by 35) based on 2024/25 figures. His starting amount is now roughly £156.32 after allowing for the triple lock over this period, which means his total entitlement at 6 April 2024 is £206.85.

In order to be entitled to the full new State Pension (£221.20 as at 2024/25), Mr A will need a little over two further qualifying years.

How can I check how much my State Pension might be?

You can get an estimate of your State Pension based on:

- Your current National Insurance contribution record.
- The assumption you continue to make National Insurance contributions until you reach State Pension age.

This service is available online at gov.uk/check-state-pension (you need to register first to use HMRC's online services).

A State Pension statement can also be obtained by completing and returning form BR19 which can be downloaded from gov.uk/government/publications/application-for-a-state-pension-statement

Alternatively, if you live in the UK, you can get a State Pension statement by calling 0345 3000 168. You can also apply for a National Insurance statement from HMRC to check if your National Insurance record has any gaps at gov.uk/state-pension/inheritance-spouse-civil-partner

What if I have gaps in my National Insurance (NI) record?

You may have a gap in your National Insurance record for a number or reasons. These include:

- Living abroad for a period of time.
- Employed but on low earnings.
- Not working and not claiming any benefits.
- Self-employed but not paying National Insurance contributions because your profits are below the Small Profits Threshold.

A gap in your National Insurance record doesn't mean you won't receive a full new State Pension – as long as you've 35 qualifying years at State Pension age. If gaps in your record means you won't have 35 qualifying years, then you could make voluntary National Insurance contributions to make up for these.

Can I make voluntary contributions?

If you don't qualify for the maximum State Pension, you can boost the amount you will receive. You have the option to 'buy' additional years National Insurance contributions. In this way, you effectively increase your National Insurance contribution record which, in turn, should increase your State Pension.

However, you must be eligible to make voluntary payments for the time the contributions cover. The table on the right explains this in more detail.

It's only possible to fill gaps in tax years which are not already qualifying years. There are also time limits. You can only usually pay voluntary contributions to fill gaps in the previous six years. However, there are special arrangements if you reached State Pension age on or after 6 April 2016. You have until 5 April 2025 to pay voluntary contributions to make up gaps between April 2006 and April 2018.

Cost of voluntary contributions

The cost to fill in gaps in an NI record for the 2024/25 tax year are being held at the rates for 2022/23 until 5 April 2025. The 2022/23 rates are shown in brackets below:

Type	Weekly amount	Annual equivalent
Class 2	£3.45 (£3.15)	£179.40 (£163.80)
Class 3	£17.45 (£15.85)	£907.40 (£824.20)

Each additional qualifying year equates to an extra £6.32 a week (or £328.64 a year) in State Pension based on 2024/25 rates. Where individuals are paying Class 2 contributions for the previous tax year or Class 3 contributions for the previous two tax years they'll pay the original rate for those tax years.

Situation	Class to pay
Living abroad and working (but only if the person worked in the UK immediately before leaving and previously lived in the UK for three years in a row or paid three years' NI contributions)	Class 2
Living abroad and not working (but only if at some point the person lived in the UK for three years in a row or paid three years' NI contributions)	Class 3
Employed on low earnings (less than £123 a week in 2024/25) and not eligible for NI credits	Class 3
Self-employed with profits under £6,725 or self-employed as an examiner, minister of religion or in an investment or land and property business	Class 2 or 3 (they count towards different benefit)
Unemployed and not claiming benefit	Class 3
Married woman or widow who stopped paying reduced NI rates	Class 3
Someone who has reached State Pension age and wants to fill NI gaps	Class 3

What happens if I've paid reduced rate NI contributions?

Under the new State Pension anyone who reaches State Pension age on or after 6 April 2016 will build up entitlement based on their National Insurance record only. Previously, it was possible for married women or widows, to pay a reduced rate of NI contribution (sometimes called 'Married Woman's Stamp'). This meant that they could qualify for additional pension based on their husband's NI contribution record. Under transitional arrangements, someone in this situation can still benefit from their husband's contributions if this would increase their State Pension under the new scheme.

Where this applies, it's not necessary for someone to have 10 qualifying years of their own to receive a State Pension. A State Pension will be payable broadly equal to:

- The lower rate basic State Pension of £101.55 a week in 2024/25 (if married and the husband has reached State Pension age).
- The rate of the basic State Pension of £169.50 a week in 2024/25 (if widowed or divorced).

They will also receive any Additional State Pension built up before 6 April 2016 on top of this. To qualify, the 'married women's stamp' must have been in force at the start of the 35-year period ending on 5 April before the person reaches State Pension age.

Does my State Pension increase each year?

The State Pension will increase each year by the higher of the rise in earnings, prices or 2.5%. This is called the 'triple lock'.

How does divorce impact my State Pension?

If you get divorced, or your civil partnership is dissolved, the court may make a pension sharing order.

The new State Pension can't be split, but any protected payment can. The protected payment is any additional payment in excess of the new flat rate pension. In some cases, the previous state scheme produced a higher pension than the new scheme and this extra amount is called a 'protected payment.

What happens if I work past State Pension age?

You don't have to stop work anymore once you reach State Pension age. However, you can't accumulate further qualifying years by continuing to work. This is because you'll no longer pay National Insurance once you reach State Pension age.

If you decide to continue working after you've reached State Pension age, you can choose to delay receiving your State pension. If you select this option your State Pension will be increased (see page 10).

What are the implications if I've worked abroad?

If you plan to move abroad to work or retire you should tell the government office that deals with your benefits or your UK State Pension. Your UK State Pension is based on your UK National Insurance record and so a period working abroad won't generally count when calculating your State Pension. However, time spent abroad can, in some cases, be used to make up 10 qualifying years, the minimum required under the new State Pension. This should be possible if you lived or worked in:

- The European Economic Area (EEA).
- Gibraltar.
- Switzerland.
- Certain countries which have a social security agreement with the UK.

For example, if you worked in Switzerland for 20 years but for only five years in the UK, you would meet the minimum 10 qualifying years requirement. However, your UK State Pension will only be based on your UK National Insurance contributions – five years in this example.

If you've made social security contributions in the EEA or Switzerland by 31 December 2020 and they are covered by the Withdrawal Agreement, you can still use these to help you qualify for a UK State Pension.

What happens if I retire abroad?

You can claim your UK State Pension in most countries around the world. However, the State Pension will only increase each year if you live in one of the following areas:

- The European Economic Area (EEA).
- Gibraltar.
- Switzerland.
- Certain countries which have a social security agreement with the UK.

If you live in a country where the UK State Pension is not increased, it may be increased if you visit the UK (or other countries where the annual increase is paid). However, when you return to the country where you normally live, the UK State Pension will return to its usual rate.

Claiming the State Pension abroad

Depending on where you live or work, you may need to make more than one pension claim. If the claim relates to a State Pension accumulated in the EEA, Gibraltar or Switzerland, you only need to claim the State Pension in the last country you lived or worked in. Your claim will cover all EEA countries (including the UK), Gibraltar and Switzerland. You don't need to claim for each country separately.

If you live in a country outside the EEA, Gibraltar or Switzerland, you will need to claim for each pension separately.

What happens if I delay taking the State Pension?

You can choose not to take your State Pension when you reach State Pension age. If you decide to delay taking your State Pension, your State Pension will increase by 1% for every 9 weeks you delay. That's an increase of just under 5.8% for every full year. However, you won't qualify for any increase during any period you are claiming benefits. For example, Pension Credit, Universal Credit, Carer's Allowance, Unemployment Supplement and Widow's Pension. And you must delay taking your State Pension for at least nine weeks.

There is also an option for someone who is already claiming their State Pension to stop taking it. This can only be done once and is not usually possible if you live outside the UK.

The extra amount you can receive by delaying payment of your State Pension normally increases each year in line with inflation (Consumer Price Index). However, it does not increase for people living abroad in some countries

The rules on deferring a UK State Pension are the same as in the UK if you move to:

- The European Economic Area (EEA).
- Switzerland.
- A country which has a social security agreement with the UK (except Canada and New Zealand).

If you move to a country which is not on this list, the following applies:

- The extra payment will not be increased over time.
- The extra payment will be based on the date you reached State Pension age or, if later, the date you moved abroad.

How is the extra income calculated if I delay taking the State Pension?

The increase you could receive by deferring is calculated using the following formula:

$$\text{Amount of increase} = \frac{1}{\text{Number of weeks needed to defer}} \times \frac{\text{Starting amount}}{100} \times \text{Number of weeks deferred for}$$

As an example:

Number of weeks deferred	52
Weekly State Pension at date of claim	£221.20
Number of weeks needed to defer for	9
Amount of increase	£12.78 (1/9 x £221.20/100 x 52)
Total weekly State Pension after deferral	£233.98

Current maximum flat rate State Pension

Weekly State Pension	Years State Pension deferred for	Amount of State Pension given up	Extra State Pension amount (gross)		Total amount of State Pension paid (gross)	
			Per week	Per year	After 5 years	After 10 years
£221.20	1	£11,502.00	£12.78	£664.57	£3,322.87	£6,645.74
	2	£23,004.00	£25.56	£1,329.17	£6,645.83	£13,291.66
	3	£34,506.00	£38.34	£1,993.75	£9,968.73	£19,937.45
	4	£46,008.00	£51.12	£2,658.33	£13,291.66	£26,583.31
	5	£57,510.00	£63.90	£3,322.91	£16,614.53	£33,229.05
	6	£69,012.00	£76.68	£3,987.49	£19,937.45	£39,874.91
	7	£80,514.00	£89.46	£4,652.08	£23,260.41	£46,520.81
	8	£92,016.00	£102.24	£5,316.66	£26,583.31	£53,166.62
	9	£103,518.00	£115.02	£5,981.25	£29,906.24	£59,812.48
	10	£115,020.00	£127.80	£6,645.82	£33,229.11	£66,458.22

The figures in this table are for illustration purposes only. The amounts actually payable and received by individuals may differ and will depend on the actual number of weeks deferred and the rates of inflation applicable during the term of deferral. Income figures have been prepared without taking into account yearly inflationary increases under the triple lock. The income figures shown are the potential amounts after the period of deferral has ended.

When is the State Pension paid and how is it taxed?

The State Pension is usually paid every four weeks in arrears. The government's preferred method is direct payment into a bank, building society or credit union account. The day the State Pension is paid depends on your National Insurance number:

The last two digits of the person's NI number	Payment day of the week
00 to 19	Monday
20 to 39	Tuesday
40 to 59	Wednesday
60 to 79	Thursday
80 to 99	Friday

Tax isn't deducted from your State Pension, it is paid gross. However, it is taxable. The amount is added to any other income you have to calculate your tax liability.

What happens on my death?

Generally, there is no entitlement to further benefits under the new State Pension when someone dies. However, there are exceptions and you may also be able to claim benefits under the previous State Pension scheme in certain circumstances:

1 Protected payments

If your partner received more than the amount payable under the new State Pension, because they'd built up a higher entitlement under the previous scheme, the extra payment is protected. That means you can inherit 50% of any protected payment if the marriage or civil partnership began before 6 April 2016 and they:

- Reached State Pension age on or after 2016.
- Died on or after 6 April 2016.

The extra amount will be paid with the State Pension. There is no entitlement to payments if someone remarries or forms a new civil partnership before they reach State Pension age.

You could also inherit part of your deceased partner's Additional State Pension under the previous State Pension, if they reached State Pension age before 6 April 2016 or died before 6 April 2016 but would have reached State Pension age on or after that date.

1 Deferred payment of the State Pension

There's no entitlement on death to any benefit if your partner decides to delay payment of the State Pension under the new State Pension, though up to three months of backdated State Pension payments is payable to the deceased's estate.

However, if you were married or in a civil partnership and your partner reached State pension age before 6 April 2016 and they had delayed or stopped taking their State Pension for a while, you may be able to inherit part or all the extra State Pension or lump sum they had built up on their death. You can find more information at gov.uk/state-pension/inheritance-spouse-civil-partner

Do I have to apply for my State Pension?

Your State Pension isn't usually paid automatically. You should get a letter no later than 2 months before you reach State Pension age. This will explain what to do. If you don't receive the letter, don't worry. You can still apply for your State Pension.

There are three routes you can take:

- Complete State Pension Claim Form.
- Telephone Pension Service 0800 731 7898 (Monday to Friday 8am to 6pm).
- Apply online.

What to do if you need help

Please speak to your financial adviser if you need help or further information.

The Government's Pension Wise service offers free, impartial guidance to help you understand your options at retirement. You can access the guidance online at moneyhelper.org.uk/pensionwise or call them on 0800 011 3797.

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Important information

The information within this guide is correct as at April 2024 and is not a personal recommendation for any particular product, service or course of action. We will not accept responsibility for any loss occurring from the use of this guide.

These examples are based on the tax rules in force for the tax year 2024/25. The amount you withdraw and the tax you may pay will be entirely dependent on your individual circumstances. Tax limits, allowances and rules are often subject to change and may change in future. Individuals should check that tax limits, allowances and rules have not changed. Your final tax position will vary depending on your sources of income (including but not limited to earned income, pension income and any income from any investments you may hold). Pension and retirement planning can be complex and Advisor Solutions does not give advice regarding tax effects. If you are unsure about your options, please speak to your financial adviser.

Please also remember that the value of investments and the income from them can go down as well as up, so you may not get back as much as you invest. Whether you are eligible to invest in a pension depends on your personal circumstances. Tax treatment depends on individual circumstances and all tax rules may change in the future. Withdrawals from a pension product will not normally be possible until you reach age 55 (57 from 2028).