This publication is withdrawn.

This publication is no longer current.

Department for Work & Pensions

Combined Pension Statement

Your State Pension statement explained

CPS5 11/15

Important information

The State Pension is changing. The government is introducing a new State Pension scheme on 6 April 2016.

Men born on or after 6 April 1951 and women born on or after 6 April 1953 will have their State Pension paid under the new State Pension rules.

What you should read.

If you are a **man born on or before 5 April 1951**, or a **woman born on or before 5 April 1953**, you should **read Sections 1, 2, 5** and **6** of this leaflet.

If you are a **man born on or after 6 April 1951**, or a **woman born on or after 6 April 1953**, you should **read Sections 1, 3, 4, 5** and **6** of this leaflet.

If you have previously lived and worked in the Isle of Man, please read the important information on **page 27**.

Contents

Section 1 – Overview of the State Pension.

Everyone should read this section.

In this section we explain:

- what the State Pension is
- how you get a State Pension
- when you can get your State Pension, and
- how you claim your State Pension.

The State Pension statement has two parts – 'Summary' and 'Breakdown'. Your statement provider may have separated these within your annual benefit statement. If they have, they will tell you where you can find the more detailed breakdown information. It is important that you read both parts of your statement.

What is the State Pension?

The State Pension is a regular payment you may get when you reach State Pension age. You do not have to stop work when you reach State Pension age. You can carry on working and still claim your State Pension. Or you may decide to put off claiming your State Pension until later – see page 11.

Men born on or after 6 April 1951 and women born on or after 6 April 1953.

A new State Pension is being introduced on 6 April 2016.

As you reach your State Pension age on or after that date, when you claim your State Pension it will be worked out using the new State Pension rules.

The amount of State Pension shown in your statement is not based on the new rules. It is based on the law if you were to reach State Pension age today.

The information in your statement is still relevant because, in most cases, this existing scheme estimate will be the least amount that someone will get when they reach State Pension age. An important change under the new scheme is that you need at least 10 National Insurance qualifying years (the minimum qualifying period) when you reach State Pension age to get any State Pension.

In Section 4 of this leaflet there's more about what the changes may mean for you, and how they may affect the amounts shown in your State Pension estimate.

If you live in the UK, the State Pension is normally increased each year to take account of inflation. If you live outside the UK you will only be paid the increase if you live in certain countries – see page 41.

The State Pension is not means-tested. If you have savings, investments or other pensions when you reach State Pension age, they do not affect the value of your State Pension.

However, the State Pension does count as taxable income. You will have to pay Income Tax if your total income (including your State Pension) is more than your tax allowance.

Find out more at **www.gov.uk/tax-national-insurance-after-state-pension-age**

If you are getting certain state benefits when you claim your State Pension, the benefits may stop or be reduced.

The State Pension is intended to be a part of your retirement income.

You can decide to do things now to have more money to live on when you retire. For example, if you haven't done it already, you may be able to join a pension scheme at work, or you may have other savings or investments.

Find out more online about some of the things you may want to do to increase your retirement income.

www.gov.uk/plan-retirement-income

If you already have private pension savings, you may be able to access them in a range of different ways. The government has removed the restrictions on what you can do if you have a defined contribution pension (a pension based on how much has been paid into your pot). You now have the freedom to choose the option that's right for you.

To find out more about your options online, including information on how you can access free and impartial guidance on your retirement options, visit **www.pensionwise.gov.uk**

How do I get a State Pension?

The amount of State Pension you get is based on the number of qualifying years you have on your National Insurance (NI) contribution record. You can get a qualifying year by paying NI contributions, getting NI credits – see below – or a mixture of both.

If you are working and earning above a certain amount, and have not yet reached State Pension age, you have to pay NI contributions. The exact amount you pay depends on

- how much you earn, and
- whether you're employed or self-employed.

If you are not working and not paying NI contributions, you may be able to get NI credits. These can help maintain your NI contribution record and so protect your entitlement to the State Pension and certain other benefits. You may get NI credits if, for example

- you're unemployed and getting Jobseeker's Allowance or Universal Credit, (in Northern Ireland, the introduction of Universal Credit is subject to the approval of the Northern Ireland Assembly)
- you can't work because of illness and are getting Employment and Support Allowance
- you're caring for a child under 12 and are getting, or have applied for Child Benefit, or
- you're caring for someone and apply for Carer's Credits.

It is important to make sure you've got all the credits you are entitled to, as in some cases they are not added to your NI contribution record automatically – you have to apply for them. You will find a full list of the circumstances in which you may be able to get credits, and how you get them at

www.gov.uk/national-insurance-credits/overview

There are more detailed explanations of the State Pension later in this leaflet.

What is a qualifying year?

If you are employed, a 'qualifying year' is a tax year (6 April to 5 April) where you earned (or were credited with earning) a minimum amount. In 2015/2016 the minimum amount is £5,824.

If you are self-employed, a 'qualifying year' is a tax year (6 April to 5 April) where you have paid 52 Class 2 contributions. You have to pay these if you earn at least £5,965 a year, but you can pay them voluntarily if you are earning under this amount.

Any NI credits you may have (see page 8) and voluntary NI contributions you have paid (see page 22 or page 39) are taken into account when working out whether a tax year is a qualifying year.

So if at the end of a tax year you have earned (or were credited with earning) the minimum amount or more, or have paid 52 Class 2 contributions, then that is a qualifying year. It doesn't matter if you worked part-time or full-time.

Why do I have to pay NI contributions when I already have enough qualifying years to get a full State Pension?

Even if you have enough qualifying years to get a full State Pension, if you have not yet reached State Pension age you must continue to pay NI contributions if you are

- an employee earning above £155 a week, or
- self-employed and earning over £5,965 a year.

NI contributions fund the State Pension and other state benefits that are in payment today (such as Jobseeker's Allowance, Employment and Support Allowance and bereavement benefits), as well as the National Health Service.

The NI contributions you pay may help protect you if you need to claim one of these other benefits before you reach State Pension age. The qualifying rules for these benefits are different from those for the State Pension.

When can I get my State Pension?

The earliest date you can get your State Pension is when you reach your State Pension age. Your State Pension age under the current law is shown in your statement.

We have not shown your State Pension age in your statement if you were born between 6 April 1960 and 5 April 1969 inclusive. This is because your State Pension age has changed. You can find out what your new State Pension age is by going to
www.gov.uk/calculate-state-pension

The government has announced that it will regularly review the State Pension age. The first review will be completed before May 2017.

How do I claim my State Pension?

Shortly before you reach State Pension age we will send you a letter. This will tell you what you need to do in order to get your State Pension when you reach your State Pension age.

Find out more at
www.gov.uk/state-pension/how-to-claim

Do I have to claim it straight away?

You don’t have to claim your State Pension when you reach State Pension age. You can put off claiming your State Pension until a later date. This is called deferring your State Pension, and the amount you get is called extra State Pension.

There are different rules, depending on when you reach your State Pension age.

Reach State Pension age on or before 5 April 2016

As long as you put off your claim for at least five weeks, and you are not getting certain state benefits during this period, when you eventually claim your deferred State Pension you may be able to get more State Pension for life. If you put off claiming for a year or more, you will have the option of getting a taxable lump-sum payment instead.

When you eventually claim your State Pension it will be paid under the State Pension scheme rules that apply on the date you reach State Pension age. This is the case, even if you choose to put off claiming your State Pension until after the new State Pension starts on 6 April 2016.

Find out more at
www.gov.uk/deferring-state-pension

Reach State Pension age on or after 6 April 2016

As long as you put off your claim for at least nine weeks, and you are not getting certain state benefits during this period, when you eventually claim your deferred State Pension you may be able to get more State Pension for life. Your husband, wife or civil partner will not be able to inherit your extra State Pension.

More information is available at
www.gov.uk/new-state-pension/eligibility

Section 2 – Your State Pension statement

Read this section if you are a man born on or before 5 April 1951, or a woman born on or before 5 April 1953.

In this section we explain
- how we worked out the State Pension estimate shown on page 1 of your statement
- the different parts of the State Pension
- how the amount in this statement may change if further qualifying years are added to your NI contribution record
- how your additional State Pension may be affected if you have been a member of a pension at work or a private pension scheme

Your State Pension statement: Summary

The estimate of your State Pension shown on page 1 of your statement is the total amount you may get when your basic State Pension and additional State Pension (including any Graduated Retirement Benefit) are added together.

It is based on
- the information in your NI contribution record at the time your estimate was produced.
- the State Pension rates at the time your statement was produced, and
- the information given by your pension provider to help us prepare your State Pension statement.

The estimate is based on your NI contribution record only, and does not take account of any further contributions that may be added to your NI contribution record before you reach State Pension age.

Your State Pension statement: Breakdown

This part of your statement shows you how the amount in the summary is made up. It gives you separate amounts for the basic State Pension and additional State Pension (including any Graduated Retirement Benefit). It also explains how further qualifying years may affect the amounts shown.

Basic State Pension

The estimate of the basic State Pension you may get is based on the number of qualifying years you have on your NI contribution record as it stands now.

Your State Pension statement doesn't tell you how many qualifying years you have on your NI contribution record. However, you can work this out by dividing the amount of basic State Pension we have shown by £3.87. For example, if your estimated basic State Pension is £57.98 a week, dividing it by £3.87 shows you have 15 qualifying years at the moment.

If you already have 30 or more qualifying years, the estimated basic State Pension amount shown will be the full rate of £115.95 a week. This is the most your basic State Pension can be.

You may not have 30 qualifying years yet. However, qualifying years may be added to your NI contribution record before you reach State Pension age. Each extra qualifying year added to your NI contribution record is worth about £3.87 a week in basic State Pension. Once you have the 30 qualifying years you need to get the full basic State Pension you cannot increase it any more.

On pages 16 to 23 of this leaflet we tell you about other ways that you may be able to improve your basic State Pension if you won't have 30 qualifying years by the time you reach State Pension age, and where to go for more information.

Additional State Pension – General

The additional State Pension is paid on top of the basic State Pension and is based on earnings. When it was introduced in April 1978 it was known as the State Earnings-Related Pension Scheme (SERPS).

Since April 2002 it has been called the State Second Pension (S2P).

The estimate in your statement shows your additional State Pension based on your NI contribution record as it stands now. Your final amount may be higher, or in some circumstances lower than that shown in your estimate (see page 15). We will be able to give you a final amount for your additional State Pension when you claim your State Pension.

Unlike the basic State Pension, the additional State Pension does not have a limit of 30 qualifying years. So, unless you are contracted out of the additional State Pension (see next page), or are paying voluntary or self-employed NI contributions, every further qualifying year you add to your NI contribution record is likely to give you at least £1.80 a week extra additional State Pension.

Example – how may I get more additional State Pension?

Hamid is due to reach his State Pension age on 29 June 2015. He is contributing to the additional State Pension.

He has 40 qualifying years on his NI contribution record, up to and including the tax year 2013/2014. These give him £115.95 a week basic State Pension (the maximum amount) and £42.08 a week additional State Pension.

Until Hamid reaches his State Pension age, each extra qualifying year added to his NI contribution record may give him an extra £1.80 a week additional State Pension.

So, if Hamid has one more qualifying year on his NI contribution record when he reaches his State Pension age, his basic State Pension would still be £115.95 a week, but his additional State Pension may have gone up to about £43.88 a week (an extra £1.80).

The content of the examples in this leaflet is for illustrative purposes only.

You cannot increase the amount of additional State Pension you may get by using the NI contribution record of your husband, wife or civil partner, but you may be able to inherit some of their additional State Pension after their death.

Additional State Pension – what if I'm in a pension at work or a private pension?

If you are or were in a final salary or salary-related pension scheme or, before April 2012 you were in any pension scheme at work, you are likely to have "contracted out" of the additional State Pension. Some stakeholder and personal pension schemes were also contracted out.

If you have been contracted out of the additional State Pension, you may not get much additional State Pension. In some cases you may not get any additional State Pension. This is because, depending on the type of scheme

- you would have paid NI contributions at a lower rate, or
- some of the NI contributions you paid were used to contribute to your stakeholder or personal pension instead of the additional State Pension.

However, the pension you get from your private pension scheme or schemes for the periods you were contracted out should include an amount that, in most cases, will be at least the equivalent of the additional State Pension you would have got if you had not been contracted out. It could even be higher.

The estimate of your additional State Pension in your State Pension statement is likely to change by the time you reach State Pension age. In some circumstances it could be lower. This may happen if you

- were a member of a workplace pension scheme any time between 1978 and 1997, and the pension you get is linked to your salary. For example, Defined Benefit, final salary or average salary schemes
- have already left or leave this scheme before you reach State Pension age, and
- your pension scheme revalues your preserved pension benefits each year by a percentage that is greater than average national earnings.

However, overall you will not lose out by this, as the value of your private scheme benefits will have increased if this happens.

Graduated Retirement Benefit (GRB)

The amount of GRB you may get when you reach State Pension age will be based on how much you paid in graduated contributions.

You will have paid graduated contributions if, between April 1961 and April 1975, you:

- were over 18
- worked for an employer and paid Income Tax and NI through the ‘Pay as you Earn’ (PAYE) arrangements
- earned over £9 a week at that time.

In your statement we will have included any GRB you may get in your additional State Pension estimate – we have not shown the amount separately.

State Pension through your spouse or civil partner

If you don’t think you will get a basic State Pension based on your own NI contribution record, or that you will get one at less than the full rate, there are several ways you may be able to improve it.

If you are married or in a civil partnership

It is important you read the following paragraphs carefully. They will explain how the introduction of the new State Pension on 6 April 2016 may affect how you can use the NI contribution record of your husband, wife or civil partner, or late or former husband, wife or civil partner to increase your State Pension.

When you reach State Pension age, if you are married or in a civil partnership and you have fewer than 18 qualifying years, you may be able to improve your basic State Pension by using the NI contribution record of your husband, wife or civil partner. To do this your husband, wife or civil partner must also have reached their State Pension age.

If you are a married man, a woman married to a woman, or a civil partner, then your husband, wife or civil partner must also have been born on or after 6 April 1950. This doesn't apply if you are a woman married to a woman who legally changed gender from male to female after your marriage to her began and there has been no break in your marriage.

If, when you reach State Pension age, your husband, wife or civil partner has not yet reached their State Pension age, you may be able to increase your State Pension in this way from the date they reach their State Pension age. See page 18 if your husband, wife or civil partner reaches their State Pension age on or after 6 April 2016.

The maximum basic State Pension you can get using both your NI contribution record and that of your husband, wife or civil partner is about 60% of the full rate (£69.50 a week in 2015/2016).

Northern Ireland does not have same sex marriage. Same sex couples who get married are treated as civil partners for the purposes of Northern Ireland law.

Example – how using the NI record of your husband, wife or civil partner may help increase your basic State Pension

Charlotte has been married to Philip for 38 years. She is due to reach her State Pension age on 6 March 2016. Philip has already reached his State Pension age, and is getting a basic State Pension at the full rate of £115.95 a week.

Charlotte has 12 qualifying years recorded on her NI contribution record. Based on these qualifying years she would get a basic State Pension at 12/30ths of the full rate, which is £46.38 a week.

Charlotte's basic State Pension may be improved if Philip's NI contribution record is also used to work out her basic State Pension. She may get a total of £69.50 a week, which is the most she can get by using both her own and Philip's NI contribution records.

The content of the examples in this leaflet is for illustrative purposes only.

Find out more at
www.gov.uk/state-pension/eligibility

If your husband, wife or civil partner reaches their State Pension age on or after 6 April 2016

A new State Pension scheme starts on 6 April 2016. When this is introduced, the rules about using the NI contribution record of your husband, wife or civil partner to increase your State Pension will change. These changes mean that you may be able to increase your basic State Pension from the date they reach their State Pension age, but you can only use their NI contributions for the tax years up to and including 2015/2016.

Find out more at
www.gov.uk/new-state-pension

If you are widowed or a surviving civil partner before you reach State Pension age

You may be able to improve your basic State Pension by using the NI contribution record of your late husband, wife or civil partner. The maximum basic State Pension you can get by doing this is £115.95 a week, which is the full rate of basic State Pension.

You may also be able to inherit some or all of the additional State Pension of your late husband, wife or civil partner. We will be able to tell you how much additional State Pension you may inherit when you claim your State Pension.

If you are widowed or a surviving civil partner, we can tell you now whether using the NI contribution record of your late husband, wife or civil partner may improve your basic State Pension. Contact us using the details shown on page 42.

If you remarry or form a new civil partnership before you reach State Pension age, you will not be able to

- use the NI contribution record of a late husband, wife or civil partner to improve your basic State Pension, or
- inherit any of their additional State Pension.

However, you may be able to use the NI contribution record of your new husband, wife or civil partner to improve your basic State Pension up to a maximum of £69.50 a week in 2015/2016 – see page 16.

If you are widowed or become a surviving civil partner after you reach State Pension age, but before 6 April 2016

You may be able to use the NI contribution record of your late husband, wife or civil partner to improve your basic State Pension. The most basic State Pension you can get by doing this is £115.95 a week, which is the full rate of basic State Pension.

You may also be able to inherit some or all of the additional State Pension of your late husband, wife or civil partner.

Find out more
www.gov.uk/state-pension/eligibility

If you are widowed or become a surviving civil partner on or after 6 April 2016

When the new State Pension scheme starts on 6 April 2016, the rules about using the NI contribution record of your husband, wife or civil partner to increase your State Pension will change. These changes mean that if your husband, wife or civil partner is due to reach their State Pension age on or after 6 April 2016 and they die on or after that date, you can only use their NI contributions for the tax years up to and including 2015/2016 to increase your basic State Pension. You may also inherit up to half the additional State Pension they had built up in the tax years up to and including 2015/2016.

Find out more at
www.gov.uk/new-state-pension

If you are divorced or have had your civil partnership dissolved before you reach State Pension age

You may be able to improve your basic State Pension by using the NI contribution record of your former husband, wife or civil partner. The most basic State Pension you can get by doing this is £115.95 a week, which is the full rate of basic State Pension.

If you are divorced or have had your civil partnership dissolved, we can tell you whether you may improve your basic State Pension by using the NI contribution record of your former husband, wife or civil partner. Contact us using the details shown on page 42.

If you remarry or form a new civil partnership before you reach State Pension age, you will not be able to use the NI contribution record of a former husband, wife or civil partner to improve your basic State Pension.

However, you may be able to use the NI contribution record of your new husband, wife or civil partner to improve your basic State Pension – see page 16.

If you are divorced or have your civil partnership dissolved after you reach State Pension age, but before 6 April 2016

You may be able to improve your basic State Pension by using the NI contribution record of your former husband, wife or civil partner.

The most basic State Pension you can get by doing this is £115.95 a week, which is the full rate of basic State Pension.

Find out more
www.gov.uk/state-pension/eligibility

If you are divorced or have your civil partnership dissolved on or after 6 April 2016

When the new State Pension scheme starts on 6 April 2016, the rules about using the NI contribution record of your husband, wife or civil partner to increase your State Pension will change. These changes mean that if your husband, wife or civil partner is due to reach their State Pension age on or after 6 April 2016 and you are divorced or your civil partnership is dissolved on or after that date, you can only use their NI contributions for the tax years up to and including 2015/2016 to increase your State Pension.

Find out more at
www.gov.uk/new-state-pension

Improving your State Pension by paying voluntary NI contributions

You may be able to pay voluntary contributions to increase your basic State Pension or additional State Pension, but this is not right for everyone. It depends on your personal circumstances. You should think carefully about whether paying voluntary contributions is the right option for you.

If you are working or getting certain state benefits, further qualifying years may be added to your NI contribution record before you reach State Pension age. Or you may be able to increase your basic State Pension by one of the other ways mentioned on the previous pages.

Voluntary Class 2 and Class 3 NI contributions

You may be able to pay voluntary Class 2 or Class 3 NI contributions for previous years where there are not enough contributions or credits on your NI contribution record for a year to count as a qualifying year. All voluntary Class 2 and Class 3 NI contributions count towards the basic State Pension and bereavement benefits.

Find out more **www.gov.uk/voluntary-national-insurance-contributions**

Find out more **www.gov.uk/automatic-pension-credits-for-men**

State Pension top up

If you reach State Pension age before 6 April 2016 and you are entitled to a State Pension, you can increase your State Pension through the State Pension top up scheme. The scheme allows you to increase your State Pension by up to £25 a week by making a lump-sum Class 3A voluntary National Insurance contribution. The scheme will be open between 12 October 2015 and 5 April 2017 and you can make contributions at any time between those dates.

The extra State Pension you get from the State Pension top up scheme will be added to your State Pension when you claim it, but it will not be shown on your State Pension statement.

Find out more at
www.gov.uk/state-pension-topup

Section 3 – Your State Pension statement

Read this section if you are a man born on or after 6 April 1951, or a woman born on or after 6 April 1953.

In this section we explain:

- how we worked out the State Pension estimate shown on page 1 of your statement
- how the amount on page 1 is made up.

As you reach State Pension age after the new State Pension scheme starts, when you claim it your State Pension will be worked out using the new State Pension scheme rules.

The amount of State Pension shown in your statement is not based on the new rules. It is based on the law if you were to reach State Pension age today.

The information in your statement is still relevant because, in most cases, this existing scheme estimate will be the least amount that someone will get when they reach State Pension age. There are some important changes to the State Pension under the new scheme. For example, you will normally need to have at least 10 National Insurance qualifying years (the minimum qualifying period) when you reach State Pension age to get any State Pension. There is more about the new State Pension in Section 4 of this leaflet.

We may be able to give you an estimate of your State Pension using the new rules. For more information go to **www.gov.uk/state-pension-statement**

Your State Pension statement: summary

The State Pension amount shown on page 1 of your statement is the total amount worked out using the law that applies to people who reach their State Pension age before the new State Pension starts.

It is also based on

- the information in your NI contribution record at the time your statement was produced
- the State Pension rates at the time your statement was produced, and
- the information given by your pension provider to help us prepare your State Pension statement.

Your estimate does not take account of any further contributions that may be added to your NI contribution record before you reach State Pension age.

Once the new State Pension scheme starts in 2016, basic State Pension, additional State Pension and Graduated Retirement Benefit will not be paid to people reaching State Pension age on or after 6 April 2016.

However, the contributions that you have made into these old schemes will be used to work out your starting amount under the new scheme on 6 April 2016 (see page 29).

Your State Pension statement: Breakdown

This part of your estimate shows you how the amount in the summary is made up. It gives you separate amounts for the basic State Pension and additional State Pension (including any Graduated Retirement Benefit).

Basic State Pension

The estimate of the basic State Pension you may get is based on

- the number of qualifying years you have on your NI contribution record as it stands now, and
- the rules that apply before the new State Pension scheme starts on 6 April 2016.

Your State Pension statement doesn't tell you how many qualifying years you have on your NI contribution record. However, you can work this out by dividing the amount of basic State Pension we have shown by £3.87. For example, if your estimated basic State Pension is £57.98 a week, dividing it by £3.87 shows you have 15 qualifying years at the moment.

If you already have 30 or more qualifying years, the estimated basic State Pension amount shown will be the full rate of £115.95 a week. This is the most your basic State Pension can be.

Additional State Pension

The additional State Pension was introduced in April 1978 and was known as the State Earnings-Related Pension Scheme (SERPS). Since April 2002 it has been called the State Second Pension (S2P).

The estimate of your additional State Pension (including any Graduated Retirement Benefit) is based on your NI contribution record as it stands now. The amount of additional State Pension we will use to work out your starting amount under the new scheme on 6 April 2016 may be different from that shown in your statement.

Find out more
www.gov.uk/state-pension

Important information – if you have previously lived or worked in the Isle of Man

If you have previously worked and paid NI contributions in the Isle of Man, we have worked out the estimate in your statement based on both your UK and Isle of Man NI contributions. This is because under the current social security arrangements between the UK and Isle of Man, only the country where you live pays the State Pension based on all UK and Isle of Man NI contributions.

However, the Isle of Man government has decided that it will not be adopting the new State Pension from 6 April 2016.

The UK and Isle of Man governments will decide the changes that need to be made to their existing social security arrangements from 6 April 2016 as a result of the Isle of Man's decision not to adopt the new State Pension. **The new arrangements may affect the State Pension you get from the UK and Isle of Man. This means that the UK State Pension estimate we have given you now in your statement may change.**

If you have previously worked in the Isle of Man and you reach State Pension age on or after 6 April 2016, you should get another statement from October 2016.

For more information about the Isle of Man state pension scheme, and other benefits available, visit
www.gov.im/categories/benefits-and-financial-support

Section 4 – The new State Pension

Read this section if you are a man born on or after 6 April 1951, or a woman born on or after 6 April 1953.

In this section we explain
- the new State Pension
- the minimum qualifying period
- how we will work out your new State Pension
- how the estimate of your State Pension given in your statement may change
- how your State Pension is affected by a pension sharing order
- how you may get a State Pension through your spouse or civil partner, and
- how you may be able to improve your State Pension by paying voluntary NI contributions.

The new State Pension

The new State Pension will be a regular payment from the government that you can claim if you reach State Pension age on or after 6 April 2016.

You'll be able to get the new State Pension if you're eligible and
- a man born on or after 6 April 1951
- a woman born on or after 6 April 1953.

The new State Pension will replace the current State Pension scheme.

The full rate of the new State Pension will be decided closer to the date it starts. For the examples in this leaflet, **we have used £151.25 a week as the full rate of the new State Pension**.

How much will I get?

Under the new scheme there are different rules depending on whether or not you have NI contributions in the existing scheme. In both cases, to get a State Pension you must meet the minimum qualifying period – see below.

Many people, like you, have contributions on their NI contribution record for tax years before the new scheme starts on 6 April 2016. We will use these contributions to work out how much State Pension they may give you. We call this amount your **starting amount** for the new State Pension.

The rules make sure that the amount of State Pension you get for those contributions is no less under the new scheme than what you would have got under the existing scheme – as long as you meet the minimum qualifying period.

What is the minimum qualifying period?

You will normally need a minimum of 10 qualifying years (the minimum qualifying period) on your NI contribution record when you reach State Pension age to get **any** State Pension. This does not have to be 10 years in a row. See page 9 for what we mean by 'qualifying year'.

In some circumstances, time spent living or working outside the UK may also help you meet the minimum qualifying period for the UK State Pension – see page 40.

You may not currently satisfy the minimum qualifying period. However, you may satisfy it when you reach your State Pension age if further qualifying years are added to your NI contribution record before you reach your State Pension age (see Sarah's example on page 35).

How will you work out my starting amount?

We will use the qualifying years on your NI contribution record, up to and including the 2015/2016 tax year, to work out how much State Pension you would get under the rules of

- the new State Pension scheme that starts on 6 April 2016, which is based on 1/35th of £151.25 (the full rate of the new State Pension) for each qualifying year, up to a maximum of 35 years, and
- the existing State Pension scheme. This has two parts – basic State Pension based on 1/30th of £115.95 (the full rate of the basic State Pension) for each qualifying year, up to a maximum of 30 years, and additional State Pension based on earnings.

The **higher** of these will be your starting amount. See the examples that follow.

A deduction may be made to these amounts for the periods you were contracted out of the additional State Pension before 6 April 2016.

Your starting amount is the amount you will take forward into the new State Pension scheme, and is the minimum you will get when you reach State Pension age, provided you meet the minimum qualifying period rule. But see page 36 if you have a pension sharing order, or page 38 if you have paid reduced-rate NI contributions.

We will work out a starting amount based on your NI contribution record up to and including the tax year 2015/2016 even if you do not meet the minimum qualifying period at that point (see Sarah's example on page 35).

Example – the amount under the new scheme rules is higher

On 6 April 2016, Jim has 32 qualifying years on his NI contribution record. He has been self-employed for long periods of his working life.

Using the new State Pension scheme rules, Jim would get £138.29 a week (£151.25 x 32/35ths).

Using the existing scheme rules, Jim would get £129.35 a week (basic State Pension of £115.95 and £13.40 additional State Pension).

Jim's starting amount will be the **higher** of these two amounts, which is £138.29 a week.

The content of the examples in this leaflet is for illustrative purposes only.

Is my starting amount affected because I have been in a pension at work, or paid into a private pension?

If you are or were in a final salary or salary-related pension scheme or, before April 2012 you were in any pension scheme at work, you are likely to have "contracted out" of the additional State Pension. Some stakeholder and personal pension schemes were also contracted out.

If you have been contracted out of the additional State Pension at any time before April 2016, we will make a deduction when working out your starting amount. The deduction will be made when working out both your new and existing scheme amounts.

This is because, depending on the type of scheme

- you would have paid NI contributions at a lower rate, or
- some of the NI contributions you paid were used to contribute to your stakeholder or personal pension instead of the additional State Pension.

However, the pension you get from your private pension scheme or schemes for the periods you were contracted out, should include an amount that, in most cases, will be at least the equivalent of the additional State Pension you would have got if you had not been contracted out. It could be even higher.

Example – the amount under the existing scheme rules is higher

On 6 April 2016, Yvonne has 30 qualifying years on her NI contribution record. During her working life, Yvonne has periods when she was contracted out of additional State Pension.

Using the new State Pension scheme rules, Yvonne would get £97.64 a week (£129.64 (£151.25 x 30/35ths) less a deduction of £32).

Using the existing scheme rules, Yvonne would get £139.95 a week (£115.95 basic State Pension and £56 additional State Pension less a deduction of £32).

Yvonne's starting amount will be the **higher** of these two amounts, which is £139.95 a week.

The content of the examples in this leaflet is for illustrative purposes only.

Will the amount shown in my statement change if further qualifying years are added to my NI contribution record for tax years before 6 April 2016?

The amount of State Pension shown in your statement, which is worked out using the current State Pension scheme rules, not the rules of the new State Pension, is based on your NI contribution record as it stands on the date shown in your statement.

If further qualifying years are added to your NI contribution record for tax years before 6 April 2016, the estimate of your State Pension given in your statement may change.

Example – further qualifying years added to NI contribution record before 6 April 2016

Asif received a statement based on his NI contribution record up to and including the 2013/2014 tax year. He had 27 qualifying years and some additional State Pension. His State Pension was estimated to be £163.52 a week.

When the new State Pension starts on 6 April 2016, Asif has added two further qualifying years to his NI contribution record, for the tax years 2014/2015 and 2015/2016.

As a result of these two extra qualifying years being added to his NI contribution record, Asif's estimated State Pension has increased by £11.33 a week, and is now £174.85 a week.

This will be Asif's starting amount for the new State Pension.

The content of the examples in this leaflet is for illustrative purposes only.

The amount of your additional State Pension we use to work out your starting amount after April 2016 may be different to the amount of additional State Pension shown in your State Pension statement we have given you now. In some circumstances it could be lower. This may happen if you

- were a member of a workplace pension scheme any time between 1978 and 1997, and the pension you get is linked to your salary. For example, Defined Benefit, final salary or average salary schemes
- have already left or leave this scheme before 6 April 2016, and
- your pension scheme revalues your preserved pension benefits each year by a percentage that is greater than average national earnings.

However, overall you will not lose out by this, as the value of your private scheme benefits will have increased if this happens. You may also be able to add further NI contribution years after 6 April 2016 to increase your State Pension (see page 33).

When will you be able to tell me my starting amount?

If you are aged 55 years or over, we can give you a statement now that will give you an estimate of your State Pension using the new rules. For more information go to **www.gov.uk/state-pension-statement**

We can tell you what your starting amount is when all of your contributions and credits up to and including the 2015/2016 tax year are recorded on your NI contribution record.

As long as you meet the minimum qualifying period when you reach State Pension age, your starting amount will be the least amount you may get, though it could be more.

Please see page 36, which explains how the amount of your State Pension might be different if there is a pension sharing order in force when you reach State Pension age.

Will qualifying years added to my NI contribution record for tax years from 6 April 2016 onwards improve my State Pension?

If your **starting amount on 6 April 2016 is less than** the full rate of new State Pension, you can increase it by adding further qualifying years. **For each extra qualifying year you will get 1/35th of the full amount of the new State Pension – about £4.32 a week**.

However, your starting amount plus anything you add after 6 April 2016 cannot be more than the full rate of the new State Pension.

Example – the starting amount is less than the full rate of the new State Pension

Sonya is due to reach her State Pension age in March 2024. Her starting amount in April 2016 is £130.25 a week.

After April 2016, Sonya continues to work and pay National Insurance. After 5 years (at 6 April 2021) she has reached the full State Pension. This is because she has added £21.61 a week to her starting amount for the five additional qualifying years she has added to her NI contribution record (£151.25 x 5/35).

When she reaches her State Pension age, Sonya's State Pension will be £151.25 a week. This is the maximum State Pension that Sonya can get – she cannot get more than the full rate.

The content of the examples in this leaflet is for illustrative purposes only.

If your **starting amount on 6 April 2016 is the same as** the full rate of the new State Pension, this is the amount you will get when you reach State Pension age – subject to any pension sharing order. Apart from the usual yearly increases, it will not go up even if further qualifying years are added to your NI contribution record after 6 April 2016.

If your **starting amount on 6 April 2016 is more than** the full rate of the new State Pension then, subject to any pension sharing order, you will get a full State Pension. You will be paid the difference between your starting amount and the full rate of the new State Pension as a Protected Payment.

Example – the starting amount is more than the full rate of the new State Pension

Adrian is due to reach his State Pension age in June 2020. His starting amount in April 2016 is £172.48 a week.

As his starting amount is more than the full rate of the new State Pension (£151.25 a week), this is the most that Adrian can get when he reaches his State Pension age. It will not go up, even if further qualifying years are added to Adrian's NI contribution record before he reaches his State Pension age.

So, when Adrian reaches his State Pension age he will get a State Pension of £151.25 a week, with the balance of £21.23 a week paid as a Protected Payment – £172.48 a week in total.

The content of the examples in this leaflet is for illustrative purposes only.

What if I have less than 10 qualifying years in April 2016?

If you have at least 1 qualifying year of NI contributions or credits for tax years before 6 April 2016, you will have a starting amount on 6 April 2016. However, you will normally not be paid a State Pension if you do not satisfy the minimum qualifying period of at least 10 qualifying years when you reach State pension age (see page 29).

You may add enough qualifying years to your NI contribution record to meet the minimum qualifying period when you reach State Pension age.

Example – has less than 10 qualifying years on 6 April 2016

Sarah is due to reach her State Pension age in February 2024.

On 6 April 2016 Sarah has six qualifying years on her NI contribution record, which gives her a starting amount for the new State Pension of £28.56 a week.

If no further qualifying years were added to Sarah's NI contribution record before she reached her State Pension age, she would not satisfy the minimum qualifying period and would not get a State Pension.

However, after April 2016 Sarah works and pays NI contributions, and a further seven qualifying years are added to her NI contribution record. As a result, she has 13 qualifying years on her NI contribution record when she reaches her State Pension age, and satisfies the minimum qualifying period.

She would get a State Pension of £58.81 a week. This is made up of her starting amount of £28.56, plus £30.26 a week (£151.25 x 7/35) for the seven qualifying years she has added to her NI contribution record after April 2016.

The content of the examples in this leaflet is for illustrative purposes only.

Will my new State Pension go up each year?

Every year your new State Pension will go up by at least the growth in average earnings. If you have extra State Pension (see page 10) or a Protected Payment (see page 34) or it will usually go up each year in line with the rise in prices in the UK.

Your new State Pension, extra State Pension and Protected Payment may not go up every year if you live outside the UK. See page 41 for more information about UK pension payments outside the UK.

My estimate is based on the existing rules. How relevant is it?

Although the estimate in your statement is worked out under the existing scheme rules, it is still relevant.

It is an up-to-date estimate of one of the amounts (the existing scheme amount) we will use to work out your starting amount for the new State Pension when it starts on 6 April 2016. In most cases, as long as the minimum qualifying period is met, this existing scheme estimate will be the least amount that someone will get when they reach State Pension age.

What happens if I have a pension sharing order?

If you are divorced or your civil partnership is dissolved, as part of your settlement the courts may make a pension sharing order.

When we work out your starting amount for the new State Pension we will not take into account the value of any pension sharing order. Your starting amount is worked out as if there was no pension sharing order in force.

The value of a pension sharing order will be added to or taken away from your State Pension when you claim it – see following example.

The content of the examples in this leaflet is for illustrative purposes only.

Example – effect of a pension sharing order
Brian is due to reach his State Pension age in June 2020.
His starting amount in April 2016 is £168.50 a week.

When Brian got divorced in 2012, the court made a pension sharing order awarding part of his additional State Pension to his ex-wife, Sandra. When he reaches his State Pension age this is valued at £15 a week.

When Brian reaches State Pension age he gets £153.50 a week (£168.50 less £15). He will get a State Pension of £151.25 a week, with the balance of £2.25 a week paid as a protected payment.

Using her own NI contribution record, Sandra's State Pension is £125.30 a week. She will be paid a State Pension of £140.30 a week (£125.30 plus £15).

Where can I find out more about the new State Pension?

More information about the new State Pension is available online.

Find out more at
www.gov.uk/new-state-pension

State Pension through your spouse or civil partner

The new State Pension will normally be based just on your own NI contribution record. This section explains when you may be able to
- inherit some State Pension if you're widowed
- get an increase if you paid married women's and widow's reduced-rate NI contributions (also known as the "married woman's stamp").

What may I inherit if I'm widowed?

You may be able to inherit some additional State Pension if
- you're already widowed, or you're widowed before 6 April 2016, or
- you're widowed on or after 6 April 2016 and your husband, wife or civil partner had reached State Pension age before that date.

Additional State Pension is part of the current State Pension scheme and is also known as SERPS or State Second Pension – see page 26.

You may be able to inherit half your husband, wife or civil partner's Protected Payment if you're widowed on or after 6 April and they
- reached State Pension age on or after 6 April 2016, or
- died before they reached State Pension age.

They will have a Protected Payment if their starting amount is more than the full rate of the new State Pension in April 2016 (see Adrian's example on page 34).

Your marriage or civil partnership must have begun before 6 April 2016 for you to be able to inherit any additional State Pension or Protected Payment.

Your inherited State Pension will be paid on top of your State Pension. However, you will still be paid inherited State Pension even if you do not meet the 10 year minimum qualifying year rule for a State Pension based on your own NI contributions.

You'll not be able to inherit any State Pension if you're widowed under State Pension age and you remarry or form a new civil partnership before you reach State Pension age.

What may I get if I've paid reduced-rate NI contributions?

If you chose to pay married woman's reduced-rate NI contributions, we may be able to work out your State Pension under different rules if this will give you more State Pension than you would get based just on your own NI contribution record.

We'll be able to do this if you still had the right to pay reduced-rate NI contributions at the start of the 35 year period that ends on the 5th April before you reach State Pension age.

If this applies to you:

- you won't need to have at least 10 qualifying years of your own to be able to get a State Pension
- you will be able to get the higher of
  - a State Pension that's about the same as the current basic State Pension for a married woman, widow or divorcee claiming on her husband's NI contributions (depending on your marital status) plus any additional State Pension you had built up yourself
  - a State Pension under the normal new State Pension rules based on your own NI contribution record.

You have received a statement based on your own NI contribution record. If you think you may satisfy the condition for the different rules, and are aged 55 and over, you may wish to get a statement showing how much you may get based on these rules. You can get a statement by phoning the number shown on page 42.

If you're widowed you may also inherit additional State Pension or a Protected Payment from your late spouse, as explained above.

Find out more at
www.gov.uk/state-pension-through-partner

Improving your State Pension by paying voluntary NI contributions

You may be able to pay voluntary Class 2 or Class 3 NI contributions for previous years where there are not enough contributions or credits on your NI contribution record for a year to count as a qualifying year. All voluntary NI contributions count towards the State Pension and bereavement benefits.

You should think carefully about whether paying voluntary NI contributions is the right option for you. If you are working or getting certain state benefits, further qualifying years may be added to your NI contribution record before you reach State Pension age.

Before you decide to pay any voluntary NI contributions, you may wish to wait until we can tell you how much your starting amount will be. We will be able to do this when all of your contributions and credits up to and including the 2015/2016 tax year are recorded on your NI contribution record.

Find out more at **www.gov.uk/voluntary-national-insurance-contributions**

Section 5 – Working or living outside the UK

Everyone should read this section.

Time spent working outside the UK

If you're working outside the UK, you may be able to pay into the state pension scheme of the country where you're working. You can do this in European Economic Area (EEA) countries and some other countries where there are special arrangements.

If you have paid into the pension scheme of another country, you should contact the department responsible for paying state pensions in that country to check what pension arrangements will apply.

Impact on UK State Pension

Depending on how long you work outside the UK, and the country where you work, any contributions you have paid abroad may be used when working out how much UK State Pension you are entitled to. Or you could get two pensions – one from the UK and one from the country where you lived and worked.

If you reach State Pension age on or after 6 April 2016, we may be able to use NI contributions you have made abroad to meet the minimum qualifying period for the new State Pension scheme (see page 29).

The amounts shown in your State Pension statement do not take account of any time you have spent in another country or of any overseas pension scheme you may have paid into.

UK State Pension payments outside the UK

Usually you can get your UK State Pension paid anywhere you live. However, if you live outside the UK and get a UK State Pension, you will not get annual increases unless you live in

- a country that belongs to the European Economic Area (EEA)
- Switzerland, or
- a country that has an agreement with the UK to allow these increases.

If you live in a country where your UK State Pension is not increased, your UK State Pension may go up for the time when you visit the UK or other countries where the annual increase is paid. When you return to the country where you live permanently, your UK State Pension will be paid at its usual rate.

More information on the countries where the increase is paid, and how UK State Pensions are paid to people living outside the UK is available online.

www.gov.uk/state-pension-if-you-retire-abroad

Section 6 – Where can I get more information?

Everyone should read this section.

You can get more information about your State Pension statement, or pensions in general online, or by phoning or writing to us using the contact details shown below.

www.gov.uk/state-pension
Phone: **0345 300 0168**
Textphone: **0345 300 0169**
8am to 6pm, Monday to Friday.

From outside the UK
Phone: **+44 191 218 3600**
Textphone: **+44 191 218 2051**
8am to 6pm, Monday to Friday.

Write to us at:
The Pension Service 9
Mail Handling Site A
Wolverhampton
WV98 1LU

Call charges

Calls to **0345** numbers cost no more than a standard geographic call, and count towards any free or inclusive minutes in your landline or mobile phone contract.

You can ask our operator to call you back – just give them your phone number.

Textphones – if you have speech or hearing difficulties
Our textphone numbers are for people who cannot speak or hear clearly. If you do not have a textphone, you could check if your local library or Citizens Advice has one. Textphones don't receive text messages from mobile phones.

Important information about this leaflet

This leaflet is only a guide and does not cover every circumstance. We have done our best to make sure that the information in this leaflet is correct as of December 2015. It is possible that some of the information is oversimplified, or may become inaccurate over time, for example because of changes to the law.

The content of the examples in this leaflet is for illustrative purposes only.

More information from DWP about benefits and pensions is published online.

For benefits information
www.gov.uk/browse/benefits

For pensions information
www.gov.uk/state-pension
www.gov.uk/new-state-pension

ISBN
978-1-78425-650-0
CPS5_112015_011_001