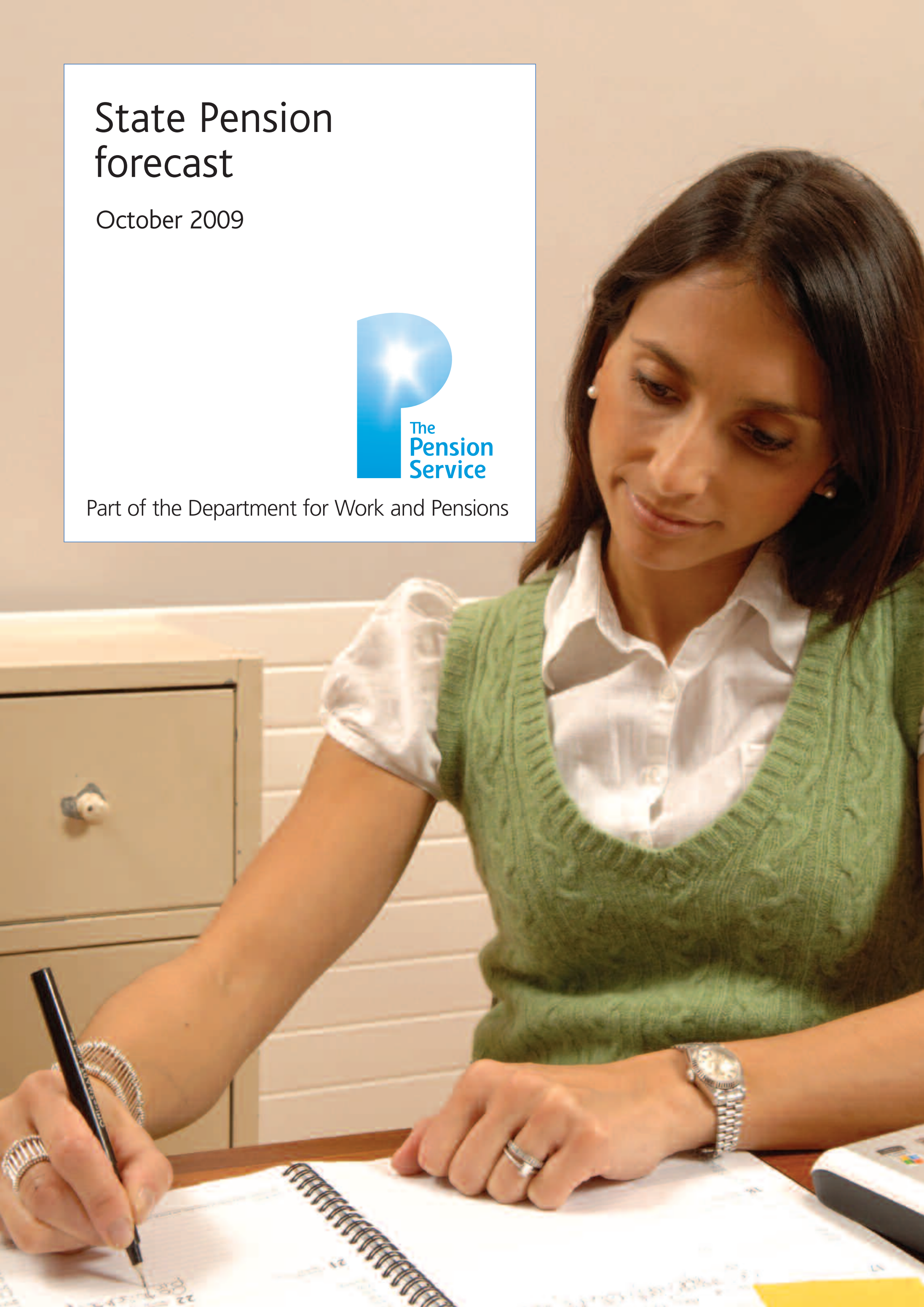
State Pension forecast

October 2009

The Pension Service

Part of the Department for Work and Pensions



This leaflet provides detailed information on the State Pension, including when you will reach State Pension age, and the things that can affect how much State Pension you get.

Contents

Learn more from our website at:

www.direct.gov.uk/pensions

Introduction

Everyone needs to plan for their retirement. People are living longer and healthier lives, so it's even more important to think about how and when to save for retirement, and how long to continue working. The basic State Pension will give you a start, but to have the lifestyle you want, you may need to think about saving more. The sooner you start planning, the better.

Some of the things you need to think about are:

- how much you earn
- the type of job you have
- how much money you think you will need when you retire, and
- how long you plan to work.

Changes to the rules on the State Pension

The Pensions Act 2007 and the Pensions Act (Northern Ireland) 2008 changed the rules and conditions for building up a State Pension. These changes could affect your State Pension.

Most of the changes will only affect you if you reach State Pension age on or after 6 April 2010 (that means women born on or after 6 April 1950 and men born on or after 6 April 1945). However, some changes will affect you if you were born earlier.

For more about the recent changes to State Pensions, ask for our leaflet about State Pensions. See page 47 for contact details.

What does my State Pension forecast tell me?

Your State Pension forecast tells you, in today's money values:

- the estimated amount of State Pension you may get based on your National Insurance contributions record so far, and
- the estimated amount of State Pension you may get when you reach your State Pension age.

Why do I need a State Pension forecast?

It’s useful to know roughly how much State Pension you have built up so far, and how much you may receive when you reach State Pension age. It can help you decide whether your current arrangements will give you enough money in the future.

In this leaflet we tell you:

- how we work out the estimate of your State Pension, and
- where you can find out more about the State Pension and private pensions, if you need it.

How do you work out the estimate of my State Pension?

We look at several things, including:

- how much National Insurance you have paid, are treated as having paid or been credited with already
- how much National Insurance we think you will have paid, will be treated as having paid or been credited with by the time you reach State Pension age, assuming your circumstances don’t change

- if you are divorced or have had your civil partnership dissolved (legally ended), whether the court has agreed a special arrangement for your pension, and
- whether you have a pension from a company or private pension scheme that contracts you out of the additional State Pension scheme. ('Contracting out' is explained on page 40.)

We work out your State Pension forecast by assuming that the current rules will apply to you when you reach State Pension age.

What are the different amounts on my State Pension forecast?

You will see that we have given you figures for your:

- basic State Pension
- additional State Pension (see page 35 for more about additional State Pension), and
- Graduated Retirement Benefit (see page 41 for more about Graduated Retirement Benefit).

We have given you two amounts for each of these pensions. Please remember that these are estimates only.

The first amount is an estimate of the State Pension you may get when you reach State Pension age, based only on the National Insurance you have paid, are treated as having paid or been credited with at the time of the forecast. It includes any years of Home Responsibilities Protection you may already have (see page 27 for more about Home Responsibilities Protection). If the amount shown is NIL, it means our records show that, at the time of the forecast, you don't have the minimum number of qualifying years needed to get the minimum basic State Pension.

The second amount is an estimate of the State Pension you may get when you reach State Pension age, based on:

- the National Insurance you have already paid, are treated as having paid or been credited with, and
- any further National Insurance we think you will have paid, will be treated as having paid or been credited with between the time we issue this forecast and the time you reach State Pension age, assuming your circumstances don't change. This amount doesn't include any Home Responsibilities Protection you may get for future years.

If you don't continue to pay, are not treated as paying or are not credited with the standard rate of National Insurance, then the State Pension you receive may be lower than shown in the forecast. If you're a married woman or widow and you chose to pay reduced-rate National Insurance contributions as an employee, the forecast assumes you will continue to pay at the reduced rate. See page 30 for more about reduced-rate National Insurance contributions.

If you are 'contracted out' of the additional State Pension scheme, the amount of additional State Pension you receive when you reach State Pension age may be higher or lower than the amount shown in the forecast. ('Contracting out' is explained on page 40.)

What about my National Insurance from the last year? Have you included this in my forecast?

We may not have included the National Insurance contributions you have paid, are treated as having paid or been credited with in the last tax year. This is because it can take up to six months after a tax year ends before contributions appear on your record. We tell you in the forecast the latest tax year we have used.

Things to consider about your money in retirement

- Different pension schemes may start paying out at different ages. This could be important when you're thinking about what money you will have when you retire.
- The State Pension forecast is based on the National Insurance you have paid, are treated as having paid or have been credited with. It is not based on the National Insurance record of your husband, wife or civil partner.
- Some people can get a higher amount of basic State Pension by using the National Insurance record of their husband, wife or civil partner, but only from the date they receive their own State Pension. See page 32.
- If you have told us that you are bereaved or divorced, your forecast will be based on your own National Insurance record **and** that of your late or ex-husband, ex-wife or ex-civil partner if using their record increases the amount of your basic State Pension.
- The forecast shows your estimated State Pension at today's rate – that is, the amount you would get if you were receiving your pension now.
- You may get a different amount if your circumstances change or the law changes.
- The amount of basic State Pension you receive won't be affected by any money you receive from a company or private pension.
- The amount of additional State Pension you receive may be reduced if you receive a pension from a company or private pension scheme that contracted you out of the additional State Pension system. ('Contracting out' is explained on page 40.)

- If you receive State Pension forecasts from more than one source – possibly because you have received a combined Pension Forecast from a company or personal pension provider – you should not add the State Pension forecast amounts together.

When can I get my State Pension?

The earliest date you can get your State Pension is when you reach State Pension age. The State Pension age is changing. The tables on pages 14-19 show when you will reach your State Pension age.

How do I get my State Pension?

You must claim your State Pension – it will not be paid automatically. We will usually write to you four months before you reach State Pension age and tell you how to claim. To do this, we need to have your up-to-date address, so please tell us if you move house.

If you haven't received a letter from us three months before you reach State Pension age, get in touch with us by phone on 0800 731 7898 (0800 731 7936 for Welsh-speaking customers living in Wales).

If you have speech or hearing difficulties, you can contact us using a textphone on 0800 731 7339 (0800 731 7013 for Welsh).

Our lines are open from 8am to 8pm, Monday to Friday, and 9am to 1pm on Saturday. If English or Welsh is not your first language, you can ask for an interpreter. Our phone lines tend to be quieter during the afternoon and towards the end of the week.

What is my State Pension age?

The date you reach State Pension age depends on when you were born.

If you are a woman and you were born before 6 April 1950, your State Pension age is 60.

If you are a man and you were born before 6 April 1959, your State Pension age is 65.

However, if you were born on or after these dates, your State Pension age is changing. There are two main changes to State Pension age.

The first change is that the age at which women reach State Pension age will gradually increase to 65, the same as for men. This increase will happen in stages between 2010 and 2020, and will affect you if you are a woman born on or after 6 April 1950 but before 6 April 1955. If you are a woman born on or after 6 April 1955 but before 6 April 1959, your State Pension age will be 65.

The age at which men and women become entitled to some other benefits such as Pension Credit and Winter Fuel Payments will also increase alongside the increase in State Pension age. If you are a man or a woman born on or after 6 April 1950, to find out the date you will become eligible to apply for Pension Credit and receive Winter Fuel Payments, you should check the tables on pages 14 -19.

Table 1 (pages 14–16) shows the State Pension age for women born on or after 6 April 1950 but before 6 April 1959.

The second change is that the State Pension age for both men and women will gradually increase from 65 to 68 between 2024 and 2046. This will affect everyone born on or after 6 April 1959. The increase will happen in stages as follows:

- The increase from 65 to 66 will be introduced between April 2024 and April 2026.
- The increase from 66 to 67 will be introduced between April 2034 and April 2036.
- The increase from 67 to 68 will be introduced between April 2044 and April 2046.

Table 2 (pages 17–19) shows the State Pension age for people born on or after 6 April 1959.

You can also work out your State Pension age using the State Pension age calculator on our website at
www.direct.gov.uk/spacalculator

Table 1: Your State Pension age if you are a woman and you were born on or after 6 April 1950, but before 6 April 1959.	
Date you were born	**Date you will reach State Pension age**
6 April 1950 to 5 May 1950	6 May 2010
6 May 1950 to 5 June 1950	6 July 2010
6 June 1950 to 5 July 1950	6 September 2010
6 July 1950 to 5 August 1950	6 November 2010
6 August 1950 to 5 September 1950	6 January 2011
6 September 1950 to 5 October 1950	6 March 2011
6 October 1950 to 5 November 1950	6 May 2011
6 November 1950 to 5 December 1950	6 July 2011
6 December 1950 to 5 January 1951	6 September 2011
6 January 1951 to 5 February 1951	6 November 2011
6 February 1951 to 5 March 1951	6 January 2012
6 March 1951 to 5 April 1951	6 March 2012
6 April 1951 to 5 May 1951	6 May 2012
6 May 1951 to 5 June 1951	6 July 2012
6 June 1951 to 5 July 1951	6 September 2012
6 July 1951 to 5 August 1951	6 November 2012
6 August 1951 to 5 September 1951	6 January 2013
6 September 1951 to 5 October 1951	6 March 2013
6 October 1951 to 5 November 1951	6 May 2013
6 November 1951 to 5 December 1951	6 July 2013
6 December 1951 to 5 January 1952	6 September 2013
6 January 1952 to 5 February 1952	6 November 2013

Table 1: Your State Pension age if you are a woman and you were born on or after 6 April 1950, but before 6 April 1959.	
Date you were born	**Date you will reach State Pension age**
6 February 1952 to 5 March 1952	6 January 2014
6 March 1952 to 5 April 1952	6 March 2014
6 April 1952 to 5 May 1952	6 May 2014
6 May 1952 to 5 June 1952	6 July 2014
6 June 1952 to 5 July 1952	6 September 2014
6 July 1952 to 5 August 1952	6 November 2014
6 August 1952 to 5 September 1952	6 January 2015
6 September 1952 to 5 October 1952	6 March 2015
6 October 1952 to 5 November 1952	6 May 2015
6 November 1952 to 5 December 1952	6 July 2015
6 December 1952 to 5 January 1953	6 September 2015
6 January 1953 to 5 February 1953	6 November 2015
6 February 1953 to 5 March 1953	6 January 2016
6 March 1953 to 5 April 1953	6 March 2016
6 April 1953 to 5 May 1953	6 May 2016
6 May 1953 to 5 June 1953	6 July 2016
6 June 1953 to 5 July 1953	6 September 2016
6 July 1953 to 5 August 1953	6 November 2016
6 August 1953 to 5 September 1953	6 January 2017
6 September 1953 to 5 October 1953	6 March 2017
6 October 1953 to 5 November 1953	6 May 2017
6 November 1953 to 5 December 1953	6 July 2017

Table 1: Your State Pension age if you are a woman and you were born on or after 6 April 1950, but before 6 April 1959.	
Date you were born	**Date you will reach State Pension age**
6 December 1953 to 5 January 1954	6 September 2017
6 January 1954 to 5 February 1954	6 November 2017
6 February 1954 to 5 March 1954	6 January 2018
6 March 1954 to 5 April 1954	6 March 2018
6 April 1954 to 5 May 1954	6 May 2018
6 May 1954 to 5 June 1954	6 July 2018
6 June 1954 to 5 July 1954	6 September 2018
6 July 1954 to 5 August 1954	6 November 2018
6 August 1954 to 5 September 1954	6 January 2019
6 September 1954 to 5 October 1954	6 March 2019
6 October 1954 to 5 November 1954	6 May 2019
6 November 1954 to 5 December 1954	6 July 2019
6 December 1954 to 5 January 1955	6 September 2019
6 January 1955 to 5 February 1955	6 November 2019
6 February 1955 to 5 March 1955	6 January 2020
6 March 1955 to 5 April 1955	6 March 2020
6 April 1955 to 5 April 1959	Your 65th birthday

Table 2: Your State Pension age (rising from 65 to 68) if you were born on or after 6 April 1959.

Increase from 65 to 66	
Date you were born	**Date you will reach State Pension age**
6 April 1959 to 5 May 1959	6 May 2024
6 May 1959 to 5 June 1959	6 July 2024
6 June 1959 to 5 July 1959	6 September 2024
6 July 1959 to 5 August 1959	6 November 2024
6 August 1959 to 5 September 1959	6 January 2025
6 September 1959 to 5 October 1959	6 March 2025
6 October 1959 to 5 November 1959	6 May 2025
6 November 1959 to 5 December 1959	6 July 2025
6 December 1959 to 5 January 1960	6 September 2025
6 January 1960 to 5 February 1960	6 November 2025
6 February 1960 to 5 March 1960	6 January 2026
6 March 1960 to 5 April 1960	6 March 2026
6 April 1960 to 5 April 1968	Your 66th birthday

Table 2: Your State Pension age (rising from 65 to 68) if you were born on or after 6 April 1959.	
Increase from 66 to 67	
Date you were born	**Date you will reach State Pension age**
6 April 1968 to 5 May 1968	6 May 2034
6 May 1968 to 5 June 1968	6 July 2034
6 June 1968 to 5 July 1968	6 September 2034
6 July 1968 to 5 August 1968	6 November 2034
6 August 1968 to 5 September 1968	6 January 2035
6 September 1968 to 5 October 1968	6 March 2035
6 October 1968 to 5 November 1968	6 May 2035
6 November 1968 to 5 December 1968	6 July 2035
6 December 1968 to 5 January 1969	6 September 2035
6 January 1969 to 5 February 1969	6 November 2035
6 February 1969 to 5 March 1969	6 January 2036
6 March 1969 to 5 April 1969	6 March 2036
6 April 1969 to 5 April 1977	Your 67th birthday

Table 2: Your State Pension age (rising from 65 to 68) if you were born on or after 6 April 1959.	
Increase from 67 to 68	
Date you were born	**Date you will reach State Pension age**
6 April 1977 to 5 May 1977	6 May 2044
6 May 1977 to 5 June 1977	6 July 2044
6 June 1977 to 5 July 1977	6 September 2044
6 July 1977 to 5 August 1977	6 November 2044
6 August 1977 to 5 September 1977	6 January 2045
6 September 1977 to 5 October 1977	6 March 2045
6 October 1977 to 5 November 1977	6 May 2045
6 November 1977 to 5 December 1977	6 July 2045
6 December 1977 to 5 January 1978	6 September 2045
6 January 1978 to 5 February 1978	6 November 2045
6 February 1978 to 5 March 1978	6 January 2046
6 March 1978 to 5 April 1978	6 March 2046
6 April 1978 onwards	Your 68th birthday

What is the basic State Pension?

The basic State Pension is money you may be able to get when you reach State Pension age. The amount you receive depends on the number of qualifying years you have built up through contributions to your National Insurance record.

How do I build up basic State Pension entitlement?

You can build up your basic State Pension by paying (or being treated as having paid or being credited with) National Insurance contributions – see page 26. The amount of basic State Pension you get is based on the number of 'qualifying years' you have built up during your working life.

If, as a married woman or widow, you chose to pay reduced-rate National Insurance contributions as an employee, such contributions do not count for State Pension purposes.

The amount of basic State Pension you receive at State Pension age is based on your National Insurance contribution record over your working life. This means from the start of the tax year in which you become 16 to the end of the tax year before the one in which you reach your State Pension age or in which you die, if you die before reaching that age.

This record is made up of National Insurance contributions you have paid, are treated as having paid or been credited with, in each tax year.

What counts as a qualifying year?

You need to have a minimum number of contributions to make a tax year count as a qualifying year. For more on this, please contact the State Pension Forecasting Team. See page 45 for contact details.

How many qualifying years do I need to get my basic State Pension?

The rules for the State Pension have changed. The number of qualifying years you need for a full (100 per cent) basic State Pension now depends on when you reach State Pension age.

What if I reach State Pension age before 6 April 2010?

If you reach State Pension age before 6 April 2010, you normally need to have 44 qualifying years to be entitled to the full basic State Pension if you are a man or 39 qualifying years if you are a woman.

To get any basic State Pension, you must have at least one qualifying year where you have paid or are treated as having paid, the number of National Insurance contributions needed (Class 1, Class 2 or Class 3). You cannot get a basic State Pension based on credits alone.

You must also have enough qualifying years to get a basic State Pension. Some people don't get any basic State Pension because they don't have the minimum number of qualifying years needed. You must have 25 per cent (a quarter) of the qualifying years needed for a full basic State Pension. (This is about 11 years for a man and 10 years for a woman.) If not, you won't normally get any basic State Pension. You won't be entitled to a refund of the National Insurance contributions you have paid because these contributions also count for other benefits (for example, sickness, unemployment and bereavement benefits).

If you don't qualify for a full basic State Pension, but you have more than 25 per cent of the qualifying years needed at State Pension age, you will be entitled to a basic State Pension between the minimum amount (£23.81 a week in 2009/2010) and the maximum amount (£95.25 a week in 2009/2010). The amount you receive will depend on the number of qualifying years you have.

What if I reach State Pension age on or after 6 April 2010?

If you reach State Pension age on or after 6 April 2010, new contribution rules apply to you.

The number of qualifying years you will need to get a full basic State Pension is 30. You will need at least one qualifying year to give you some basic State Pension. This can be based on contributions you have paid, are treated as having paid, or that have been credited to you. From 6 April 2010 it can be a combination of two or all three types of contributions.

Each qualifying year of paid or credited contributions will be worth 1/30 of the full basic State Pension. So, one qualifying year of paid or credited contributions will give you 1/30 of the full basic State Pension, 15 qualifying years will give you a basic State Pension of 15/30 (half the full basic State Pension), and so on up to 30/30.

How can I boost my State Pension?

You may be able to pay Class 3 National Insurance contributions if you have gaps in your National Insurance record. Your forecast letter will tell you whether you can do this. Paying them would mean that years that would not normally be qualifying years would count towards your basic State Pension. These may be, for example, years when:

- you didn't work very much or not at all, or
- you were working for yourself and had a small-earnings exception certificate (this applies if the profits you made or expected to make were below the level at which you would have been liable to pay Class 2 National Insurance contributions).

There are time limits for paying Class 3 National Insurance contributions. You must normally pay them within six years of the end of the tax year for which you are paying. But there are special rules for certain years.

Additional Class 3 National Insurance contributions

Changes were introduced in April 2009.

If you reach State Pension age between 6 April 2008 and 5 April 2015, you may be able to pay additional Class 3 National Insurance contributions for up to six years, to cover years from 6 April 1975 that do not currently count towards your basic State Pension.

To pay them, you must already have 20 qualifying years (including years of Home Responsibilities Protection). And if you reach State Pension age before 6 April 2010, you must have one qualifying year from paid, or treated as paid, National Insurance contributions.

You must make any payment(s) for the additional years within six years of the date on which you reach State Pension age.

You cannot pay the additional contributions for any tax year that is fully covered by a married woman's or widow's reduced-rate election (see page 30). A woman who revoked (withdrew) her election part way through a tax year may be entitled to pay additional Class 3 National Insurance contributions for the whole of that tax year.

This new arrangement does not affect any Class 3 National Insurance contributions you may be able to pay under the usual time limits, which are mentioned earlier under 'How can I boost my State Pension?'.

You can find out more at **www.direct.gov.uk/pensions**

For more about Class 3 National Insurance contributions, contact HM Revenue & Customs. See page 48 for contact details.

The State Pension and inflation

At the moment, the basic State Pension increases in line with prices, which means the Government will raise the basic State Pension by at least the level of inflation. Any changes are made in April each year. If you are living abroad when the State Pension goes up, you may not get the increase. It will depend on the country you are living in (see page 44).

The Government plans to increase the basic State Pension in line with average earnings. This will happen by the end of next Parliament at the latest.

Can I stop paying National Insurance when I have earned a full basic State Pension?

If you're working for an employer and your wages are above a certain level (£4,940 in 2009/2010), you have to pay National Insurance until you reach State Pension age, even if you have earned a full basic State Pension. Similarly, if you are self-employed, you must continue to pay Class 2 National Insurance contributions until State Pension age, except for any tax year for which you have a small-earnings exception certificate. Once you have earned a full basic State Pension, you don't need to pay any Class 3 National Insurance contributions for any period when you are not working.

However, the rules for paying bereavement benefits are not changing. So, for you to give your widow, widower or surviving civil partner full-rate bereavement benefit, you will still need qualifying years for about 90 per cent of the years in your working life.

Do I pay National Insurance if I work past State Pension age?

No. If you stay in employment after State Pension age, you can apply for an Age Exception Certificate. You will need to give this certificate to your employer so that he or she can stop taking National Insurance contributions from your earnings.

If you're going to carry on working, you need to contact HM Revenue & Customs to get a certificate. Or you can show your employer your birth certificate or passport as proof that you have reached State Pension age.

If you work for yourself after State Pension age, you can also apply for an Age Exception Certificate. You will not need to pay Class 2 contributions for any week after you reach State Pension age but you may need to pay Class 4 contributions on any taxable profits for the tax year in which you reach State Pension age. This is because Class 4 contributions are an annual liability.

For more about this, contact HM Revenue & Customs (details are on page 48).

What are National Insurance credits?

These are earnings or contributions that are credited to your National Insurance account, usually when you cannot work for specific reasons.

For example, you could get credits if you are:

- getting Jobseeker's Allowance
- getting another relevant benefit, allowance or payment
- registered as unemployed and looking for work, or
- providing evidence of being unfit for work.

These credits are added to any National Insurance you have paid or are treated as having paid. They can help you build up qualifying years towards your basic State Pension.

If you have been getting a benefit or allowance or been out of work because you were ill or unemployed, you can check whether you were awarded any National Insurance credits. You can apply for credits if you have done jury service or spent time in prison for a conviction that was later overturned. For more about this, contact the National Insurance Contributions helpline (see page 48 for details).

Can I get automatic National Insurance credits?

You may receive credits automatically for the tax years during which you had your 16th, 17th and 18th birthdays if these fell on or after 6 April 1975. If you reached age 16 before that date, credits are only available in some cases.

At the moment, men can get automatic National Insurance credits for the tax year in which they reach the age of 60, and the four following years after that. If you are a man and you were born after 5 October 1954, you won’t get these credits. If you were born earlier you will get between one and five full tax years, depending on your date of birth.

You won't get these credits for any:

- tax year where you spend more than 182 days abroad, or
- week when you should pay National Insurance and you're working for yourself.

Women won’t get these automatic credits because, before 2020, they reach State Pension age earlier than men.

You don't have to claim automatic credits.

If you're paying, or thinking of paying, Class 3 National Insurance contributions, it's important you take account of any automatic credits you may get.

To find out more about National Insurance credits, contact:

- the National Insurance Contributions office (see page 48 for details), or
- your nearest Jobcentre Plus office (details are in your local phone book).

Credits may not show on your National Insurance account until several months after the end of the tax year for which they were awarded.

Home Responsibilities Protection

Men and women can get Home Responsibilities Protection. Home Responsibilities Protection has been available for full tax years since 1978. It helps protect your pension by reducing the number of qualifying years needed for a basic State Pension. However, for a full basic State Pension, Home Responsibilities Protection cannot reduce the number of qualifying years below 20 for women or men. Also, it does not on its own guarantee you will get a basic State Pension.

If you reach State Pension age before 6 April 2010 (women born before 6 April 1950 and men born before 6 April 1945)

You can get Home Responsibilities Protection if, for the whole of the tax year, you are:

- receiving Child Benefit for a child under 16
- a registered foster carer (for tax years from April 2003 only)
- for 35 hours a week, caring for a sick or disabled person who is getting Attendance Allowance, Constant Attendance Allowance or the highest-rate or middle-rate care component of Disability Living Allowance, or
- getting Income Support because you're caring for someone who is sick or has a disability.

Working out who should claim Child Benefit

If you have a partner or care for a child with someone else, it's important to think about who should claim Child Benefit. Only the person awarded Child Benefit can get Home Responsibilities Protection automatically.

If your partner earns enough to build up their basic State Pension (at least £4,940 a year in 2009/2010), while you stop work to care for your children, you are more likely than your partner to need help protecting your basic State Pension.

If you qualify for Home Responsibilities Protection because you get Child Benefit, you don't have to claim it. We will give it to you automatically up to the end of the tax year (5 April) before your child's 16th birthday.

If you want to change the person who gets Child Benefit in your household, you must transfer the claim to them as early as possible in the tax year (tax years run from 6 April to the following 5 April) so that they can get Home Responsibilities Protection for that year.

If you reached State Pension age on or after 6 April 2008

If you reached State Pension age on or after 6 April 2008 and you find that you have not been awarded Home Responsibilities Protection for one or more years because your partner claimed the Child Benefit, you can ask us to transfer Home Responsibilities Protection to you. We can do this if your partner does not need it because he or she already has a qualifying year for pension purposes. You will need to show that you were living with your partner and sharing care of a child under 16 at the relevant time.

If you reach State Pension age on or after 6 April 2010 (women born on or after 6 April 1950 and men born on or after 6 April 1945)

Replacing Home Responsibilities Protection

Home Responsibilities Protection is being replaced for people reaching State Pension age on or after 6 April 2010. From 6 April 2010, parents and carers will be able to build up qualifying years through new weekly credits for the basic State Pension and additional State Pension. If you are a parent or carer, you will get a credit for each week in which you:

- are getting Child Benefit for children aged under 12
- are an approved foster carer

- are caring for at least 20 hours a week for people who are getting Attendance Allowance, the middle or highest rate care component of Disability Living Allowance or Constant Attendance Allowance, or
- have caring responsibilities for at least 20 hours a week for other disabled people who need care. The details of this are still being developed.

There will be no limit to the number of years in which you can get credits, as long as you meet the qualifying rules.

If you reach State Pension age on or after 6 April 2010, any complete tax years of Home Responsibilities Protection you have already built up before 2010 will be converted into qualifying years under the new rules. Up to 22 years of Home Responsibilities Protection can be converted into qualifying years for the basic State Pension. These qualifying years can also be used for up to half the working life for bereavement benefits as Home Responsibilities Protection also counts towards these benefits.

What is the married women's or widows' election?

Before 1977, married women and certain widows could choose:

- to pay reduced-rate National Insurance contributions when an employee,
- not to pay Class 2 National Insurance contributions when self-employed.

Although this option stopped in 1977, women who were already paying at the reduced rate could continue doing so.

Reduced-rate contributions don’t count towards the State Pension. And you cannot get Home Responsibilities Protection for any tax year for which a married woman's or widow’s election is in force on the first day of the tax year (6 April).

Married women with a reduced-rate election cannot usually receive credits, but they will be able to get the credits for parents and carers that replace Home Responsibilities Protection from April 2010.

Your election will end if:

- your marriage ends in divorce or is annulled (officially cancelled)
- for two tax years in a row, you have:
  - not earned enough to pay, or been treated as paying, National Insurance contributions as an employee, and
  - not been self-employed
- your entitlement to certain bereavement benefits ends, or
- you ask for it to be cancelled.

If you want advice about a married woman's or widow’s election, contact HM Revenue & Customs – National Insurance enquiries for individuals helpline. See page 48 for contact details.

Can I use my husband’s, wife’s or civil partner’s National Insurance contributions to improve my State Pension?

If you are a married woman, we can look at the National Insurance your husband has paid if, at State Pension age, your contributions:

- aren't enough to give you a basic State Pension of your own, or
- mean you will get less than 60 per cent of the full basic State Pension.

How much you get will depend on the contributions your husband has made. You could get a basic State Pension of up to 60 per cent of the full amount as long as you and your husband are of State Pension age or over and he has claimed his own State Pension.

From 6 April 2010 you will be able to claim a State Pension based on your husband's National Insurance record, even if he hasn't already claimed his own State Pension. However, both of you must be of State Pension age or over.

From May 2010 if you are a married man or you are a female civil partner, or from April 2015 if you are a male civil partner, we may be able to look at your wife's or civil partner's National Insurance record if, at State Pension age, your contributions:

- aren't enough to give you a basic State Pension of your own, or
- mean you will get less than 60 per cent of the full basic State Pension,

and

- your wife or civil partner was born on or after 6 April 1950, and
- they have also reached State Pension age.

How much you get will depend on the contributions your wife or civil partner has made, but you could get a basic State Pension of up to 60 per cent of the full amount.

Can I use my late husband’s, wife’s or civil partner’s National Insurance contributions to improve my State Pension?

If you are a widow, widower or surviving civil partner and your contributions aren't enough to give you a full basic State Pension of your own, you may be able to use your late husband's, wife's or civil partner's National Insurance record to get a basic State Pension of up to the full amount. This will also depend on whether or not, when they died:

- they were over State Pension age, and
- you were over State Pension age.

If you remarry or form a new civil partnership before you reach State Pension age, you lose this right.

Can I use my former husband’s, wife’s or civil partner’s National Insurance contributions to improve my State Pension?

If you are divorced, your marriage has been annulled or your civil partnership is dissolved (legally ended), then you may be able to use your ex-husband's, ex-wife's or ex-civil partner's National Insurance contributions to help top up your basic State Pension. This won't affect your ex-husband’s, ex-wife’s or ex-civil partner's State Pension. If you remarry or form a new civil partnership before you reach State Pension age, you lose this right.

For more on this, ask for our leaflets about State Pensions and pensions for women. For details of how to get them, see page 47.

Adult Dependency Increases

An Adult Dependency Increase is an increase in your State Pension for a wife, husband or someone who is looking after your children. You may be able to get this increase as long as you and the 'adult dependant' meet certain conditions.

Important information about Adult Dependency Increases

From 6 April 2010, it will no longer be possible to claim an increase of your State Pension for another adult. If you are already entitled to this increase on 5 April 2010, you will be able to keep it until you no longer meet the conditions for the increase, or until 5 April 2020, whichever is first.

If you reach State Pension age before 6 April 2010 but you put off claiming your State Pension until that date or later, you will not be able to claim this increase. This is because you cannot claim this increase before you have started claiming your State Pension.

For more on Adult Dependency Increases, go to our website at **www.direct.gov.uk/pensions**

What happens if I am already getting Carer's Allowance?

The law does not allow the same person to receive both State Pension and Carer's Allowance in full at the same time - it regards them as overlapping benefits. You can only receive whichever is the higher. So if the basic State Pension you are entitled to is the same as or greater than any Carer's Allowance you are getting at the time you retire, you will no longer receive Carer's Allowance. However, if your basic State Pension is paid at a lower rate than Carer's Allowance, the balance of the Carer's Allowance is paid on top of your basic State Pension. Any additional State Pension and Graduated Retirement Benefit will not be affected by your entitlement to Carer's Allowance.

What is the additional State Pension?

The additional State Pension is money you can get on top of your basic State Pension. You don't have to be entitled to a basic State Pension to receive additional State Pension.

The amount of additional State Pension you get depends on how much you earn (or are treated as having earned) and the amount of National Insurance contributions you have paid, or are treated as having paid (since April 1978).

Working out your additional State Pension

Until you claim your State Pension, we can only estimate the amount of additional State Pension you will get. The actual amount could be higher or lower than the amount in your pension forecast. The amount you get depends on how much National Insurance you have paid, or are treated as having paid, while you have been working.

Your additional State Pension may be made up of:

- a State Earnings-Related Pension Scheme (SERPS) pension, or
- a State Second Pension, or
- both.

You may also get:

- Graduated Retirement Benefit if you were working between April 1961 and April 1975 and paid graduated National Insurance contributions, or
- a shared additional pension, if you are divorced, your civil partnership was dissolved, or your marriage or civil partnership was annulled after December 2000 and the court made a special arrangement for your pension.

The State Earnings-Related Pension Scheme (SERPS)

You may be entitled to additional State Pension through the State Earnings-Related Pension Scheme (SERPS).

The amount you will get depends on how much you earned and the amount of National Insurance contributions you paid (or are treated as having paid) before 2002. It also depends on whether you contracted out of SERPS so that you could take out another pension, such as an occupational or personal pension.

If you worked for yourself before 2002, and paid Class 2 National Insurance contributions during that time, this won't have counted towards SERPS.

The Government changed the SERPS scheme when it introduced the State Second Pension in 2002. Any pension you built up through SERPS before 2002 will be added to your State Second Pension.

The State Second Pension

The Government introduced the State Second Pension in 2002. The State Second Pension gives people who earn lower wages, or aren't able to work as much as other people, the chance to earn a better additional pension.

The State Second Pension is for:

- people earning £4,940 or more a year (in 2009/2010), and
- carers, and people with long-term illnesses and disabilities.

Most help goes to people earning between £4,940 and £13,900 (in 2009/2010).

The amount of State Second Pension you get will be reduced if you have contracted out into another pension such as a stakeholder or personal pension. See page 36.

Class 2 National Insurance contributions paid by self-employed people do not count for State Second Pension purposes.

Changes to additional State Pension

The rules for the additional State Pension are changing. In future it will become a simple, single-rate, weekly top-up to the basic State Pension.

For people earning between £4,940 and £13,900 a year (2009/2010) or getting credits for State Second Pension, additional State Pension will start to build up at a flat rate of around £1.60 a week for each qualifying year. The date when this will start is expected to be between 2012 and 2015.

The current earnings-related element, also payable to people earning above £13,900 a year (in 2009/2010) will be gradually withdrawn, so that people will build up entitlement at a flat rate by around 2030 or shortly afterwards.

If you reach State Pension age after 6 April 2020, we will calculate any additional pension that you may be entitled to up to the last year before the introduction of the flat-rate amount. We will then add the value of that additional pension – whether it is Graduated Retirement Benefit, State Earnings-Related Pension or State Second Pension – to your National Insurance account. This added amount will rise every year to keep its value.

I'm a carer. Can I get a State Second Pension?

Up to April 2010 you can build up your entitlement to a State Second Pension if you're not working at all or you're earning less than £4,940 a year (in 2009/2010) and, throughout a complete tax year, you are:

- looking after a child under six and are receiving Child Benefit for that child
- looking after an ill or disabled person and getting Home Responsibilities Protection, or
- entitled to Carer's Allowance – even if you're not getting it because you get another benefit that pays you more.

From April 2010, people caring for children up to the age of 12, foster carers and those who spend at least 20 hours a week caring for one or more disabled people will build up entitlement to State Second Pension.

From 6 April 2010, where you satisfy the conditions of entitlement for a credit for part of a week, we'll award them for a full week.

Also, contributions from earnings can be combined with credits in order to gain qualifying years for State Second Pension.

I’m ill or disabled. Can I get a State Second Pension?

Up to April 2010 you can build up your entitlement to a State Second Pension if:

- you're not working at all, or you're earning less than £4,940 a year (in 2009/2010), and
- throughout a complete tax year, you are entitled to long-term Incapacity Benefit, protected Severe Disablement Allowance, Income Support or the Support Component of Employment and Support Allowance or the Work Related Activity Component for at least 52 weeks.

If you are a man born between 6 April 1944 and 5 April 1947 or a woman born between 6 April 1949 and 5 April 1951 and you become entitled to Employment and Support Allowance, we will treat you for State Pension purposes as if you were getting the Support Component.

Also, contributions from earnings can be combined with credits in order to gain qualifying years for State Second Pension.

What is the Labour Market Attachment Test?

If you reach State Pension age before 6 April 2010, you also need to pass the Labour Market Attachment Test. This tells us whether you have built up State Second Pension for tax years when you were entitled to long-term Incapacity Benefit, contributory Employment and Support Allowance or protected Severe Disablement Allowance. If you have worked and paid National Insurance contributions for at least 10 per cent of your working life (since 1978) by the time you reach State Pension age, then you have passed the Labour Market Attachment Test. Sometimes we can tell you if you have passed this test before State Pension age. If we can, we’ll tell you in your State Pension forecast.

For people reaching State Pension age on or after 6 April 2010, the Labour Market Attachment Test will no longer be used. If you are entitled to Severe Disablement Allowance, Incapacity Benefit or contributory Employment and Support Allowance, you will no longer need to pass the test to qualify for the State Second Pension.

What does 'contracting out' mean?

'Contracting out' means you have joined a company, stakeholder or personal pension scheme that can be used to replace all, or part, of the additional State Pension (State Second Pension, formerly called SERPS). Because of this, you pay a lower rate of National Insurance.

The Pensions Act 2007 also included changes to end contracting out of the State Second Pension on a money-purchase (defined-contribution) basis from a date to be decided later.

For more on contracting out, ask us for a leaflet. Contact details are on page 47.

Do I get extra pension if I'm a widow, widower or surviving civil partner?

If you're a widow, widower or surviving civil partner, you may be able to inherit:

- between half and all of your husband's, wife's or civil partner's SERPS pension (the amount you receive depends on when your husband, wife or civil partner reached, or would have reached, State Pension age and when they died), and
- up to half of your husband's, wife's or civil partner's State Second Pension.

Who gets Graduated Retirement Benefit?

If you were an employee and you paid graduated National Insurance contributions between 6 April 1961 and 5 April 1975, you will get some extra money in your pension called Graduated Retirement Benefit. If you are entitled to this, the amount will be shown in your State Pension forecast. If you worked for yourself and paid Class 2 National Insurance contributions, these payments won't have counted towards Graduated Retirement Benefit.

From April 2010, women will have their Graduated Retirement Benefit units worked out on the same basis as men.

Putting off claiming to get extra State Pension later

You may be able to get extra State Pension by putting off your claim. This means either delaying when you start to get your State Pension or choosing to stop claiming your State Pension for a period of time. This is known as 'State Pension deferral'.

The amount of extra money you get depends on how long you put off claiming your State Pension (your deferral period). There are two options:

1 You can choose a one-off taxable lump sum if you put off claiming your State Pension continuously for at least 12 months. This is based on the amount of normal weekly State Pension you would have received, plus interest. The interest is added each week. The yearly interest rate is about two per cent above the Bank of England base rate. When you eventually claim your State Pension, you will get it at the normal rate - that is, the rate you would have been paid if you had not deferred your claim. (See the note below about asking for a forecast of your lump sum.)

2 You can choose to receive a higher weekly State Pension for life. For every five weeks you put off claiming, you get around one per cent extra. If you put off claiming for a year, this means you get an extra 10.4 per cent. This is paid on top of your normal weekly State Pension when you eventually claim it.

Note: When you ask for a State Pension forecast

If you also ask us to calculate the lump sum you would receive for putting off your claim, then the amount of lump sum will be based on you being paid your State Pension on a Monday. If your State Pension is paid on a different day, and as a result your deferral period is less than 12 full months, then you won't be able to get a lump sum payment. Instead you are likely to qualify for a higher weekly State Pension when you start to get it.

What if I am getting other benefits while I put off claiming State Pension?

If you get other benefits for any of the weeks that you put off claiming your State Pension, those weeks will not count towards your deferral period, which we use to work out your extra pension or lump sum.

What if I need an Adult Dependency Increase?

If you are thinking about putting off your claim for State Pension, you should also find out how this may affect any Adult Dependency Increase (an increase in State Pension that can be paid in some circumstances) that you may want to claim. This is because you won't earn any deferral benefits on this increase to your pension. If you reach State Pension age before 6 April 2010 but you put off claiming your State Pension until that date or later, you will not be able to claim this increase. This is because you can only claim this increase when you have started claiming your State Pension.

For more on Adult Dependency Increases, go to our website at **www.direct.gov.uk/pensions**

What happens to my pension if I die before I claim it?

If you put off claiming your State Pension and you die, your husband, wife or civil partner may be able to get extra State Pension or a lump sum when they get their State Pension.

Getting more information about deferral (putting off claiming)

If you are thinking about putting off (deferring) your claim, you should find out more about it before making a decision. This includes how it could affect any Adult Dependency Increase you may want to claim.

There's more on this in our leaflet about State Pension deferral – ask us for a copy. Contact details are on page 47. You can also go to the website at
www.direct.gov.uk/pensions

You may also want to get independent financial advice before you decide. You may have to pay for this advice.

Is State Pension taxable?

Yes. When you claim your State Pension you should tell your Tax Office about the amount of State Pension you will get and the date you will start receiving it.

There's more about this in leaflet IR121 Income tax and pensioners. It's available from any HM Revenue & Customs office (see page 48 for contact details) or Tax Enquiry Centre (see your local phone book for contact details).

Can I get my State Pension paid to me overseas?

You can usually get your State Pension paid anywhere you live.

How much will I get?

If you go to live abroad permanently when you are getting your State Pension, you will only get any inflation protection in your basic State Pension and additional State Pension, if you live in:

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

To find out which countries these are or for more about how UK State Pensions are paid to people abroad, write to the International Pension Centre (see page 48).

Pension Credit – are you 60 or over?

In certain circumstances, you may be able to get Pension Credit or another income-related benefit when you retire. This is extra money to top up your weekly income, and the amount you get depends on your household income and savings.

If you or your partner are aged 60 or over, you will probably get Pension Credit if the money you have coming in is less than £130.00 a week if you are single, or £198.45 a week if you have a partner (2009/2010). These amounts may be more for people who are caring for someone, who are severely disabled, or who are responsible for certain housing costs such as mortgage interest repayments. If you or your partner are 65 or over, you may get extra Pension Credit if you have put aside some money towards your retirement, such as savings or a second pension.

From 2010, the age from which people can get Pension Credit will gradually increase. This will be in line with the State Pension age becoming 65 for women as well as men by 2020.

To find out more, ask for our leaflet about Pension Credit. See page 47 for contact details.

Gender Recognition Act 2004

Your State Pension age and the amount of State Pension you may get could change if, when you were born, you were registered as:

- a male, but you have now re-registered as a female, or
- a female, but you have now re-registered as a male, and
- you have been given a full Gender Recognition Certificate.

You can find out more from the Gender Recognition Panel about how the law may affect your State Pension. See page 49 for contact details.

If you have told us that you have a Gender Recognition Certificate, your State Pension forecast will be based on your acquired gender.

Where can I get more information?

If you need more help or information about your State Pension forecast or pensions in general, please visit our website at **www.direct.gov.uk/pensions**

You can phone us between 8am and 8pm, Monday to Friday, or 9am and 1pm on Saturday. Our phone number is **0845 300 0168**.

If you have a speech or hearing problem, we have a textphone service you can ring on **0845 300 0169**.

Or you can write to us at:

State Pension Forecasting Team
Room TB218
The Pension Service
Tyneview Park
Whitley Road
Newcastle-upon-Tyne
NE98 1BA.

Call charges

Charges were correct as of the date on the back of this leaflet.

Calls to **0800** numbers are free from BT land lines but you may have to pay if you use another phone company, or if you are calling from abroad.

Calls to **0845** numbers from BT landlines should cost no more than 4p a minute with a 9p call set-up charge. You may have to pay more if you use another phone company or a mobile phone, or if you call from abroad.

Calls to **0870** numbers from BT land lines should cost no more than 8p a minute with a 9p call set-up charge. You may have to pay more if you use another phone company or a mobile phone, or if you call from abroad.

Calls to **03** numbers from BT land lines should cost no more than 5p a minute with a 9p call set-up charge. However, calls to 03 numbers are usually included in the cost of any call plan you may have, so ask your service provider if you will be charged for these calls.

Calls from mobile phones can cost up to 40p a minute, so check the cost of calls with your service provider.

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 bureau has one. Textphones don't receive text messages from mobile phones.

Organisations you may find useful

The Pension Service

You can get more information about pensions from other leaflets and booklets from us. To find out about these leaflets and get free copies:

- call **0845 7 31 32 33**
- call textphone **0845 604 0210** if you have speech or hearing difficulties, or
- order online at **www.direct.gov.uk/pensions**

The Pension Tracing Service

It's easy to lose contact with a previous employer and their pension scheme if, for example, you have changed jobs several times. If you think you might have one or more company or personal pensions that you do not know the full details of, the Pension Tracing Service can usually help by tracing it for you, free of charge. You can contact them by:

- phoning **0845 600 2537** (lines are open from 8am to 6pm, Monday to Friday)

- textphone on **0845 300 0169**
- going to the website at **www.direct.gov.uk/pensions**, or
- writing to:

  The Pension Tracing Service
  Tyneview Park
  Whitley Road
  Newcastle-upon-Tyne
  NE98 1BA

HM Revenue & Customs National Insurance Contributions Office

National Insurance enquiries for individuals helpline – phone **0845 302 1479**.

Or you can write to:

HM Revenue & Customs
National Insurance Contributions Office
Benton Park View
Newcastle-upon-Tyne
NE98 1ZZ

International Pension Centre

Department for Work and Pensions
Tyneview Park
Newcastle-upon-Tyne
NE98 1BA

You can also phone **0191 218 7777** (or your international dialling code, then **191 218 7777** if you are abroad) or e-mail
TVP-IPC-Customer-Care@thepensionservice.gsi.gov.uk

Textphone: **0191 218 7280**

The Pensions Advisory Service

The Pensions Advisory Service can give you information about anything to do with your pension, including occupational pensions, stakeholder pensions and personal pensions.

Phone: **0845 601 2923**. Lines are open 9am to 5pm, Monday to Friday.

Website: **www.pensionsadvisoryservice.org.uk**

E-mail: **enquiries@pensionsadvisoryservice.org.uk**

Write to:

The Pensions Advisory Service
11 Belgrave Road
London
SW1V 1RB

Gender Recognition Panel

Phone: **0845 355 5155**

Website: **www.grp.gov.uk**

Write to:

GRP
PO Box 6987
Leicester
LE1 6ZX

The Financial Services Authority (FSA)

The Financial Services Authority (FSA) regulates the financial services industry in the UK and provides a helpline and guides on pensions and personal finance.

Phone: **0300 500 5000**

Typetalk: **18001 0300 500 5000**

Lines are open 8am to 8pm Monday to Friday, 10am to 6pm Saturday and 11am to 5pm Sunday.

Website: **www.fsa.gov.uk**

E-mail: **consumerhelp@fsa.gov.uk**

You can also download copies of leaflets and find more useful information on the FSA's 'Money made clear' website at **www.moneymadeclear.fsa.gov.uk**

Association of British Insurers

Address: 51 Gresham Street, London EC2V 7HQ

Phone: **020 7600 3333**

Fax: **020 7696 8999**

E-mail: **info@abi.org.uk**

Website: **www.abi.org.uk**

Other publications you may find useful

- Registered Pension Schemes Manual (RPSM)
  This manual is only available online at
  www.hmrc.gov.uk/manuals
- 'Just the facts about pensions'
- FSA fact sheet – 'The State Second Pension – should you be contracted out?'

These leaflets are available from the Financial Services Authority (FSA). See page 50 for contact details.

- 'Contracting out: it's your choice'

This leaflet is available from the Association of British Insurers. See page 50 for contact details.

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 the leaflet is correct as of October 2009. Some of the information may be oversimplified or may become inaccurate over time, for example because of changes to the law. We recommend that you get independent advice before making any financial decisions based on this leaflet.

The leaflet is available in Welsh and other formats: phone 0845 7 31 32 33.

If you can't speak or hear clearly, you can order our leaflets from our textphone service on **0845 604 0210**.

You can also see this leaflet on the internet, at **www.direct.gov.uk/tpsleaflets**

We're always looking for ways of improving the information we provide, so we would welcome any comments and suggestions you have. Please email them to us at: **leaflet.feedback@dwp.gsi.gov.uk**

However, we can't answer any questions about benefits from this email address.

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