

State Pensions

Your guide

Contents

- 4** Introduction
- 5** Why do I need a pension?
- 6** When can I get my State Pension?
- 7** How do I claim my State Pension?
- 8** What is my State Pension age?
- 8** Increase in State Pension age to 66
- 9** How increasing the State Pension age will affect other state benefits and payments
- 16** What is the basic State Pension?
- 16** Getting your basic State Pension based on National Insurance contributions
- 17** What is the tax year?
- 18** Getting your basic State Pension based on National Insurance contributions through paid work
- 19** Getting National Insurance credits
- 19** Getting your basic State Pension based on National Insurance contributions if you are not working or are earning a low amount
- 24** Paying voluntary contributions
- 24** Improving your basic State Pension
- 26** What happens if my marriage or civil partnership ends?
- 26** What happens if my husband, wife or civil partner dies?
- 27** Other amounts paid in the State Pension
- 28** How much basic State Pension will I get?
- 28** The State Pension and Income Tax
- 29** Additional State Pension
- 30** The State Earnings-Related Pension Scheme (SERPS)
- 31** The State Second Pension

- 32** How is the State Second Pension worked out?
- 32** I'm a carer. Can I get a State Second Pension?
- 33** I'm ill or disabled. Can I get a State Second Pension?
- 33** How do you get the State Second Pension based on National Insurance contributions?
- 35** Contracting out (opting out) of the additional State Pension
- 36** Examples of how the State Second Pension can help
- 37** Inherited additional State Pension
- 38** Graduated Retirement Benefit
- 38** Putting off claiming your State Pension
- 40** Pension sharing
- 42** If I work abroad, can I get a State Pension?
- 42** Can I get my State Pension paid to me overseas?
- 43** Returning to Great Britain, or arriving here
- 44** How much is my State Pension likely to be?
- 45** Non-contributory State Pension for people who are over 80
- 45** Gender Recognition Act 2004
- 46** Where can I get more help?
- 50** Glossary

Introduction

This guide tells you about:

- the basic State Pension
- the additional State Pension (also known as SERPS or State Second Pension)
- how you may become entitled to a State Pension, whether you are in work or not, based on National Insurance contributions, and
- claiming your State Pension.

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 April 2012. 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 financial decisions based on this leaflet.

The amounts quoted in the guide apply from April 2012 and usually change every April.

This guide gives you helpful information, but only you can make decisions about your pension.

Learn more from the website:

www.direct.gov.uk/pensions

Why do I need a pension?

We're all living longer, which is good news. To make the most of this, you need to think about how you will pay for your retirement. The best time to start preparing is today.

The State Pension is a good start but you may want to think about adding to it with a pension of your own.

It's never too early to start saving. Even if it's only a small amount, any money you save early in life is likely to build up over time. And the sooner you start saving, the more money you are likely to get when you retire.

Some of the things you need to think about are:

- how much you earn
- the type of job you have
- whether you work for someone else or for yourself
- how much money you think you will need when you retire, and
- how long you plan to work for.

For more information:

- go to **www.direct.gov.uk/pensions**
- read our other leaflets and booklets. To find out about these leaflets and get free copies:



Phone **0845 7 31 32 33**
Textphone **0845 604 0210**



www.direct.gov.uk/dwpleaflets

When can I get my State Pension?

You can get your State Pension when you reach State Pension age. You don't get your State Pension automatically. You have to claim it.

Pages 10 to 15 show when you will reach State Pension age. You can also use the State Pension age calculator to work out your State Pension age.



www.direct.gov.uk/spacalculator

Your payment may not start from the exact day you reach State Pension age – there may be a few days' gap. This is because State Pension is paid in whole weeks on a fixed 'payday' that depends on your National Insurance (NI) number.

You don't have to claim your State Pension when you reach State Pension age. If you don't need the money straight away, you could put off (defer) claiming it (see page 38).

If you decide to carry on working after reaching State Pension age, you can still claim your State Pension while you're working. Your wages and the hours you work won't affect your State Pension, but you may have to pay tax on your State Pension. You may have to pay tax on your State Pension even if you're not working, depending on how much income you have.

A number of things can affect how much State Pension you get – some are mentioned in this guide.

How do I claim my State Pension?

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 you must make sure you tell us if you move.

If you haven't received a letter from us three months before you reach State Pension age and you want to claim your State Pension, please get in touch with us.



Phone **0800 731 7898**
Textphone **0800 731 7339**



www.direct.gov.uk/pensions

Lines are open Monday to Friday, 8am to 8pm and Saturday, 9am to 1pm.

If English or Welsh is not your first language, you can use your own interpreter or we can provide one. Our phone lines tend to be less busy in the afternoon and towards the end of the week, so you may prefer to call then. We record phone calls to help us provide an accurate and consistent service and for training and security.

What is my State Pension age?

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

For men born before 6 December 1953, the current State Pension age is 65.

For women born after 5 April 1950 but before 6 December 1953, their State Pension age is between 60 and 65.

Table 1 on pages 10 to 11 shows the State Pension age for women born on or after 6 April 1950 but before 6 April 1953.

Increase in State Pension age to 66

Under the Pensions Act 2011 women's State Pension age will increase to 65 between April 2016 and November 2018. From December 2018 the State Pension age for both men and women will start to increase to reach 66 in October 2020.

These changes affect you if you're:

- a woman born on or after 6 April 1953
- a man born on or after 6 December 1953.

Tables 2 and 3 on pages 12 to 13 show the State Pension age for these men and women.

Under the present law the State Pension age will increase to:

- 67 between 2034 and 2036
- 68 between 2044 and 2046.

However, the government has announced that the increase to 67 will now take place between 2026 and 2028. This change is not yet law and will require the approval of Parliament. The government is considering how the State Pension should be further changed in the future.

More information on changes to State Pension age can be found on the Directgov website



www.direct.gov.uk/spacalculator

Table 4 on pages 14 to 15 shows the current State Pension age for people born on or after 6 April 1968.

How increasing State Pension age will affect other state benefits and payments

To get some social security benefits you have to be below State Pension age. These include Jobseeker's Allowance, Incapacity Benefit, and Employment and Support Allowance. The increase in women's State Pension age means that the upper age limit at which women can get these benefits is gradually going up in line with their State Pension age.

The age limit for Income Support and some other social security benefits for both men and women is also going up.

The age from which you may get Pension Credit – the qualifying age – is going up alongside the increase in State Pension age for women to 65, and the further increase to 66 for both men and women.

If you were born before 6 April 1951 you will have already reached the Pension Credit qualifying age, if you were born after this date check the tables to find out the date you will reach the Pension Credit qualifying age or the date at which you can no longer claim Income Support.

Before we can consider a man or a woman for their first Winter Fuel Payment, they must have reached the State Pension age for women by the end of the September qualifying week.

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 1953.	
Date you were born	Date you will reach State Pension age if you are a women or the Pension Credit qualifying age for men and women
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
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

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 1953.

Date you were born	Date you will reach State Pension age if you are a women or the Pension Credit qualifying age for men and women
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

12 State Pensions

Table 2: Your State Pension age if you are a woman and you were born on or after 6 April 1953 but before 6 December 1953.	
Date you were born	Date you will reach State Pension age if you are a women or the Pension Credit qualifying age for men and women
6 April 1953 to 5 May 1953	6 July 2016
6 May 1953 to 5 June 1953	6 November 2016
6 June 1953 to 5 July 1953	6 March 2017
6 July 1953 to 5 August 1953	6 July 2017
6 August 1953 to 5 September 1953	6 November 2017
6 September 1953 to 5 October 1953	6 March 2018
6 October 1953 to 5 November 1953	6 July 2018
6 November 1953 to 5 December 1953	6 November 2018

Table 3: Your State Pension age if you are a man or woman and you were born on or after 6 December 1953 but before 6 April 1968.

Date you were born	Date you will reach State Pension age Pension Credit qualifying age
6 December 1953 to 5 January 1954	6 March 2019
6 January 1954 to 5 February 1954	6 May 2019
6 February 1954 to 5 March 1954	6 July 2019
6 March 1954 to 5 April 1954	6 September 2019
6 April 1954 to 5 May 1954	6 November 2019
6 May 1954 to 5 June 1954	6 January 2020
6 June 1954 to 5 July 1954	6 March 2020
6 July 1954 to 5 August 1954	6 May 2020
6 August 1954 to 5 September 1954	6 July 2020
6 September 1954 to 5 October 1954	6 September 2020
6 October 1954 to 5 April 1968	66th birthday

Table 4: Your State Pension age if you are a man or woman and you were born on or after 6 April 1968 (see page 8 about proposals to bring forward the increase in State Pension age to 67).	
Increase from 66 to 67.	
Date you were born	Date you will reach State Pension age/ Pension Credit qualifying 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	67th birthday

Table 4: Your State Pension age if you are a man or woman and you were born on or after 6 April 1968.

Increase from 67 to 68.

Date you were born	Date you will reach State Pension age/ Pension Credit qualifying 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	68th birthday

You can also use the State Pension age calculator to work out your State Pension age.



www.direct.gov.uk/spacalculator

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 depends on the number of qualifying years you have of National Insurance contributions.

Getting your basic State Pension based on National Insurance contributions

How do I get my basic State Pension based on National Insurance contributions?

You may become entitled to a basic State Pension when you reach State Pension age by paying National Insurance contributions, by being treated as having paid them or by being credited with contributions (see pages 18 to 24). The amount of basic State Pension you may get is based on the number of 'qualifying years' during which you have paid contributions or received credits before reaching State Pension age.

If you are a married woman or a widow and you chose to pay reduced-rate National Insurance contributions as an employee (sometimes known as the 'small stamp' or 'married woman's stamp'), the years when you paid these contributions do not count as qualifying years for the State Pension.

What counts as a qualifying year?

We base the amount of basic State Pension you receive at State Pension age on your National Insurance contribution record over your working life, from age 16 to State Pension age. This record is made up of National Insurance contributions you have paid, are treated as having paid, or have had credited to you in each tax year. You need to have

at least a certain amount of contributions or credits to make a tax year count as a qualifying year.

What is the tax year?

The tax year is 6 April in one year to 5 April the next year.

For example, the tax year 2012/13 runs from 6 April 2012 to 5 April 2013.

If you reach State Pension age on or after 6 April 2010

If you reach State Pension age on or after 6 April 2010, the number of qualifying years needed to get a full basic State Pension is 30, for both women and men.

You will need at least one qualifying year of paid or credited contributions to give you some basic State Pension. Each qualifying year of paid and credited contributions will be worth 1/30th of the full basic State Pension, up to a limit of 30/30ths. So, one qualifying year will give you 1/30th of the full basic State Pension, 15 qualifying years will give you half of the full basic State Pension (15/30ths), and 30 qualifying years will give you a full basic State Pension.

If you are under State Pension age and earning above a certain amount (see page 18) you still have to pay National Insurance contributions even if you already have 30 qualifying years. This is because National Insurance contributions count towards other benefits (for example, sickness, unemployment and bereavement benefits) as well as the State Pension.

If you qualify for a full basic State Pension in 2012/13, you will be entitled to £107.45 a week. If you qualify for the minimum basic State Pension (meaning that you have 1/30th of the qualifying years needed for a full basic State Pension), you will be entitled to £3.58 a week.

Getting your basic State Pension based on National Insurance contributions through paid work

The amount of State Pension you may become entitled to depends on the National Insurance contributions you pay from your wages or salary. The amount of National Insurance contributions you pay depends on how much you earn.

If you work for an employer and earn between £107 a week and £146 a week you will not have any National Insurance contributions taken out of your pay, but you will be treated as if you have paid National Insurance contributions. (£107 a week is the 'Lower Earnings Limit' for 2012/13.) This means you may become entitled to State Pension and other benefits, such as sickness and unemployment benefits, even though you are not paying National Insurance contributions.

You will pay National Insurance contributions for every week that you earn more than £146 when working for an employer. This amount is called the 'primary threshold'. Your employer takes these contributions out of your pay.

If you are self-employed, you pay National Insurance contributions yourself. However much you earn, you will have to pay flat-rate 'Class 2' contributions, unless you have a Certificate of Small Earnings Exception that says you do not have to pay these. You can contact HM Revenue & Customs to find out about this.

For a year to count as a qualifying year for your State Pension, based on your earnings in 2012/13 you need to earn at least £107 a week, or £5,564 a year, on which you have paid or are treated as having paid National Insurance contributions.

There are ways that you may get a qualifying year even if you earn a low amount (less than £107 a week or £5,564 a year in 2012/13) or you are taking time out of paid work.

Getting National Insurance credits

You may be able to get National Insurance credits when you cannot work, so that you may become entitled to basic State Pension when you reach State Pension age. This could be because you are ill, or unemployed and registered as looking for work. You may get credits with certain benefits or payments, for example Jobseeker's Allowance, Employment and Support Allowance, Carer's Allowance and Working Tax Credit.

These credits are added to any National Insurance you have paid.

National Insurance credits will count towards a qualifying year for basic State Pension in the same way as National Insurance contributions. There will be certain conditions you need to meet before you can get a credit, and these will depend on why you cannot work.

Getting your basic State Pension based on National Insurance contributions if you are not working or are earning a low amount

Read the text in this box if you are a woman born before 6 April 1950, or a man born before 6 April 1945.

If you reached State Pension age before 6 April 2010

If you were not working, your entitlement may have been protected through National Insurance credits or Home Responsibilities Protection (see page 20). Or you may have been paying voluntary National Insurance contributions (see page 24).

To qualify for any basic State Pension, you need to have at least one qualifying year from paid, or treated as paid, National Insurance contributions. You also need a certain number of qualifying years.

Men who reach State Pension age on or after 6 April 2010

If you are a man approaching State Pension age and you do not pay National Insurance contributions, you may receive National Insurance credits automatically. These credits are called 'autocredits'.

Autocredits are being phased out in line with the increase in women's State Pension age.

Home Responsibilities Protection

For periods up to 5 April 2010, if you were caring for a child or someone with a long-term illness or disability, Home Responsibilities Protection may protect your basic State Pension. In some circumstances it may protect your entitlement for periods when you were not in paid work, had low earnings (below the Lower Earnings Limit for any tax year) or were not getting National Insurance credits.

Home Responsibilities Protection was available for full tax years from April 1978 until April 2010. It helped protect your pension by reducing the number of qualifying years you needed for a full basic State Pension. For a full basic State Pension, Home Responsibilities Protection could not reduce the number of qualifying years below 20 for women or men. Also, it did not guarantee you would get a basic State Pension.

Read the text in this box if you are a woman born before 6 April 1950, or a man born before 6 April 1945.

You could get Home Responsibilities Protection if, for full tax years between April 1978 and April 2010, you were:

- receiving Child Benefit for a child under 16
- a registered foster carer (for tax years from April 2003 only)
- caring for a sick or disabled person (for at least 35 hours a week), who was getting Attendance Allowance, Disability Living Allowance (middle-rate or highest-rate care component) or Constant Attendance Allowance, or
- getting Income Support and you were caring for someone who was sick or had a disability.

In any one year you could be covered by a combination of these conditions. For example, you could have been receiving Child Benefit for a child under 16 for part of the year, then acting as a registered foster carer for the rest of that year.

**If you reached State Pension age on or after
6 April 2008. Transferring Home Responsibilities Protection
to the person who needs it the most**

Only the person claiming Child Benefit could get Home Responsibilities Protection automatically – which helped to protect that person's basic State Pension.

However, if your partner paid National Insurance contributions and may become entitled to a basic State Pension, while you stopped work to care for your children, you are more likely than your partner to need help protecting your basic State Pension.

22 State Pensions

If you have been caring for a child but your partner claimed the Child Benefit and does not need Home Responsibilities Protection, then you can have Home Responsibilities Protection transferred to your account. You should apply using form CF411.



For a copy of form CF411
www.hmrc.gov.uk

You need to have been living with your partner and sharing care of a child in each year for which you want Home Responsibilities Protection transferred to you.

Read the text in this box if you are a woman born on or after 6 April 1950, or a man born on or after 6 April 1945.

If you reach State Pension age on or after 6 April 2010 and there are times when you were not working, you may receive National Insurance credits so that you may become entitled to basic State Pension. You may also have paid or be able to pay voluntary National Insurance contributions.

Replacing Home Responsibilities Protection with new National Insurance credits

Home Responsibilities Protection has been replaced for people reaching State Pension age on or after 6 April 2010.

Credits for parents and carers

From 6 April 2010, parents and carers may be able to get qualifying years through new weekly credits for the basic State Pension and additional State Pension (see page 29 for additional State Pension). If you are a parent or carer, you may get a credit for each week in which you are:

- getting Child Benefit for at least one child aged under 12
- an approved foster carer, or
- caring (for at least 20 hours a week) for one or more people who are getting Attendance Allowance, Disability Living Allowance (middle-rate or highest-rate care component) or Constant Attendance Allowance.

We will also give a credit to people who are caring for at least 20 hours a week for other disabled people, and the need for care is certified by a health or social care professional. There is no limit to the number of years between 6 April 2010 and the date you reach your State Pension age that you can get these credits, as long as you meet the conditions.

If you reach State Pension age on or after 6 April 2010, any years of Home Responsibilities Protection you already had have been converted into qualifying years for the basic State Pension under the new rules. You can have up to 22 years converted in this way.

Home Responsibilities Protection also counts towards bereavement benefits and we will have converted it to qualifying years for these benefits. These converted years also count towards bereavement benefits when these are claimed for a spouse or civil partner who died on or after 6 April 2010. Converted years can meet the contribution conditions for bereavement benefits for up to half the years in the working life of the person who has died.

Paying voluntary contributions

You may be able to pay voluntary Class 3 National Insurance contributions to cover previous years that you do not have enough contributions for. You must normally pay the voluntary contributions within six years of the end of the tax year the payment is for. So, for example, you must pay voluntary contributions for the tax year 2011/12 no later than 5 April 2018 (the end of the tax year 2017/18).

However, you may be able to pay contributions for up to six extra years back to 1975/76 if you reach State Pension age between 6 April 2008 and 5 April 2015. To do this you must have at least 20 qualifying years (including full years of Home Responsibilities Protection).

This may help you qualify for the basic State Pension or increase the amount of State Pension you will get.



For more information

www.direct.gov.uk/statepension

Improving your basic State Pension

If I haven't paid or been credited with enough National Insurance contributions, how can I improve my basic State Pension?

By using the National Insurance contribution record of your husband, wife or civil partner.

If you have not paid, or been credited with, enough National Insurance contributions to get a full basic State Pension of your own, you may be able to get a basic State Pension based on the National Insurance contribution record of your husband, wife or civil partner. There are different rules for men and women, married people and civil partners. A civil partnership is a formal legal arrangement that gives same-sex partners similar rights to those of a married couple.

If you are a married woman, you may be able to get a basic State Pension based on your husband's National Insurance contribution record if your husband is over State Pension age and (until 6 April 2010) has also claimed his own State Pension. Depending on the contributions your husband has made, you could get a basic State Pension of up to 60 percent of the full basic State Pension. You don't have to be living with your husband to get this basic State Pension.

From 6 April 2010, you will be able to claim your State Pension based on your husband's record, even if he has not claimed his own State Pension, as long as you and your husband are both over State Pension age.

From May 2010, if you are a married man or you are a female civil partner, you may be able to get a basic State Pension based on the National Insurance contribution record of your wife or civil partner 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 percent of the full basic State Pension.

For this to happen your wife or civil partner must have:

- been born on or after 6 April 1950, and
- also reached State Pension age.

These rules will also apply from April 2015 for male civil partners.

What happens if my marriage or civil partnership ends?

You may be able to use the National Insurance contribution record of your ex-husband, ex-wife or ex-civil partner to help increase your basic State Pension if:

- you are divorced
- your marriage has been annulled, or
- your civil partnership is dissolved (legally ended) or annulled.

This won't affect your ex-partner's basic State Pension. If you remarry or form a new civil partnership before you reach State Pension age, you lose this right.

What happens if my husband, wife or civil partner dies?

If your husband, wife or civil partner dies, you may be able to use their National Insurance contribution record to help you get a better State Pension.

If you haven't reached State Pension age, and your husband, wife or civil partner dies, you may be able to get bereavement benefits (under the Bereavement Benefit Scheme).

If you are over State Pension age and your husband, wife or civil partner was not entitled to a State Pension based on their own National Insurance contribution record when they died, you may be entitled to a Bereavement Payment. This is a single lump sum payable straight after your husband, wife or civil partner dies. If you are a woman already getting benefits under the previous Widow's Benefit Scheme (for women widowed on or before 8 April 2001), you will be able to keep receiving these benefits for as long as you meet the conditions. You will not be able to get bereavement benefits.

For more about bereavement and widows' benefits, get our more detailed leaflet about bereavement benefits by contacting us at Jobcentre Plus. See page 47 for contact details.

Other amounts paid in the State Pension

Adult Dependency Increases

From 6 April 2010, you will no longer be able to get a new Adult Dependency Increase. 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 comes first.

Pension Credit

In some circumstances, you may be able to get Pension Credit. Pension Credit is made up of two components: Guarantee Credit and Savings Credit.

Guarantee Credit works by topping up your weekly income by a certain amount. You may receive more if, for example, you are severely disabled, a carer or have housing costs such as a mortgage.

To apply for Guarantee Credit you must have reached the Pension Credit qualifying age. This is gradually going up in line with the increase in the State Pension age for women to 65, and the further increase to 66 for both men and women.



To find out the age at which you can apply for Pension Credit www.direct.gov.uk/pensioncredit

If you have a partner, one of you can be under this age but the person who applies must have reached the qualifying age.

Savings Credit can provide extra money for pensioners who have saved some money to help provide for themselves in their retirement. The age from which you can get the Savings

28 State Pensions

Credit is 65. However, from March 2019 this will gradually go up in line with the increase in State Pension age to 66. If you are currently aged 65 or over and living in Great Britain you may be entitled to Savings Credit.

You may be able to get Savings Credit as well as Guarantee Credit.

Pensioners may be entitled to other help towards paying their rent and council tax. For more information, contact your local council.

How much basic State Pension will I get?

Since April 2011, the basic State Pension increases every year by whichever of the following is the highest:

- earnings - the average growth in wages (in Great Britain)
- prices - the percentage increases in prices (in the UK)
- 2.5%.

In 2012/13 the full basic State Pension is £107.45 a week for a single person.

The State Pension and Income Tax

When you reach State Pension age you no longer pay National Insurance contributions. But you don't automatically stop paying Income Tax. You still have to pay it if your taxable income (including your pension) is more than your tax-free allowances.

When you are thinking about whether to claim your State Pension straight away or put off claiming it (see page 38) you need to consider how you will be taxed. This applies to your wages (if you are working) and to any other income, such as a private pension. You need to know which option will be best for you financially.

You may have to pay tax on your State Pension and any company or personal pensions depending on the total amount of your income. Your State Pension is paid before any tax is taken, but company and personal pensions usually have tax taken off first.

Everyone with income of £100,000 or below gets a personal allowance that allows them some tax-free income each year.

If you work after you reach State Pension age, you can still claim your State Pension at the same time. Your earnings and the hours you work will not affect your State Pension, but you will pay tax on the pension as well as on your earnings, depending on how much you earn.

Tax is charged on some state benefits, but not all. It's important to know which are taxable.



For more about Income Tax and tax rates
www.hmrc.gov.uk

Additional State Pension

What is the additional State Pension?

The additional State Pension is money you may get as well as your basic 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 6 April 1978).

Your additional State Pension may be made up of:

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

When can I get additional State Pension?

You can get additional State Pension (SERPS and State Second Pension) when you have reached State Pension age and you claim your State Pension.

The State Earnings-Related Pension Scheme (SERPS)

You may be entitled to additional State Pension through SERPS.

The amount you may 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’ (or opted out) of SERPS to take out another pension, such as a work pension or personal pension. If you contracted out of SERPS, this will reduce the amount of additional State Pension you may get. 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 additional State Pension you get 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 cannot work as much as other people, the chance to get a better State Pension.

You may be able to get additional State Pension through the State Second Pension if:

- you are an employee earning above £5,564 a year (in 2012/13) from any one job, or
- you are a carer or someone with a long-term illness or disability.

If you have worked for yourself and paid Class 2 National Insurance contributions for any period since 2002, this won't count towards State Second Pension.

To become entitled to a State Second Pension when you reach State Pension age, you need to:

- have earnings above the National Insurance Lower Earnings Limit for the whole tax year
- be a carer for the whole tax year, or
- have a long-term illness or disability for the whole tax year.

You cannot combine periods of earnings, caring or illness within a tax year to get entitlement to the State Second Pension for periods before 2010.

It is possible to contract out of (leave) the State Second Pension by joining a company or workplace pension scheme which is a salary-related (defined benefit) scheme.

There's more information on contracting out on page 35.

How is the State Second Pension worked out?

If you are entitled to a State Second Pension, what you get is based on:

- the earnings you pay standard-rate National Insurance contributions on, or
- the earnings you are treated as having.

Under current rules, you may get a State Second Pension at different rates depending on how much you earn. From April 2010 there are two bands of earnings.

These bands are:

- earnings at the Lower Earnings Limit (£5,564 in 2012/13) up to (but not above) the Low Earnings Threshold (£14,700 in 2012/13),
- earnings above the Low Earnings Threshold but not above the 'Upper Accrual Point' (£40,040).

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

If you're a carer, you may get a State Second Pension if you're not working at all or you're earning less than £5,564 a year (in 2012/13), and any of the following apply to you:

- You are looking after a child under 12 and are receiving Child Benefit for that child (before April 2010 the child had to be under age 6).
- You spend at least 20 hours a week caring for a severely disabled person.
- You are an approved foster carer.
- You are entitled to Carer's Allowance – even if you're not getting it because you get another benefit that pays you more.

In any of those cases, we'll treat you as if you are earning at the Low Earnings Threshold (£14,700 a year in 2012/13).

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

You may get a State Second Pension if you're not working at all, or you're earning less than £5,564 a year (in 2012/13), and any of the following apply to you:

- You're entitled to long-term Incapacity Benefit or Employment and Support Allowance.
- You would be entitled to long-term Incapacity Benefit or Employment and Support Allowance but it is not payable because of another benefit you get or you are not entitled but submit medical certificates for National Insurance credit purposes only.
- You get protected Severe Disablement Allowance.

How do you get the State Second Pension based on National Insurance contributions?

If you are a carer and qualify for the State Second Pension, you will earn about £1.70 a week of State Second Pension for each full tax year you are a carer. You will receive this as part of your State Pension when you reach State Pension age and claim your State Pension. There is no limit to the number of years that can count in this way.

If you can't do paid work because you are ill or disabled, and you qualify for the State Second Pension, you will earn about £1.70 a week of State Second Pension for each full tax year you are ill or disabled. You will receive this as part of your State Pension when you reach State Pension age and claim your State Pension.

34 State Pensions

If you want to know how much your State Second Pension is likely to be, you should get an estimate of your State Pension (see page 44).

Read the text in this box if you are a woman born on or after 6 April 1950, or a man born on or after 6 April 1945.

If you reach State Pension age on or after 6 April 2010

Before 6 April 2010, any credits you have received for caring, illness or disability only count towards your State Second Pension if:

- you had been a carer for the whole tax year, or
- you had a long-term illness or disability for the whole tax year.

From 6 April 2010, changes in the rules allow you to combine any credits you have been awarded during the tax year with any earnings above the Lower Earnings Limit. This means that both your earnings and your credits can count towards your State Pension.

From April 2012 you will get a standard flat-rate amount of State Second Pension, worth £1.70 a week, for each qualifying year. Also, people earning above the Low Earnings Threshold are entitled to an extra earnings-related payment. We'll gradually withdraw this earnings-related payment so that by about 2030, State Second Pension will be made up of the flat-rate amount only.

If you want to know how much your State Second Pension is likely to be, you should get an estimate of your State Pension (see page 44).

Contracting out (opting out) of the additional State pension

What is contracting out?

Contracting out means leaving the additional State Pension to build up benefits in a different pension scheme.

Salary-related pension schemes

If you are an employee, you can do this if you join a salary-related (defined benefit) occupational pension scheme. If you are contracted out on a salary-related basis, you and your employer will pay lower National Insurance contributions.

Abolition of contracting out for defined contribution pension schemes

From 6 April 2012 you are not allowed to contract out through a:

- money purchase (defined contribution) occupational pension scheme
- personal pension scheme
- stakeholder pension scheme.

If you were in this type of scheme on 5 April 2012, then from 6 April 2012 you will be automatically brought back into the State Second Pension and, depending on your earnings, may start to contribute towards to additional State Pension.

Examples of how the State Second Pension can help

Helping a low earner

Robin works part-time in a supermarket warehouse. He earns £8,500 a year. Under the rules for State Second Pension, people who earn above the Lower Earnings Limit (£5,564 in 2012/13) but below the Low Earnings Threshold (£14,700 in 2012/13) are treated as if they had earnings at the low earnings threshold. So we treat Robin as if he had earnings of £14,700 (in 2012/13), and he may become entitled to some additional State Pension through the State Second Pension when he reaches State Pension age based on these contributions.

Helping a parent

Neela is 31 and has been working full-time since she was 18. When her daughter Mina was born in December 2001, Neela decided to stop work to look after her.

Neela is the person who has claimed and been awarded Child Benefit, so she qualified for Home Responsibilities Protection to protect her basic State Pension. She may become entitled to some State Second Pension when she reaches State Pension age for each full tax year since 6 April 2002 - when the State Second Pension began - until Mina's sixth birthday in December 2007. So Neela may become entitled to some State Second Pension for five years (from 6 April 2002 until 5 April 2007).

Under the new rules, Neela may become entitled to some State Second Pension for three years from 6 April 2010 until Mina's 12th birthday.

Helping someone who is ill or disabled

Derek has worked for 37 years and paid standard-rate Class 1 National Insurance contributions as an employee in each of those years, but became ill in September 1999. He is too ill to work, so he gets long-term Incapacity Benefit and contribution-based Employment and Support Allowance until he reached State Pension age in May 2010. Derek qualifies for a State Second Pension, based on each full tax year for which he gets Incapacity Benefit and contribution-based Employment and Support Allowance between 6 April 2002 (when State Second Pension began) and reaching State Pension age.

Inherited additional State Pension

Do I get more State Pension if I'm a widow, widower or surviving civil partner?

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

- between half and all of your husband's, wife's or civil partner's SERPS pension (the amount you receive depends on when you were widowed or became a surviving civil partner, and when your husband, wife or civil partner reached State Pension age), and
- up to half of your husband's, wife's or civil partner's State Second Pension.

If you remarry or form a new civil partnership before you reach State Pension age, you will not be able to inherit any of your previous husband's, wife's or civil partner's additional State Pension.

38 State Pensions

If your husband, wife or civil partner dies while you are still under State Pension age and you have children, you may also get inherited additional State Pension as part of Widowed Parent's Allowance.

Graduated Retirement Benefit

If you were an employee and paid graduated National Insurance contributions between 6 April 1961 and 5 April 1975, you may get some extra money with your State Pension called Graduated Retirement Benefit.

Putting off claiming your State Pension

You do not have to claim your State Pension when you reach State Pension age. Deciding when to claim your State Pension is important. If you don't need the income from your State Pension when you reach State Pension age (because you are still working or have other income), you could put off claiming it until later. This is called 'deferring' your State Pension.

If you decide to put off (defer) claiming your State Pension when you reach State Pension age, you could choose to get extra State Pension or a one-off lump-sum payment.

How to get extra State Pension

To get extra State Pension, you need to decide not to claim your State Pension for a period of time. You must put off claiming for at least five weeks for it to increase the amount of State Pension you get later.

Your extra State Pension is worked out at 1% for every five weeks you put off claiming. This comes to about 10.4% extra for every full year you put off claiming.

How to get a lump sum

If you put off claiming your State Pension, you could choose to get a lump sum instead of extra State Pension. You can only do this if you decide to put off claiming your State Pension for at least 12 months in a row.

We work out the lump sum by adding up the amount of weekly State Pension you would have got, plus interest. You may have to pay tax on the lump sum, depending on how much income you have.

What if I am getting other social security benefits?

If you put off claiming State Pension while getting some other benefits, you will not build up any extra State Pension or a lump sum for the days you get the other benefits. These other benefits are:

- Carer's Allowance
- Severe Disablement Allowance
- Unemployability Supplement
- Widow's Pension
- Widowed Mother's Allowance, and
- Incapacity Benefit.

Also, from April 2011 you will not build up extra State Pension or a lump sum for the days that you, or your partner (if you are a member of a couple), get one or more of the following income-related benefits:

- Pension Credit
- Income Support
- Income-based Jobseeker's Allowance, and
- Income-related Employment and Support Allowance.

More advice and information on deferring your State Pension

If you want to discuss your options for deferring your State Pension you could talk to an independent financial adviser. They may charge you for their advice. You can also contact us (see page 47) for a more detailed guide to putting off claiming your State Pension.



See the guide on deferring
www.direct.gov.uk/tpsleaflets

Healthcare cover if you live somewhere else in the European Economic Area (EEA) or in Switzerland

If you live somewhere else in the EEA or in Switzerland you may be covered for healthcare paid by the UK if you are getting a UK State Pension. However, for the period you defer taking your State Pension the UK will not be responsible for providing you with healthcare cover. You will need to make your own arrangements.



For more information
www.nhs.uk

Pension sharing

What happens to my pension if I get divorced or my civil partnership is dissolved (legally ended)?

If you get divorced or your civil partnership is dissolved, or your marriage or civil partnership is annulled, the courts will decide how all your 'assets' should be divided up. They will take into account the value of your pension, as it is part of your assets.

If your marriage ends (in divorce or annulment), you and your ex-husband or ex-wife can share the value of the second pensions you and they are entitled to (see below). This also applies to same-sex couples whose civil partnerships have been annulled or dissolved.

Pension sharing gives you and the courts more choice about what to do. You don't have to share your entitlement, but it is an option available to couples who are entitled to a second pension such as:

- the additional State Pension (SERPS or State Second Pension)
- a company pension
- a stakeholder pension
- a personal pension.

Pension sharing does not apply to:

- the basic State Pension. This is because people can already replace their own National Insurance contribution record with their husband's, wife's or civil partner's record for the period the marriage or civil partnership lasted
- couples who started divorce or annulment legal proceedings before 1 December 2000
- couples who separate but do not divorce or dissolve (legally end) their civil partnership.

More advice and information about pension sharing when your marriage or civil partnership ends

To find out more about how your additional State Pension and other second pensions could be affected, you could get advice from a lawyer or an independent financial adviser (or both). They may charge you for this advice.

If I work abroad, can I get a State Pension?

If you move abroad to work before you reach State Pension age, you may not be able to pay National Insurance contributions for the years you are abroad. (This may affect your entitlement to basic State Pension and any additional State Pension.)

Whether you have to pay the National Insurance contributions depends on your circumstances (for example, the country you are working in, how long you will be there, whether your employer is a UK company or a foreign one, and the pattern of your work). If you do not have to pay National Insurance contributions while you are abroad, you may be able to qualify to pay National Insurance contributions or you can pay voluntary contributions to protect your pension.

You can get more information about this from HM Revenue & Customs.



www.hmrc.gov.uk



Phone: **+44 191 203 7010** (from outside the UK)
or **0191 203 7010** (from the UK)

Charity, Assets and Residence Residency
BP1301
Benton Park View
Newcastle-upon-Tyne
NE98 1ZZ
United Kingdom.

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 increase in your basic State Pension or 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 and for more information on how UK state pensions are paid to people abroad, you can write to:

International Pension Centre
Department for Work and Pensions
Tyneview Park
Newcastle-upon-Tyne
NE98 1BA.

You can also phone **0191 218 7777 (+44 191 218 7777** if you are abroad) or email **tvpi.internationalqueries@thepensionsservice.gsi.gov.uk**

Returning to Great Britain, or arriving here

If you have just come to Great Britain, or are returning after a period abroad, the rules for some benefits are different – even if you have a British Passport. There's more about this on our website at

www.direct.gov.uk/pensions, or you can contact the International Pension Centre. There's also information on our website about how your UK State Pension is affected by living in different countries, and how payments are made to people living abroad.

How much is my State Pension likely to be?

There are two ways you can find out how much State Pension you may get:

- use the online State Pension profiler to quickly get an estimate of your basic State Pension, or
- apply for an estimate of the State Pension you may get based on your National Insurance contributions record.

State Pension profiler

The State Pension profiler is a simple tool. It does not look at your National Insurance contributions record, so you do not need to register to use it. Instead, it uses information that you enter yourself about what you have done during your working life.



To use the profiler
www.direct.gov.uk/pensionforecast

State Pension estimate based on your National Insurance contributions record

A State Pension estimate based on your National Insurance contributions record gives more detailed information on the State Pension you may get. It will give you estimates of your basic State Pension, additional State Pension (also called the State Second Pension and before that the State Earnings-Related Pension Scheme (SERPS)) and, if appropriate, any Graduated Retirement Benefit you may get.

For more information on how to get an estimate of your State Pension based on your National Insurance contributions record:



www.direct.gov.uk/pensionforecast



Phone **0845 3000 168**
Textphone **0845 3000 169**

Lines are open 8am to 8pm, Monday to Friday.

If you live outside the UK



Phone **+44 191 218 3600**
Textphone **+44 191 218 2051**

Lines are open 8am to 5pm, Monday to Friday.

Non-contributory State Pension for people who are over 80

If you are over 80 and don't have a State Pension, or have only a small State Pension, you may get a special State Pension. It is 'non-contributory' – which means you don't have to have paid National Insurance contributions to get it. This State Pension is £64.40 a week for 2012/13.

We will pay this to you if you:

- are aged 80 or over
- live in Great Britain at the time you claim
- have lived in Great Britain for 10 years or more during the 20 years since your 60th birthday, and
- have no State Pension, or have a basic State Pension of less than £64.40 in 2012/13.

Gender Recognition Act 2004

On 4 April 2005 a new law came into force preventing discrimination against people whose gender has changed. Therefore from that date entitlement to State Pension for transsexual claimants is based on their acquired gender if they have a full Gender Recognition Certificate. For periods before that date entitlement to State Pension for male to female transsexual claimants is based upon their acquired gender if they have:

- reached female State Pension age, and
- had gender reassignment surgery before that date.

Where can I get more help?

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, a mobile phone, or if you are calling from abroad.

Calls to **0845** numbers from BT land lines should cost no more than 5p a minute with a 13p call set-up charge. You may have to pay more if you use another phone company, a mobile phone, or if you are calling from abroad.

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

Textphones – if you have speech or hearing difficulties

Our textphone numbers are for people who cannot speak or hear clearly. If you don't 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.

Other languages

If English is not your first language, you can use your own interpreter or we can provide one. We can usually arrange a phone interpreter straight away.

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.

How do I contact you?

For general enquiries about pensions, you can contact us by:

- phone on **0845 60 60 265** (**0845 60 60 275** if you speak Welsh and live in Wales). If you are calling from abroad, you can phone **+44 191 218 7777**
- textphone: **0845 60 60 285** (English), or **0845 60 60 295** (Welsh), or **+44 191 218 7280** from abroad
- website: **www.direct.gov.uk/pensions**

Jobcentre Plus

Jobcentre Plus is a service for people of working age who are looking for work or need to claim benefit.

To find a job, go to **www.direct.gov.uk/jobsearch** or call us on **0845 606 0234** (textphone **0845 605 5225**). Open Monday to Friday 8am to 6pm and Saturday 9am to 1pm.

If you need to claim a benefit, go to **www.direct.gov.uk/benefits** or call **0800 055 6688** (textphone **0800 023 4888**). Open Monday to Friday 8am to 6pm.

Carer's Allowance

You can get information from the Carer's Allowance Unit if you call **0845 608 4321** (for general enquiries about Carer's Allowance or to ask for a claim pack). If you have speech or hearing difficulties, there is a textphone service on **0845 604 5312**.

You could also ring the free Benefit Enquiry Line on **0800 88 22 00** (lines are open Monday to Friday 8.30am to 6.30pm) or textphone **0800 24 33 55**.

Claiming Carer's Allowance

For a Carer's Allowance claim pack, call the Carer's Allowance Unit on **0845 608 4321** (open Monday to Thursday 8.30am to 5pm, Friday 8.30am to 4.30pm). There is also a textphone service on **0845 604 5312**. You can email the Unit at **cau.customer-services@dwp.gsi.gov.uk**

Or make the claim online at **www.direct.gov.uk/carers-ca** or write for a claim pack to:

Carer's Allowance Unit
Palatine House
Lancaster Road
Preston
PR1 1HB

You can also find out more about caring for someone on the Directgov website at **www.direct.gov.uk/carers**

Information about caring

If you are disabled, have a long-term illness or are a carer, see our more detailed leaflets for disabled people, people with health conditions and carers.

Basic guidance about pensions

Age UK (created by the merger of Help the Aged and Age Concern) produces a wide range of free information on issues affecting older people, including income and pensions. To get this information or to find contact details for your local Age UK, phone **0800 169 6565** or go to **www.ageuk.org.uk**

If you live in Scotland, you can phone Age Scotland on **0845 125 9732** or go to **www.ageuk.org.uk/Scotland**

You can get information from Citizens Advice (the number is in your phone book) or their website **www.citizensadvice.org.uk** if you live in England or Wales. If you live in Scotland, you can contact Citizens Advice Scotland or go to **www.cas.org.uk**

Glossary

Pensions can be complicated. Here are explanations of some of the words and phrases we use in this booklet, or that you may read or hear when finding out about pensions.

Adult Dependency Increase

An increase in your State Pension for your wife or husband, or someone who is looking after your children, if he or she is financially dependent on you.

Defer

This is when you put off claiming, or decide to give up getting, your State Pension until a time that suits you.

Graduated Retirement Benefit

Benefit based on graduated National Insurance contributions that a person may have paid between April 1961 and April 1975.

Lower Earnings Limit

The lowest weekly earnings on which a person is treated as paying National Insurance contributions for benefit purposes. We treat a person receiving contributions credits or paying flat-rate voluntary or self-employed contributions as having earnings at the Lower Earnings Limit for each weekly credit or contribution.

National Insurance contributions

Class 1 National Insurance contributions

These are paid by people who are employed and by their employers.

Class 2 National Insurance contributions

These are paid by self-employed people. Class 2 contributions are paid at a weekly flat rate. The rate is reviewed every year.

Class 3 National Insurance contributions

These are voluntary contributions that may be paid by people for a tax year which is not a qualifying year for basic State Pension and bereavement benefits.

Class 4 National Insurance contributions

These are paid by self-employed people on top of their Class 2 contributions. The amount they must pay depends on their business profits over a certain limit (the Lower Profit Limit). Class 4 contributions do not count for State Pension or any other benefits.

Qualifying year

- Since April 1978 a qualifying year has meant a tax year in which a person received (or was treated as having received) qualifying earnings of at least 52 times the weekly Lower Earnings Limit set for that year. For the tax years 1975/76 to 1977/78, a qualifying year is 50 times the weekly Lower Earnings Limit set for each year.
- For the period before April 1975, we changed the flat-rate National Insurance contributions ('stamps') into a number of qualifying years by dividing the total number of contributions paid (or credited with having been paid) by 50. There is a limit on this number. This means that the figure cannot be more than the number of years in a person's working life up to 5 April 1975.

State Earnings-Related Pension Scheme (SERPS)

The additional State Pension based on the tax years 1975/76 to 2001/02 inclusive.

Upper Accrual Point

The Upper Accrual Point is the upper limit for earnings used to work out entitlement to the State Second Pension. It is £40,040 a year.

This means any National Insurance contributions you pay above the Upper Accrual Point do not count for additional State Pension.

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 April 2012. It is possible that some of the information is oversimplified, or may become inaccurate over time, for example because of changes to the law.

This information is available in other formats on request.



Phone **0845 731 3233**
Textphone **0845 604 0210**

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



For benefits information go to
www.direct.gov.uk/benefits



For pensions information go to
www.direct.gov.uk/pensions

We aim to provide a high quality of service to all our customers. You can find out more in our customer charter at **www.direct.gov.uk/dwpcharter**