

State Pension

About this factsheet

The State Pension gives people of State Pension age a regular income to live on. The current State Pension age for women is 60 and 65 for men. There will be a gradual rise in women's state pension age over the next 10 years from 60 to 65 from 6 April 2010. To be entitled to a State Pension you must fulfil National Insurance (NI) contributions conditions. This can be done through contributions from your earnings, voluntary contributions or through credits.

The information in this factsheet is correct for the period April 2010 – March 2011. Benefit rates and other figures are expected to increase again in April 2011 but rules and figures sometimes change during the year.

The information given in this factsheet is applicable in England and Wales. Different rules may apply in Northern Ireland and Scotland. Readers in these nations should contact their respective national offices for information specific to where they live – see section 16 for details.

For details of how to order other factsheets and information materials mentioned inside go to section 16.

Note: Many local Age Concerns are changing their name to Age UK.

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1 Recent developments

The Pension Acts of 2007 and 2008 have created many new provisions for the State Pension. Listed below are some of the main changes plus the dates they come into force. Other changes are covered in the relevant sections of this factsheet.

- Pension age will be equalised at 65 for men and women between 2010 and 2020. The change will not affect anyone born before 6 April 1950.
- The Pensions Act 2007 will gradually increase State Pension age to 68 for both men and women between 2024 and 2046. This will affect anyone born after 5 April 1959.
- Registered civil partners are now treated the same as married couples in relation to pension rules. In 2010 this has changed further as any rules that applied to wives only now also apply to husbands and civil partners.
- The full weekly rates for 2010/2011 are:

Based on your own or late spouse or civil partner's National Insurance contributions (NICs)	£97.65
Based on your husband's NICs	£58.50
Over 80 Pension: Paid where person receives no State Pension or less than full entitlement to a basic State Pension at age 80 as long as residence conditions are met	£58.50
Based on your graduated NI contributions paid between April 1969 and April 1975. For every £7.50 (man) or £9 (woman) of graduated contributions paid you get 11.53 pence (in 2010/11)	

Any additional pension, also called SERPS or S2P, you were getting before April 2009 has been increased by 5.0% from April 2009.

An extra 25p is payable when you reach the age of 80.

2 What is the State Pension?

The State Pension is paid to people who have reached State Pension age and fulfil the National Insurance (NI) contributions conditions. It provides a regular income to live on in retirement.

The State Pension can be made up of a combination of different types of pension or additions and each has different entitlement criteria that need to be met. The different types of pensions are:

- Basic Pension
- Additional State Pension
- Graduated Pension
- Over-80s Pension.

3 State Pension age

You will be able to access your State Pension when you reach State Pension age. The grid below shows when you will be able to claim the State Pension.

Gender	When were you born?	State retirement age
Man	Born on or before 5 April 1959	65
Woman	Born on or before 5 April 1950	60
Woman	Born on or after 6 April 1950 but before 6 April 1955	Rising from 60 to 65 between 2010 and 2020
Woman	Born on or after 6 April 1955 but before 6 April 1959	65
Man or woman	Born on or after 6 April 1959	Increase from age 65 to 68

4 Basic Pension

A pension is a tax-free way of saving money for retirement. You will receive the full rate of Basic Pension if you have paid or been credited with contributions for most of the years of your working life. If you have not paid enough contributions you may get a partial pension or you may not receive a pension at all. Normally you need to have satisfied the contribution conditions in your own right but married women, divorced people, former civil partners, widows, widowers and surviving civil partners may be able to claim a pension based on their spouse's, civil partner's, ex-spouse's, late spouse's or late civil partner's record.

4.1 Married women

If you are a married woman with a full contribution record you can claim the pension of £97.65 when you reach State Pension age. If you don't have a full record then you may receive a partial pension. If you are not entitled to a pension on your own contributions at State Pension age, or it is less than £58.50, you may be able to claim a pension of up to £58.50 based on your husband's contribution record once he starts to draw his pension.

If your pension is more than £58.50 you won't get any extra pension based on his contributions. As well as the Basic Pension you may be entitled to Graduated and/or Additional Pension based on your contributions, as explained later.

If you are already receiving a State Pension on your own contributions of less than £58.50, when your husband claims his pension The Pension Service should automatically increase your pension to £58.50. (This rule was introduced on 17 March 2008.) You will still need to make a claim if you are not already getting a pension at the time of your husband's claim.

4.2 Dependant wives and husbands (pre 6 April 2010)

Previously if you were a married woman under State Pension age when your husband starts to draw his pension he may be able to claim an additional amount for you as a dependant.

4.3 Changes to increases for dependants

From 6 April 2010, you will no longer be able to make a claim for an increase for a dependant. This also applies if you reach State Pension age before then but you defer claiming your pension until that date or later. You may be able to claim Pension Credit instead.

4.4 Civil partnerships

Since December 2005 same-sex couples have been able to register a civil partnership. State Pension provisions that previously only applied to husbands and wives now also apply to registered civil partners. But where provisions apply only to women, such as the married woman's pension, rules only extended to civil partners when State Pension age equalised for men and women in 2010 (when they also started to apply to married men).

4.5 People who have divorced or had their civil partnership dissolved and separated people

If you are divorced and not entitled to a full Basic Pension you may be able to use your former spouse's contributions to increase the Basic Pension up to a maximum of £97.65. You can substitute your former spouse's contribution record for your own from the start of your working life until your divorce or just for the period of your marriage. The rules for divorced couples also apply to a dissolved civil partnership.

If you were divorced before State Pension age you may need to pay further contributions after your divorce to qualify for a full Basic Pension. If you are receiving the married woman's pension and you get divorced you may be able to use these rules to get a full pension. If you remarry or enter into a new civil partnership before State Pension age you can't claim a pension on your former spouse's/civil partner's contribution record. But if you remarry or enter into a new civil partnership after State Pension age you won't lose a pension based on your previous spouse's/civil partner's contributions.

If you are a woman separated from your husband and you don't qualify for a Basic Pension of £58.50 or more, you may be able to claim the married woman's pension when your husband claims his pension.

Divorced people, people whose civil partnership has been dissolved and separated people are not entitled to any Graduated or Additional Pension based on their former spouse's contributions (although under 'pension sharing' arrangements it is possible for Additional Pensions to be divided as a part of a divorce/dissolution settlement).

4.6 **Widows, widowers and surviving civil partners**

A widow, widower or surviving civil partner who has reached State Pension age but doesn't qualify for the full Basic Pension of £97.65 may be able to use their spouse's/civil partner's contribution record to qualify for the full Basic Pension. You may also be entitled to Graduated and/or Additional Pension as explained in sections 9.2. The rules about remarriage and forming a new civil partnership are the same as section 4.5 above.

4.7 **Can't get a full State Pension?**

You may be entitled to a weekly minimum pension of £35 and a maximum of £97.65 if you reach State Pension age before 6 April 2010 and have 25% or more qualifying years of contributions on your record. If you have less than 25% then you will not normally be entitled to a pension.

The rules are different if you reach State Pension age on or after 6 April 2010, as each qualifying year will entitle you to one-thirtieth of the full amount.

Action: Contact The Pension Service to get a State Pension forecast. Also check if you may be entitled to Pension Credit to top up your income by consulting Age UK Advice on 0800 169 65 65, your local Age UK/Age Concern or the Citizens Advice Bureau (see section 15).

5 **National Insurance contributions**

Since April 1975, employees aged 16 or over and under State Pension age have had to pay NI contributions depending on the level of their earnings. Employers also pay NI contributions, even if the employee is over pension age. Someone who is self-employed pays a flat-rate contribution each week, which counts towards a Basic Pension but not the Additional Pension.

Social security leaflet GL23 gives details of contribution rates. HMRC leaflet CA01 gives more information about NI for employees and HMRC leaflet CF10 has more information about NI contributions for self-employed people.

Action: If you are more than 30 days away from pension age you can check whether you have paid enough contributions to get a full pension by completing form BR19, available from The Pension Service or by ringing the Future Pension Centre on 0845 3000 168. You can also complete a BR19 on www.direct.gov.uk/en/Diol1/DoltOnline/DG_4017970

Whether you will get a full pension depends on your NI contributions and whether your contribution record has been protected by 'credits' and/or 'Home Responsibilities Protection', as explained in section 7.2.

Reduced contributions for married women

When the present scheme was introduced in 1948, married women could choose to pay a reduced rate contribution. These contributions do not count towards a Basic Pension. The right to choose to pay reduced contributions was abolished from 6 April 1977 although women already paying these lower rates could continue to do so under certain circumstances. If you do not work for two tax years or your marriage ends in divorce, you lose the right to pay these reduced rate contributions. See HMRC CF9 for further details.

Lost National Insurance numbers: If you have lost your NI number (NINO) perhaps because, for example, you have not worked for some time; contact HMRC for a record of the number. The number can be given to you in person or in writing to your home address. Keep it safely as only one replacement is allowed.

6 Contribution conditions for a Basic Pension

There are two contribution conditions to qualify for a Basic Pension, as described below. It may first be useful to outline the meaning of the terms 'working life', 'lower and upper earnings limits' and 'qualifying years'.

6.1 Working life

Your working life is the period on which your contribution record is based. This is normally from the start of the tax year 6 April to 5 April in which you became 16 to the end of the year before you reach State Pension age. Prior to 2010 working life was 44 years for women and 49 for men. This has now equalised at 49 years in 2010.

6.2 Lower and upper earnings limits

Since 1975, NI contributions have been paid as a percentage of earnings. The lower and upper earnings limits are weekly amounts that are usually increased every year. For the present year (April 2010 to April 2011) the lower limit is £97 weekly and the upper limit £844 weekly. Someone who earns less than the lower earnings limit does not pay NI contributions and is not building up entitlement to the Basic Pension.

In 1999/2000 and previous years the lower earnings limit was the starting point for paying NI contributions but from April 2000 the starting point has been a new 'primary threshold', which is currently £110 a week. Contributions will only be paid on earnings above this level although those earning between £90 and £110 a week will be treated as having paid contributions for the purpose of their pension record. People do not pay contributions on earnings over the upper earnings limit.

6.3 Qualifying years and conditions

A qualifying year is a year (6 April to 5 April) in which enough contributions have been paid or credited to count towards a pension. Since 6 April 1978, a qualifying year has been one in which you have paid (or are treated as having paid) contributions on earnings of at least 52 times the lower earnings limit. Between 6 April 1975 and 5 April 1978 the level was 50 times the weekly lower earnings limit.

Before 6 April 1975, people paid a weekly stamp. All stamps paid or credited are added up and divided by 50, rounding up any left over, to produce the number of qualifying years. You cannot have more qualifying years than the number of years in your working life up to 1975.

First condition

To qualify for a Basic Pension someone must have actually paid a certain number of contributions (as opposed to receiving credits) as follows:

- either after April 1975 you paid or are treated as having paid contributions in one tax year on at least 52 times the lower earnings limit (or 50 times the limit during the period 6 April 1975 to 5 April 1978)
- or before April 1975 you paid at least 50 flat-rate contributions.

Second condition

To receive a full Basic Pension about nine out of every ten years in your working life need to be qualifying years. If you don't have enough qualifying years for a full pension you may get a reduced one or you may not get a pension at all.

7 Working out your Basic Pension

7.1 Before 6 April 2010

Your pension depends on your working life and the number of qualifying years you have. Prior to April 2010, a woman with a working life of 44 years will need 39 qualifying years for a full pension and a man with a working life of 49 years will need 44 qualifying years. If you have been unable to work because of unemployment, sickness or caring responsibilities, your contribution record may be protected by credits or Home Responsibilities Protection as described below.

If you were not entitled to a full Basic Pension you may receive a reduced amount. But the minimum pension that can be paid is 25% of the full Basic Pension. If you didn't have enough contribution years to qualify for 25% or more of a pension you didn't receive a pension at all. The table below should help you to work out how much your pension would have been, based on the number of qualifying years you have.

This table shows the percentage of full pension you could have received depending on the number of years of credits and contributions. It is based on a woman with a working life of 44 years and a man with a working life of 49 years.

	Percentage of full pension									
Number of qualifying years	6	7	8	9	10	11	12	13	14	15
Women (working life of 44 years)	Nil	Nil	Nil	Nil	26	29	31	34	36	39
Men (working life of 49 years)	Nil	Nil	Nil	Nil	Nil	Nil	28	30	32	35
	Percentage of full pension									
Number of qualifying years	16	17	18	19	20	21	22	23	24	25
Women (working life of 44 years)	42	44	47	49	52	54	57	59	62	65
Men (working life of 49 years)	37	39	41	44	46	48	50	53	55	57
	Percentage of full pension									
Number of qualifying years	26	27	28	29	30	31	32	33	34	35
Women (working life of 44 years)	67	70	72	75	77	80	83	85	88	90
Men (working life of 49 years)	60	62	64	66	69	71	73	75	78	80
	Percentage of full pension									
Number of qualifying years	36	37	38	39	40	41	42	43	44 or more	
Women (working life of 44 years)	93	95	98	100	100	100	100	100	100	
Men (working life of 49 years)	82	85	87	89	91	94	96	98	100	

7.2 Changes to the State Pension age

The Government has made changes to the current system of contributions in The Pensions Act 2007. This will affect people reaching State Pension age from April 2010 when there will be a new carer credit and people will be able to get the full Basic Pension if they have 30 years of contributions and/or credits.

Action: For more information on the new weekly NI credit for people caring for children or severely disabled people, see www.direct.gov.uk/en/Pensionsandretirementplanning/StatePension/index.htm

From 2012 at the earliest and by 2015 at the latest, the annual increase in the Basic Pension will be linked to average earnings instead of prices.

From April 2010, any number of qualifying years will entitle you to some Basic Pension. This means that if you have less than 30 years of NI contributions and/or credits this will entitle you to 1/30 of a full Basic Pension for each qualifying year you have. Both paid and credited NI contributions will count towards your Basic Pension.

Action: For more information about these and other changes see the Pension Reform section of the DWP website: www.direct.gov.uk/en/Pensionsandretirementplanning/StatePension/DG_069498

7.3 Credits

You will receive a credit in place of a NI contribution for each week that you are:

- unemployed and registered for Jobseeker's Allowance
- unable to work due to sickness or disability
- unable to work because you are looking after someone who is disabled and you are receiving Carer's Allowance
- an approved foster carer
- a parent with a dependent child under 12 years of age.

Men aged 60–64 who are not paying NI contributions automatically get credits even if they are not ill or signing on as unemployed, unless they are abroad for more than six months during the tax year.

7.4 Home Responsibilities Protection

Home Responsibilities Protection started in 1978. It protects the pension rights of someone caring for a child or a sick or disabled person. You can't get Home Responsibilities Protection for any years you spent looking after someone before April 1978. A married woman or widow cannot get Home Responsibilities Protection for any tax year in which she was only liable to pay reduced-rate NI contributions. Home Responsibilities Protection can normally only be given if you meet any of the conditions outlined below, or a combination of them, for a whole tax year. But for the third condition, from 5 April 1988, you will receive Home Responsibilities Protection if you fulfil the conditions for 48 weeks in the year. The conditions are:

- you get Child Benefit for a child under 16
- you get Income Support and don't need to register for Jobseeker's Allowance because you are looking after someone
- for at least 35 hours a week you look after someone who gets Attendance Allowance, Constant Attendance Allowance or the middle or higher level of the care component of the Disability Living Allowance. (If you are receiving Carer's Allowance you will normally already be receiving credits towards your pension so will not need Home Responsibilities Protection.)
- you are a foster parent (for years 2003/04 onwards).

If you qualify under the last two conditions you will need to make a claim for Home Responsibilities Protection. Claims for caring years before 2002/03 can be made at any time up to State Pension age. From April 2002 onwards claims will need to be made by the end of the third year following the year for which you are claiming Home Responsibilities Protection.

For example, for caring during the 2007/08 tax year you should claim between April 2008 and 5 April 2011. Ask for leaflet CF411 from your local social security office.

Home Responsibilities Protection makes it easier to qualify for a full pension because each year of 'home responsibility' reduces the number of qualifying years needed. But the number of qualifying years cannot be reduced below 20.

Example

Maeve O'Connor worked and paid full contributions from 1960 when she was 16 to 1990 when she gave up work to look after her mother. She was still caring for her mother in 2004, when she became 60.

Her pension is worked out like this:

Working life	44 years
Qualifying years needed for full pension	39 years
Number of years of Home Responsibilities Protection	14 years
Number of qualifying years needed for a full pension after taking away years of Home Responsibilities Protection	25 years

As Maeve worked and paid contributions for 30 years she is entitled to a full pension as Home Responsibilities Protection has reduced the number of qualifying years she needs to 25.

7.5 Voluntary and late contributions

If you are not paying NI contributions, and are not entitled to credits or Home Responsibilities Protection, you can pay voluntary contributions to protect your pension record. Check with the Pension Service or HMRC to see if you already have enough contributions without paying voluntary contributions.

If you have paid or been credited with some contributions in a year but not enough to count towards your pension you should be contacted and told how much you would need to pay to make up that year's contributions. If you don't hear anything by March of the next year, make enquiries at your local HMRC office.

There are time limits for paying voluntary contributions. They must be paid by the end of the sixth tax year after the one in which they were due.

Some people were not contacted in the tax years 1996/97 to 2001/02 and so special rules to extend the time limits for paying backdated contributions apply to these dates. Because of these rules some married women may be able to pay more than six years worth of voluntary contributions. This could entitle them to at least the minimum Basic Pension or an increased pension.

You can't pay backdated contributions for any year in which you were only liable to pay the reduced married woman's contribution.

Action: It is important to seek advice before paying any voluntary contributions because, for example, you could lose means-tested benefits such as Pension Credit. See HMRC leaflet CA5603. Contact the National Insurance Deficiency Notice helpline on 0845 915 5996 (textphone 0845 9153296).

Because of the changes to State Pensions, mentioned above, the Government has announced that people who have made voluntary contributions to make up for gaps in their record may be able to claim a refund if they have made the contributions since 25 May 2006. This is because the proposals were announced on that date.

Additional voluntary National Insurance contributions

The Pensions Act 2008 includes a provision for you to make additional voluntary NI contributions from April 2009 to make up for gaps in your contribution record. These additional contributions could help you get a Basic Pension.

This will allow you to buy back an additional six years of NI contributions in certain situations. This change will affect men and women who reach State Pension age between 6 April 2008 and 5 April 2015, and already have 20 qualifying years on their NI record, including any Home Responsibilities Protection. The missing years you wish to make up can be from as far back as 1975/76.

Action: If you think making additional voluntary NI contributions could help your pension situation, you should start by getting a pension forecast from The Pension Service to check whether you have any missing gaps in your contributions record. If you do, you should seek advice from your local Citizens Advice Bureau or Age UK/Age Concern to decide whether making additional voluntary NI contributions is appropriate for your circumstances. Please remember that making additional voluntary NI contributions might not be in your best interest, as this could reduce your overall retirement income, by reducing your entitlement to means-tested benefits such as Pension Credit.

8 Graduated Pension

The Graduated Pension (also called Graduated Retirement Benefit) is based on graduated contributions paid on earnings between 1961 and 1975. You will receive it when you claim your Basic Pension but it can also be paid at pension age even if you don't qualify for a Basic Pension. The amount depends on your earnings and is usually quite small.

A widow can inherit half her late husband's Graduated Pension, as can a widower or surviving civil partner, as long as they were both over State Pension age when the spouse/partner died.

9 Additional State Pension

Your retirement pension may also include some Additional State Pension, which started in April 1978.

From April 1978 to April 2002 this was built up under the State Earnings-Related Pension Scheme (SERPS) but from April 2002 the State Second Pension (S2P) replaced SERPS. This means that people who retire in the future may receive some Additional State Pension under SERPS and some under S2P. In general, Additional State Pension is related to earnings although under the new S2P some carers and disabled people who are not earning will be credited under the scheme as explained below.

Employees earning more than the lower earnings limit are paying into the Additional State Pension unless they are 'contracted-out' and contributing to an occupational or personal pension instead. You can't build up Additional State Pension based on earnings if you are self-employed, paying the reduced married women's contributions or earning less than the lower earnings limit of £97 a week. When you start to receive your pension the amount of Additional State Pension you get will be calculated taking into account any periods when you were contracted out of the scheme.

The Additional State Pension is based on weekly earnings between the lower and upper earnings limits (currently £97 and £844 respectively) from April 1978 until 5 April before your State Pension age. Earnings from past years (other than the year ending before the one in which you reach State Pension age) are revalued in line with increases in average earnings. If you reached pension age before April 1999 these revalued earnings will have been divided by 80 to give a yearly amount of Additional State Pension.

This formula provides a pension based on 25% of earnings between the specified levels. But changes were made to phase in, between 1999 and 2009, a reduction to the amount of Additional State Pension people would receive. The intention was that for people reaching State Pension age from 2009, the Additional State Pension would be based on 20% of their average earnings. S2P, explained below, provides a more generous pension to people with low or modest earnings.

9.1 State Second Pension

As mentioned above SERPS was replaced by S2P for contributions made from April 2002. Like SERPS it is called an earnings-related scheme but it provides extra pension to certain carers, disabled people and others (who may not actually be earning) and low-paid workers. For this tax year 2010/11 employees with annual earnings of at least £4,940 but less than £13,900 will be credited into the pension as though they have earnings of £13,900.

You may also be treated as though you have earnings of £13,900 if, throughout the year, you are entitled to Carer's Allowance, certain disability benefits or Home Responsibilities Protection because you are caring for a child under six or a disabled person. See section 7.2 for more information about Home Responsibilities Protection and social security guide NP46 for more information about SERPS and S2P.

Instead of paying into S2P, people can join a 'contracted-out' occupational scheme (if their employer runs one) or take out an 'appropriate personal pension' or stakeholder pension. Anyone with a personal or stakeholder pension earning below £13,900 in the 2008/09 tax year would have received a 'top-up' of the Additional State Pension irrespective of whether or not they are contracted out. Also, anyone in an occupational pension scheme earning between £4,940 and £31,800 would have received a 'top-up' of the Additional State Pension.

Note: It is a good idea to take professional financial advice before contracting out of S2P.

9.2 Widows, widowers and surviving civil partners

When a widow starts to receive her retirement pension at retirement age, or if she is already receiving her pension when she is widowed she can inherit all or some of her husband's Additional State Pension and add it to her own (subject to a maximum limit).

The amount of SERPS a widow can inherit depends on when her husband dies and when he reaches, or was due to reach, State Pension age. If he died by 5 October 2002 she will have inherited the full amount. If he was already at retirement age by 5 October but dies after that date she will also inherit the full amount.

People who reach State Pension age from 6 October 2002 to 5 October 2010 will be able to pass on between 60% and 90% of their SERPS (depending on precisely when they reach State Pension age).

The widow, widower or surviving civil partner of someone who reaches State Pension age on or after 6 October 2010 will only be able to inherit half of their spouse's SERPS.

The rules for widows also apply to a widower if his wife dies when they are both over State Pension age. The same rules apply to surviving civil partners. If a man was widowed on or after 8 April 2001, in some circumstances he may be able to inherit his wife's SERPS if he is under State Pension age when she dies.

The maximum amount of State Second Pension (S2P) that a widow, widower or surviving civil partner will be able to inherit is 50% regardless of when they were bereaved.

Action: For further information see DWP leaflet SERPSL1.

10 If you work after pension age

When you reach State Pension age you can draw your State Pension even if you are still working and regardless of how much you earn. Or, you can choose to defer (postpone) drawing your pension so that you can receive a higher pension or a lump-sum payment at a later date.

The State Pension (including any Additional Pension or Graduated Pension you receive) is taxable, so if you are working and paying tax, your tax code will be adjusted to take into account the amount of pension you receive. Once you reach State Pension age you don't have to pay NI contributions. You need to get an 'age exemption certificate' to give to your employer who will still have to pay contributions for you.

Note: The certificate is CA4140 and available from HMRC National Insurance Contributions Office on 0845 302 1479. You will need to provide evidence of your age. If you have any problems obtaining a certificate ask your employer to assist.

10.1 Deferring your pension

Deferring before 6 April 2005

If you deferred your State Pension for at least seven weeks before April 2005 then for that period it was increased by about 7.5% for each year of deferment. Someone who put off drawing their pension for 5 years will have had it increase by about 37.5%. These rules changed on 6 April 2005.

Deferring after 6 April 2005

Under the rules from 6th April 2005 your pension will be increased by about 10.4% for each year you do not draw it – for example, if you defer your pension for five years it will be increased by just over half. Alternatively, instead of receiving a higher pension, you can choose to receive a lump-sum payment. This will be calculated based on the amount of pension you have given up and an interest rate of at least 2% above the Bank of England base rate. If you defer your pension for at least five weeks it will be increased by one fifth of 1% for each week you defer – this works out as 1% for each five weeks. So if you put off drawing your pension for less than a full year you can receive an increased pension (as long as you put off drawing it for at least five weeks) or you can receive your pension backdated to the time when you could have first claimed it (but without any interest payments).

You do not have to be working to defer your pension and the Basic, Additional and Graduated Pension are all increased in the same way, but you cannot gain increases to any addition you receive for a dependant husband or wife. The time during which you receive another social security benefit such as War Widow's or Widower's Pension will not count towards extra pension.

Under the new rules there is no time limit to how long you can defer your pension. If you defer it both before and after April 2005, then it will increase partly under the old rules and partly under the new rules. If you do start drawing your pension you can change your mind and defer it instead but you can only do this once. If you are a married man and you and your wife are already drawing pensions based on your contributions you may need her consent before deferring your pension as she will have to give hers up too.

10.2 Married women

Prior to April 2010, as a married woman you could gain increases to a State Pension based on your own contributions as explained above. If you were aged 60 to 64 and receiving a pension based on your husband's contributions, you could defer this to gain an increase. If you were a married woman aged 60 or over and your husband was deferring his pension, you would not have been able to draw the married woman's pension. Once he does draw his pension you would have both been entitled to an increased amount. These rules changed in April 2010 – from this date onwards a woman is able to draw a State Pension based on her husband's record even if he defers his pension.

If you are under State Pension age and your husband is deferring his pension, you cannot earn extra pension. This is because you are not entitled to any pension of your own so you are not 'giving up' any pension.

If your husband was entitled to a dependant's addition for you, this part of his pension is not increased if he defers drawing his pension.

10.3 Widows, widowers and surviving civil partners

If you are a widow and your late husband deferred his pension, you will receive the increases that he earned by deferment – as long as you don't remarry before reaching State Pension age.

If you are a widower or surviving civil partner you may also get the increases that your late wife/civil partner earned by deferring their pension; but only if you were 65 or over when your wife/civil partner died.

10.4 Deciding whether to draw your pension

The State Pension is taxable and is taken into account for benefits such as Pension Credit, Housing Benefit and Council Tax Benefit.

If you choose to take an increased pension after deferment this will count as part of your taxable income and may reduce the amount of any income-related benefits you receive. But the lump-sum payment from April 2006 will be ignored if you claim Pension Credit, Housing Benefit or Council Tax Benefit. The lump sum will be taxed at the rate you are currently paying Income Tax (so will not put you into a different tax band).

In the past most people chose to draw their State Pension at State Pension age but the more generous rules described above may mean more people will think about deferment. If you need to have the money to use now the decision is easy but whether to draw your pension or not may depend on several factors that are not always predictable. These include: future inflation rates and investment returns; your income tax liability; whether you may be entitled to other benefits after retirement; and your life expectancy.

11 Over-80s Pension

This is a non-contributory pension of £58.50 for people aged 80 or over who don't have a State Pension. If you have a State Pension but it is less than £58.50 a week the Over-80s Pension will be paid to bring your pension up to this level.

To qualify for this pension you have to be aged at least 80 and living in the UK when you claim. You must also have lived here for 10 years or more in any 20-year period after your State Pension age birthday. If you have lived in another European Union country this may help to satisfy the conditions.

The Over-80s Pension will be counted in full if you receive income-related benefits such as Pension Credit, Housing Benefit or Council Tax Benefit.

12 Claiming your State Pension

The Department for Work and Pensions (DWP) is the Government department responsible for State Pensions and other benefits. Older people deal mainly with The Pension Service.

Her Majesty's Revenue and Customs (HMRC), formerly the Inland Revenue, deal with information about National Insurance (NI) contributions.

Action: Details of offices and enquiry centres can be found in your local phone book. You can also get leaflets and information on their website: www.hmrc.gov.uk

A claim form will normally be sent to you automatically about four months before the birthday in which you reach the State Pension age. This will give you three options. You can ring the Pension Service on 0845 300 1084 and make a claim over the phone; or ring that number for a claim form; or send in a tear-off slip to get the claim form.

Note: If you have not received the pack at least three months before you reach State Pension age, you should contact your local Pension Service office or ring 0845 300 1084.

You will receive details of how much your pension will be. If you think you have been awarded the wrong amount or you disagree with another decision about your pension, you can ask for the decision to be reconsidered or you can appeal. You will be given details about this with the decision.

13 Payment

Most people now receive their pension paid by direct payment into an account. When you apply for your pension you will be given information about the different types of bank, building society and Post Office accounts. You can choose to have your pension paid weekly in advance, or every four weeks or quarterly in arrears.

If you cannot manage an account or you do not provide account details, you will be sent a weekly cheque in the post. You can sign the back of the cheques to authorise someone else to collect your pension at the Post Office. If, for example, you have different carers collecting your pension, this may be the best way of getting your money each week.

A change in your circumstances, such as a stay in hospital, used to affect the amount of pension you received. But this changed in April 2005 and from that date you can continue to receive your pension for the whole length of your hospital stay.

14 Income Tax and other benefits

All parts of the State Pension are taxable. Whether you have to pay Income Tax, and if so how much, depends on your total income and your tax allowance(s).

In addition to receiving a pension, many older people are entitled to other benefits, such as those that are related to income and savings – Pension Credit, Housing Benefit, Council Tax Benefit.

Some older people may be entitled to Attendance Allowance or Disability Living Allowance, which are not means-tested and are intended to help with the costs of illness or disability.

15 Useful organisations

The social security leaflets and claim forms mentioned in this factsheet are available from your local Pension Service office as are the contribution leaflets which are also available from HMRC offices. You will find their details in the telephone directory.

To supplement your reading/research please see the detailed social security guide NP46 *A guide to retirement pensions*.

Citizens Advice Bureau

National network of free advice centres. Depending on available resources may offer benefits check and help filling forms.

Tel: 020 7833 2181 (for local contact details only – not telephone advice)

Website: www.adviceguide.org.uk

Direct Gov

The official government website for citizens with easy access to and information about public services including money, tax and benefits and a specific section for the over-50s. It also offers information about pensions and retirement planning (see specific link under Pension Service).

Website: www.direct.gov.uk

HM Revenue and Customs (HMRC)

Contact HMRC for more information about taxes. You should find your local Tax Enquiry Centre in your local phone book.

Website: www.hmrc.gov.uk

Pension Service (The)

For details of state pensions, including forecasts and how to claim your pension.

Tel: 0845 60 60 265

Textphone: 0845 60 60 285

Website: www.direct.gov.uk/en/Pensionsandretirementplanning/index.htm

Please note: there is no longer a Pension Service website. Information about pensions and retirement planning has moved to Direct Gov.

16 Further information from Age UK

Visit the Age UK website, www.ageuk.org.uk, or call Age UK Advice free on 0800 169 65 65 if you would like:

- to order copies of any of our information materials mentioned in this factsheet
- to request information in large print and audio
- further information about our full range of information products
- contact details for your nearest local Age UK/Age Concern.

Books from Age UK

We publish a wide range of books for older people and those who care for and work with them. The following title may be of particular interest:

Your rights to money benefits 2010–2011

All you need to know about the full range of benefits for the over 60s.
£5.99

To order this book visit www.ageuk.org.uk/bookshop or to request a free books catalogue please call our book order line 0870 44 22 120 (lo-call rate).

Age UK

Age UK is the new force combining Age Concern and Help the Aged. We provide advice and information for people in later life through our publications, online or by calling Age UK Advice.

Age UK Advice: 0800 169 65 65

Website: www.ageuk.org.uk

In Wales, contact:

Age Cymru: 0800 169 65 65

Website: www.agecymru.org.uk

In Scotland, contact:

Age Scotland: 0845 125 9732

Website: www.agescotland.org.uk

In Northern Ireland, contact:

Age NI: 0808 808 7575

Website: www.ageni.org.uk

Support our work

Age UK is the largest provider of services to older people in the UK after the NHS. We make a difference to the lives of thousands of older people through local resources such as our befriending schemes, day centres and lunch clubs; by distributing free information materials; and through calls to Age UK Advice on 0800 169 65 65.

If you would like to support our work by making a donation please call Supporter Services on 0800 169 80 80 (8.30 am–5.30 pm) or visit www.ageuk.org.uk/donate

Legal statement

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