

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 men is 65 and the State Pension age for women is increasing from 60 so that it will be equalised with that for men by 2018. State Pension age for both men and women is set to increase further in the future.

The information in this factsheet is correct for the period April 2011 – March 2012. Benefit rates and other figures are expected to increase again in April 2012 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 19 for details.

Section 19 also has details of how to order other Age UK factsheets and information materials and the telephone numbers for Age UK Advice.

If you need more detailed advice or representation, it is often best to find a local service offering this. This is sometimes suggested in the text. Age UK Advice can give you contact details for a local Age UK, or you could contact one of the independent organisations listed in section 18.

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1 Recent developments

- The age at which people can claim their State Pensions is changing due to several Pensions Acts including The Pensions Act 2011. In April 2010 State Pension age for women started to increase from 60 to 65 to equalise it with that of men. This equalisation process will be complete by November 2018. State Pension age for both men and women will then increase to 66 by October 2020. Current law also provides for further increases to age 67 by 2036 and to 68 by 2046, although the government has announced its intention to bring forward these changes, which would be subject to consultation and need the approval of Parliament.
- State Pension forecasts are no longer available for women born on or after 6 April 1953 or men born on or after 6 April 1951. Instead, State Pension statements are available (see section 7.6).
- The Department for Work and Pensions (DWP) is currently carrying out two exercises to identify people who may have been awarded the wrong amount of State Pension or refused State Pension incorrectly. The first exercise is due to end in July 2011 and is designed to identify people who have not been awarded the Home Responsibilities Protection (see section 7.4) they are entitled to. The other exercise is due to be completed by March 2012 and is checking awards of Additional State Pension (see section 8).
- In April 2011 Category A, B and D basic State Pensions were increased by 4.6%, in line with the increase in the Retail Price Index in September 2010. Other elements were increased by 3.1%, in line with the Consumer Price Index (CPI). The Government has pledged to base future annual increases in the basic State Pension on a 'triple guarantee' of earnings, prices (CPI) or 2.5%, whichever is highest.

- The full weekly rates of basic State Pension for 2011/2012 are:

| | |
|---|---------|
| Category A pension | £102.15 |
| Category B pension based on late spouse's or civil partner's National Insurance contributions | £102.15 |
| Category B pension based on spouse's or civil partner's National Insurance contributions | £61.20 |
| Category D pension | £61.20 |
| Graduated Retirement Benefit: increased by 3.1% | |
| Additional Pension (SERPS and S2P): increased by 3.1% | |

The extra 25p payable when you reach the age of 80 has not increased.

2 Future changes

- Changes to the timetable for increasing the State Pension age are dealt with in sections 1 and 4.
- In April 2011, the Government published a consultation paper *A state pension for the 21st century* setting out proposals for reforms to the State Pension system for people reaching State Pension age in the future. The consultation paper also looks at options to manage future increases in the State Pension age more automatically in response to increases in life expectancy.
- From April 2012 there will be changes to the provisions for contracting out of the Additional State Pension. These changes are described in section 8.3.

3 What is the State Pension?

The State Pension is paid to people who have reached State Pension age, fulfil the National Insurance (NI) contribution conditions and have made a claim. The amount you get is not affected by your income and savings but all parts of the State Pension are taxable.

Some major changes to State Pensions were introduced on 6 April 2010. They included the start of a process to equalise State Pension age for men and women, and other changes that apply only to people who reach State Pension age on or after 6 April 2010. This factsheet includes relevant information about the State Pension whether you reach State Pension age before or after 6 April 2010.

You can claim and get your State Pension even if you decide to continue working past State Pension age. Alternatively, you can choose not to claim your State Pension at State Pension age and get extra State Pension or a one-off taxable lump-sum payment at a later date.

Your State Pension may consist of a basic Category A or B State Pension plus Additional State Pension (based on your NI contributions after April 1978) and Graduated Retirement Benefit (based on your NI contributions between April 1961 and April 1975). You will get an extra 25p each week when you reach the age of 80.

The Category D State Pension is a non-contributory pension for people over the age of 80.

The DWP is the Government department responsible for State Pensions and other benefits. Older people deal mainly with The Pension Service. HM Revenue and Customs (HMRC), formerly the Inland Revenue, deal with NI contributions.

4 State Pension age

You can claim your State Pension when you reach State Pension age. Before April 2010 State Pension age was 65 for men and 60 for women. Since 6 April 2010 women's State Pension age has been increasing for those born on or after 6 April 1950. As at April 2011, women's State Pension age is around 60 and 6 months and it will be 61 by April 2012. State Pension age is due to be equalised at 65 for both men and women by November 2018. It is then scheduled to increase again, to 66 between 2018 and October 2020, and to 68 by 2046. The Government proposes to bring forward the increase from 66 to 67 so that people born on or after 6 April 1960 but before 6 April 1961 will have a State Pension age between 66 and 67. People born on or after 6 April 1961 will have a State Pension age of 67 or higher. This proposal will need parliamentary approval.

If you are a woman born on or after 6 April 1950, the precise age at which you are entitled to get your State Pension depends on your date of birth. If you are a woman born between July 1950 and July 1951, the table below shows the first date that you can claim your State Pension.

| Date of birth | Date you can claim State Pension |
|------------------------------------|---|
| 6 July 1950 to 5 August 1950 | 6 November 2010 |
| 6 August 1950 to 5 September 1950 | 6 January 2011 |
| 6 September 1950 to 5 October 1950 | 6 March 2011 |
| 6 October 1950 to 5 November 1950 | 6 May 2011 |
| 6 November 1950 to 5 December 1950 | 6 July 2011 |
| 6 December 1950 to 5 January 1951 | 6 September 2011 |
| 6 January 1951 to 5 February 1951 | 6 November 2011 |
| 6 February 1951 to 5 March 1951 | 6 January 2012 |
| 6 March 1951 to 5 April 1951 | 6 March 2012 |
| 6 April 1951 to 5 May 1951 | 6 May 2012 |
| 6 May 1951 to 5 June 1951 | 6 July 2012 |
| 6 June 1951 to 5 July 1951 | 6 September 2012 |

Some other benefits, such as Pension Credit and Winter Fuel Payment, which used to be paid from the age of 60, are now linked to women's State Pension age.

Following the Gender Recognition Act in April 2005, if you are granted a full Gender Recognition Certificate your State Pension age depends on your acquired gender.

Action: You can find out your State Pension age by using the calculator on the Directgov website or by phoning the State Pension Forecasting Team.

5 Couples

Since 6 April 2010 State Pension provisions have been equalised so that they apply to husbands and wives and to people in registered civil partnerships. In the past some pension rights such as the married woman's pension did not apply to husbands and civil partners. Pension changes are generally not retrospective, which means that if your wife or civil partner was born before 6 April 1950 (and so reached State Pension age before 6 May 2010, in the case of a woman, or 6 April 2015, in the case of a man) these 'new' rules do not apply to you.

6 Basic State Pensions

The full weekly rates of the State Pension are:

| Type of pension | Weekly amount |
|---|---------------|
| Category A State Pension | £102.15 |
| Category B late spouse's or civil partner's contributions | £102.15 |
| Category B spouse's or civil partner's contributions | £61.20 |
| Category D non contributory, over-80 pension | £61.20 |

Category A State Pensions are generally based on an individual's own NI contributions record, while Category B State Pensions are based on a spouse's or civil partner's record. Category A and B pensions may consist of a basic and/or Additional State Pension.

6.1 **Category A State Pension on your own contributions**

You will get the full basic Category A State Pension if you have paid, or been treated as having paid, NI contributions at the appropriate rate for enough qualifying years in your working life, or if any gaps in your record are covered by NI credits or Home Responsibilities Protection (HRP), as explained in section 7. If you do not have sufficient qualifying years for the full Category A State Pension, you may get a reduced amount.

More information about the NI contribution conditions is given in section 6.7. They changed on 6 April 2010 and the rules that apply to you will depend on whether or not you reached State Pension age on or after that date.

Normally you need to have satisfied the NI contribution conditions in your own right. However, divorcees, widowed people and those whose civil partnership has ended through bereavement or dissolution may be able to use the NI contributions record of their former or deceased spouse/civil partner to help them qualify for a Category A State Pension.

6.2 **Category B State Pension**

Married women

If you are a married woman and you are not entitled to a basic State Pension based on your own NI contributions record, or it is less than £61.20 a week, you may be able to get a pension based on your husband's NI contributions once he reaches State Pension age. This is sometimes referred to as the 'married woman's pension'. If you have no basic Category A State Pension you may get the Category B State Pension of £61.20 a week. If your Category A State Pension is less than £61.20 a week it can be made up to that amount. If your husband does not have a full contributions record, you will receive a proportionally reduced pension.

If you are already receiving a Category A State Pension on your own NI contributions record and your husband claims his State Pension, The Pension Service will normally pay you any extra Category B State Pension that you are entitled to so you will not need to make a new claim.

You will need to make a claim if you are not already getting a State Pension at the time your husband reaches State Pension age or if your husband decides to put off claiming his State Pension. Until 6 April 2010 your husband had to be getting his State Pension before you could make a claim but now it is possible to do this even if he is putting off claiming ('deferring') his State Pension. See section 13 for more about deferring the State Pension. If he is deferring his State Pension you should contact The Pension Service to claim the Category B pension even if you are already getting some Category A State Pension, as it will not be awarded automatically.

On top of any basic State Pension you get, you may also be entitled to Graduated Retirement Benefit and/or Additional State Pension based on any NI contributions you have made, as explained in sections 8 and 9. Sometimes married women who have paid NI contributions in the past but who are not working when they reach State Pension age do not realise that they may be entitled to some State Pension based on their earlier NI contributions. The State Pension is not awarded automatically except in the circumstances described above – you have to make a claim. See section 12 for information on claiming.

Married men and civil partners

If your wife or your civil partner was born before 6 April 1950, then as a married man or civil partner you are not able to claim a State Pension based on your wife or civil partner's NI contributions record.

If you reach State Pension age after 6 April 2010 and you are not entitled to a basic State Pension of at least £61.20 a week based on your own NI contributions record, you can claim a Category B State Pension based on your wife or civil partner's NI contributions record as long as they were born on or after 6 April 1950 and have also reached State Pension age. This means that husbands and female civil partners started to qualify from May 2010 and male civil partners will start to qualify from April 2015.

If you qualify for a Category B State Pension as a husband or civil partner, the rules are in line with those set out above for married women.

6.3 Increases for adult dependants

In the past a man could claim an increase in his State Pension for a dependent wife who was under State Pension age, and in limited circumstances a woman was able to claim for a dependent husband. The rules changed and since 6 April 2010 it has not been possible to claim an increase for a dependent spouse. This also applies if you reached State Pension age before 6 April 2010 but put off claiming your State Pension until that date or later. Check if you can claim Pension Credit instead.

If you were already receiving an increase in your State Pension for an adult dependant at the time the new rules came into effect on 6 April 2010, you can continue to get the increase as long as you continue to meet the conditions explained below until the dependant reaches State Pension age or 5 April 2020, whichever is sooner.

Dependent wives

If you are a married man aged 65 or over and have been receiving the increase for your wife since before 6 April 2010 and you live together, your State Pension will be increased by a maximum of £58.80 a week. However, you will not get any increase for your wife if she gets State Pension or certain benefits of £67.50 or more a week. The increase may also be affected by any earnings she has. You will not be able to get the increase if she is working and earns more than £67.50 a week (after some expenses connected with work have been deducted). Any occupational or personal pension she gets will be counted as earnings.

If you do not live with your wife, you may be able to get the increase as set out above if you are making a contribution to her maintenance. In this situation the increase will not be paid if she earns more than £58.80 a week.

Dependent husbands

If you are a married woman and have been getting an increase to your State Pension of up to £58.80 for your husband since before 6 April 2010, you will only have been able to claim it if you were receiving Incapacity Benefit with an additional sum for your husband immediately before you started to get your State Pension. The increase will stop if your husband receives a State Pension or certain other benefits worth £67.50 a week, or if he earns more than £67.50 a week (£58.80 if you do not live together).

6.4 Increases for dependent children

Increases for dependent children have not been payable on new claims for State Pension since 6 April 2003. Check if you can claim Child Tax Credit instead.

If you were already receiving an increase in your State Pension for a child dependant at the time the new rules came into effect on 6 April 2003, you can continue to qualify for the increase, which is £8.10 for the first child and £11.35 for each other dependent child. Increases for dependent children are not taxable.

6.5 Divorce, dissolved civil partnerships and separation

Divorced people

If you are divorced but do not qualify for a full Category A State Pension based on your own NI contributions record, you may be able to use your former spouse's contributions to increase the amount of pension you get to the maximum for a single person of £102.15 a week. You are not entitled to your former spouse's Graduated Retirement Benefit or Additional State Pension. (However, since December 2000 when rules on 'pension sharing' came into effect, it has been possible for Additional State Pension to be divided as part of a divorce settlement.)

Your former spouse's NI contributions record is substituted for your own from the start of your working life up to your divorce or just for the period of your marriage.

If you get divorced before State Pension age, you may need to pay further NI contributions after your divorce to qualify for a full Category A State Pension. If you are receiving a Category B State Pension based on your spouse's NI contributions record, you may be able to use the rules outlined above to get a full Category A State Pension.

If you remarry or form a civil partnership before State Pension age, you cannot claim a State Pension on your former spouse's NI contributions record. However, if you remarry or form a civil partnership after State Pension age, you will not lose any State Pension based on your previous spouse's NI contributions record.

Dissolved civil partnerships

The term 'dissolution' is used if civil partners legally separate; it is the equivalent of divorce for married couples. State Pension rules are the same as those described above for divorced people.

Separation

If you are separated from your husband, wife or civil partner and you do not qualify for a basic Category A State Pension when you reach State Pension age, or you are entitled to less than £61.20 a week, you may be able to claim a Category B State Pension of up to £61.20 a week when your spouse or civil partner reaches State Pension age – see section 6.2. As explained there, before 6 April 2010 this only applied to married women, and for husbands and civil partners it depends on the date of birth of their wife or partner.

6.6 Widows, widowers and surviving civil partners

Widows, widowers and surviving civil partners can sometimes inherit State Pension at State Pension age. Once you are getting a State Pension on this basis, you can remarry, form a civil partnership or live with a partner without losing a State Pension based on your previous spouse/civil partner's NI contributions record. As well as inheriting basic State Pension, you may also inherit Additional State Pension and/or Graduated Retirement Benefit (see sections 8 and 9).

Some aspects of the rules are different for widowers and civil partners who reached State Pension age before April 2010. These are covered briefly in this section but contact The Pension Service or a local advice agency if you need further information.

Note: See Age UK's Factsheet 56, *Benefits for People under State Pension age*, for information about bereavement benefits for people under State Pension age.

Widows

If you were under State Pension age when your husband died and you have not remarried or formed a civil partnership, you may be entitled to a basic Category A State Pension of up to £102.15 a week, based on your late husband's NI contributions record, once you reach State Pension age. The amount you get will depend upon your own, and your late husband's, NI contributions record and the age at which you were widowed. If you had reached State Pension age when your husband died, and were not getting the full Category A State Pension, you may be able to use his NI contributions record to bring your State Pension up to a maximum of £102.15 a week.

Widowers and surviving civil partners

If you reached State Pension age on or after 6 April 2010, the inheritance rules are the same as those described above for widows. If you reached State Pension age before 6 April 2010 and were bereaved on or after 6 April 1979 and do not have enough NI contributions of your own, you may be entitled to a Category B State Pension of up to £102.15 based on your wife or civil partner's NI contributions record, provided you were both over State Pension age when your wife/civil partner died. If you were bereaved under State Pension age on or after 9 April 2001, the rules are the same as those described above for widows.

If you do not fulfil the above conditions, perhaps because your late wife or civil partner died before State Pension age when you had already reached that age before 6 April 2010, you may in some circumstances be able to use your wife/civil partner's NI contributions record to increase your basic State Pension up to a maximum of £102.15 a week.

6.7 National Insurance contribution conditions

This section explains the NI contribution conditions for the basic State Pension. Your contributions record will depend on the NI contributions you have paid, any credited NI contributions you have received and any Home Responsibilities Protection (HRP) received for tax years before 2010/11. See section 7 for detailed information about NI contributions, credits and HRP. Changes to the contribution conditions were introduced in 6 April 2010. Different rules apply depending on whether you reached State Pension age before or after 6 April 2010.

If you reached State Pension age on or before 5 April 2010

If you reached State Pension age before 6 April 2010, there are two conditions that you must meet to get a Category A State Pension. The first condition is that you have paid sufficient NI contributions to make at least one year in your working life since 6 April 1975 a 'qualifying year' or paid at least 50 flat-rate contributions at any time before 6 April 1975. Credited contributions cannot count towards this first condition.

The second condition is that to get a full Category A State Pension you must normally have paid or been credited with NI contributions for about 90% of the years of your 'working life'. Your working life normally starts in the tax year (i.e. 6 April to 5 April) when you were 16 and ends with the last full tax year before you reached State Pension age. Each year in your working life that you have paid or been credited with sufficient contributions is called a 'qualifying year'. Home Responsibilities Protection can reduce the number of qualifying years you need.

A woman who reached State Pension age before 6 April 2010 and had a working life of 44 years, will get a full basic Category A State Pension if 39 of the years were qualifying years. A man who reached State Pension age before 6 April 2010 and had a working life of 49 years will get a full basic Category A State Pension if he has 44 qualifying years. If you are not entitled to a full Category A State Pension, you may get a reduced one based on the number of qualifying years you have. So, for example, if you have half the number of years needed, your pension will be half the normal rate. However, you get no Category A State Pension at all if the number of qualifying years you have is less than 25% of the number needed for a full State Pension.

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

Both men and women who reach State Pension age on or after 6 April 2010 receive the full Category A State Pension if they have 30 or more qualifying years. If you have fewer than 30 qualifying years, you get a reduced pension as long as you have at least one qualifying year. Each qualifying year entitles you to one-thirtieth of the full amount. There is no minimum number of qualifying years and there is no longer a requirement that at least one of your qualifying years needs to be based on paid NI contributions (rather than NI credits).

Action: If you don't have enough contributions for a full State Pension, see section 7.3 about paying voluntary contributions to cover missing years. Also check if you might be entitled to Pension Credit to top up your income – see Age UK's Factsheet 48, *Pension Credit*, or contact Age UK Advice or a local advice agency. If you are over 80 and you have not paid enough contributions for a basic State Pension worth at least £61.20, you might qualify for the non-contributory Category D State Pension described in section 11.

7 National Insurance

Whether you will get a full State Pension depends on your NI contributions record. Your record might be made up of a combination of:

- NI contributions paid while you were working
- NI credits awarded while you were receiving certain benefits
- NI credits and/or Home Responsibilities Protection awarded while you had caring responsibilities
- voluntary NI contributions you have paid.

7.1 NI contributions in work

Since April 1975, employees aged 16 or over and under State Pension age have paid NI contributions depending on the level of their earnings.

If you are an employee with earnings of £102 a week or more (the level of the Lower Earnings Limit in 2011/12), you are building up entitlement to a basic Category A State Pension. However, you do not start to pay NI contributions until your earnings reach £139 a week. If you have earnings of between £102 and £139, you are treated as though you are paying NI contributions and are still building up entitlement to the basic State Pension and other contributory benefits. When reference is made in this factsheet to people who have 'paid' NI contributions, this includes people with earnings between £102 and £139 a week who are not actually paying NI but are still treated as having paid NI contributions.

Since April 1975 employed people have paid Class 1 NI contributions as a percentage of earnings, and these are collected with Income Tax. Employers also pay NI contributions.

If you are self-employed you have to pay a flat-rate Class 2 contribution each week, which counts towards a basic State Pension but not an Additional Pension. If your taxable income is over a certain amount, extra Class 4 contributions are collected with your Income Tax. If your earnings are low, you may be able to get a 'small earnings exception' which exempts you from paying NI contributions, but you may wish to pay Class 2 contributions anyway to protect your State Pension rights.

Reduced-rate married woman's contributions

When the present scheme was introduced in 1948, married women could choose to pay reduced-rate Class 1 or 2 contributions. These contributions do not count towards a basic State 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. It is not possible to pay voluntary contributions or get HRP to make up any gaps in your contribution record for years when you were paying or had the right to pay reduced-rate contributions. Married women in this position will not usually be eligible for NI credits either.

There are certain circumstances where you lose the right to pay these reduced rate contributions, including if you do not work for two tax years or your marriage ends in divorce. You may also choose to give up the right to pay the reduced-rate contributions, but seek advice first as doing so may not always be in your best interests.

Working abroad

NI contributions paid abroad may help you qualify for the basic State Pension if you worked in another European Economic Area country or one that has a reciprocal agreement with the UK.

7.2 NI credits

If you are under State Pension age there are various circumstances in which you are entitled to a credit in place of a NI contribution. These include each week that you are:

- receiving unemployment credits by claiming Jobseeker's Allowance or registering for credits only with Jobcentre Plus
- unable to work due to sickness or disability
- unable to work because you are looking after someone who is disabled and you are receiving Income Support as a carer, or Carer's Allowance, or would be receiving Carer's Allowance if you were not receiving a bereavement benefit instead
- receiving Child Benefit for a child under 12 years of age
- an approved foster carer
- receiving certain rates of Working Tax Credit
- a man in the tax year in which you would have reached pension age had you been a woman, or any subsequent tax year up to, but not including, the one in which you reach the age of 65, and not paying contributions, even if you are not ill or signing on as unemployed (this does not apply to any tax year in which you are abroad for more than six months)
- providing care for at least 20 hours a week for one or more sick or disabled persons who get Attendance Allowance (AA) or Constant Attendance Allowance or the middle or highest rate of the care component of Disability Living Allowance (DLA), or whose need for care has been certified by a health or social care professional (Carer's Credits)
- a grandparent or other specified adult providing familial childcare for a child aged under 12 whose parents are in work.

The credits for men approaching pension age and the credits associated with particular benefits are awarded automatically.

You need to make an application to get Carer's Credits, credits as a foster parent and credits for grandparents. Credits for grandparents have been introduced from April 2011 and applications will not be possible until after 6 April 2012. You should apply for all these credits before the end of the tax year following the one in which you are entitled to the credits. Late applications can sometimes be accepted if there is a good reason for not applying earlier.

Different types of credits and paid contributions can be combined to make a full qualifying year.

Action: Apply for Carer's Credits using claim pack CC1 which you can get by ringing the Benefit Enquiry Line or online from Directgov. Use form C411A from HMRC for foster parent credits.

7.3 Late and voluntary NI contributions

If you are not paying NI contributions, and are not entitled to credits or Home Responsibilities Protection, you can pay Class 3 voluntary contributions to protect your State Pension.

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 with HMRC.

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

In 2008 the Government made provision to allow some people to pay up to six years of Class 3 voluntary NI contributions on top of the normal provisions to fill gaps going back to 1975/76. This applies to people who reach State Pension age between 6 April 2008 and 5 April 2015 who already have at least 20 qualifying years, which can include full years of HRP. There are also some other situations in which the time limits for paying voluntary contributions have been extended.

You cannot pay voluntary contributions for any year in which you were only liable to pay the reduced-rate married woman's contributions.

Action: If you do not have enough NI contributions for a full basic State Pension, you need to decide whether to make additional voluntary contributions by weighing up the cost of the voluntary contributions against the potential gains in entitlement. There may also be potential losses in means-tested benefits like Pension Credit to consider. You can find more information on the HMRC website and on HMRC form CA5603, the application form to pay voluntary contributions. The Pension Service has a special helpline about voluntary contributions – 0845 604 2931 – or you could contact the National Insurance Deficiency Notice helpline. You may also want to get independent advice.

If you made voluntary contributions to make up for gaps in your record between 25 May 2006 and 26 July 2007 you may be able to claim a refund if you now have more than the 30 years worth of contributions needed for a full basic State Pension since the April 2010 pension changes.

7.4 Home Responsibilities Protection

From 1978 to April 2010, HRP protected the NI contribution record of people caring for a child or a sick or disabled person. It helped protect your basic State Pension and bereavement benefits for your spouse or civil partner. From April 2002 to April 2010 it could also help build up Additional State Pension through the State Second Pension (see section 8.2).

In April 2010 HRP was replaced by the new credits for parents and carers, described in section 7.2.

You cannot get HRP for the years when you were looking after someone before April 1978. A married woman or widow cannot get HRP for any tax year in which she would only be liable to pay reduced-rate NI contributions, had she been working.

You are entitled to HRP if you meet any of the following conditions, or in some situations a combination of them, for a whole tax year between April 1978 and 2010:

- You received Child Benefit for a child under 16.
- You received Income Support and you were substantially engaged in looking after a sick or disabled person.
- For at least 35 hours a week you looked after someone who received, for a minimum of 48 weeks (52 weeks before April 1988) in the year, Attendance Allowance, the middle or highest rate of the care component of Disability Living Allowance, or Constant Attendance Allowance.
- You were a registered foster parent (for years from 2003/04 onwards).

If you got Carer's Allowance, you would normally have received NI credits towards your State Pension so you would not need HRP, although you could not get credits or HRP if you retained the right to pay the reduced-rate married woman's contributions.

Whether you have done any work is irrelevant. You will get HRP if you qualify for it and haven't paid or been credited with enough NI contributions for the tax year to count as a qualifying year.

How to work it out

If you reach State Pension age on 6 April 2010 or later, any years of HRP you have been awarded will be converted into a year of NI credits (up to a maximum of 22 years).

If you reached State Pension age before 6 April 2010, each year of HRP was taken away from the number of qualifying years needed to get a full Category A State Pension. However, HRP could not be used to reduce the number of qualifying years to below 20.

Example

Maeve 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. As Maeve worked and paid contributions for 30 years she is entitled to a full pension as HRP reduced the number of qualifying years she needed to 25.

Her pension was 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 |

When to apply

HRP should be given automatically if you qualify because you were getting Child Benefit or Income Support as a carer. You should not have to apply for it.

You must apply for HRP if you qualify because you were looking after someone who was getting Attendance Allowance, Disability Living Allowance or Constant Attendance Allowance, or because you were a foster parent – or if you qualified under one condition for part of the tax year and under another for the rest of the year.

Applications for HRP in respect of years spent caring for a sick or disabled person before 2002/03 can be made at any time up to State Pension age. However, for years from April 2002 onwards, you need to apply by the end of the third year following the year for which you want HRP. For example, for caring during the 2008/09 tax year you should apply between 6 April 2009 and 5 April 2012.

Action: Apply for HRP on form CF411 which you can get from your local Jobcentre Plus office, by phoning HMRC, or downloading from their website.

7.5 Qualifying years

A qualifying year is a tax year in which you have paid or been credited with enough NI contributions to count towards a Category A State Pension.

Since 1978 a qualifying year is one in which you have paid NI contributions on earnings that are the same as, or more than, 52 times the weekly Lower Earnings Limit if you are an employee. Between April 1975 and April 1978 the qualifying earnings were 50 times the Lower Earnings Limit. This tax year, 2011/12, the Lower Earnings Limit is £102 a week.

Before 1975 working people paid NI contributions by flat-rate weekly stamp. To work out your qualifying years before 1975, all your stamps (paid and credited) are added up and divided by 50, rounding up any that are left over – but you cannot have more qualifying years worked out in this way than the number of years in your working life up to April 1975.

If you are self-employed or have paid voluntary contributions you need to make 52 flat-rate contributions in each qualifying year.

A qualifying year can be made up of a combination of credits and contributions.

7.6 Getting a State Pension forecast or statement

If you are more than 30 days away from State Pension age, you can get a forecast or statement to check whether you have paid enough contributions to get a full State Pension.

Forecasts

You can get a State Pension forecast if you are a woman born before 6 April 1953 or a man born before 6 April 1951.

Action: To apply for a State Pension forecast, phone the Future Pension Centre for form BR19, or apply online on the Directgov website

Statements

You can get a State Pension statement if you are a woman born on or after 6 April 1953 or a man born on or after 6 April 1951. The statement will provide personalised information about your State Pension position, based on your National Insurance (NI) record at the time the statement is produced. It includes:

- the earliest date you can receive your State Pension
- an estimate of State Pension (including basic State Pension, additional State Pension, and (if appropriate) Graduated Retirement Benefit) and
- the number of qualifying years you currently have.

Action: To get a State Pension statement, write to or telephone the Future Pension Centre. You cannot apply for a statement online but you can find out more about the process at www.direct.gov.uk/pensionforecast.

If your forecast or statement shows that your NI contributions record is not sufficient for a full State Pension you may want to ask the NI contributions office for a copy of your NI record. You can check it against your own records and query any missing contributions, credits or HRP. You may also want to consider paying voluntary NI contributions to make up for gaps in your record (see section 7.3). You may want to get help from an independent advice agency.

8 Additional State Pension

When you get your Category A or B State Pension you may get Additional State Pension on top of your basic State Pension, or you may qualify for Additional State Pension even if you do not get any basic State Pension.

The Additional State Pension scheme started on 6 April 1978. From 1978 to April 2002, Additional State Pension was built up under the State Earnings-Related Pension Scheme (SERPS). Since April 2002 the Additional State Pension has been built up under the State Second Pension (S2P).

Additional State Pension is based on earnings above the Lower Earnings Limit, which is £102 a week in 2011/12. Since April 2002 some carers and long-term sick or disabled people have been credited into S2P as if they have earnings at the required level. You do not build up any Additional State Pension based on your earnings if you are self-employed, paying the reduced-rate married woman's contributions, earning less than the Lower Earnings Limit or contracted out of the state scheme (see section 8.3).

Additional State Pension is related to your weekly earnings between the weekly Lower Earnings Limit and Upper Accrual Point (£102 and £770 respectively in 2011/12), or credited earnings under the S2P, from April 1978 (or the tax year in which you reached the age of 16) until 5 April before you reach State Pension age. These earnings are re-valued in line with increases in average earnings until you reach State Pension age.

8.1 SERPS

If you reached State Pension age before 6 April 1999, your total re-valued earnings were divided by 80 to give the yearly amount of Additional State Pension. This formula provides an Additional State Pension based on 25% of earnings between the specified levels. However, changes were introduced to phase in, between 1999 and 2009, reductions to the amount of Additional State Pension people get. The main aim of these changes was to reduce the maximum level of SERPS from 25% of earnings to 20% for people reaching State Pension age from 2009 onwards (with some protection for years up to 1987/88).

8.2 State Second Pension

Since 6 April 2002 the Additional State Pension has been built up under the S2P. If you have entitlement under SERPS, this will be protected, so if you reached State Pension age on or after 6 April 2003, you may get an Additional State Pension built up partly under SERPS and partly under the S2P.

The S2P is calculated in a way that is more beneficial than SERPS to those with low or modest earnings. For every year that you pay NI contributions on earnings over the Lower Earnings Limit you get an extra flat-rate amount of State Pension when you come to claim it. People earning above a certain amount (£14,400 in 2011/12) are also entitled to an extra earnings-related payment but this is being gradually withdrawn so that the S2P will be completely flat rate by about 2030.

Since April 2010 employees with annual earnings of at least the Lower Earnings Limit (£5304 in 2011/12) but less than the Low Earnings Threshold (£14,400 in 2011/12) are treated as though they have earnings equal to the Low Earnings Threshold.

You can also be treated as though you have earnings equal to the Low Earnings Threshold if, throughout the year, you are:

- entitled to Carer's Allowance
- entitled to the long-term rate of Incapacity Benefit (or you would have been entitled if you had satisfied the contribution conditions)
- paid Severe Disablement Allowance
- in some circumstances, paid contributory Employment and Support Allowance
- awarded Home Responsibilities Protection (only up to April 2010 – see section 7.4)
- receiving Carer's Credits, credits as a foster carer or credits because you are receiving Child Benefit for a child under the age of 12 (only since April 2010 – see section 7.2).

To qualify for a year of the S2P for years before April 2010 you had to fulfil one of the criteria for a whole tax year – for example, you could not qualify if you provided care for part of the year and met the disability conditions for the rest of the year, or if you paid NI contributions for part of the year and were entitled to HRP for the rest of it.

Since 6 April 2010, a qualifying year for S2P can be built up using any combination of credits or paid contributions.

8.3 Contracting out of the Additional State Pension

'Contracting out' means leaving the Additional State Pension scheme. Only employees earning more than the Lower Earnings Limit and paying standard-rate Class 1 NI contributions can contract out. You cannot contract out of the basic State Pension.

If you are an employee, you can contract out if you join:

- a contracted-out occupational scheme, or
- a personal or stakeholder pension scheme that meets certain conditions.

Occupational pension schemes

If you belong to an employer's contracted-out occupational pension scheme, you pay lower NI contributions. The NI contributions your employer has to make are paid partly to HMRC and partly into the pension scheme. You and/or your employer usually make additional contributions to the scheme, and you receive tax relief on any contributions you make.

Occupational pensions are either defined benefit (salary-related) or defined contribution (money purchase) schemes. In a defined benefit salary-related scheme the calculation of your pension on retirement is related in some way to your salary while you were contributing to the scheme. In a defined contribution money purchase scheme, your pension on retirement depends on a number of factors, including the amount paid into the scheme and how it has been invested.

When you claim your State Pension you do not usually get any Additional State Pension for the years you were in the contracted-out occupational scheme. Your employer should tell you if your occupational pension scheme is contracted-out.

Personal and stakeholder pensions

Personal and stakeholder pensions are always defined contribution schemes and the amount of pension you get on retirement is related to the amount you have paid in, how it has been invested and how those investments have performed. If you are a member of a personal or stakeholder pension that allows contracting out, and you have contracted out, you do not pay lower NI contributions. Instead HMRC pay a refund of NI contributions, together with tax relief at the basic rate, into the pension once a year to compensate you for the Additional State Pension you have given up. These payments are known as 'minimum contributions'. The paperwork you have from your pension provider should say whether you are contracted out.

Changes to contracting out from 2012

Apart from salary-related occupational pension schemes, this tax year (2011/12) will be the last year that you can contract out of the Additional State Pension scheme. If you are already contracted out through a money purchase defined contribution occupational pension, a personal pension or a stakeholder pension you will automatically be brought back into the Additional State Pension from April 2012 and, depending on your earnings, start to build up S2P. You and your employer will have to pay the full standard rate of NI contributions to HMRC. In relation to your money purchase occupational, personal or stakeholder pension:

- you will still be able to contribute to the scheme yourself, and
- you will still be able to benefit from any contributions made to the scheme by your employer, but
- no further contributions will be made into the scheme from your NI contributions (whether through an annual rebate from HMRC or by your employer paying part of their NI contributions into the scheme).

Any NI rebates and other payments into the money purchase occupational pension, personal pension or stakeholder pension that have already been made will remain in the scheme to provide benefits in place of the Additional State Pension for the time you were contracted out.

Salary-related occupational pension schemes that contract out will still be able to do so after April 2012.

Rebate only schemes

You may currently belong to a 'rebate only' occupational or personal pension. This means that the only contribution to the pension is the annual NI rebate from HMRC. These types of scheme may provide a pension worth more or less than the Additional State Pension you have given up by contracting out. After 2012 rebates will no longer be paid into these schemes. Rebates already paid in will remain in the scheme to provide benefits in place of the Additional State Pension for the time you were contracted out.

Contracted-out deductions

For the period April 1978 to April 1997, if you were contracted out in a salary-related occupational pension scheme, your occupational pension includes a guaranteed minimum pension (GMP). If your GMP is less than the SERPS you would have received had you remained contracted in, your State Pension will include an increase. If you are contracted out in any other type of pension scheme, your Additional State Pension is reduced by an amount that may be more or less than the pension provided by the scheme. The written breakdown of your State Pension entitlement will show how much Additional State Pension you have built up. If you were contracted out of SERPS at any time between 1978 and 1997 the statement will show a contracted-out deduction, which takes into account the period you were contracted out. The amount of Additional State Pension before the deduction minus the contracted-out deduction shows how much Additional State Pension will actually be paid on top of your Basic State Pension.

Between 1997 and 2002 there was no link between the Additional State Pension and contracted-out pension schemes. For contributions made since April 1997 you either receive an Additional State Pension or, if you are contracted out, an occupational, personal or stakeholder pension based on the scheme's rules. Since 2002, it has been possible, subject to earnings, to be contracted-out and earn an Additional State Pension. The amount of Additional State Pension you earn will however be reduced to reflect your contracted-out status.

8.4 Inheriting SERPS and S2P

When you start to get your State Pension, or if you are already receiving your State Pension when your spouse or civil partner dies, you may be able to inherit some or all of their Additional State Pension (adjusted for periods when they were contracted out of SERPS/S2P). The amount you are entitled to inherit is added to any Additional State Pension on your own contributions up to the maximum amount of Additional State Pension a single person can get which is £159.52 in 2011/12.

Widows and SERPS

Subject to the maximum level, the amount of SERPS pension you can inherit depends on when your husband dies and when he reaches, or was due to reach, State Pension age.

A woman whose husband died on or before 5 October 2002 inherits his entire SERPS pension. She can also inherit his entire SERPS pension if he dies after that date but was born on or before 5 October 1937 (and therefore reached State Pension age on or before 5 October 2002).

If your husband dies after 5 October 2002 and his date of birth is between 6 October 1937 and 5 October 1945, you can inherit between 60% and 90% of his SERPS pension, depending on his precise date of birth. If his date of birth is 6/10/1945 or later, you can only inherit 50% of his SERPS pension.

Widowers and surviving civil partners and SERPS

For widowers or surviving civil partners who reach State Pension age on or after 6 April 2010 the rules are similar to those set out above for widows. The amount of SERPS you can inherit will depend on the date of birth of the person who has died.

You can inherit all of your wife or civil partner's SERPS pension (subject to the maximum level) if they died on or before 5 October 2002, or if they die after that date but had already reached State Pension age by 5 October 2002. You can only inherit 50% of their SERPS if they reached or were due to reach State Pension age after April 2010. If they reached, or were due to reach, State Pension age between 2002 and 2010, you can inherit between 60% and 90% of their SERPS.

Widowers or civil partners who reached State Pension age before 6 April 2010 may also be able to inherit their spouse/partner's SERPS, but generally this is only possible if both members of the couple had reached State Pension age at the time of bereavement.

State Second Pension

S2P has replaced SERPS for contributions made since April 2002. The maximum amount of the S2P that a widow, widower or surviving civil partner can inherit is 50%, regardless of when they are widowed.

9 Graduated Retirement Benefit

This taxable pension scheme, sometimes called 'Graduated Pension', existed from April 1961 to April 1975 and was based on graduated contributions paid from earnings. If you were over 18 during this period and paying graduated contributions, your weekly Graduated Retirement Benefit for the year 2011/12 will be 11.89p for every £7.50 of contributions paid as long as you reached State Pension age on or after 6 April 2010, or you are a man. Women who reached State Pension age before 6 April 2010 get 11.89p for every £9.00 of contributions. Graduated Retirement Benefit is paid when you claim your State Pension, normally with the basic State Pension. However, you can get it even if you do not qualify for a basic State Pension.

Inheriting Graduated Retirement Benefit

As a widow you can inherit half of your late husband's Graduated Retirement Benefit whether you are under or over State Pension age at the time of bereavement. The rules are now the same for a widower or surviving civil partner who reaches State Pension age on or after 6 April 2010.

If you are a widower or surviving civil partner who reached State Pension age before 5 April 2010 and your wife or civil partner died after 5 April 1979, you can inherit half of your spouse or civil partner's Graduated Retirement Benefit, provided you were both over State Pension age at the time of their death.

10 Other State Pension payments

10.1 Age addition

An extra 25p a week is paid on Category A and B pensions if you are 80 or over.

10.2 Invalidity addition

You may receive an invalidity addition on your Category A or B State Pension if you were receiving any of the following payments before reaching State Pension age:

- an invalidity allowance with Invalidity Benefit
- transitional invalidity allowance with Incapacity Benefit
- an age addition with long-term Incapacity Benefit.

The invalidity addition is paid at the same rate as your invalidity allowance or age addition but is offset against your Additional State Pension or contracted-out deduction.

11 Category D over-80 State Pension

This is a non-contributory taxable State Pension of £61.20 a week for people aged 80 or over. You can claim it if you have no basic State Pension. If you already get a small State Pension, Category D pension can top it up to £61.20 a week. To qualify for a Category D State Pension you have to be living in the UK on the day you are 80 or the date of your claim if this is later, and to have been in the UK for 10 years or more in any 20-year period after your 60th birthday. In some circumstances periods of residence in other European Economic Area states can count towards the 10-year residence condition.

12 How to claim your State Pension

State Pension is not awarded automatically when you reach State Pension age. You need to make a claim. About four months before you reach State Pension age you should be sent an 'Invitation to Claim State Pension' pack. If you have not been contacted about claiming your State Pension three months before your birthday, contact The Pension Service or ring 0800 731 7898. You can ask for a claim form or make a telephone claim by ringing the same number. You can also claim online or download a claim form on the Directgov website.

You will need to provide your NI number when you make a claim and you may need to provide evidence of your date of birth.

Action: if you have lost your NI number, contact HMRC. You may have to complete a form to get a new NI card. Keep it safely as only one replacement is allowed.

You may decide to put off claiming your State Pension in order to get extra State Pension or a lump sum payment. This is known as 'deferring' your State Pension and is explained in section 13. If you do not make a claim for your State Pension when you reach State Pension age you are treated as having deferred it.

If you do defer your State Pension, contact The Pension Service well in advance of when you do want to start claiming it, to allow time for the claim to be processed.

You should not need to make a claim for a Category D over-80 State Pension to top up your pension to £61.20 if you already have another State Pension and are resident in the UK on your 80th birthday. Otherwise, contact The Pension Service or a local Jobcentre Plus office for a BR2488 claim form.

12.1 Backdating and advance claims

You can claim your State Pension up to, but no more than, four months in advance. It is a good idea to claim in advance as it may take a while for your claim to be processed.

The maximum period for backdating is 12 months, but your claim cannot be backdated to a date before you reached State Pension age. You will not be paid interest on any backdated pension. If you claim more than 12 months after you became entitled to your pension, you will be treated as having deferred your retirement. This may be advantageous anyway as the lump sum paid after deferral is paid with interest (see section 13).

13 Putting off or deferring your State Pension

Once you reach State Pension age you can get your State Pension if you satisfy the contribution conditions even if you are still working. Alternatively, you can choose to put off or defer claiming your State Pension, in which case you can get extra State Pension or a one-off taxable lump-sum payment at a later date.

In the past most people chose to claim their State Pension at State Pension age but more generous rules now may encourage more people to defer. This may not be right for everyone, and whether you gain overall will depend on your circumstances.

Action: If you are thinking about deferring your State Pension, it is important to consider the full implications. Seek advice if you are not sure whether deferral is right for you.

The rules on State Pension deferral changed in April 2005. Both the current rules and the old rules are summarised here. The old rules apply to any periods of deferral before 6 April 2005 and the new rules apply to any periods of deferral from 6 April 2005. If you have deferred your State Pension for a period that started before, and ended after, April 2005, your State Pension will be increased according to the old rules for the period before April 2005 and according to the new rules for the period after April 2005.

Periods of deferral before April 2005

Before April 2005 you could defer your State Pension for a maximum of five years, and so a woman could put off claiming until the age of 65 and a man until the age of 70. A woman could sometimes defer until a later age if she had a husband less than five years older than her who deferred his State Pension.

If you deferred your State Pension for at least seven weeks before April 2005, your State Pension was increased by about 7.5% a year for each full year of deferral when you did claim it. For each week that you deferred your State Pension, it was increased by one-seventh of 1% – this works out as 1% for each seven weeks. If you deferred your State Pension before 6 April 1979, you earned a smaller increase.

If you deferred your State Pension for the full five years before April 2005 it was increased by about 37.5% in total.

Periods of deferral after April 2005

Since April 2005, there are no time limits for how long you can defer and so you can now choose to defer your State Pension for more than five years.

Under the current rules, if you defer your State Pension for at least five weeks it is increased by one fifth of 1% for each week of deferral – this works out as 1% for each five weeks. Your State Pension is increased by around 10.4% for each full year of deferral – so, if you defer your State Pension for five years, it is increased by just over half.

Alternatively, instead of extra State Pension you can get a taxable lump-sum payment plus your weekly State Pension paid at the normal rate. The lump sum is calculated based on the amount of State Pension you have foregone and a compounded interest rate of 2% above the Bank of England base rate. You have to defer your State Pension for at least 12 consecutive months to have the choice of a lump-sum payment with interest. Consider asking for backdating if you have deferred for less than 12 months and would like a lump sum (see section 12.1).

Additional State Pension and Graduated Retirement Benefit

If you defer your State Pension, your Additional State Pension and Graduated Retirement Benefit will be increased in the same way as the basic State Pension; or if you opt for a lump-sum payment under the current rules, they will be included in the calculation of this.

Claiming other benefits during a period of deferral

You do not have to be working to defer your State Pension but you cannot be counted as deferring your State Pension if you (or, in some circumstances, your partner) are receiving certain other benefits during the deferral period. For example, if you are over State Pension age and you are claiming Carer's Allowance and have not claimed your State Pension, you will not gain any extra State Pension.

If you (or your partner) are receiving Pension Credit, any State Pension you could claim will be taken into account as notional income when calculating your entitlement. See Age UK's Factsheet 48, *Pension Credit*, for more information about this benefit.

If you claim Housing or Council Tax Benefit while you are deferring your State Pension, it will not count as notional income and will not affect the amount of those benefits you can get. See Age UK's Factsheet 17, *Housing and Council Tax Benefit*, for more information about these benefits.

Dependants and deferral

If you were entitled to an increase for a dependant (for example, as a married man with a wife aged under 60) and you deferred your State Pension, you would not get any extra State Pension or lump sum for that part of your State Pension. Adult dependant additions are no longer payable on new claims for State Pension (see section 6.3).

13.1 Impact of deferral on spouses and civil partners

Category B pensions

If you are a married woman entitled to a Category B State Pension (or an increase to your State Pension) based on your husband's contributions, you can now choose to claim this even if he is deferring his State Pension. Before 6 April 2010 you had to wait until he claimed his State Pension. Alternatively, you can defer your State Pension and get extra State Pension or a lump sum when you do claim.

In general, you will not get extra State Pension or a lump-sum payment for deferring a Category B State Pension if, while your husband is deferring his State Pension, you claim a Category A State Pension on your own contributions, or certain other benefits. It may be better not to claim your own State Pension (for example, if this is a small amount) if your husband is deferring his State Pension. However, following a change in the rules on 6 April 2006, if you claim Graduated Retirement Benefit only, it will not stop you getting extra State Pension or a lump-sum payment from your husband's contributions.

Husbands and civil partners who reach State Pension age on or after 6 April 2010 may now also be able to get a Category B State Pension based on their wife/civil partner's contributions (see section 6.2). The rules set out here for married women also apply to husbands and civil partners in this position.

Inheritance

If you die while you are deferring your State Pension, your surviving spouse or civil partner may be entitled to extra State Pension or a lump-sum payment when they claim their own State Pension. If you are unmarried and not in a civil partnership at the time of your death, the extra State Pension or lump sum cannot be passed on to anyone else.

Divorce and dissolved civil partnerships

If you are entitled to a shared Additional State Pension (resulting from the sharing of a former spouse's or civil partner's Additional State Pension following divorce or dissolution of a civil partnership), you can also defer this.

13.2 Income Tax and the impact on income-related benefits

The State Pension is taxable and is taken into account for income-related benefits such as Pension Credit, Housing Benefit and Council Tax Benefit. If you get extra State Pension following deferral, this will count as part of your taxable income and may reduce the amount of any income-related benefits you get. However, the lump-sum payment 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 on other income (so it will not put you into a higher tax band). You can choose to delay receiving it until the tax year after you start receiving your State Pension, which may be advantageous if your income is lower then.

13.3 Changing your mind about deferral or 'de-retiring'

If you do claim your State Pension, it is possible to change your mind, de-retire and defer it again for a period. However, this can only be done once, and you must be living in the UK (there are exemptions to this rule for people living in European Economic Area countries). So, for example, if you are claiming your State Pension (and have not de-retired before), you could choose to stop receiving it and defer claiming it again for a time in order to receive a lump sum or increased State Pension later.

Before April 2010 if you were married or in a civil partnership and your spouse or civil partner was getting a State Pension based on your contributions, you needed their consent before de-retiring, as your spouse or civil partner had to give up their pension too. Since April 2010 this no longer applies – they can get their Category B pension independently.

Note: For more information on State Pension deferral, see The Pension Service guides SPD2 *Deferring your State Pension* (short), or SPD1 *Your Guide to State Pension Deferral* (long).

14 Decisions and payment

Once your claim has been processed, The Pensions Service will send you a decision notice including details of how much your State Pension will be, how and when it will be paid, your duty to report relevant changes in your circumstances and your appeal rights.

14.1 If you disagree with a decision

If you think that you have been awarded the wrong amount of State Pension, or disagree with any decision to do with your State Pension, you can either ask for the decision to be revised or appeal against it. There are time limits for submitting revision requests and appeals so it is important to act quickly. See Age UK's Factsheet 74, *Challenging welfare benefit decisions*.

14.2 Payment

Most people now get their State Pension paid directly into an account. When you apply for your State Pension you will be given information about the different types of bank, building society and Post Office accounts you can use. People who reached State Pension age before 6 April 2010 had the option to get their State Pension paid weekly in advance or four-weekly or quarterly in arrears.

The position has changed for people who reach State Pension age on or after 6 April 2010. Weekly payments, as well as four-weekly and quarterly payments, are now in arrears and people who previously received a working age benefit paid two-weekly in arrears normally continue to be paid in this way.

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 cheque to authorize someone else to collect your State Pension at the Post Office. If, for example, you have different carers collecting your State Pension, this may be the best way of getting your money each week. Although cheques will be phased out in the future, the Government has said that this will not happen until there is a suitable replacement system that will meet the needs of those who cannot use an account.

There are also ways of authorising someone else to collect your money from a Post Office, or a bank or building society account. When you are deciding how to have your State Pension paid, consider the different options – if you are unsure, a local advice agency may be able to help.

Pay day for anyone who started to get their State Pension before 28 September 1984 is normally Thursday. For people who retired after that date and before April 2010, pay day is usually Monday, although if your spouse was already receiving a State Pension on Thursday, you could choose to have yours on the same day.

From April 2010 the State Pension pay day is based on your NI number and could be any week day. Payments used to be made only for full weeks and your State Pension would start from your first pay day after you were entitled to payment. However, from 6 April 2010 it is possible to get a part-week payment if you were previously receiving a working age benefit that stops before your State Pension starts to be paid. Most State Pensions of £5 a week or less are paid once a year, in December, in arrears.

14.3 Christmas bonus

If you receive a State Pension and you are living in the UK or any other European Union country during the week beginning 5 December 2011 you will receive a Christmas bonus of £10. The bonus is tax-free and has no effect on other benefits. In some circumstances, you may get an additional bonus for a dependent partner who is not entitled to a bonus in their own right.

There is usually no need to claim, as the bonus is paid automatically. Depending on the way your State Pension is normally paid, the bonus will be added to your State Pension and paid into your account, or sent by cheque. If you think you are entitled to the bonus but do not receive it, contact The Pension Service or a local advice agency.

15 Changes in your circumstances

You must report changes in your circumstances that might affect your State Pension to The Pension Service.

15.1 Going abroad or living there

If you get your payment by weekly cheque, you must cash this within one month of the date shown on it. If you are going abroad for longer than this (or for a shorter period but do not want the cheques sent while you are away), contact The Pension Service well in advance to discuss how to receive your money when you return. If your pension is paid into an account, you do not need to tell The Pension Service unless you are staying abroad for more than six months. If you are going abroad for some time, you can arrange to get your State Pension in the country where you are staying. If you remain abroad, the annual State Pension increase will be paid only if you are living in a European Economic Area country or in a country with which the UK has special arrangements.

Note: For more information about receiving your State Pension while living abroad, contact the International Pension Centre.

15.2 Going into hospital

Before April 2005 your State Pension could be reduced after a period of time in hospital. The rules have now been changed, and your State Pension continues to be paid however long you are in hospital. If you are also receiving a benefit such as Attendance Allowance, payment of which may be combined with your State Pension, this may be affected by a hospital stay.

15.3 Going into a care home

Your State Pension will not be affected if you go into a care home, on a temporary or permanent basis. But your State Pension will be taken into account as income if you apply to your local authority's social services department for help with the care home fees.

Note: For information about the social services financial assessment for care services, see Age UK's Factsheet 10, *Paying for residential care*, and other related factsheets on residential care.

16 Other entitlements on retirement

The earliest age at which someone can get their State Pension is not necessarily the age at which they retire from work. Some people will stop work before State Pension age and some will work longer, while others may want to retire gradually – for example, by reducing their hours rather than leaving work completely.

16.1 Stopping work under State Pension Age

State benefits

You cannot get your State Pension until you reach State Pension age. Before then, you may be entitled to other financial support, such as Jobseeker's Allowance, Working Tax Credit, Income Support, Employment and Support Allowance, Carer's Allowance, Disability Living Allowance, Housing Benefit, Council Tax Benefit or bereavement benefits. See Age UK's Factsheet 56, *Benefits for people under State Pension age*, for information about these benefits.

If you are a man and you have not reached your State Pension age but you are over the age at which a woman with the same birthday could get their State Pension, you may be entitled to Pension Credit and a Winter Fuel Payment.

Other pensions

You may qualify for some occupational pension before State Pension age if you retire early – check with your employer or the scheme administrator for details. You may also be able to claim your personal pension or stakeholder pension at any time after you reach the age of 55.

National Insurance credits and contributions

If you are under State Pension age and not paying NI contributions, check whether you will have enough contributions to be eligible for a full State Pension. See section 7 to find out how to do this and to check whether you can get NI credits or pay voluntary contributions to improve your State Pension.

16.2 Working after State Pension age

State Pensions and NI

Once you reach State Pension age you can choose to claim your State Pension or to put off claiming it in order to gain later (see section 13). If you work and get your State Pension, it will not be affected by the amount you earn or the number of hours you work. You should note, however, that if you are claiming an increase of your State Pension for a dependent husband or wife, this increase could be affected by their earnings (see section 6.3).

Although your State Pension will not be reduced because you are working, it is counted as part of your taxable income. Your tax code will be adjusted to take into account the amount of any State Pension (including Additional State Pension and Graduated Retirement Benefit) you get.

If your earnings are relatively low, you may be entitled to Working Tax Credit, a benefit administered by HMRC.

If you carry on working after State Pension age, you will not have to pay NI contributions. You should get an Age Exception Certificate to give to your employer, who will still have to pay contributions for you.

Action: Contact the HMRC National Insurance contributions office for an Age Exception Certificate, CA4140.

Unemployment and sickness

If you become sick or unemployed after State Pension age, you cannot claim Employment and Support Allowance, Income Support or Jobseeker's Allowance.

Occupational and personal pensions

If you have a private pension, you may be able to get it while you are working – contact your pension scheme for more information.

16.3 Other benefits after State Pension age

In addition to their State Pension, many people are entitled to other benefits, like Pension Credit, Housing Benefit and Council Tax Benefit. You might be entitled to these even if you are working, but whether you qualify will depend on your income and savings.

Some older people may also 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.

Some benefits overlap with State Pension, including Carer's Allowance which is a benefit for people who are looking after someone who is disabled. If you are receiving Carer's Allowance, this will no longer be paid if you start to claim a State Pension that is worth more than Carer's Allowance, although you may retain an underlying entitlement to it.

Note: Age UK has a range of Information Guides and Factsheets on state benefits and other financial issues. See section 19 for details of how to order them.

17 Income Tax

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). See Age UK's Factsheet 15, *Income Tax*, for more information.

18 Useful organisations

The DWP, The Pension Service and HMRC publish a range of leaflets and guides, including information on the State Pension and National Insurance. These can be obtained online, in Jobcentre Plus or HMRC offices or by telephoning HMRC or The Pension Service.

Benefit Enquiry Line

Government-run information line about benefits for people with disabilities, carers and representatives. Issues claim forms and can also advise on how to complete them.

Tel: 0800 88 22 00

Textphone for deaf people: 0800 24 33 55

Website: www.direct.gov.uk/disability-money

Citizens Advice Bureau

National network of free, independent 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

Community Legal Service

National network of Legal Services Commission funded organisations and advice providers that fund, provide and promote civil legal aid services – free, confidential and independent legal advice for residents of England and Wales.

Tel: 0845 345 4345

Directgov

The official government website for citizens with 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 The Pension Service).

Website: www.direct.gov.uk

Future Pension Centre

Part of The Pension Service, responsible for State Pension forecasts and statements.

Future Pension Centre, Tyneview Park, Whitley Road,
Newcastle upon Tyne NE98 1BA

Tel: 0845 300 0168

Textphone: 0845 300 0169

HM Revenue and Customs (HMRC)

Contact HMRC for more information about taxes and National Insurance contributions. You should find your local Tax Enquiry Centre in your local phone book. The National Insurance contributions office is also listed below.

Website: www.hmrc.gov.uk

HMRC Tax Credits Office

HMRC office responsible for administering Child Tax Credit and Working Tax Credit.

Tel: 0845 300 3900

Textphone: 0845 300 3909

Website: www.hmrc.gov.uk/taxcredits/

International Pension Centre

Part of The Pension Service, deals with all enquiries about the payment of State Pension and other benefits for those living abroad.

International Pension Centre, Tyneview Park, Whitley Road,
Benton, Newcastle upon Tyne NE98 1BA.

Tel: 0191 218 7777.

Textphone: 0191 218 7280

National Insurance Contributions Office

Part of HMRC, responsible for maintaining National Insurance records.

Tel: 0845 302 1479

National Insurance Contributions Office, Benton Park View,
Newcastle upon Tyne NE98 1ZZ

Website: www.hmrc.gov.uk/nic

National Insurance Notice Deficiency Helpline

HMRC service to deal with enquiries from people who have been notified of a shortfall in their NI contributions.

Tel: 0845 915 5996

Textphone: 0845 915 3296

Pensions Advisory Service (The)

An independent organisation providing information and guidance on different types of pensions.

Tel: 0845 601 2923

Website: www.pensionsadvisoryservice.org.uk

Pensions Ombudsman

The Office of the Pensions Ombudsman is a free, statutory service investigating complaints about how pension schemes are run.

11 Belgrave Road, London SW1V 1RB

Tel: 020 7630 2200

Website: www.pensions-ombudsman.org.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

Pension Tracing Service

A free service provided by the DWP that can help to trace an old pension scheme if the details are unclear or have been lost.

Tyneview Park, Whitley Road,
Newcastle upon Tyne NE98 1BA
Tel: 0845 600 2537

19 Further information from Age UK

Age UK Information Materials

Age UK publishes a large number of free Information Guides and Factsheets on a range of subjects including money and benefits, health, social care, consumer issues, end of life, legal, issues employment and equality issues.

Whether you need information for yourself, a relative or a client our information guides will help you find the answers you are looking for and useful organisations who may be able to help. You can order as many copies of guides as you need and organisations can place bulk orders.

Our factsheets provide detailed information if you are an adviser or you have a specific problem.

Age UK Advice

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

- further information about our full range of information products
- to order copies of any of our information materials
- to request information in large print and audio
- expert advice if you cannot find the information you need in this factsheet
- contact details for your nearest local Age UK

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

Age UK is a registered charity (number 1128267) and company limited by guarantee (number 6825798). The registered address is 207–221 Pentonville Road, London, N1 9UZ. VAT number: 564559800. Age Concern England (charity number 261794) and Help the Aged (charity number 272786) and their trading and other associated companies merged on 1 April 2009.

Together they have formed Age UK, a single charity dedicated to improving the lives of people in later life. Age Concern and Help the Aged are brands of Age UK. The three national Age Concerns in Scotland, Northern Ireland and Wales have also merged with Help the Aged in these nations to form three registered charities: Age Scotland, Age Northern Ireland, Age Cymru.

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