The State Pension

A guide to how it works and what you're entitled to

MONEYGUIDE

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Most people are entitled to a State Pension once they reach their state pension age. Find out what you're entitled to, when you can start claiming and how to top up your State Pension if you need to.

How the State Pension works

You can start claiming your State Pension as soon as you reach your state pension age even if you're still working. The amount you'll get will depend on your National Insurance record and once you start claiming it will be paid to you for the rest of your life.

Your state pension age

Your state pension age is the earliest age at which you can start claiming your State Pension. For people in their 40s to mid-60s the state pension age is currently between ages 66 and 68 depending on when you were born. You can check when your state pension age is likely to be at **gov.uk/state-pension-age** but bear in mind this could change in the future as the state pension age is now being regularly reviewed and linked to life expectancy.

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How much State Pension will you get?

This depends on your National Insurance record. The new State Pension is paid to people who reach state pension age after 5 April 2016 (this is men born on or after 6 April 1951 and women born on or after 6 April 1953). In this case you need at least 10 qualifying years' worth of National Insurance contributions or credits to get any State Pension. To get the full State Pension you'll need 35 years of National Insurance contributions or credits.

Most people under state pension age typically pay National Insurance contributions on any earned income they receive. But if you don't pay National Insurance you may get National Insurance credits which will count towards your National Insurance record. For example, you may get National Insurance credits if you're claiming state benefits because you're ill or unemployed, or if you're claiming Child Benefit for a child under 12 years of age.

You'll get a proportion of the new State Pension if you have between 10 and 35 qualifying years.

A qualifying year is when you've earned a certain amount by working or receiving certain state benefits.

If you reached your state pension age before 6 April 2016 (that's men born before 6 April 1951 and women born before 6 April 1953) different rules apply and you'll get the old basic State Pension.

You can find out more about this at **gov.uk/state-pension/what-youll-get**

You can check how much State Pension you're on track for at **gov.uk/check-state pension**. If your State Pension forecast shows you're not on course for the full amount you can find details here of how you may be able to increase how much you will get. If you're not online you can call the **F**uture Pension Centre helpline on 0800 7310175 to ask for a forecast and any other questions you have on the State Pension.

What if I'm not on track for the full State Pension?

This will probably be because you have gaps in your National Insurance record. These gaps will be for periods when you haven't made National Insurance contributions or received National Insurance credits. This could be because you were:

- employed but had low earnings

- unemployed and were not claiming benefits

- self-employed but did not pay contributions because of small profits

- living abroad

You may be able to make up these gaps and so increase your State Pension. This could be by paying voluntary National Insurance contributions or getting National Insurance credits. You can find out more at **gov.uk/new-state-pension/your-national-insurance-record-and-your-state-pension** or by calling the National Insurance helpline on 0300 200 3500. Make sure you have your National Insurance number handy if you call the helpline.

Claiming your State Pension

A couple of months before you reach your state pension age you should receive a letter from the Pension Service telling you how to claim your State Pension. You have to claim your State Pension as it won't be automatically paid to you. You can claim it even if you're still working.

Once you start claiming you usually receive payments directly into your bank account every four weeks. The payments continue for the rest of your life and under the current rules the amount rises by at least the rate of inflation each year.

No tax is taken off your State Pension payments but it does count as taxable income. This means the amount you get will be added to all your other taxable income for the year. If your total income is more than your Personal Allowance (the amount of income you can have before you have to pay income tax) you will have to pay some income tax. The amount of income tax you are due to pay will be taken from your other income and not your State Pension payments.

Delaying your State Pension

You don't have to start claiming your State Pension straight away. You may decide to delay taking it (known as deferring) until a later date. If you defer, you'll get a bigger pension when you eventually start claiming it.

Here are some reasons why you may want to delay taking it:

- You may still be working or have other income and so don't need the money yet.
- If you're still working and you start claiming your State Pension this extra money may push you into a higher tax bracket. For example, if you're a basic-rate taxpayer and this extra money pushes you into the higher-rate tax bracket you'll have to pay higher rate tax on some or all of your State Pension money (higher rate tax is 40% in England, Wales and Northern Ireland and 41% in Scotland for 2022/23).
- You may want to wait a bit so that you receive a bigger State Pension later on.

To get a higher State Pension you have to delay claiming it for at least nine weeks. Your State Pension increases by 1% for every nine weeks you defer. This works out as an increase of just under 5.8% for every year you delay claiming it.

Say you're entitled to £185.15 a week (the full new State Pension in 2022/23)

By deferring for 52 weeks, you'll get an extra £10.70 a week (just under 5.8% of £185.15)

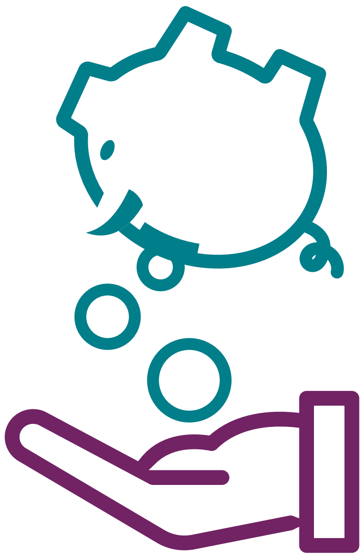
What if I won't get enough to live on?

If you're not on course for a full State Pension or are worried about how you will manage in retirement, help is available.
The MoneyHelper Pension Calculator can help you work out how much income you're likely to have in retirement from all sources including your State Pension, any work pensions you have and any other income.
You can find this calculator at: **moneyhelper.org.uk/pension-calculator**

If you're on a low income in retirement you may also be entitled to other benefits such as Pension Credit or Housing Benefit.
Charities such as Turn2Us and AgeUK have benefits calculators you can use to find out which benefits you may be entitled to.

Turn2Us
benefits-calculator.turn2us.org.uk/AboutYou
0808 802 2000

AgeUK
ageuk.org.uk/information-advice/money-legal/benefits-entitlements/benefits-calculator/
0800 055 6112



Your notes

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