Department for Work & Pensions

Your State Pension statement explained

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Section 1 – Overview of the State Pension

Introduction

In this section we explain:

- What is the State Pension?
- How you get a State Pension
- When you can get your State Pension, and
- How you claim your State Pension

What is the State Pension?

The State Pension is a regular payment you may get when you reach State Pension age. You do not have to stop work when you reach State Pension age. You can carry on working and still claim your State Pension. Or you may decide to put off claiming your State Pension until later – see page 8.

The new State Pension was introduced on 6 April 2016. When you claim your State Pension it will be worked out using the new State Pension rules.

To work out your State Pension estimate shown in your statement and the examples in this leaflet we have used the 2016/17 value for the full rate of the new State Pension (£155.65 a week). The content of the examples in this leaflet is for illustrative purposes only.

If you have paid, were treated as paying or have been credited with National Insurance contributions in the Isle of Man, please read the important information on page 18.

If you live in the UK, the State Pension is normally increased each year (see page 27). If you live outside the UK you will only be paid the increase if you live in certain countries – see page 34.

The State Pension is not means-tested. If you have savings, investments or other pensions when you reach State Pension age, they do not affect the amount of your State Pension.

However, the State Pension does count as taxable income. You will have to pay Income Tax if your total income (including your State Pension) is more than your tax allowance.

Find out more at **www.gov.uk/tax-national-insurance-after-state-pension-age**

If you are getting certain state benefits when you claim your State Pension, the benefits may stop or be reduced.

The State Pension is intended to be a part of your retirement income. You can decide to do things now to have more money to live on when you retire. For example, if you haven't done it already, you may be able to join a pension scheme at work, or you may have other savings or investments.

Find out more online about some of the things you may want to do to increase your retirement income.

www.gov.uk/plan-retirement-income

If you already have private pension savings, you may be able to access them in a range of different ways. The government has removed the restrictions on what you can do if you have a defined contribution pension (a pension based on how much has been paid into your pot). You now have the freedom to choose the option that's right for you.

To find out more about your options online, including information on how you can access free and impartial guidance on your retirement options, visit **www.pensionwise.gov.uk**

How do I get a State Pension?

The amount of State Pension you get is based on the number of qualifying years you have on your National Insurance (NI) contribution record. You can get a qualifying year by paying NI contributions, being treated as paying NI contributions or getting NI credits – see below – or a mixture of these.

If you are working and earning above a certain amount, and have not yet reached State Pension age, you have to pay NI contributions. The exact amount you pay depends on:

- how much you earn, and
- whether you're employed or self-employed.

If you are not working and not paying or treated as paying NI contributions, you may be able to get NI credits. These can help maintain your NI contribution record and so protect your entitlement to the State Pension and certain other benefits. You may get NI credits if, for example:

- you're unemployed and getting Jobseeker's Allowance or Universal Credit
- you can't work because of illness and are getting Employment and Support Allowance
- you're caring for a child under 12 and are getting, or have applied for Child Benefit, or
- you're caring for someone and apply for Carer's Credits.

It is important to make sure that you've got all the credits you are entitled to, as in some cases they are not added to your NI contribution record automatically – you have to apply for them. You will find a full list of the circumstances in which you may be able to get credits, and how you get them at

www.gov.uk/national-insurance-credits/overview

You or your private pension scheme may have opted out (called contracted out) of the earnings related additional State Pension for periods before 6 April 2016. You can find out how this may affect your State Pension at page 10.

What is a qualifying year?

If you are employed, a ‘qualifying year’ is a tax year (6 April to 5 April) where you earned a minimum amount from one job. In 2016/2017 the minimum amount is £5,824.

If you are self-employed, a ‘qualifying year’ is a tax year (6 April to 5 April) where you have paid 52 Class 2 contributions. You have to pay these if you earn at least £5,965 a year, but you can pay them voluntarily if you are earning under this amount.

Any NI credits you may have (see page 6) and voluntary NI contributions you have paid (see page 32) are taken into account when working out whether a tax year is a qualifying year.

So if at the end of a tax year you have earned the minimum amount or more, or have paid 52 Class 2 or voluntary Class 3 contributions, or have been awarded NI credits for each week in that year, then that is a qualifying year. It doesn’t matter if you worked part-time or full-time as you can combine paid contributions and NI credits to gain a qualifying year.

Why do I have to pay NI contributions when I already have enough qualifying years to get a full State Pension?

Even if you have enough qualifying years to get a full State Pension, if you have not yet reached State Pension age you must continue to pay NI contributions if you:

- are an employee earning above £155 a week, or
- are self-employed and earning over £5,965 a year.

NI contributions fund the State Pension and other state benefits that are in payment today (such as Jobseeker’s Allowance, Employment and Support Allowance and bereavement benefits).

The NI contributions you pay may help protect you if you need to claim one of these other benefits before you reach State Pension age. The qualifying rules for these benefits are different from those for the State Pension.

When can I get my State Pension?

The earliest date you can get your State Pension is when you reach your State Pension age. Your statement shows the date you reach your State Pension age based on the current law. The State Pension age is regularly reviewed and may change in the future.

How do I claim my State Pension?

Shortly before you reach State Pension age we will send you a letter. This will tell you what you need to do in order to get your State Pension when you reach State Pension age.

Find out more at
www.gov.uk/state-pension/how-to-claim

It's really easy and secure to claim your State Pension online, with helpful tips each step of the way. The service is available 24 hours a day, 7 days a week, so you can claim at a time that's best for you.

Go to **www.gov.uk/claim-state-pension-online**

Do I have to claim it straight away?

You don't have to claim your State Pension when you reach State Pension age. You can put off claiming your State Pension until a later date. This is called deferring your State Pension, and the amount you get is called extra State Pension.

As long as you put off your claim for at least nine weeks, and you are not getting certain state benefits during this period, when you eventually claim your deferred State Pension you may be able to get more State Pension for life and the amount you get is called extra State Pension. However, your husband, wife or civil partner **will not** be able to inherit your extra State Pension.

More information is available at
www.gov.uk/new-state-pension/eligibility

Section 2 – Your State Pension statement

In this section we explain:

- how we worked out the State Pension estimate shown in your statement
- contracting out and why we may have included a Contracted Out Pension Equivalent (COPE) amount in your statement
- why your statement may not give an estimate of your State Pension.

Your State Pension statement

The estimate of State Pension shown in your statement is based on:

- a new State Pension full amount of £155.65 a week (see page 4)
- a full basic State Pension amount of £119.30 a week
- the information you have given us to help prepare your statement, and
- the information in your NI contribution record at the time your statement was produced.

The estimated State Pension amount in your statement does not take account of any further contributions or credits that may be added to your NI contribution record in the future.

Pension sharing order

If you are divorced or your civil partnership has been dissolved, as part of your financial settlement the courts may have made a pension sharing order.

If we know you have a pension sharing order and you have at least 10 qualifying years on your NI contribution record, its value at the moment is given in your statement. This amount, which will be re-valued each year in line with the rise in average earnings, will be added to, or deducted from, your State Pension when you reach State Pension age.

See page 28 for more information on pension sharing orders.

Contracting out and why we may have included a Contracted Out Pension Equivalent (COPE) amount in your statement

Introduction

Before 6 April 2016 the State Pension was made up of two parts:

- basic State Pension - this is a flat rate amount that currently gives up to £119.30 (2016/17 rate) a week once you have 30 years of National Insurance (NI) contributions
- additional State Pension (currently called State Second Pension or S2P - it was previously called SERPS). This pays different amounts depending on your earnings as well as what type of NI contributions or credits you have and what type of contracted-out private pension scheme you have paid into.

People may have also contributed to the Graduated Retirement Benefit Scheme, an earlier form of earnings-related State Pension, between 1961 and 1975.

For people who reach their State Pension age on or after 6 April 2016, the system of basic State Pension and the earnings-related additional State Pension has been replaced by the new State Pension that is based on a single flat-rate amount. We use your NI record before 6 April 2016 to work out a starting amount for the new State Pension system. This starting amount calculation compares the amount of State Pension you would receive under the old State Pension rules and under the new State Pension rules based on your NI record as of 6 April 2016. The higher of these amounts is the amount you will start the new State Pension system with. This starting amount reflects your National Insurance record in the old system and is the amount you will start the new State Pension system with (see page 20).

What is contracting out?

Under the old State Pension rules up to 5 April 2016 you were able to 'contract out' of the additional State Pension. This meant that you and your employer could pay less NI contributions in to the State system. You could not contract out of the basic State Pension. You could only be opted out ('contracted out') of the additional State Pension, and you could only pay the lower amount of NI if you were part of a private pension - such as a workplace or personal pension scheme - that could build up to replace the State Pension you were opting out of.

www.gov.uk/additional-state-pension

If before 6 April 2016 you were in a final salary or career-average pension scheme or, before 6 April 2012, you were in some other types of pension scheme at work, you are likely to have been contracted out of the additional State Pension. Some stakeholder and personal pension schemes were also contracted out.

So, although you may not have realised this, when you were contracted out, depending on the type of pension scheme(s) you belonged to during the period(s) you were contracted out, either:

- you and your employer paid National Insurance (NI) at a lower rate than the full standard rate, or
- some of the NI contributions you paid were used to contribute to your private pension instead of the additional State Pension.

From 6 April 2016 people were no longer able to contract out and all employees now pay the same rate of NI. If you have been contracted out in the past, we need to take account of this in the amount of new State Pension you get. Don't forget that when you were contracted out, you were building a workplace or personal pension(s) instead of the additional State Pension you were opted out of.

Did you contract out?

Your State Pension statement will tell you if you have been contracted out. Most people have been contracted out at some time during their working life.

Many workplace pension schemes where the pension you get is linked to your earnings (for example – Defined Benefit, final salary or average salary schemes) contracted out all of their scheme members as part of their scheme rules.

Both you and your employer paid lower rate NI contributions to the state system. You may not have known that you were paying less NI to the State but please don't forget that this reflected the fact that you were building an alternative private pension instead.

If you were a member of a workplace scheme that is not linked to your earnings (sometimes called a Defined Contribution or Money Purchase scheme), or bought a personal or stakeholder pension from a pension provider, you may also have been contracted out of the additional State Pension. Depending on the type of scheme, you (and also your employer) paid lower rate NI contributions or some of your National Insurance contributions were paid into your private pension scheme instead of building up the earnings-related State Pension you were opted out of.

How does this affect the amount of State Pension you get?

It is important to note that if you have been contracted out you paid lower NI contributions or some of your NI was paid to your private pension scheme instead, so you gave up some State Pension in return. This means that the estimated amount of State Pension shown on page 1 of your statement will be lower than that for people with similar circumstances who were not contracted out.

However, the pension you get from your workplace or personal pension scheme for the periods you were contracted out, should include an amount that, in most cases, will be the equivalent of the additional State Pension you would have got if you had not been contracted out.

The Contracted Out Pension Equivalent (COPE)

We will not know the exact amount your scheme will pay you as a result of contracting out, as it will depend on the actual rules of your private scheme. However, we have included an estimate of this amount on page 1 of your statement and it is called the Contracted Out Pension Equivalent (COPE). This estimate is based on the information we have from your NI contribution record.

If, any time before 6 April 1997, you were a member of a workplace scheme(s) where the amount of pension you get is based on your earnings (often called Defined Benefit, Final Salary or Career Average Salary schemes) and you subsequently left the scheme(s) before 6 April 2016, your Contracted Out Pension Equivalent (COPE) amount takes into account how your scheme(s) revalued your preserved pension benefits (called the Guaranteed Minimum Pension or GMP) each year until the new State Pension started on 6 April 2016.

If you were a member of two or more contracted out schemes, the Contracted Out Pension Equivalent (COPE) amount shown is based on all of your schemes and therefore covers all of the years you were contracted out.

Most people with many years on their NI record will find, when the State Pension paid by government is added to their COPE amount, this will be at least the full amount of the new State Pension by the time they reach State Pension age (the full amount in 2016/17 is £155.65 a week).

Will my pension scheme(s) pay the COPE amount separately?

The actual value of the amount of State Pension you were contracted out of is not usually shown separately by your pension scheme.

In most instances your workplace or personal pension(s) will include an amount that is equivalent to the estimated COPE amount shown in your statement. This is not normally identified specifically but is paid by your pension scheme(s) as part of your total private pension.

The date when you get your workplace or personal pension, and the full amount you receive, will depend on the rules of your scheme(s) and possibly any investment choices you make (see below).

If you are unsure when you will be paid your workplace or personal pension, please contact your scheme to find out. If you are unsure of their contact details, you can use the Pension Tracing Service.

www.gov.uk/find-lost-pension

Will I always get an amount equivalent to the COPE amount from my workplace/personal pension?

That depends on your scheme.

(a) If you were part of an earnings based private pension scheme

Schemes that pay an amount of pension **based on your earnings** (often called Defined Benefit, Final Salary or Career Average Salary schemes) are required to provide benefits to replace the State Pension you were opted out of, in return for allowing members and employers to pay lower National Insurance.

The private pension you built up during the years 1978-1997 as a result of being contracted out is called your Guaranteed Minimum Pension (GMP). If you are no longer contributing to this earnings based private pension scheme, your scheme is required to revalue your GMP each year either by a fixed rate or by the rate of increase in average national earnings. If your scheme uses a fixed rate your GMP amount should be higher than the actual State Pension you would have received from SERPS.

In some cases, it is possible that your schemes may not pay you an amount equivalent to the COPE if:

- your scheme got into financial trouble and wound up underfunded
- your rights were transferred to a scheme that wasn't linked to your earnings and investments in that scheme didn't perform well.

You should know if this applies to you, but if you are in doubt and think you may be affected you can contact your scheme.

(b) If your private pension is not based on your earnings

Contracted-out pension schemes where your private pension is **not linked to your earnings** (sometimes called a Defined Contribution or Money Purchase scheme), or a personal pension or stakeholder pension will pay you according to the investment returns on the contributions you (and your employer) have paid in.

This means that the actual pension amount you get will depend on the performance of your investments (for example where your pension pot is invested, the fees you are charged and how much these investments increase), and the choices you make when you decide how to take your fund.

For instance, under the pension flexibility reform that was introduced in April 2015, you may take some or all of your pension pot as a cash payment. The amount you take will affect your private pension income amount – and if you decide to take all of your pension pot as a cash payment, you may not get any private pension income.

If you use your private pension investment to buy an annuity that provides a regular pension income, the type of annuity you buy will also determine your private pension income.

You can find out more information at:
www.pensionwise.gov.uk
www.gov.uk/pension-types

If you are divorced or your civil partnership is dissolved

If as a result of you being divorced or your civil partnership being dissolved, the courts have awarded a share of your private pension to your former partner, your workplace or personal pension income may be lower.

You can find out more information at:
www.pensionwise.gov.uk
www.gov.uk/workplace-pensions

Why add the two amounts – State Pension and COPE – together?

By adding together your State Pension and COPE amounts you can see how your National Insurance record before the new State Pension started on 6 April 2016, should have contributed to your overall pension income. Your actual private pension will often be more but could sometimes be less than your estimated COPE amount.

Why your statement may not give an estimate of your State Pension

If you do not have 10 qualifying years on your NI contribution record, your statement will not give you an estimate of your State Pension – it will only tell you how many qualifying years you currently have.

This is because, under the new State Pension rules, to get a State Pension you normally need to have at least 10 qualifying years on your NI contribution record at State Pension age. This is called the minimum qualifying period.

See page 20 for more information on the minimum qualifying period, and Sarah's example on page 27.

How often should I get a statement?

You should regularly check your State Pension position to see how much State Pension you may get, how you might be able to improve it, and whether you may need other savings or pensions for a comfortable retirement.

You can now use our new online service called Check your State Pension. Using this service will quickly give you a forecast of the State Pension amount you may get at your State Pension age, the earliest date you can get it, and options you may have to increase your State Pension – including if there are any gaps in your NI contribution record where you can pay voluntary NI contributions (see page 32).

You can find out more information at
www.gov.uk/check-state-pension

Important information – if you have paid or been credited with National Insurance contributions in the Isle of Man

The Isle of Man has not introduced the new State Pension and is continuing with the old State Pension rules. This means that the Isle of Man has a separate State Pension system from the UK from 6 April 2016.

If you have paid, were treated as paying or have been credited with National Insurance contributions in the Isle of Man, and you have not told us about them, we have worked out the estimate in your statement based on a combined total of your UK and Isle of Man National Insurance contributions.

Before 6 April 2016, the territory where you were living paid the State Pension based on all UK and Isle of Man National Insurance contributions combined.

If you reach State Pension age on or after 6 April 2016 and you have a contribution record in both the UK and the Isle of Man, you will need to claim your State Pension in each territory separately. The new arrangements affect the State Pension you get from the UK and the Isle of Man. This means that the UK State Pension estimate we have given you now in your statement may change.

If you have paid or been credited with National Insurance contributions in the Isle of Man and you didn't tell us, you should request another statement.

For more information about the Isle of Man state pension, and other benefits available, visit **www.gov.im/categories/benefits-and-financial-support**

Section 3 – The new State Pension

In this section we explain:

- the new State Pension
- the minimum number of qualifying years needed to get any State Pension
- how we will work out your new State Pension
- how the estimate of your State Pension given in your statement may change
- how your State Pension is affected by a pension sharing order
- how you may get a State Pension through your spouse or civil partner, and
- how you may be able to improve your State Pension by paying voluntary NI contributions.

The new State Pension

The new State Pension is a regular payment from the government that you can claim if you reach State Pension age.

You can get the new State Pension if you're eligible and:

- a man born on or after 6 April 1951
- a woman born on or after 6 April 1953.

The new State Pension has replaced the old State Pension system for these people.

How much will I get?

Under the new system there are different rules depending on whether or not you have NI contributions before 6 April 2016. In both cases, to get a State Pension you must have at least 10 qualifying years - the minimum qualifying period – see page 20.

Many people, like you, have contributions on their NI contribution record for tax years before the new State Pension started on 6 April 2016. We will use these NI contributions to work out how much State

Pension they may give you. We call this amount your starting amount for the new State Pension.

The rules make sure that the amount of State Pension you get for those contributions is no less under the new rules than the amount you would have got under the old rules – as long as you meet the minimum qualifying period.

What is the minimum number of qualifying years I need to get any State Pension?

You will normally need a minimum of 10 qualifying years (the minimum qualifying period) on your NI contribution record when you reach State Pension age to get any State Pension. This does not have to be 10 years in a row. See page 7 for what we mean by 'qualifying year'.

In some circumstances, time spent living or working outside the UK may also help you meet the minimum qualifying period for the UK State Pension – see page 33.

Your statement tells you how many qualifying years you have on your NI contribution record at the moment.

You may not currently have enough qualifying years to get any State Pension. However, you may add further qualifying years to your NI contribution record before you reach your State Pension age (see Sarah's example on page 27).

How will you work out my starting amount?

We will use the qualifying years on your NI contribution record, up to and including the 2015/2016 tax year, to work out how much State Pension you would get under the rules of:

- the new State Pension that started on 6 April 2016, which is based on 1/35th of £155.65 for each qualifying year, up to a maximum of 35 years, and

- the old State Pension system. This has two parts – basic State Pension based on 1/30th of £119.30 (the full rate) for each qualifying year, up to a maximum of 30 years, plus additional State Pension, if any, based on earnings.

A deduction may be made to both these amounts for periods you were contracted out of the additional State Pension before 6 April 2016 - (see page 10).

The higher of the two amounts will be your starting amount (see examples that follow). Your starting amount is the amount you will take forward into the new State Pension system, and is the minimum you will get when you reach State Pension age, provided you meet the minimum qualifying period rule. But see page 28 if you have a pension sharing order, or page 31 if you have paid reduced-rate NI contributions.

We will work out a starting amount based on your NI contribution record up to and including the tax year 2015/2016 even if you do not meet the minimum qualifying period at that point (see Sarah's example on page 27).

The content of the examples in this leaflet is for illustrative purposes only.

Example – the amount under the new scheme rules is higher

On 6 April 2016, Jim has 32 qualifying years on his NI contribution record. He has been self-employed for long periods of his working life.

Using the new State Pension rules, Jim would get £142.31 a week (£155.65 x 32/35ths).

Using the old rules, Jim would get £132.70 a week (£119.30 basic State Pension and £13.40 additional State Pension).

Jim's starting amount will be the higher of these two amounts, which is £142.31 a week.

Will the amount shown in my statement change if further qualifying years are added to my NI contribution record for tax years before 6 April 2016?

The amount of State Pension shown in your statement is an estimate of what your starting amount for the new State Pension may be - the amount you will take forward into the new State Pension scheme - based on your NI contribution record as it stands on the date shown in your statement.

If further qualifying years are added to your NI contribution record for tax years before 6 April 2016, the estimate of your State Pension given in your statement – the current estimate of your starting amount – may change.

The content of the examples in this leaflet is for illustrative purposes only.

Example – further qualifying years added to NI contribution record before 6 April 2016

Asif received a statement based on his NI contribution record up to and including the 2014/2015 tax year, which showed that he had 27 qualifying years. His State Pension was estimated to be £120.07 a week This did not include the NI contributions he paid for the 2015/16 tax year.

When the new State Pension started on 6 April 2016, Asif added a further qualifying year to his NI contribution record (for the 2015/2016 tax year). He now has 28 qualifying years. This has increased his starting amount to £124.52 a week.

If your COPE amount changes will this affect your starting amount for the new State Pension?

When we work out your starting amount for the new State Pension (see page 20), we take into account your COPE amount (see page 13).

In some circumstances, the estimated COPE amount included in your State Pension statement could increase. This may happen if your NI contributions for the 2015/16 year are not yet recorded or if your private pension scheme tells HMRC about changes to your Guaranteed Minimum Pension that occurred before 6 April 2016 (see page 13).

This may also happen if:

- you were a member of a workplace pension scheme any time between 1978 and 1997, and the pension you get is linked to your earnings (for example – Defined Benefit, final salary or average salary schemes), and
- you left this scheme before the 6 April 2016, and
- your pension scheme revalues your preserved pension benefits each year by a percentage that is greater than the average national earnings

If this happens your starting amount for the new State Pension could be lower than the State Pension estimate shown in your State Pension statement. However, overall you should not lose out by this as the value of your private scheme benefits will normally increase by an equivalent amount if this happens.

You may also be able to add further NI qualifying years after 6 April 2016 to increase your State Pension (see page 25).

The content of the examples in this leaflet is for illustrative purposes only.

Example – COPE amount changes

After 6 April 2016, Margaret's estimated starting amount for the new State Pension is £135.65 a week (using the new State Pension rules). She currently has 35 qualifying years. Her statement also gives an estimated COPE amount of £20.00 a week and explains that adding the two together is £155.65 a week.

Margaret's State Pension statement did not include information about her NI contributions for the year 2015/2016 and information from her private pension scheme about her contracted out benefits. When the updated information is received, the new calculation shows that the total of her starting amount plus her COPE is still £155.65, but the COPE has increased to £22.70 a week and the State Pension payment is now £132.95 a week. Margaret's COPE has increased because she had an extra year of contracting out added to her NI record.

Her private pension scheme should include an amount equivalent to the COPE figure as part of Margaret's private pension benefits, so she should not have lost out.

If you have left your scheme and you are unsure if this applies to you, you should contact your private pension scheme.

When will you be able to tell me my starting amount?

We can tell you what your actual starting amount is when all of your contributions and credits up to and including the 2015/2016 tax year are recorded on your NI contribution record. Your starting amount will not change unless your NI contribution record before 6 April 2016 changes, or your private pension scheme tells HMRC about changes to your Guaranteed Minimum Pension that occurred before 6 April 2016.

As long as you have at least 10 qualifying years (you meet the minimum qualifying period) when you reach State Pension age, your starting amount will be the least amount you may get, though it may be more.

Please see page 28, which explains how the amount of your State Pension might be different if there is a pension sharing order in force when you reach State Pension age.

Will qualifying years added to my NI contribution record for tax years from 6 April 2016 onwards improve my State Pension?

If your starting amount on 6 April 2016 is less than the full rate of new State Pension, you can increase it by adding further qualifying years. For each extra qualifying year you will get 1/35th of the full amount of the new State Pension – about £4.45 a week.

However, your starting amount plus anything you add after 6 April 2016 cannot be more than the full rate of the new State Pension.

The content of the examples in this leaflet is for illustrative purposes only.

Example – the starting amount is less than the full rate of the new State Pension

Sonya is due to reach her State Pension age in March 2024. Her starting amount on 6 April 2016 is £133.41 a week.

After April 2016, Sonya continues to work and pay National Insurance. After five years (at 6 April 2021) she has reached the full State Pension amount. This is because she has added £22.24 a week to her starting amount for the five additional qualifying years she has added to her NI contribution record (£155.65 x 5/35).

When she reaches her State Pension age, Sonya's State Pension will be £155.65 a week. Sonya cannot get more than the full rate.

If your starting amount on 6 April 2016 is the same as the full rate of the new State Pension, this is the amount you will get when you reach State Pension age – subject to any pension sharing order (see page 28). Apart from the usual yearly increases, it will not go up even if further qualifying years are added to your NI contribution record after 6 April 2016.

If your starting amount on 6 April 2016 is more than the full rate of the new State Pension then, subject to any pension sharing order (see page 28), you will get a full State Pension. You will also be paid the difference between your starting amount and the full rate of the new State Pension as a Protected Payment.

The content of the examples in this leaflet is for illustrative purposes only.

Example – the starting amount is more than the full rate of the new State Pension

Adrian is due to reach his State Pension age in June 2020. His starting amount on 6 April 2016 is £172.48 a week.

As his starting amount is more than the full rate of the new State Pension (£155.65 a week), this is the amount that Adrian will get when he reaches his State Pension age. It will not go up, even if further qualifying years are added to Adrian's NI contribution record before he reaches his State Pension age.

So, when Adrian reaches his State Pension age he will get a State Pension of £155.65 a week, with the balance of £16.83 a week paid as a Protected Payment – £172.48 a week in total.

What if I have less than 10 qualifying years?

If you have at least 1 qualifying year of NI contributions or credits for tax years before 6 April 2016, you will still have a starting amount on 6 April 2016. However, you will normally not be paid a State Pension if you do not satisfy the minimum qualifying period of at least 10 qualifying years when you reach State Pension age (see page 20).

You may add more qualifying years to your NI contribution record to meet the minimum qualifying period when you reach State Pension age.

The content of the examples in this leaflet is for illustrative purposes only.

Example – has less than 10 qualifying years on 6 April 2016

Sarah is due to reach her State Pension age in February 2024.

On 6 April 2016 Sarah has six qualifying years on her NI contribution record, which give her a starting amount for the new State Pension of £28.56 a week.

If no further qualifying years were added to Sarah's NI contribution record before she reached her State Pension age, she would not satisfy the minimum qualifying period and would not get a State Pension.

However, after April 2016 Sarah works and pays NI contributions, and a further seven qualifying years are added to her NI contribution record. As a result, she has 13 qualifying years on her NI contribution record when she reaches her State Pension age, and satisfies the minimum qualifying period.

She would get a State Pension of £59.69 a week. This is made up of her starting amount of £28.56, plus £31.13 a week (£155.65 x 7/35) for the seven qualifying years she added to her NI contribution record after 6 April 2016.

Will my new State Pension go up each year?

Every year the full rate of the new State Pension will usually go up in line with at least the growth in average earnings. If you have extra State Pension (see page 8) or a Protected Payment (see page 26), these will usually go up each year in line with at least the rise in prices.

If you get a payment based on a share of your former partner's State Pension (see page 28) or inherited State Pension (see page 30) the way your shared or inherited payment is increased will depend on how much new State Pension you already have.

- If your new State Pension is less than the full rate, the amount of your new State Pension plus your shared or inherited payment (not including any inherited extra State Pension) up to the full rate will be increased in line with the increase in the full rate. Any amount of the shared or inherited payment left over will be increased in the same way as a Protected Payment.
- If your new State Pension is equal to the full rate, or if you already have a Protected Payment, all of your shared or inherited payment will be increased in the same way as a Protected Payment.
- Inherited extra State Pension will be increased in the same way as extra State Pension.

Depending on where you live, your new State Pension, extra State Pension and Protected Payment may not go up every year if you live outside the UK.

See page 34 for more information about UK pension payments outside the UK.

What happens if I have a pension sharing order?

Your new State Pension starting amount does not take account of any pension sharing order that may be in force. Your starting amount is worked out as if there was no pension sharing order in force.

The value of a pension sharing order in force when you reach State Pension age will be added to or taken from your State Pension when you claim it.

You will be paid the value of any pension sharing order made in your favour when you reach State Pension age, even if you do not get a State Pension.

The content of the examples in this leaflet is for illustrative purposes only.

Example – effect of a pension sharing order

Brian is due to reach his State Pension age in June 2020. His starting amount on 6 April 2016 is £172.90 a week.

When Brian got divorced in 2012 the court made a pension sharing order awarding part of his additional State Pension to his wife, Sandra. When he reaches his State Pension age this is valued at £15 a week.

When Brian reaches State Pension age he gets £157.90 a week (£172.90 less £15). He will get a State Pension of £155.65 a week, with the balance of £2.25 a week paid as a Protected Payment.

Using her own NI contribution record, Sandra's State Pension is £125.30 a week. She will be paid a State Pension of £140.30 a week (£125.30 plus £15).

Where can I find out more about the new State Pension?

More information about the new State Pension is available online.

Find out more at
www.gov.uk/new-state-pension

State Pension through your spouse or civil partner

The new State Pension will normally be based just on your own NI contribution record. This section explains when you may be able to:

- inherit some State Pension if you're widowed
- get an increase if you paid married women's and widow's reduced-rate NI contributions (also known as the "married woman's stamp").

What may I inherit if I'm widowed?

You may be able to inherit some **additional State Pension** if:

- you were widowed before 6 April 2016, or
- you're widowed on or after 6 April 2016 and your husband, wife or civil partner had reached State Pension age before that date.

Additional State Pension is part of the old State Pension system and is also known as SERPS or State Second Pension.

You may be able to inherit half your husband, wife or civil partner's **Protected Payment** if you're widowed on or after 6 April 2016 and they:

- reached State Pension age on or after 6 April 2016, or
- died before they reached State Pension age.

They will have a Protected Payment if their starting amount is more than the full rate of the new State Pension on 6 April 2016 (see Adrian's example on page 26).

Your marriage or civil partnership must have begun before 6 April 2016 for you to be able to inherit any additional State Pension or Protected Payment.

You may be able to inherit extra State Pension if your spouse or civil partner:

- reached State Pension age before 6 April 2016 and
- put off claiming (deferred) their State Pension for at least 5 weeks.

You may be able to choose a one-off taxable lump-sum payment instead of weekly inherited extra State Pension if your spouse or civil partner:

- had deferred their State Pension for at least 12 months, and
- died before they claimed their State Pension.

Your inherited State Pension will be paid on top of your State Pension. You will still be paid inherited State Pension even if you do not meet the 10 year minimum qualifying year rule for a State Pension based on your own NI contributions (see page 20).

You'll not be able to inherit any State Pension if you're widowed under State Pension age and you remarry or form a new civil partnership before you reach State Pension age.

What may I get if I've paid reduced-rate NI contributions?

If you chose to pay married woman's reduced-rate NI contributions, we may be able to work out your State Pension under different rules if this will give you more State Pension than you would get based just on your own NI contribution record.

We'll be able to do this if you still had the right to pay reduced-rate NI contributions at the start of the 35 year period that ends on the 5 April before you reach State Pension age.

If this applies to you:

- you won't need to have at least 10 qualifying years of your own to be able to get a State Pension
- you will get the higher of:
  - a State Pension that's about the same as the basic State Pension under the old rules for a married woman, widow or divorcee claiming on her husband's NI contributions (depending on your marital status) plus any additional State Pension you may have from your own NI contributions, or
  - a State Pension under the new State Pension rules based on your own NI contribution record.

If you have received a statement based on your own NI contribution record but think you may satisfy the condition for the different rules, you may wish to get a statement showing how much you may get based on these rules. You can get a statement by phoning the number shown on page 35.

If you're widowed you may also inherit additional State Pension or Protected Payment from your late spouse, as explained above.

Find out more at
www.gov.uk/state-pension-through-partner

Improving your State Pension by paying voluntary NI contributions

You may be able to pay voluntary Class 2 or Class 3 NI contributions to cover years where you do not have enough contributions or credits on your NI contribution record for a year to count as a qualifying year.

You should think carefully about whether paying voluntary NI contributions is the right option for you. If you are working or getting certain state benefits, further qualifying years may be added to your NI contribution record before you reach State Pension age.

Before you decide to pay any voluntary NI contributions, you may wish to wait until we can tell you how much your actual starting amount will be. We will be able to do this when all of your contributions and credits up to and including the 2015/2016 tax year are recorded on your NI contribution record.

Additionally, you could use our new online service Check your State Pension (see page 17). This will tell you if there any gaps in your NI contribution record where paying voluntary NI contributions may improve your State Pension.

Find out more at
www.gov.uk/voluntary-national-insurance-contributions
www.gov.uk/check-state-pension

Section 4 – Working or living outside the UK

In this section we explain:

- what to do if you have paid contributions abroad
- how living and working abroad may count towards the UK State Pension
- that your State Pension may not increase annually if you live in certain countries.

Time spent working outside the UK

If you're working outside the UK, you may be able to pay into the state pension scheme of the country where you're working.
You may get a State Pension from both the country you worked or lived in and the UK if you meet the eligibility for both countries. You'll have to claim your pension in each country.

Impact on UK State Pension

Your UK State Pension will be based on your UK National Insurance record.

However, you may be able to use your time abroad to make up the 10 qualifying years needed to get any new State Pension. This is most likely if you've lived or worked in:

- the European Economic Area (EEA)
- Switzerland
- certain countries that have a social security agreement with the UK

For example, you have 7 qualifying years from the UK on your National Insurance record when you reach State Pension age.
You worked in an EEA country for 16 years and paid contributions to that country's state pension.

You will meet the minimum qualifying years to get the new State Pension because of the time you worked overseas. Your new State Pension amount will only be based on the 7 years of National Insurance contributions you made in the UK.

UK State Pension payments outside the UK

Usually you can get your UK State Pension paid anywhere you live. However, if you live outside the UK and get a UK State Pension, you will not get annual increases unless you live in:

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

If you live in a country where your UK State Pension is not increased, your UK State Pension may go up for the time when you visit the UK or other countries where the annual increase is paid. When you return to the country where you live permanently, your UK State Pension will be paid at the rate you were paid before.

More information on the countries where the increase is paid, and how UK State Pensions are paid to people living outside the UK is available online.

www.gov.uk/state-pension-if-you-retire-abroad

Section 5 – Where can I get more information?

You can get more information about your State Pension statement or pensions in general online, or by phoning or writing to us using the contact details shown below.

www.gov.uk/state-pension

www.gov.uk/new-state-pension

Phone: **0345 300 0168**

Textphone: **0345 300 0169**

8am to 6pm, Monday to Friday.

From outside the UK

Phone: **+44 191 218 3600**

Textphone: **+44 191 218 2051**

8am to 6pm, Monday to Friday.

Write to us at:
The Pension Service 9
Mail Handling Site A
Wolverhampton
WV98 1LU

Call charges

Calls to **0345** numbers cost no more than a standard geographic call and count towards any free or inclusive minutes in your landline or mobile phone contract.
Note: Calling UK non-geographic numbers from abroad can incur a significant charge. Please check with your telephone service provider.

You can ask our operator to call you back – just give them your phone number.

Textphones – if you have speech or hearing difficulties

Our textphone numbers are for people who cannot speak or hear clearly. If you do not have a textphone, you could check if your local library or Citizens Advice has one. Textphones don't receive text messages from mobile phones.

Important information about this leaflet

This leaflet is only a guide and does not cover every circumstance. We have done our best to make sure that the information in this leaflet is correct as of 6 April 2016. It is possible that some of the information is oversimplified, or may become inaccurate over time, for example because of changes to the law.

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

For benefits information
www.gov.uk/browse/benefits

For pensions information
www.gov.uk/state-pension
www.gov.uk/new-state-pension

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