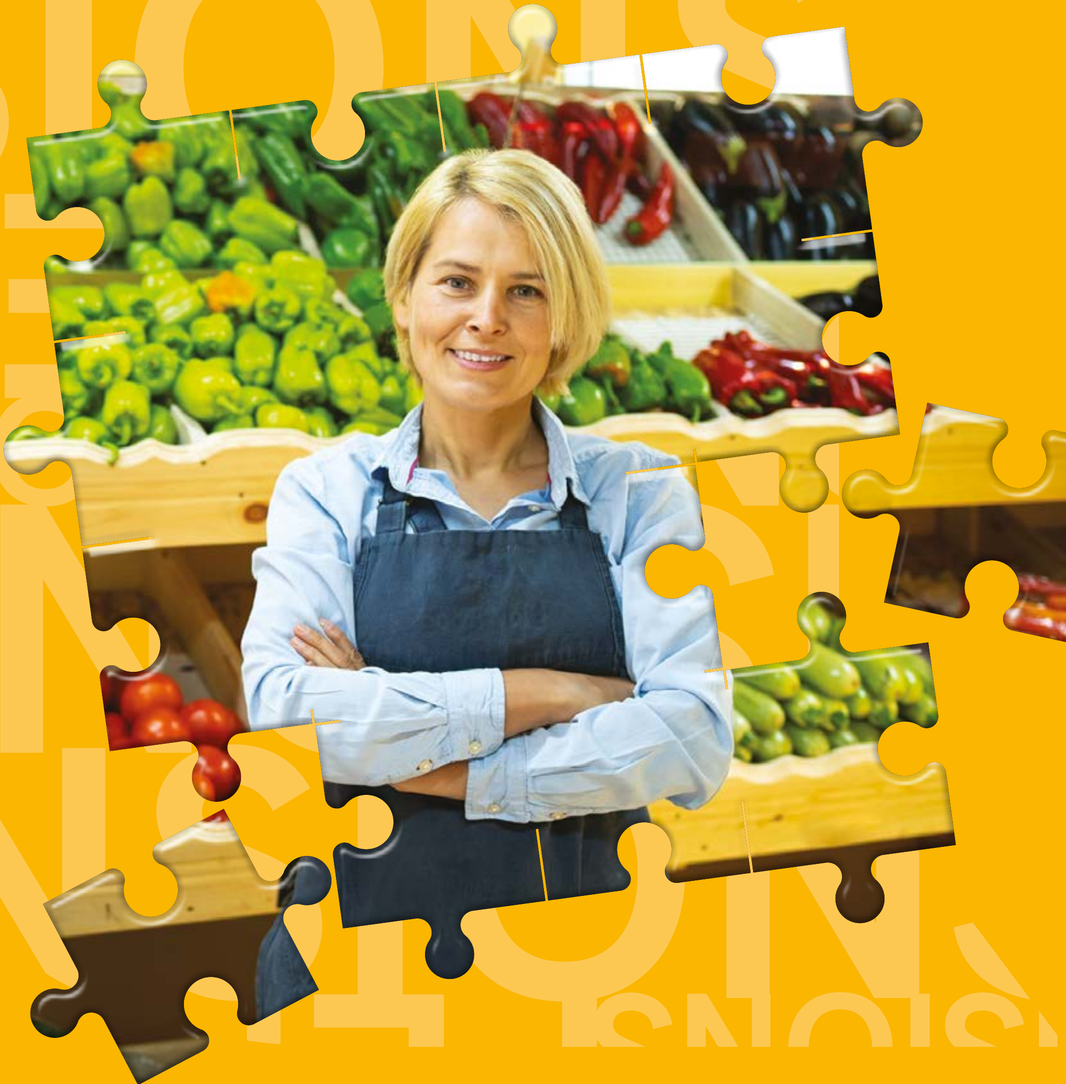

Puzzled By Pensions?

State Pension Guide 2024/2025

Guidance for Usdaw members

USDAW PENSIONS

Introduction

Usdaw believes that all of our members have the right to a decent standard of living in retirement. For this we need a fair pensions system where both state and company pensions play a part.

Your State Pension is important because it forms the foundation of your retirement income.

To qualify for a State Pension you must have paid or been credited with National Insurance contributions.

The State Pension was reformed on 6 April 2016.

The State Pension is a regular payment from the Government which you can claim when you reach your State Pension Age – not everyone has the same State Pension Age and not everyone will receive the same amount of State Pension.

Your State Pension Age depends on when you were born and how much you receive will depend on your National Insurance record.

This guide looks at what the changes mean, who is entitled to them and when they are payable.

Paddy Lillis

Paddy Lillis
General Secretary

Contents

Understanding Your State Pension 3

Who Will Receive the New State Pension? 3
How Much Will You Get? 3
National Insurance Credits 5
Starting Amount From April 2016 5
When You Will Receive Your State Pension 6
Topping Up Your State Pension 6
Deferring Your State Pension 7
Claiming From Your Spouse/Civil Partner 7
State Pension and Divorce or Dissolution 8
Pension Credit 9
State Pension Increases 9
State Pension and Living Overseas 10
Getting a State Pension Forecast 11
The Pension Service 12
More Information 12
Usdaw's Pensions Section 12
State Pension Errors 13

How to Claim Your State Pension 14

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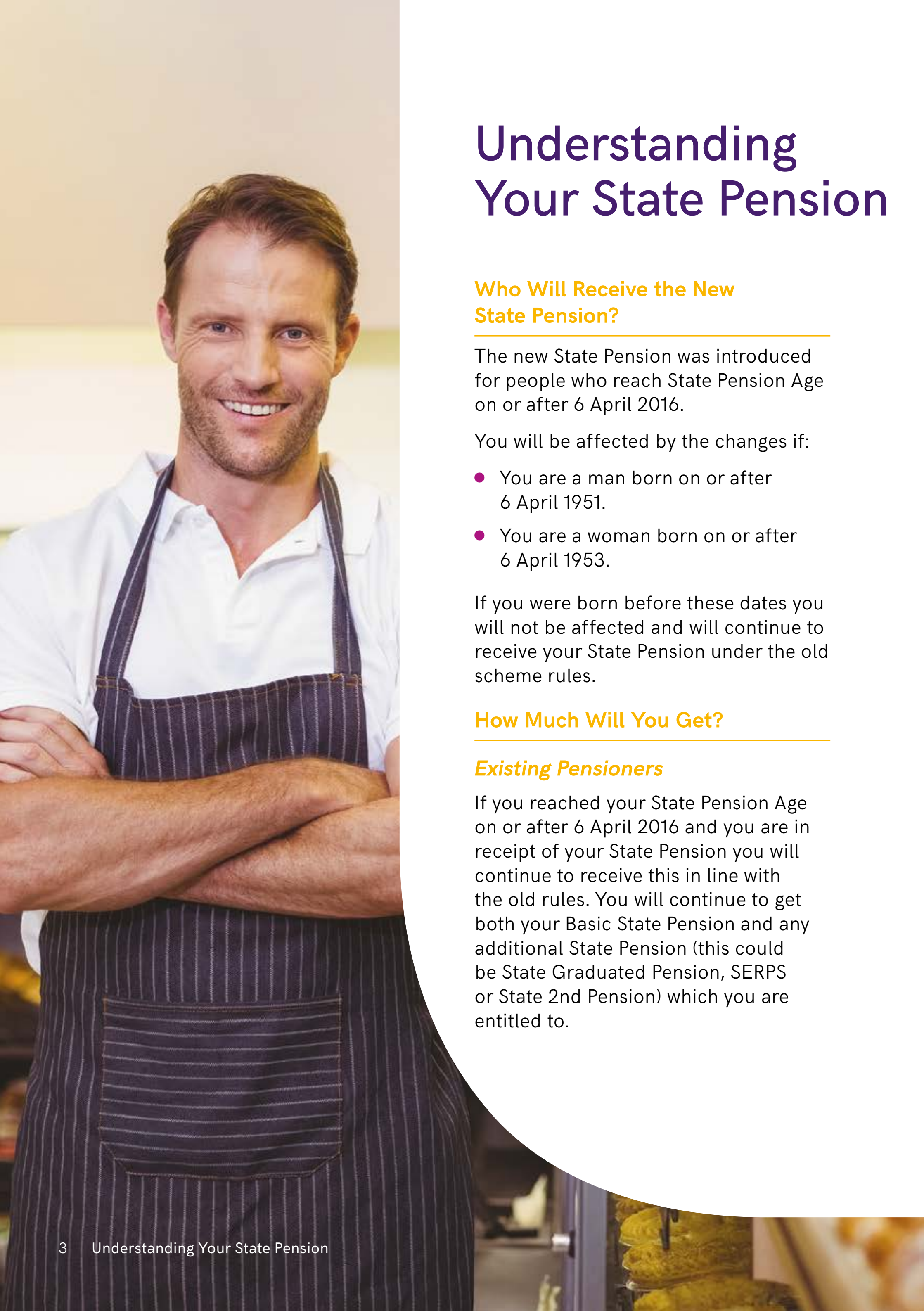


Understanding Your State Pension

Who Will Receive the New State Pension?

The new State Pension was introduced for people who reach State Pension Age on or after 6 April 2016.

You will be affected by the changes if:

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

If you were born before these dates you will not be affected and will continue to receive your State Pension under the old scheme rules.

How Much Will You Get?

Existing Pensioners

If you reached your State Pension Age on or after 6 April 2016 and you are in receipt of your State Pension you will continue to receive this in line with the old rules. You will continue to get both your Basic State Pension and any additional State Pension (this could be State Graduated Pension, SERPS or State 2nd Pension) which you are entitled to.

Furthermore, if your current pension entitlement is more than the new full single tier pension, your pension will NOT be reduced.

New Pensioners

For any man born on or after 6 April 1951, and any woman born on or after 6 April 1953, you will be affected by the reforms and your pension will be calculated in accordance with the new rules.

The full level of the new State Pension will be £221.20 (2024/25) each week. However, not everyone will automatically qualify for this amount.

The amount you receive will be based on your National Insurance record.

Your new State Pension will be based on how many 'Qualifying Years' you have on your National Insurance record and whether you have previously been 'contracted-out' of the additional State Pension at any time prior to 6 April 2016.

If you do not have the maximum amount of Qualifying Years and you were contracted out of the additional State Pension prior to 6 April 2016 (or both), your 'starting amount' will be less than the full new State Pension.

Qualifying Years

From April 2016 you will need 35 Qualifying Years to get the full amount of the new State Pension. Furthermore, if you reach State Pension Age after April 2016, you will need to have a minimum of 10 years National Insurance contributions or credits to qualify for a State Pension.

Contracting Out

If you have previously been a member of a workplace pension scheme which was 'contracted-out' of the State Additional Pension, (you will have paid reduced rate National Insurance to enable you to contribute to your workplace pension) there is a possibility that you will not qualify for the full amount of the new single tier pension. This will depend on how long you were contracted out for.

National Insurance Credits

You now need 35 Qualifying Years to receive the full amount of the new single tier State Pension, but you may find that there are gaps in your National Insurance record.

These gaps could have occurred for a number of reasons, but in certain circumstances you could/can claim National Insurance credits, for instance:

- If you were/are in receipt of certain State Benefits (for example Family Allowance or Jobseeker's Allowance).
- If you were aged 16-18 before April 2010.
- If you were/are on an approved training course.
- If your spouse or civil partner is a member of His Majesty's Forces and you were/are accompanying them on an assignment overseas.
- If you earn more than the Lower Earnings Limit (currently £6,396 per year, £123 per week for 2024/25) but don't earn enough to pay National Insurance.
- If you were/are doing jury service.
- If you have served a prison sentence for a conviction which was later quashed.

Starting Amount From April 2016

From April 2016, the Government will look at how many existing Qualifying Years you have and if you have a contracting-out record, which will determine your 'starting amount'.

If your starting amount is less than the new full State Pension of £221.20 a week, each Qualifying Year you add to your National Insurance record, after April 2016, will start to build up an additional amount up until you reach the full level of the new State Pension or when you reach your State Pension Age – whichever happens first.

If your starting amount is more than the full State Pension you will receive this higher amount when you reach State Pension Age. This will occur if you have built up a certain amount previously in the additional State Pension.

When You Will Receive Your State Pension

You can only claim your State Pension when you have reached your State Pension Age and this will depend on your date of birth.

Historically the State Pension was 60 for women and 65 for men. This started to change in April 2010 as women's State Pension Age began to increase in stages from 60 to 65 to bring them in line with men.

Between 2018 and 2020, men's and women's State Pension Ages were increased from 65 to 66 and from 2026 to 2028 the State Pension Age will rise to 67 for everyone.

The Government announced that it will review the State Pension Age no later than every six years. The review published in 2017 recommended that the State Pension Age should be increased to age 68 for all between 2037 and 2039, however so far this change has not been introduced.

Topping Up Your State Pension

The new State Pension won't be the same for everyone. What you get will be based on your National Insurance record.

From 6 April 2016, for the first time you will also need a minimum of at least 10 Qualifying Years to be eligible to receive any State Pension.

Most people would not think to check their National Insurance record, but mistakes can happen.

Everyone's National Insurance record will be different – if you would like to make sure yours is correct, check the section on page 11 on how to obtain a State Pension Forecast, which will include a breakdown of your National Insurance history.

You can get a new online State Pension Forecast at: **www.gov.uk/state-pension-statement**

You can also complete Form BR19 if you are unable to access this online. Contact the Future Pension Centre on **0800 731 0175** for a form. This will estimate what your new State Pension will be based on your National Insurance contributions to date. This will be your starting amount in the new system.

In most cases this is the lowest amount you could expect to receive at your State Pension Age.

If you do not qualify for the new full State Pension there are ways in which you can increase it up to the full amount:

- You can continue to work and pay National Insurance contributions up to your State Pension Age and this will boost your starting amount from 6 April 2016.
- You may find that you have gaps in your National Insurance record and you may be eligible to claim credits for these.
- You can elect to pay voluntary National Insurance contributions to increase your State Pension.
- If you have already reached your State Pension Age you can delay claiming your pension and over a period of time your State Pension will increase in value.

Deferring Your State Pension

You don't have to claim your State Pension as soon as you reach State Pension Age.

You can delay (or defer) claiming your State Pension, which means that you will get extra State Pension when you do claim it. The extra amount will be paid as extra pension (not as a lump sum) but remember it may be taxable.

How much extra pension depends on how long you delay claiming it. The longer you leave it the more you will get.

You will need to delay at least nine weeks – your State Pension will increase by 1% for every nine weeks that you put off claiming. This works out at just under 5.8% for every full year that you put off claiming.

After you claim, the extra amount you receive will usually increase each year in line with inflation.

Claiming From Your Spouse/Civil Partner

Receiving State Pension From Your Husband/Wife or Civil partner

If you reach State Pension Age on or after 6 April 2016, your State Pension will be based on your National Insurance record only.

There is one exception to this – if you are a married woman or widow who has opted to pay reduced rate National Insurance contributions. This is called a Reduced Rate Election (or perhaps most commonly known as 'Married Women's Stamp').

If you made this choice in the past you may get a new State Pension based on different rules, if these will give you more than the amount of the new State Pension that you would have otherwise got from your own National Insurance record.

If these rules do apply to you, you will not need the qualifying 10 years of your own in order to get any State Pension.

Inheriting State Pension From Your Husband/Wife or Civil Partner

You may be able to inherit an extra payment on top of your new State Pension if you are widowed or a surviving civil partner. The extra payment may consist of additional State Pension or a 'protected payment' (if any).

This will depend on whether the deceased:

- Reached State Pension Age or died before 6 April 2016; or
- Died under State Pension Age after 5 April 2016.

You might also be able to inherit extra State Pension or a lump sum payment if your late spouse or civil partner reached State Pension Age before 6 April 2016 and put off claiming their State Pension.

If You Remarry or Form a New Civil Partnership

If you are under State Pension Age you won't be able to inherit anything from your deceased spouse or civil partner if you remarry or form a new civil partnership before you reach State Pension Age.

State Pension and Divorce or Dissolution

Different rules apply pre and post 6 April 2016:

Divorced Before 6 April 2016

Basic State Pension: If you divorced or your civil partnership was dissolved and you reached your State Pension Age prior to the introduction of the new State Pension, you may be in a position to use the National Insurance contribution record of your ex-spouse/ex-civil partner to help increase your Basic State Pension. This won't affect your ex-spouse or ex-partner's Basic State Pension.

If you remarry or form a new civil partnership before your State Pension Age, however, you will lose this right.

Additional State Pension (formerly known as SERPS and Second State Pension): If you have an entitlement to any Additional State Pension, the courts could consider this as part of any financial settlement that is made.

If your divorce is being settled through the courts a 'Pension Sharing Order' could be made, which means that you may have to share the value of any State Additional Pension with your ex-spouse or ex-partner. Your additional State Pension could therefore increase or decrease depending on the decision made by the courts.

Divorcing on or After 6 April 2016

It may be possible to claim a share of an ex-spouse or ex-partner's protected pension via a Pension Sharing Order.

For most people reaching their State Pension Age on or after April 2016, the amount of State Pension they would have received under the 'old' rules will be the least amount of pension they will receive.

Pension Credit

If you only qualify for a small amount of State Pension, or no State Pension at all, you may be eligible to claim Pension Credit.

Pension Credit is an income-related benefit that tops up your weekly income to a guaranteed minimum amount if you have reached the Pension Credit qualifying age. If you are a couple, the amount you get will depend on your joint income and capital (this will include your savings and investments).

State Pension Increases

Your State Pension generally increases each year in line with the triple lock guarantee.

If you have extra State Pension or a Protected Payment (over the full State Pension entitlement of £221.20) it will not increase at the same rate. This part of your State Pension will increase in line with inflation (Consumer Prices Index-CPI).

If you live outside the UK, your new State Pension may not go up every year.

Triple Lock Guarantee

Since 2011, your State Pension has increased each year by the highest of:

- Inflation (Consumer Prices Index); or
- National Average Earnings; or
- 2.5%

Following Covid (in 2022/23) the triple lock was downgraded to a "double lock". This was to avoid an increase of 8% in earnings growth as a result of workers returning from furlough. The Government subsequently reinstated the triple lock in 2023/24, awarding a record increase of 10.1%.

State Pension and Living Overseas

Living or working abroad doesn't necessarily mean that you can't build up a State Pension from the UK, but it could affect the amount you receive.

Building up a UK State Pension While Living Overseas

If you live or pay into the Social Security system of:

1. A country in the European Economic Area, which includes:

Austria	Italy
Belgium	Latvia
Bulgaria	Liechtenstein
Croatia	Lithuania
Cyprus	Luxembourg
Czech Republic	Malta
Denmark	Netherlands
Estonia	Norway
Finland	Poland
France	Portugal
Germany	Romania
Greece	Slovakia
Hungary	Slovenia
Iceland	Spain
Ireland	Sweden

2. Switzerland (not a member of the EU or EEA but is part of the single market).
3. A country that has a social security agreement with the UK which includes:

Barbados	Macedonia
Bermuda	Mauritius
Bosnia and Herzegovina	Montenegro
Canada	New Zealand
Channel Islands	Philippines
Israel	Serbia
Jamaica	Turkey
Kosovo	USA

This may help you build up a State Pension in the UK.

You may also be able to claim a State Pension from the country you are living in if you are paying into its State Pension scheme.

You should make enquiries with the country where you are working to see if you qualify.

Claiming UK State Pension While Living Overseas

You can receive your State Pension when you are living overseas.

If you move overseas after you have started to receive your State Pension and payment is made directly into your bank or building society, payments should be able to continue, but you need to let the Pension Service know when you are going to leave the UK.

Receiving Increases to Your UK State Pension While Living Overseas

Your State Pension could qualify for an increase each year but only if you live in certain countries.

If you live outside any of the designated countries, for example Australia, you will not receive any yearly increases.

If you return to the UK, your State Pension will increase at the current rate.

To find out more about State Pensions if you live or have lived overseas, and for details about claiming your benefits, go to: **www.gov.uk/international-pension-centre**

Getting a State Pension Forecast

The application for a State Pension Forecast is called BR19 and we would encourage all our members to apply for this statement so that they have an expectation of what they might receive once they have reached their State Pension Age.

The Forecast will also help identify if there are any current gaps in your National Insurance (NI) record so that you can challenge whether this is correct and, if so, you can consider how the shortfall can be addressed by paying additional voluntary NI contributions.

How to Get Your State Pension Forecast

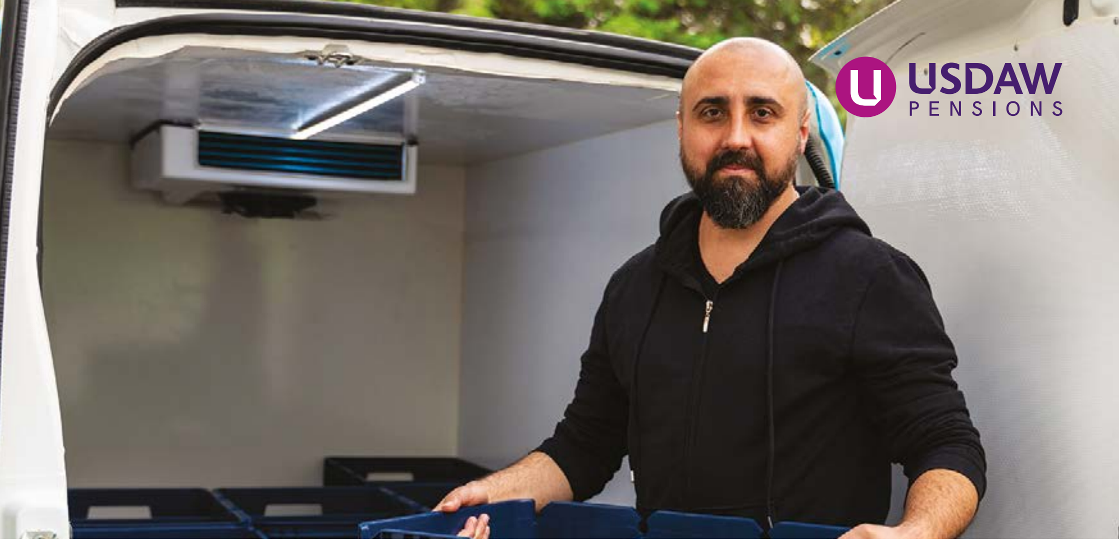
Get an estimate of how much State Pension you may get when you reach State Pension Age.

Ways to get one:

- Fill in the form online at: **www.gov.uk/government/publications/application-for-a-state-pension-statement**
- Call the Department for Work and Pensions on **0800 731 0175** (Mon-Fri 8am-6pm).

For an introduction to the new State Pension please access the link: www.usdaw.org.uk/StatePensionChanges

To find out your State Pension Age go to: www.gov.uk/calculate-state-pension



The Pension Service

The Pension Service is part of the Department for Work and Pensions and provides customers with pensions, benefits and retirement information. They can:

- Work out the amount of State Pension and Pension Credit that you are entitled to.
- Pay your entitlements to you and answer your questions over the phone, by post or by email.
- Tell you how to access other pension-related entitlements and services.

The Pension Service has a network of pension centres supported by a local service.

For more information search for the Pension Service at: **www.gov.uk** or phone the national helpline on **0800 731 7898**.

More Information

For more information on all these issues go to: **www.usdaw.org.uk/pensions** or **www.gov.uk**

Usdaw's Pensions Section

Usdaw has a specialist Pensions Section based at the Union's Head Office. Our role is to help members, reps and officials in a number of ways:

- Advising National Officers, Area Organisers and reps in consultation with employers who are changing or closing their pension scheme.
- Supporting members who are applying for ill-health retirement.
- Helping members with general pensions questions.
- Assisting members who have a dispute with their employer's pension scheme.

Usdaw's pensions section cannot provide you with independent financial advice.

To contact the Pensions Section call **0161 224 2804** or send an email to **pensions@usdaw.org.uk**

State Pension Errors

The Issue

In 2020, it was reported that some women who qualified for a State Pension (prior to 6 April 2016) could be owed substantial amounts of money due to errors made by the DWP.

Background

Until April 1977, married women could opt to pay a lower rate of National Insurance (NI) contributions (known as the 'small stamp').

As a consequence they gave up the right to claim a full state pension in their own right.

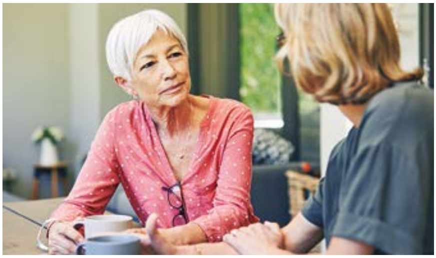
Many married women who paid small stamp are however, still entitled to a Basic State pension, at 60% of the full rate, because of their husband's NI record.

Who This Might Affect

This issue potentially affects women born before 6 April 1953 – particularly widows, married or divorced women and those aged over 80.

Government's Reaction

Following the budget in March 2021 the Government announced it is earmarking £3 billion to offset the money that is now owed to those women who have been underpaid.



The Government is arranging for records to be automatically checked for those women whose husbands reached 65 after 17 March 2008. However, if your husband reached 65 prior to 17 March 2008, the onus will be on you to check if you might be affected. Furthermore the Government has said this could take up to six years to resolve.

How to Check if You Are Owed Money

Unfortunately, Usdaw does not have access to your State Pension records so we will be unable to check if you are owed any money.

If you think you might have been affected we would encourage you to contact the Pension Service on **0800 731 0469** (select option 4, then option 2).

You may have a partner, friend, sister, auntie, mother or grandmother who is affected, so please pass this on.

How To Claim Your State Pension

You won't get your State Pension automatically – you have to claim it...

What happens?

Around four months before your State Pension Age, you should get a letter from the Pension Service inviting you to claim your State Pension.

Once you receive the letter, you can claim your State Pension in the following ways:

Online: www.gov.uk/claim-state-pension-online

By Phone: Call the Pension Service Claim Line on: 0800 731 7898 (Monday-Friday, 8am – 6pm)

By Post: Go to gov.uk and search 'IPC BR1' to find the form you need.

I haven't received a letter

Phone the Pension Service Claim Line on: 0800 731 7898.

FAQs

How much State Pension will I receive?

If you haven't already applied for a State Pension Forecast (BR19) you can do so. This will tell you how much State Pension you will receive and when you can get it. Either call 0800 731 0175 or go to: www.gov.uk/state-pension-statement

Can I claim State Pension and carry on working?

Yes. You can claim your new State Pension even if you carry on working.

Can I defer my State Pension?

Yes. Deferring your State Pension could increase the payments you get when you decide to claim it. Do nothing if you want to defer – your pension will automatically be deferred until you claim it.

More Information

Do You Have A Question About Your Pension?

Submit your question online at:
www.usdaw.org.uk/PensionsQ

Scan the QR code to ask a question.

Usdaw Nationwide

Wherever you work, an Usdaw rep or official (Area Organiser) is not far away. For further information or assistance, contact your Usdaw rep or local Usdaw office. Alternatively you can phone our Freephone Helpline **0800 030 80 30** to connect you to your regional office or visit our website: **www.usdaw.org.uk**
You can also write to the Union's Head Office. Just write **FREEPOST USDAW** on the envelope and put it in the post.

Join Usdaw

You can join online at:
www.usdaw.org.uk/join

Scan the QR code to join today.

What Happens Next

Once we process your application, you will receive a membership card with our Helpline telephone number and a New Member's Pack giving details of all the benefits and professional services available to you.

Lft 428 April 2024
Stock photography, posed by models

USDAW