



Part of the Department
for Work and Pensions

April 2005

a guide to

State

Pensions

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Meanings of terms used in this guide

Additional State Pension	The additional State Pension element of the State Pension.
Basic State Pension	The basic State Pension element of the State Pension.
Classes of National Insurance (NI) contributions SS C & B Act 1992 5–9, 11–14	<p>There are six classes of NI contributions. Only three count towards qualifying years for State Pensions:</p> <p>Class 1 – paid by employed earners and their employers. You will pay these if you work for an employer and earn more than the employee’s primary threshold. Your employer also pays NI contributions for you if you earn more than the employee’s primary threshold – but there is no upper limit on your employer’s NI contributions. Some married women and widows can still pay their NI contributions at a reduced rate. For the current NI rates and limits, see leaflet GL23 <i>Social security benefit rates</i>.</p> <p>Class 2 – paid by self-employed people. These are paid at a flat rate.</p> <p>Class 3 – voluntary contributions which may be paid to protect your NI record in some circumstances. These are paid at a flat rate.</p>
Credit of earnings	Earnings you are credited with, under certain conditions, if your earnings in a tax year do not reach the level needed for the year to count towards your State Pension.
Department for Work and Pensions (DWP)	A department formed by the merger of the former Department of Social Security and the Employment Service and the employment part of the Department for Education and Employment.
Dependant	A person who depends on you to support them.
Employee’s primary threshold	This is the level of earnings where you have to start paying Class 1 National Insurance (NI) contributions if you work for an employer. You have to pay contributions on the amount of your earnings above this level.
Full liability	If you have full liability, it means you must pay standard-rate Class 1 contributions when you work for an employer or Class 2 contributions when you are self-employed.

Increments	An increase in your State Pension which you can earn on all the components of your State Pension, except increases for dependants. Increments are earned by entirely giving up entitlement to, or not claiming, State Pension for a period of at least five weeks. The Government has made changes to the increment rules and introduced an alternative to increments in the form of a lump sum. More details on this can be found on page 60.
Lower Earnings Limit (LEL)	This is the level that your earnings become relevant for NI purposes. It is a lower amount than the employee's primary threshold where you actually have to start paying NI contributions. If your earnings are at least equal to the LEL but below the employee's primary threshold, you will be treated as if you have paid Class 1 NI contributions.
Lump sum	A taxable, one-off payment that will be available to people who have put off claiming their State Pension (or who have temporarily given up their State Pension) for at least 12 months after 6 April 2005 as an alternative to <i>increments</i> . The lump sum is based on the pension you have put off claiming (or given up) plus interest. The same components of your State Pension count for the lump sum as count for increments, with the exception of certain increases paid in respect of inherited Guaranteed Minimum Pension increments.
National groups	Great Britain (GB) means England, Scotland and Wales. United Kingdom (UK) means GB and Northern Ireland. The European Economic Area (EEA) is made up of all European Union (EU) countries: Austria, Belgium, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, The Netherlands, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden and the UK, plus Iceland, Liechtenstein and Norway. Gibraltar is treated as another EEA country by the UK. Other EEA countries treat Gibraltar as part of the UK. Switzerland is not a member of the EEA but, as the result of an agreement with the EU that came into force on 1 June 2002, the majority of EU rules on social security also cover Switzerland. However, EU rules do not apply to Swiss nationals going to or coming from Iceland, Liechtenstein or Norway or nationals of these countries who are going to or coming from Switzerland.
Partner	A person you are married to, or a person you live with as if you are married to them.

Reduced liability	<p>Before the present contribution arrangements started, married women and widows who worked could choose to have reduced liability. If you have reduced liability, you pay reduced rate Class 1 contributions when you work for an employer but no Class 2 contributions when you are self-employed. Reduced-rate contributions do not count for all contributory benefit.</p> <p>For more information about reduced liability, see leaflets CA13 <i>National Insurance contributions for women with reduced elections</i> or CA09 <i>National Insurance contributions for widows or widowers</i>, which you can request from your pension centre or social security office.</p>
State Pension SS Contributions and Benefits Act 1992 Act Part II	<p>Retirement Pension paid by the Government.</p>
State Pension age SS C & B Act 1992 122(1) Pensions Act 1995 126 Sched 4, Para 1	<p>This is the age people must be before they can get a State Pension. This is currently 60 for a woman and 65 for a man. State Pension age will be equalised at 65 for both men and women from 6 April 2020. The change from the current State Pension age of 60 for women to 65 will be phased in over a ten-year period from 2010 to 2020. State Pension age for:</p> <ul style="list-style-type: none"> • men is 65 • women born on or before 5 April 1950 is 60 • women born on or after 6 April 1955 is 65. <p>Table 1 (page 16) shows the State Pension age for women born on or after 6 April 1950 but on or before 5 April 1955 and their State Pension age date.</p>
Tax year SS C & B Act 1992 122(1)	<p>For the UK, this starts on 6 April of one year and ends on 5 April of the following year.</p>
Upper Earnings Limit	<p>If you work for an employer, you will pay Class 1 NI contributions at the main rate on all earnings above the primary threshold up to and including the Upper Earnings Limit and at an additional rate on all earnings above the Upper Earnings Limit.</p>

About this guide

This is one of several guides that give detailed information about social security benefits. It is intended for professional advisers and members of the public who want to know more about state pensions. Full details of all these guides are on page 97.

For information about social security benefits in general, see page 97.

This guide and the law

This leaflet is only a guide. It has no status in law. It does not cover all the rules for every situation, nor does it provide a full interpretation of the rules. It should not be treated as a complete and authoritative statement of the law.

The basis of the law for the State Pension scheme is the Social Security Contributions and Benefits Act 1992, Social Security Administration Act 1992, the Pension Schemes Act 1993, the Pensions Act 1995, the Social Security Act 1998, Welfare Reform and Pensions Act 1999, Child Support, Pensions and Social Security Act 2000 and Pensions Act 2004. These Acts provide the framework for the detailed rules contained in Regulations made by the Secretary of State and approved by Parliament. Pages 100–102 list all the relevant legislation and documents and tell you where you can consult them.

Throughout the text there are references to the relevant Acts and Regulations to allow you to consult the actual legislation. The numbers are relevant sections of the Acts or the specific Regulations. The abbreviated forms of the references are explained on pages 100–102.

People who live or have lived in Scotland

Scottish law recognises a form of irregular marriage by co-habitation with habit and repute. The existence of such a marriage can be confirmed by a decree of declarator of marriage pronounced by the Court of Session. You may not need this declarator if a social security decision maker decides the court would be likely to grant it. If such a marriage is confirmed, there may be entitlement to an increase payable with your State Pension or State Pension based on your spouse's contributions. Contact your pension centre or social security office for further information.

People who live in Northern Ireland

This leaflet has been published for Great Britain so some information will not apply in Northern Ireland. Contact details for departments and organisations in Northern Ireland may also be different. You can get the Northern Ireland version of this leaflet from social security offices in Northern Ireland.

Revised State Pension ages for women

Table 1 – Revised State Pension ages for women

Dates are grouped in one-month periods. If you were born towards the end of one of these periods, you would have a slightly younger State Pension age than someone born at the beginning.

Date of birth	State Pension age (in years/months)	Pension date
06/04/50 to 05/05/50	60.1 – 60.0	06/05/2010
06/05/50 to 05/06/50	60.2 – 60.1	06/07/2010
06/06/50 to 05/07/50	60.3 – 60.2	06/09/2010
06/07/50 to 05/08/50	60.4 – 60.3	06/11/2010
06/08/50 to 05/09/50	60.5 – 60.4	06/01/2011
06/09/50 to 05/10/50	60.6 – 60.5	06/03/2011
06/10/50 to 05/11/50	60.7 – 60.6	06/05/2011
06/11/50 to 05/12/50	60.8 – 60.7	06/07/2011
06/12/50 to 05/01/51	60.9 – 60.8	06/09/2011
06/01/51 to 05/02/51	60.10 – 60.9	06/11/2011
06/02/51 to 05/03/51	60.11 – 60.10	06/01/2012
06/03/51 to 05/04/51	61.0 – 60.11	06/03/2012
06/04/51 to 05/05/51	61.1 – 61.0	06/05/2012
06/05/51 to 05/06/51	61.2 – 61.1	06/07/2012
06/06/51 to 05/07/51	61.3 – 61.2	06/09/2012
06/07/51 to 05/08/51	61.4 – 61.3	06/11/2012
06/08/51 to 05/09/51	61.5 – 61.4	06/01/2013
06/09/51 to 05/10/51	61.6 – 61.5	06/03/2013
06/10/51 to 05/11/51	61.7 – 61.6	06/05/2013
06/11/51 to 05/12/51	61.8 – 61.7	06/07/2013
06/12/51 to 05/01/52	61.9 – 61.8	06/09/2013
06/01/52 to 05/02/52	61.10 – 61.9	06/11/2013
06/02/52 to 05/03/52	61.11 – 61.10	06/01/2014
06/03/52 to 05/04/52	62.0 – 61.11	06/03/2014
06/04/52 to 05/05/52	62.1 – 62.0	06/05/2014
06/05/52 to 05/06/52	62.2 – 62.1	06/07/2014
06/06/52 to 05/07/52	62.3 – 62.2	06/09/2014
06/07/52 to 05/08/52	62.4 – 62.3	06/11/2014

Date of birth	State Pension age (in years/months)	Pension date
06/08/52 to 05/09/52	62.5 – 62.4	06/01/2015
06/09/52 to 05/10/52	62.6 – 62.5	06/03/2015
06/10/52 to 05/11/52	62.7 – 62.6	06/05/2015
06/11/52 to 05/12/52	62.8 – 62.7	06/07/2015
06/12/52 to 05/01/53	62.9 – 62.8	06/09/2015
06/01/53 to 05/02/53	62.10 – 62.9	06/11/2015
06/02/53 to 05/03/53	62.11 – 62.10	06/01/2016
06/03/53 to 05/04/53	63.0 – 62.11	06/03/2016
06/04/53 to 05/05/53	63.1 – 63.0	06/05/2016
06/05/53 to 05/06/53	63.2 – 63.1	06/07/2016
06/06/53 to 05/07/53	63.3 – 63.2	06/09/2016
06/07/53 to 05/08/53	63.4 – 63.3	06/11/2016
06/08/53 to 05/09/53	63.5 – 63.4	06/01/2017
06/09/53 to 05/10/53	63.6 – 63.5	06/03/2017
06/10/53 to 05/11/53	63.7 – 63.6	06/05/2017
06/11/53 to 05/12/53	63.8 – 63.7	06/07/2017
06/12/53 to 05/01/54	63.9 – 63.8	06/09/2017
06/01/54 to 05/02/54	63.10 – 63.9	06/11/2017
06/02/54 to 05/03/54	63.11 – 63.10	06/01/2018
06/03/54 to 05/04/54	64.0 – 63.11	06/03/2018
06/04/54 to 05/05/54	64.1 – 64.0	06/05/2018
06/05/54 to 05/06/54	64.2 – 64.1	06/07/2018
06/06/54 to 05/07/54	64.3 – 64.2	06/09/2018
06/07/54 to 05/08/54	64.4 – 64.3	06/11/2018
06/08/54 to 05/09/54	64.5 – 64.4	06/01/2019
06/09/54 to 05/10/54	64.6 – 64.5	06/03/2019
06/10/54 to 05/11/54	64.7 – 64.6	06/05/2019
06/11/54 to 05/12/54	64.8 – 64.7	06/07/2019
06/12/54 to 05/01/55	64.9 – 64.8	06/09/2019
06/01/55 to 05/02/55	64.10 – 64.9	06/11/2019
06/02/55 to 05/03/55	64.11 – 64.10	06/01/2020
06/03/55 to 05/04/55	65.0 – 64.11	06/03/2020
06/04/55	65.0	06/04/2020

For more information see 'State Pension age' (page 13).

Categories of State Pension

There are four categories of State Pension provided under the Social Security Contributions and Benefits Act:

- Category A
- Category B
- Category C (now obsolete)
- Category D.

Category A Pensions

SS C & B Act 1992,
44–46, 48

A Category A Pension is contributory. It consists of two parts, either or both of which may be payable:

- basic State Pension – dependent on the number of qualifying years you have in your working life
- additional State Pension – dependent on your earnings, or deemed earnings, in your working life, since April 1978 (see page 33).

Who can get a Category A Pension?

- anyone who satisfies the entitlement conditions
- anyone reaching State Pension age after 5 April 1979 by using the qualifying years of their former spouse for the basic State Pension only
- a woman who reached State Pension age before 6 April 1979 by using the qualifying years of her former husband for the basic State Pension only
- a widow or widower entitled to long-term Incapacity Benefit under prescribed circumstances.

Further information on the last three groups is given in 'Groups for which there are special provisions' (see page 67).

To get a Category A Pension you must meet these conditions:

SS C & B Act 1992
44(1)
SSA Act 1992 1

- you have reached State Pension age
- you satisfy the conditions for basic State Pension or additional State Pension or both. See 'Basic State Pension – the contribution conditions' (page 20) and 'Additional State Pension

– the State Second Pension and the State Earnings-Related Pension Scheme (SERPS)' (page 33)

- you make a claim for the State Pension (see page 86). For how you are paid see page 93.

Category B Pensions

SS C & B Act 1992
48A–51
Pensions Act 1995
126 Sched 4

A Category B Pension is contributory. It can, like a Category A Pension, consist of either a basic State Pension or an additional State Pension or both. It is payable by virtue of your spouse's qualifying years and earnings.

Who can get a Category B Pension?

- married women
- widows
- widowers.

For details see 'Groups for which there are special provisions' on page 67.

Category D Pensions

A Category D Pension is non-contributory. It is payable when you:

SS C & B Act 1992 78
and SS (WB & RP)
Regs 1979 10
EC Reg 1408/71

- reach age 80
- and* satisfy certain residence conditions
- and* are not entitled to another category of State Pension, or are entitled to one at a lower rate than the Category D rate.

Who can get a Category D Pension?

To get a Category D Pension you must meet all the following conditions:

- you are aged 80 or over
- and* at the time you claim you normally live in England, Scotland or Wales
- and* you have lived in Great Britain for a total of 10 years or more in any continuous period of 20 years after your 60th birthday.

If you have lived and worked in another member state of the European Economic Area, or in Switzerland, this may help you to satisfy these conditions.

Basic State Pension – the contribution conditions

There are two conditions you have to meet:

Condition 1

You must either:

SS C & B Act 1992
5–9, 21–24 and
Sched 3 Part I
Para 5 and Part II
and SS (WB & RP)
(Trans) Regs 1979
6–7

have one qualifying year since 6 April 1975 which is derived from the payment of Class 1, 2 or 3 National Insurance (NI) contributions or from Class 1 NI contributions treated as paid ('treated as paid' is explained below – it does not include credits)

or have paid 50 flat rate contributions at any time before 6 April 1975.

Condition 2

To get the full rate basic State Pension you must have qualifying years for about 90% of the years in your working life.

To get the minimum basic State Pension payable (25%) you normally need 10 or 11 qualifying years. See Table 2 on page 28.

In previous years, employees started paying NI contributions once their earnings reached a set level, known as the Lower Earnings Limit (LEL). In April 2000, a new employee's primary threshold was introduced as the point from which employees start to pay contributions. This is set at a higher amount than the LEL. As a result, employees who earn between the LEL and the employee's primary threshold will no longer pay NI contributions, but will be treated as if they have paid them. This means they will continue to build up entitlement to contributory benefits such as State Pension, even though they are not paying NI contributions.

Working life

Your working life is the period over which you have to meet the contribution conditions for basic State Pension. It is normally:

- 49 years for men
- 44 years for women born on or before 5 October 1950
- 45 years for women born on 6/10/50 or on any day through to and including 5/10/51

SS C & B Act 1992
Sched 3 Para 5(8)
and SS (WB & RP)
(Trans) Regs 1979
7(7)–(8)
Pensions Act 1995
Sched 4 Part 1
Para 1

- 46 years for women born on 6/10/51 or on any day through to and including 5/10/52
- 47 years for women born on 6/10/52 or on any day through to and including 5/10/53
- 48 years for women born on 6/10/53 or on any day through to and including 5/10/54
- 49 years for women born on 6/10/54 or later.

Your working life is counted from the start of the tax year in which you reach the age of 16 to the end of the tax year before the one in which you reach State Pension age.

Qualifying year

SS C & B Act 1992
122(1)

A qualifying year for the basic State Pension is a tax year in which you have received (or are treated as having received) qualifying earnings of at least 52 times the Lower Earnings Limit for that year. What counts as qualifying earnings is given below.

Between 6 April 1975 and 5 April 1978, the qualifying earnings needed in a tax year for it to be a qualifying year were 50 times the Lower Earnings Limit for that year.

Deficiency Notices

Deficiency Notices are annual statements sent to people whose records show they have not paid or been credited with enough National Insurance Contributions (NICs) for the year in question to qualify towards their State Pension. The notices tell people how many voluntary Class 3 contributions they would need to pay for the year to count as a qualifying year for their pension entitlement, and also allows them to query the details held on their NICs record.

Deficiency Notices were not issued covering the tax years 1996/97 to 2001/02, but all people who would have received one will be sent a notice by HM Revenue & Customs (formerly the Inland Revenue) in a phased exercise that started in November 2003. In future the annual production of Deficiency Notices for single years will resume.

What counts as qualifying earnings for basic State Pension?

Earnings from Class 1 employment

SS C & B Act
1992 22
SS (EF) Regs
1979

Earnings on which full rate Class 1 contributions have been paid or are treated as having been paid count as qualifying earnings.

Earnings of married women and widows with reduced liability (see page 13) do not count as qualifying earnings.

Class 2 and Class 3 contributions

SS C & B Act 1992
22(1)–(2)
SS (EF) Regs 1979

For both the contribution conditions, each Class 2 or Class 3 contribution counts as one week's earnings at the Lower Earnings Limit.

For example, for the year 2005/06 to be a qualifying year you need earnings of at least £4,264 (52 x Lower Earnings Limit of £82 applying in that year). If you paid 20 Class 2 contributions in that year they would count as earnings of £1,640 (20 x £82) towards the qualifying level of £4,264.

Credit of earnings

C & B Act 1992
22(5)
SS (Credits) Regs
1975

In some circumstances you may be credited with earnings to help you get State Pension if you do not have earnings in a tax year which reach the level needed to make it a qualifying year. For example, in the tax year you may have been:

- incapable of work through illness or disability
- receiving Carer's Allowance
- getting Working Tax Credit
- getting Statutory Maternity Pay
- getting Statutory Adoption Pay
- unemployed and available for, and actively seeking work
- on a training course. See HM Revenue & Customs leaflet CA12 *Training for further employment and your National Insurance record* for details of training courses
- doing jury service
- serving a prison sentence for a conviction which is subsequently quashed.

Men with no liability to pay Class 1 or Class 2 contributions may be credited automatically for the tax year in which they reach 60 and

the four following years. From 6 April 2010 this arrangement will be extended to women. Young people can get credits for the tax year in which they reach age 16 and the two following years.

There are certain conditions attached to the receipt of credits and the availability of a credit does not mean that you do not have to pay NI contributions if your earnings exceed the employee's primary threshold or you are self-employed. Earnings are not credited to married women who have a reduced contribution liability.

Flat rate contributions paid or credited before 6 April 1975

SS (WB & RP)
(Trans) Regs
1979 7(2)

Any flat rate contributions paid by or credited to you before 6 April 1975 are converted into a number of qualifying years by dividing the total number by 50 and rounding up what is left over to the next whole number. But the number of qualifying years worked out in this way cannot be more than the number of years in your working life up to April 1975.

For example, your working life started in 1964. Between 6 April 1964 and 5 April 1975 you pay or are credited with a total of 497 contributions.

Your qualifying years will be $\frac{497}{50} = 10$ years

How having lived outside Great Britain may affect you

SSA Act 1992
179 EC Reg
1408/71

If you have lived in Northern Ireland or the Isle of Man, any contributions you have paid there will count towards your State Pension.

If you have lived in a member state of the European Economic Area or Switzerland, or in any country whose social security system is linked to Britain's by a reciprocal agreement, any social security contributions you have made there, or your residence there, may help you to meet the contribution conditions for basic State Pension.

You may also be entitled to a State Pension from the other country or countries.

The countries with agreements affecting State Pensions are: Barbados, Bermuda, Canada, Israel, Jamaica, Jersey and Guernsey, Mauritius, New Zealand, Philippines, Switzerland, Turkey, USA and the now separate republics of the former Yugoslavia (Bosnia-Herzegovina, Croatia, the State Union of Serbia-Montenegro and the former Yugoslav Republic of Macedonia).

Ask your pension centre or social security office if you think that your right to a pension may be affected by any of these arrangements.

The Social Security Agreement with Australia ended on 28 February 2001. However, those people with periods of residence in Australia which started before the end of the Agreement may on return to live permanently in the UK (see page 12) use their Australian residence before 6 April 2001 to help with their basic State Pension, widow's or bereavement benefit. If you think that this may apply to you, you should tell us when you claim your State Pension (or survivors' benefit) about your Australian residence.

Home Responsibilities Protection (HRP)

The purpose of HRP

SS Pensions (Home Responsibilities) Regulations 1994
SSC & B Act 1992
44A(2)(c) & Sched 3 para 5(7)(b)
SS Pen (HR) Regs 1994

HRP has been available for complete tax years since April 1978.

It may:

help protect the basic State Pension and certain bereavement benefits of people who are precluded from regular employment because they were caring at home for children or a person who is ill or disabled

and from 6 April 2002, may qualify you for additional State Pension through the State Second Pension (see page 33 for more details about additional State Pension).

For a full basic State Pension, HRP cannot reduce the number of qualifying years below 20. From 2010, this will rise to 22 years for men, and from 2010 to 2020 it will gradually rise from 20 to 22 for women. This is because the equalisation of State Pension age for men and women will be completed by 2020.

If you do not have enough qualifying years for a full basic State Pension, HRP can also help improve the rate of your reduced pension.

Will you need HRP?

You will need HRP if the amount of your earnings in the tax year is less than the level needed to make the year a qualifying year. If you are getting benefits such as Incapacity Benefit or Carer's Allowance, you can be credited with earnings and so will not require HRP.

HRP can cover each tax year from 6 April 1978 in which:

- you do not work at all and have no qualifying earnings for the full tax year
- or* you do some work but your earnings for the tax year are not enough to make it a qualifying year.

Alternatively, even if you can get HRP, you may still get a higher rate of State Pension if you pay Class 3 (voluntary) contributions to make up the year into a qualifying year.

For further information request leaflet *CA08 National Insurance voluntary contributions* from your pension centre or social security office.

Can you get HRP?

You can get HRP for any tax year from April 1978 if, throughout the year:

- you were the person who was awarded Child Benefit for a child under 16
- or* you have been regularly looking after someone for at least 35 hours a week who has been getting Attendance Allowance (AA), Constant Attendance Allowance (CAA) or the highest or middle rate of Disability Living Allowance (DLA) care component:
 - throughout the whole of tax years up to 05/04/94
 - and* for at least 48 weeks in respect of each tax year from 06/04/94
- or* you have been getting Income Support and were not required to be available for employment so that you could look after a ill or disabled person at home
- or* you have been covered by a combination of these conditions.

In addition, from 6 April 2003, HRP is available to registered foster carers who do not receive Child Benefit.

Married women and widows cannot get HRP for any tax year in which they have reduced contribution liability. But you will have lost your right to reduced liability if, for any two whole consecutive tax years since 6 April 1978, you have not been liable to pay NI contributions or you have not been self-employed. This is known as the **2 year test**.

Unless you are certain of your position you should check it with your pension centre or social security office. You may find that you no longer have reduced liability and therefore can get HRP.

How to get HRP

Provided your NI number is known to the people who pay the benefit listed, you will get HRP without applying for it if any of the following apply to you:

- you personally claimed and were awarded Child Benefit and you have been getting Child Benefit for a child under 16 for the whole tax year. HRP will be given to you for the past period when the Child Benefit stops or your youngest child reaches 16, whichever is earlier

- or* you are a man or woman who has been getting Income Support so that you could look after a sick or disabled person at home. Your HRP should be recorded at the end of each tax year. Income Support needs to have been received throughout the tax year in order for HRP to be awarded automatically.

You must apply for HRP for each tax year if:

- you are looking after someone who is getting AA, CAA or the highest or middle rate of DLA care component

- or* you are covered for the whole tax year partly by one of the conditions explained above and partly by another

- or* you are a foster carer. You will need to include with your claim form a letter from the local authority or agency which employs you confirming that you have been registered with them throughout the tax year.

How to apply for HRP

If you have to apply for HRP, complete form CF411 *Home Responsibilities Protection (HRP)* which you can get from a pension centre or social security office. From April 2002 onwards, you must claim any Home Responsibilities Protection you need to within three years of the end of any tax year you spent caring for someone with a long-term illness or disability. This time limit only applies to caring which takes place during or after the tax year 2002/03.

Contribution conditions only partly satisfied

If you cannot get a full basic State Pension, you may get a reduced basic State Pension if:

you satisfy the first contribution condition (see page 20)

and you have enough qualifying years to give you at least a quarter of the full basic State Pension. Below this no basic State Pension is payable.

If you get reduced basic State Pension it will not affect any increases paid for children, but the following will be reduced in the same way:

basic State Pension for your wife, widow or widower based on your contributions

and any increase paid to you for an adult dependant.

Table 2 (page 28) shows the percentage of full basic State Pension that will be paid according to the number of qualifying years you have in your working life.

Payment of Class 3 contributions for previous years

It may be possible for you to pay Class 3 contributions (to make up for previous years) to enable you either to qualify for a basic State Pension at the minimum rate or to increase the rate of the basic State Pension for which you have qualified. You can get a State Pension forecast to show you how much State Pension you are likely to get (see page 96).

If you wish to know if this is possible in your case, ask your pension centre or social security office. If you are abroad, you should contact The International Pension Centre. The address is given on page 104. Any arrears of contributions you pay after you have reached State Pension age cannot normally count for payment of State Pension from a date earlier than the day on which you actually pay the contributions. Married women and widows cannot pay Class 3 contributions for any tax year when they had reduced rate liability (see page 13) for the whole year. For further information see leaflet CA07 *National Insurance – unpaid and late paid contributions*, which you can request from your pension centre or social security office.

Table 2 – To work out what percentage of the full basic State Pension you can get

Number of qualifying years	Number of years in your working life					
	44	45	46	47	48	49
6	Nil	Nil	Nil	Nil	Nil	Nil
7	Nil	Nil	Nil	Nil	Nil	Nil
8	Nil	Nil	Nil	Nil	Nil	Nil
9	Nil	Nil	Nil	Nil	Nil	Nil
10	26	25	25	Nil	Nil	Nil
11	29	28	27	27	26	25
12	31	30	30	29	28	28
13	34	33	32	31	31	30
14	36	35	35	34	33	32
15	39	38	37	36	35	35
16	42	40	40	39	38	37
17	44	43	42	41	40	39
18	47	45	44	43	42	41
19	49	48	47	46	45	44
20	52	50	49	48	47	46
21	54	53	52	50	49	48
22	57	55	54	53	52	50
23	59	58	57	55	54	53
24	62	60	59	58	56	55

Number of qualifying years	Number of years in your working life					
	44	45	46	47	48	49
25	65	63	61	60	59	57
26	67	65	64	62	61	60
27	70	68	66	65	63	62
28	72	70	69	67	66	64
29	75	73	71	70	68	66
30	77	75	74	72	70	69
31	80	78	76	74	73	71
32	83	80	79	77	75	73
33	85	83	81	79	77	75
34	88	85	83	81	80	78
35	90	88	86	84	82	80
36	93	90	88	86	84	82
37	95	93	91	89	87	85
38	98	95	93	91	89	87
39	100	98	96	93	91	89
40	100	100	98	96	94	91
41	100	100	100	98	96	94
42	100	100	100	100	98	96
43	100	100	100	100	100	98
44	100	100	100	100	100	100
or more						

These figures show the percentage of the full basic State Pension that will be paid. For calculation examples including HRP see page 31.

If you give up work before State Pension age

If you are not credited with earnings (see page 22), you may need to pay Class 3 NI contributions to protect your basic State Pension.

If you want to know more, see leaflet CA08 *Voluntary National Insurance contributions* or ask your pension centre or social security office.

If you work beyond State Pension age (whether you get State Pension or not)

SS C & B Act 1992
6(3), 11(2) and
17(2)

If you work for an employer:

- you cannot pay any more Class 1 NI contributions
- your employer must continue paying contributions for you in the normal way
- when you send back your claim form for State Pension, you will automatically be sent a Certificate of Age Exception (form CA4140) to give to your employer so they know that you do not have to pay NI contributions. If you are not claiming your State Pension at State Pension age and need a certificate you should ask your pension centre or social security office for one. You may need to provide evidence of your date of birth
- if you have more than one employer, you will need a certificate for each one. Ask your pension centre or social security office for the extra certificates you need.

If you are a married woman or a widow with a Certificate of Election or Certificate of Reduced Liability for contributions, you should return it to HM Revenue & Customs when you reach State Pension age.

If your employer goes on deducting contributions from your earnings after you reach State Pension age, you should give them a Certificate of Age Exception, if you have not already done so, and ask them to pay back the overpaid contributions.

If you are self-employed:

- you do not have to pay any more Class 2 contributions
- you do not have to pay Class 4 contributions for the tax years after the one in which you reach State Pension age.

If you want to know more, see leaflet CWL2 *National Insurance contributions for self-employed people. Class 2 and Class 4*, which you can get from your pension centre or social security office.

Example A – Calculation of basic State Pension

- 1 A woman born on 6 April 1940 enters the NI scheme in January 1956. Between this date and 5 April 1975 she pays flat rate contributions which total 813 after adjustment from contribution years to tax years. She stopped work in 1974 to look after her mother who received Attendance Allowance. This continued until April 1982 when her mother died. She resumed work in May 1985. All the years from 6 April 1985 to the year ending 5 April 1999 (this being the last year before the one in which she reaches 60) are qualifying years.

Calculation:

Working life is 06/04/55 to 05/04/99 = 44 years

Qualifying years needed to get full basic State Pension = 44 – 5 = 39

But this number is reduced to 35 as she was given HRP from 06/04/78 to 05/04/82 for looking after her mother.

Her qualifying years are:

Contributions before 06/04/75

converted to qualifying years = $813 \div 50 = 17$

Years from 06/04/85 to 05/04/99 = 14

Total qualifying years = 31

Her basic State Pension will be $\frac{31}{35}$ of the full Category A Pension, which works out at 89%.

- 2 A woman gets Child Benefit for a child under 16 during 15 complete tax years after April 1978. She does not have reduced contribution liability for any of those tax years. Her record shows she has 24 qualifying years during the rest of her working life.

Calculation:

Working life (6 April before age 16
to 5 April before age 60) 44 years

Number of qualifying years normally
needed for full basic State Pension 39 years

Number of years of HRP 15 years

Number of qualifying years needed for full basic State Pension after taking away HRP years	24 years
Number of qualifying years	24 years
Rate of basic State Pension	100%

- 3 A woman gets Child Benefit for a child under 16 during 15 complete tax years after April 1978. In addition, she spends the whole of nine further tax years after April 1978 caring for a parent who is getting an Attendance Allowance. She does not have reduced contribution liability for any tax years during those periods. Her record shows that she has 15 qualifying years during the rest of her working life.

Calculation:

Working life (6 April before age 16 to 5 April before age 60)	44 years
Number of qualifying years normally needed for full basic State Pension	39 years
Number of years of HRP	24 years
Number of qualifying years needed for 100% basic State Pension after taking away HRP years	20 years (minimum)
Number of qualifying years	15 years

Her basic State Pension will be $\frac{15}{20}$ of the full Category A Pension, which is 75%.

Additional State Pension – the State Second Pension and the State Earnings-Related Pension Scheme (SERPS)

What it is

SS C & B Act 1992 44 It is the additional State Pension element of the State Pension. Your right to an additional State Pension does not depend on your right to a basic State Pension.

You can contract-out of additional State Pension by:

being a member of an occupational pension scheme
or having a personal pension plan
that satisfies certain conditions.

Additional State Pension is paid with the basic State Pension. There is no need to claim separately.

Earnings in tax years 1978/79 to 1996/97

A member of a contracted-out occupational or personal pension scheme accrues additional State Pension in the same way as someone who is not contracted-out, but the rate payable is reduced by a **contracted-out deduction (COD)**.

Earnings in tax years 1997/98 to 2001/02

A member of a contracted-out occupational or personal pension scheme will not accrue additional State Pension in respect of earnings in contracted-out employment.

Earnings in tax years starting from 2002/03

SS C & B Act 1992
45 & sch 4A

A member of a contracted-out occupational pension scheme earning between £4,264 and £27,800 (in 2005/06 terms) in a tax year will get a State Second Pension top-up in respect of that year. A person contributing to a contracted-out personal pension earning between £4,264 and £12,100 (in 2005/06 terms) in a tax year will get a State Second Pension top-up in respect of that year.

The top-up reflects the more generous additional State Pension provided by State Second Pension and is paid as part of the State Pension.

SERPS

SS C & B Act 1992 45

From 1978 to 2002, additional State Pension was referred to as the State Earnings-Related Pension Scheme (SERPS).

SERPS covered all earnings by employees from 6 April 1978 to 5 April 1997 on which standard rate Class 1 National Insurance (NI) contributions have been paid or treated as paid, and any such earnings between 6 April 1997 and 5 April 2002 if the standard rate Class 1 NI contributions are contracted in.

State Second Pension

SS C & B Act 1992
44A & 45

From 6 April 2002, SERPS was reformed to provide a more generous additional State Pension for low and moderate earners, and to extend access to include certain carers and people with a long-term illness or disability. The reformed additional State Pension is known as the State Second Pension.

State Second Pension is based upon earnings on which standard rate Class 1 NI contributions are paid, treated as paid or credited.

Employees

If you earn at or above the annual National Insurance Lower Earnings Limit (£4,264 in 2005/06) but below the statutory Low Earnings Threshold (£12,100 a year in 2005/06), the State Second Pension rules will treat you as if you had earned £12,100. The rate at which your additional State Pension builds up (the accrual rate) will be twice as great as SERPS would have provided.

Carers

The State Second Pension rules will treat you, for additional State Pension purposes, as if you had earnings at the statutory Low Earnings Threshold (£12,100 for 2005/06) for each complete tax year you do not work at all, or earn less than the statutory annual Lower Earnings Limit (£4,264 for 2005/06) and:

- you are looking after a child under age 6 and are the person who claimed and was awarded Child Benefit for that child
- or* you are looking after an ill or disabled person **and** you qualify for Home Responsibilities Protection (HRP)
- or* you are under State Pension age and are entitled to Carer's Allowance.

(See leaflet SD4 for details of Carer's Allowance (formerly Invalid Care Allowance (ICA)), and page 24 for HRP.)

People who are long-term ill or disabled

The State Second Pension rules will treat you as if you had earnings at the Low Earnings Threshold for each complete tax year that you were entitled to long-term Incapacity Benefit or got Severe Disablement Allowance, as long as, when you reach State Pension age, you have worked and paid, or are treated as having paid, Class 1 National Insurance contributions for a certain period of time (normally $\frac{1}{10}$ of your working life since 1978). This is called the Labour Market Attachment Test.

What counts as earnings

If you reached State Pension age on or after 6 April 1999, any Family Credit or Disability Working Allowance you got from 6 April 1995 will count as earnings when your additional State Pension is calculated.

From 5 October 1999, Family Credit was replaced by Working Families' Tax Credit, and Disability Working Allowance was replaced by Disabled Person's Tax Credit. Only Working Families' Tax Credit, and Disabled Person's Tax Credit received before 5 April 2002 will count as earnings.

From 6 April 2003 Working Families' Tax Credit and Disabled Person's Tax Credit were replaced by Working Tax Credit and Child Tax Credit. These do not count as earnings.

To find out more about Working Tax Credit and Child Tax Credit visit: www.taxcredits.inlandrevenue.gov.uk or see page 104 for contact details.

How we work out your additional State Pension if you are an employee

The way we work out your additional State Pension depends on whether you have built up entitlement under SERPS or the State Second Pension or both.

If you are an employee the amount of additional State Pension you get depends on:

when you reach State Pension age

and the amount of your earnings between the Lower Earnings Limit and Upper Earnings Limit for National Insurance (see pages 12 and 13) from 6 April 1978 until the end of the last complete tax year before you reach State Pension age.

How we work out your additional State Pension from SERPS if you reach State Pension age on or after 6 April 2000

Additional State Pension is based on complete tax years. First, we work out the total earnings on which you paid standard rate Class 1 NI contributions, for each complete tax year from 1978/79 until the end of the tax year before you reach State Pension age.

Then we deduct the qualifying level of earnings for basic State Pension for the same period. We work out the qualifying level of earnings using the Lower Earnings Limit (LEL) for NI purposes for each of these tax years.

This leaves a surplus amount of earnings for each year which, except for the year prior to the one in which you reach State Pension age, are revalued in line with the rise in national average earnings and count for additional State Pension.

Your surplus earnings in the tax years from 1978/79 to 1987/88 are multiplied by 25%. They are then divided by the total number of years between 1978/79 (or the tax year in which you reached age 16 if later) and the year ending before the one in which you reach State Pension age.

Your surplus earnings for the tax years from 1988/89 to the year ending before the one in which you reach State Pension age are multiplied by a figure between 20% and 25%. The percentage used depends on when you reach State Pension age and is shown in Table 3 opposite. They are then divided by the total number of years between 1978/79 (or the tax year in which you reached age 16 if later) and the tax year ending before the one in which you reach State Pension age. The two amounts are then added together and divided by 52 to give the weekly rate of your additional State Pension from SERPS. See Example B on page 38.

Table 3 – Percentage rates of SERPS if you reach State Pension age on or after 6 April 1999

Tax year in which State Pension age reached	% of total surplus earnings from 1988/89
1999/2000	25
2000/2001	24½
2001/2002	24
2002/2003	23½
2003/2004	23
2004/2005	22½
2005/2006	22
2006/2007	21½
2007/2008	21
2008/2009	20½
2009/2010 or later	20

How we work out an employee’s additional State Pension from the State Second Pension

Additional State Pension from the State Second Pension is worked out in a similar way, but “surplus earnings” are broken into Earnings bands. See Table 4 below.

Table 4 – Earnings bands

	Bandwidths for 2005/06*	Percentage rates 6 April 2002 – 5 April 2010	Percentage rate from 6 April 2010
Band 1	£4,264 – £12,100	twice relevant SERPS percentage	40%
Band 2	£12,101 – £27,800	half relevant SERPS percentage	10%
Band 3	£27,801 – £32,760	same as SERPS percentage	20%

* The figures shown are for 2005/06 and will be reviewed annually thereafter.

**Example B – Pension accrual for years prior to 2002:
State Pension age reached after 5 April 2000**

A woman reaches State Pension age on 6 April 2006. The tax year before the year in which State Pension age is reached will be 2005/06. The number of tax years between 1978/79 and 2005/06 is 28.

Apart from the figures shown for qualifying level for basic State Pension, all other figures used are for illustrative purposes only.

Tax year	Earnings based on NI paid £	Less qualifying level for basic State Pension £	Surplus £	Percentage by which surplus revalued %	Total £
1978/79	3,500	910	2,590	572.4	17,415
1979/80	3,900	1,014	2,886	493.5	17,128
1980/81	4,600	1,196	3,404	395.8	16,877
1981/82	5,550	1,404	4,146	315.3	17,218
1982/83	6,200	1,534	4,666	277.2	17,600
1983/84	7,000	1,690	5,310	250.2	18,596
1984/85	7,100	1,768	5,332	224.3	17,292
1985/86	7,400	1,846	5,554	204.2	16,895
1986/87	7,900	1,976	5,924	179.3	16,546
1987/88	8,300	2,028	6,272	160.1	16,313
TOTAL pre 1988					171,880
1988/89	8,700	2,132	6,568	139.3	15,717
1989/90	9,300	2,236	7,064	115.9	15,251
1990/91	9,600	2,392	7,208	101.2	14,502
1991/92	10,000	2,704	7,296	82.8	13,337
1992/93	10,700	2,808	7,892	71.6	13,543
1993/94	11,100	2,912	8,188	63.5	13,387
1994/95	12,500	2,964	9,536	58.5	15,115
1995/96	12,900	3,016	9,884	51.9	15,014
1996/97	13,500	3,172	10,328	47.7	15,254
1997/98	14,000	3,224	10,776	40.7	15,162
1998/99	14,350	3,328	11,022	34.5	14,825
1999/2000	14,960	3,432	11,528	29.1	14,883
2000/01	15,200	3,484	11,716	21.4	14,223
2001/02	15,950	3,744	12,206	16.8	14,257
TOTAL post 1988–2002					204,469

Additional State Pension pre 1988: $25\% \times \frac{\pounds 171,800}{28} = \pounds 1,534.64$

Additional State Pension 1988–2002: $21.5\% \times \frac{\pounds 204,469}{28} = \pounds 1,570.03$

Total additional State Pension = $\pounds 3,104.66$

Weekly additional State Pension: = $\pounds 59.70$

The rules are different for people who reached State Pension age before 6 April 2000. If you want more information contact your pension centre or social security office.

Pension accrual for years after 2002: State Pension age reached after 5 April 2000

Tax Year	Earnings based on NI paid £	Qualifying level for basic State Pension £	Percentage by which surplus revalued %	Band 1 earnings £	Band 2 earnings £	Band 3 earnings £
2002/03	16,600	3,900	11.9	6,900	7,721	5,800 6,490 0 0
2003/04	17,250	4,004	8.1	7,196	7,779	6,050 6,540 0 0
2004/05	18,500	4,108	4.1	7,492	7,799	6,900 7,183 0
2005/06	19,250	4,264	1	7,836	7,914	7,150 7,222
Totals post 2002				23,299	20,213	0

Additional State Pension post-2002:

For a person retiring in 2005, the accrual structure is:

43% of earnings within Band 1: $43\% \times \pounds 23,299 = \pounds 10,018.57$

10.75% of earnings within Band 2: $10.75\% \times \pounds 20,213 = \pounds 2,172.90$

21.5% of earnings within Band 3: $21.5\% \times \pounds 0 = \pounds 0.00$

Total: $\pounds 12,191.47$

Divide this by number of working years: $\pounds 12,191.55 \div 28 = \pounds 435.41$

Weekly additional State Pension post-2002: = $\pounds 8.37$

Total additional State Pension:

Pre 1988 + 1988 to 2002 + post 2002 = $\pounds 68.08$

Inherited additional State Pension

A surviving spouse may be able to inherit additional State Pension from both SERPS and State Second Pension. A widower or widow can inherit up to 50% of State Second Pension. How much SERPS you may inherit depends on the date your late spouse reached, or would have reached, State Pension age.

Inherited SERPS

Change originally proposed

In 1986, the Government changed the law to reduce the amount of SERPS pension (to 50%) that a person widowed after April 2000 could inherit from their late husband or wife. Previously, widows or widowers could inherit a maximum of 100% of their late spouse's SERPS entitlement.

Change the Government has introduced

It became clear that for many years after 1986, some people were given incorrect or misleading information about the change and may have planned for their future on that basis. As a result, the Government postponed the changes to the rules on inheriting a SERPS pension. Legislation now provides for the maximum percentage of SERPS pension that can be passed on to a widow or widower, when someone who has contributed to the scheme dies. (See 'What is meant by maximum percentage?' on page 45).

An overview of the inherited SERPS change

The table below gives an idea of the maximum percentage of SERPS which can now be passed on to the surviving husband or wife when the contributor dies.

Table 5 – Maximum percentage of SERPS entitlement for a surviving husband or wife

Maximum % SERPS entitlement that can be inherited by a surviving spouse	Date when contributor reaches State Pension age	Date of birth of contributor: Husband	Date of birth of contributor: Wife
100%	5/10/2002 or earlier	5/10/37 or earlier	5/10/42 or earlier
90%	6/10/2002 – 5/10/2004	6/10/1937 – 5/10/1939	6/10/1942 – 5/10/1944
80%	6/10/2004 – 5/10/2006	6/10/1939 – 5/10/1941	6/10/1944 – 5/10/1946
70%	6/10/2006 – 5/10/2008	6/10/1941 – 5/10/1943	6/10/1946 – 5/10/1948
60%	6/10/2008 – 5/10/2010	6/10/1943 – 5/10/1945	6/10/1948 – 5/07/1950
50%	6/10/2010 or later	6/10/1945 or later	6/07/1950 or later

We explain what is meant by 'maximum SERPS entitlement' on page 45.

If you are a woman

Q. How will the change affect me?

A. You may be affected if you inherit your late husband's SERPS pension (up to the maximum amount of SERPS payable – see page 45) in the following circumstances:

- If you are over State Pension age when your husband dies, you will receive his SERPS pension right away.
- If you are under State Pension age and receive Widowed Parent's Allowance, you will receive your late husband's SERPS pension right away.

- If you are under State Pension age and your entitlement to Widowed Parent's Allowance stops, your payment of SERPS will also stop. It will be restored when you reach State Pension age, as long as you have not remarried and were entitled to Widowed Parent's Allowance at any time over the age of 45.
- If you are under State Pension age and are entitled to Bereavement Allowance, you will receive your late husband's SERPS pension only when you reach State Pension age, as long as you have not remarried.

You can find more information on Widowed Parent's Allowance and Bereavement Allowance in our leaflet GL14 *Widowed?*, which you can get at your social security office, Jobcentre or Jobcentre Plus office.

If you are widowed, you should let your social security office know and The Pension Service will work out the amount of SERPS pension you can inherit. But you may want to consider the information in this guide to help you with your financial planning for the future.

Q. Who will be able to inherit a maximum of 100% of the SERPS pension?

A. You will be able to inherit a maximum of 100% of your late husband's SERPS pension if you were widowed on or before 5 October 2002 and you qualify for an inherited SERPS pension as part of your State Pension, Widowed Mother's Allowance, Widowed Parent's Allowance or Widow's Pension. Your SERPS pension will not be reduced as a result of the change to the rules on inheriting a SERPS pension.

You may also be able to inherit a maximum of 100% SERPS pension if your late husband reached State Pension age on or before 5 October 2002 and you were widowed after that date and qualify for Widowed Parent's Allowance or a State Pension as a widow.

Q. Who will inherit less than 100% of the SERPS pension?

A. If you are widowed on or after 6 October 2002 (and your late husband had not reached State Pension age before 6 October 2002), the maximum percentage of SERPS pension that you can inherit will depend on the date that your late husband reached or would have reached State Pension age.

The most that you can inherit will be between a maximum of 50% and a maximum of 90% of your late husband's SERPS pension. This is shown in the table on page 41.

Q. Can I inherit a SERPS pension if I am widowed after I reach State Pension age and my late husband is under State Pension age when he dies?

A. If you are widowed, you will be able to inherit your late husband's SERPS pension whether he dies before or after reaching State Pension age. The percentage that you can inherit appears in the table on page 41.

See pages 71–79 for more information for women who are widowed.

If you are a man

Q. How will the change affect me?

A. You may be affected if you inherit your late wife's SERPS pension (up to the maximum amount of SERPS pension payable – see page 45) in the following circumstances:

- If both you and your late wife are over State Pension age when she dies, you will receive her SERPS pension right away.
- If you are under State Pension age and receive Widowed Parent's Allowance, you will receive your late wife's SERPS pension right away.
- If you are under State Pension age and your entitlement to Widowed Parent's Allowance stops, your payment of SERPS pension will also stop. It will be restored when you reach State Pension age, as long as you have not remarried and were entitled to Widowed Parent's Allowance at any time over the age of 45.
- If you are under State Pension age and are entitled to Bereavement Allowance, you will receive your late wife's SERPS pension only when you reach State Pension age, as long as you have not remarried.

You can find more information on Widowed Parent's Allowance and Bereavement Allowance in our leaflet GL14 *Widowed?*, which you can get from your social security office, Jobcentre or Jobcentre Plus office.

If you are widowed, you should let your social security office know and The Pension Service will work out the amount of SERPS pension you can inherit. But you may want to consider the information in this guide to help you with your financial planning for the future.

Q. Who will be able to inherit a maximum of 100% of the SERPS pension?

A. You will be able to inherit a maximum of 100% of your late wife's SERPS pension if you were widowed on or before 5 October 2002 and qualify for an inherited SERPS pension as part of your State Pension or Widowed Parent's Allowance. Your SERPS pension will not be reduced as a result of the change to the rules about inheriting a SERPS pension.

You may also be able to inherit a maximum of 100% SERPS pension if your late wife reached State Pension age on or before 5 October 2002 and you were widowed after that date and qualify for Widowed Parent's Allowance or a State Pension as a widower.

Q. Who will inherit less than 100% of the SERPS pension?

A. If you are widowed on or after 6 October 2002 (and your late wife had not reached State Pension age before 6 October 2002), the maximum percentage of SERPS pension that you can inherit will depend on the date that your late wife reached or would have reached State Pension age.

The most that you can inherit will be between a maximum of 50% and a maximum of 90% of your late wife's SERPS pension. This is shown in the table on page 41.

If you are over State Pension age, you can only inherit a SERPS pension from your late wife if she reached State Pension age before she died. This changes in 2010 – see next page.

Q. Can I inherit a SERPS pension if I am widowed after I reach State Pension age and my late wife is under State Pension age when she dies?

A. Until the law changes in April 2010, you cannot inherit your late wife's SERPS pension unless you fall into one of the categories set out on page 43.

If you reach 65 on or after 6 April 2010, you will be able to inherit your late wife's SERPS pension whether she dies before or after reaching State Pension age.

The percentage of your late wife's SERPS pension that you can inherit appears in the table on page 41.

See pages 79–84 for more information for men who are widowed.

What is meant by maximum percentage?

In some circumstances the amount of a SERPS pension a surviving spouse can inherit may be less than the maximum percentage. There is a set maximum on the amount of a SERPS pension that any person can receive (including both their own SERPS pension and any inherited SERPS pension). From April 2005, the figure is £143.08 a week.

Example (from April 2005)

Mrs Smith has a £60 SERPS pension (based on her own National Insurance contributions). Her late husband, before his death, was receiving a £100 SERPS pension. Mr and Mrs Smith's combined SERPS pension is more than the current maximum SERPS pension that can be paid to one person. As a result, Mrs Smith will be able to inherit £83.08 of her late husband's £100 SERPS pension which, when added to her £60, makes £143.08.

Also, the amount of SERPS pension you can inherit when you reach State Pension age will be reduced if either:

- you were receiving Bereavement Allowance at less than the full rate, or
- you were receiving Widowed Parent's Allowance and this ended before you reached 55.

'Contracting out' of additional State Pension

Contracted-out deductions (CODs)

Pension Schemes Act
1993 46

'Contracted-out deduction' is the term used to describe the reduction in additional State Pension earned from 6 April 1978 to 5 April 1997 by someone who, during that period, was a member of:

- a contracted-out occupational pension scheme
- or* a personal pension scheme

used in place of the additional State Pension.

Contracted-out deductions do not affect additional State Pension earned on or after 6 April 1997.

Revised State Pension age for women

For women born on or after 6 April 1950, the State Pension age will change between 2010 and 2020 (see pages 16 and 17 for further details). The contracted-out deduction will be made at the new State Pension age and any balance of additional State Pension from SERPS will also be paid at this time, as long as the claim for State Pension has not been deferred.

But until you reach State Pension age:

- you will not be entitled to any increases on that part of your occupational pension (or personal pension) replacing SERPS that you built up before 6 April 1988
- and* if prices go up more than 3%, you will not be entitled to any increases over and above the 3% that your scheme pays on that part of your occupational pension (or personal pension) replacing SERPS, built up between 6 April 1988 and 5 April 1997.

This is because the increases that the State pays form part of your State Pension and you will not be entitled to receive this pension until you reach your new State Pension age.

What a contracted-out occupational pension scheme is

Pension Schemes Act
1993 7

An employer whose pension scheme satisfies certain requirements may contract out of additional State Pension those employees who are members of the scheme.

There are two main types of contracted-out occupational pension schemes, as follows.

Contracted-out salary related (COSR) scheme

This scheme must provide a pension related to earnings.

Any additional State Pension you earned from 6 April 1978 to 5 April 1997 is reduced by the amount of Guaranteed Minimum Pension (GMP) you earned during that period.

The GMP is the minimum pension which a COSR scheme must provide as one of the conditions of contracting out before 6 April 1997.

From 6 April 1997 to 5 April 2002, you cannot earn additional State Pension for employment where you were a member of a COSR scheme. Between those dates, any pension you earn by being a member of a COSR scheme will not include a GMP. From that date to be contracted-out of SERPS the scheme has to satisfy an overall test of scheme quality.

Contracted-out money purchase (COMP) scheme

This scheme must provide for a pension to be paid which is based on the value of the individual's fund built up in the scheme (that is, money paid in together with investment return). Part of this pension takes the place of additional State Pension. This part is known as **Protected Rights**. There is no GMP as such, but a contracted-out deduction will be made from any additional State Pension you earn from 6 April 1987 to 5 April 1997. The reduction may be more or less than the pension provided by the scheme.

From 6 April 1997 to 5 April 2002 you cannot earn additional State Pension for employment where you were a member of a COMP scheme (and consequently no contracted-out deduction applies in respect of membership of a COMP during this period).

Contracting out in occupational schemes from 6 April 2002

SSC & B Act 1992
45 & Sch 4A

From 6 April 2002, employees contracted-out into an occupational pension and earning between £4,264 and £27,800 (in 2005/06 terms) will get additional State Pension through the State Second Pension as well as their occupational pension. The amount of the State Second Pension will be reduced to reflect the employee's contracted-out status.

Right to information

OPS (D of I) Regs
1986

You have a legal right to information about your occupational pension scheme. You will be given basic information about the scheme and have a right to ask for, and be given, copies of its legal and financial documentation. You may be asked to pay for copies of the legal documentation. You also have the right to ask for, and be given, statements of the pension amounts and entitlements you have built up in a scheme and of the rights and choices you have in deciding how to use them to your best advantage.

If you need any information about your employer's scheme, you should ask the manager of the scheme.

Leaflet PM7 *Contracted-out pensions – Your guide* provides further information about the different pension schemes available.

What a personal pension is

Since July 1988, an employee has been able to start a personal pension which, if it meets certain conditions, can be used in place of additional State Pension. The pension that you get from a personal pension scheme will depend on the value of the fund built up in the scheme (that is, the money paid in together with the investment return). Part of this pension takes the place of additional State Pension. This part is known as Protected Rights. A contracted-out deduction will be made from additional State Pension earned from 6 April 1987 to 5 April 1997. The reduction may be more or less than the pension provided by the scheme.

From 6 April 1997 to 5 April 2002, you will not earn any additional State Pension during the period you are a member of a contracted-out personal pension. A contracted-out deduction does not apply to any pension you earn from 6 April 1997.

SS C & B Act 1992
45 & Sch 4A

From 6 April 2002, employees contracted-out into a personal pension and earning between the Lower Earnings Limit and the Low Earnings Threshold (£4,264 and £12,100 in 2005/06) will get additional State Pension through the State Second Pension as well as their personal pension. The amount of the State Second Pension will be reduced to reflect the employee's contracted-out status.

What a stakeholder pension is

From 6 April 2001, an employee has been able to start a stakeholder pension. They are intended to be low charge and flexible pensions for people who otherwise may not have the right options to save for their retirement. As with a personal pension, if it meets certain conditions, it can be used in place of the additional State Pension. These schemes are essentially the same as contracted-out personal pension schemes and are subject to the same rules and regulations on that part of the pension that takes the place of the additional State Pension.

From 6 April 2002, employees contributing to a stakeholder pension scheme and earning between £4,264 and £12,100 (in 2005/06 terms) will get additional State Pension through the State Second Pension as well as their stakeholder pension. The amount of State Second Pension will be reduced to reflect the employee's contracted-out status.

Right to information

PPS (D of I) Regs
1987

You have a legal right to information about your personal pension scheme. You will be given basic information about the scheme and have a right to ask for, and be given, copies of its legal and financial documentation. You may be asked to pay for copies of the legal documentation. You also have the right to ask for, and be given, statements of the pension amounts and entitlements you have built up in a scheme and of the rights and choices you have in deciding how to use them to your best advantage.

In addition, you will get the following information at least once a year:

the amount of contributions paid into your personal pension scheme during the previous 12 months

and the value of the pension rights built up in the scheme.

If you need any information about your scheme, you should ask the appropriate department of the insurance or pension company concerned. If your pension is made up from several policies you should ask the agent or the broker who made the arrangements.

How much additional State Pension earned between 6 April 1978 and 5 April 1997 will be reduced

Pension Schemes Act 1993 46

The decision we send you about your claim to State Pension will tell you exactly how much additional State Pension you have earned. It will tell you by how much any additional State Pension you earned from 6 April 1978 to 5 April 1997 will be reduced by the contracted-out deduction for that period. It will also tell you the name and address of each contracted-out pension scheme or personal pension scheme from which you will get a pension.

If you are entitled to a pension from more than one contracted-out or personal pension scheme the contracted-out deduction amount shown on the decision will be the total amount by which your additional State Pension earned from 6 April 1978 to 5 April 1997 will be reduced.

Calculation of contracted-out deductions earned from 6 April 1978 to 5 April 1997

Pension Schemes Act 1993 14

Your contracted-out deduction as a member of a COSR, COMP or contracted-out personal pension scheme is worked out from the amount of earnings on which you have paid the relevant NI contributions at the lower contracted-out rate for each tax year in your working life from 6 April 1978 to 5 April 1997 (for a COSR scheme), 6 April 1988 to 5 April 1997 (for a COMP scheme) or 6 April 1987 to 5 April 1997 (for a personal pension scheme).

SS C & B Act 1992 44-45
SSA Act 1992 148

Your earnings for each year in which you were contracted-out, except the year ending before the one in which you reach State Pension age, are increased in line with the rise in national average earnings. The amount of this increase is approved each year by Parliament, and a Revaluation of Earnings Factors Order is published.

Your revalued earnings are added to the earnings on which you have paid lower-rate contracted-out contributions in the last complete tax year before the one in which you reach State Pension age. This total is the amount on which your contracted-out deduction depends.

If you had a personal pension your contracted-out deduction is worked out from the contributions which the Department for Work and Pensions paid into the scheme.

The annual rate of the contracted-out deduction is:

If you reached State Pension age by 5 April 1999

PSA 1993 14

1¼% of your revalued earnings in tax years from 6 April 1978 to 5 April 1988

and 1% of your revalued earnings for tax years from 6 April 1988.

If you reached State Pension age after 5 April 1999

25% of your revalued earnings divided by the number of years in your working life between 6 April 1978 and the end of the year before the one in which you reach State Pension age in tax years from 6 April 1978 to 5 April 1988

and 20% of your revalued earnings between tax years 6 April 1988 and 5 April 1997 divided by the number of years in your working life between 6 April 1978 and the end of the tax year before the one in which you reach State Pension age.

The weekly contracted-out deduction is worked out by dividing by 52 and rounding the result to the nearest 1p (½p or more is rounded up and less than ½p is ignored).

A different calculation will apply if you leave your employer's scheme early, i.e. before you reach State Pension age.

Widows and widowers

In addition to providing members with a pension, a contracted-out occupational pension scheme, personal pension scheme or stakeholder pension scheme must also provide, in the event of the member dying before their spouse, for the surviving spouse to get a pension. Further information on inheritance rights (including the GMP) is given in 'Groups for which there are special provisions' 'Widows' (page 71) and 'Widowers' (page 79). Leaflet NP45 *A guide to bereavement benefits* gives further information.

Protection against inflation

PSA 1993 109

Pensions Act 1995 51

Each year the part of your pension earned from 6 April 1978 that replaces additional State Pension will be reviewed to ensure that it is protected against inflation.

Occupational pensions built up before 6 April 1988 will, in general, have all the increases needed to keep up with inflation added directly to your additional State Pension.

Occupational pensions built up from 6 April 1988 to 5 April 1997 and personal pensions built up from 6 April 1987 to 5 April 1997, will be at least partly protected by the scheme. The rate of increase will be 3%, or equal to the rate of inflation if this is less. The rate of your additional State Pension will, in general, be increased by any amount that inflation goes up above 3%.

Since April 1997, contracted-out occupational schemes must increase the whole of the pension built up after that date in line with inflation up to 5%. This includes that part of the pension that derives from the contracted-out rebate. For personal pensions, only that part of the pension made up from the protected rights (rights deriving mainly from the National Insurance contribution rebate) is subject to this increase.

If your:

Guaranteed Minimum Pension (GMP)

or Contracted-out Deduction (COD) in a money purchase scheme (both occupational and personal)

is higher than the value of the additional State Pension you would have received from SERPS if you had stayed in the State scheme, you may not receive an additional State Pension from SERPS. The only inflation proofing on your pension will be the increases that your employer has to pay.

Your SERPS entitlement is recalculated every year to cover inflation. Once the additional State Pension is more than your GMP or COD, the difference will be paid with your State Pension.

Earning a higher rate of pension (earning increments) by not claiming your occupational or personal pension

PSA 1993 15

If, when you reach State Pension age, you continue to work and do not claim your pension from a contracted-out occupational pension scheme, a personal pension scheme or a stakeholder pension scheme, you can earn extra pension or increments.

In the case of a COSR scheme, provided you do not claim your pension for at least seven complete consecutive weeks after State Pension age, your GMP will be increased by the scheme for each complete consecutive week by $\frac{1}{7}\%$.

In the case of a COMP, personal pension or stakeholder pension scheme, not claiming your pension at State Pension age will usually entitle you to a bigger pension when you do retire. This will depend on the investment performance of the fund. For the purposes of calculating the contracted-out deduction, however, an increase of $\frac{1}{7}\%$ for each complete consecutive week will be made, as applies to the GMP (see above).

The increments you get in relation to the part of your pension that replaces additional State Pension will also be protected against inflation.

If you have been self-employed

For any periods where you have been self-employed, any National Insurance contributions that you were liable to pay will only count towards the basic State Pension. These contributions do not build up benefits in the additional State Pension. We explain how additional State Pension is earned on page 33.

You may have been paying into a scheme to provide you with a pension in addition to your State Pension. If you need any information about your scheme, you should ask the appropriate department of the insurance or pension company concerned. If your pension is from several policies you should ask the agent or broker who made the arrangements.

Christmas Bonus

SS C & B Act 1992
148–150

If you are entitled to receive the State Pension in the first week of December, a tax free bonus will be paid with your State Pension. The amount is announced in advance and is also shown in leaflet GL23 *Social security benefit rates* which you can request from your pension centre or social security office.

Only one payment can be made for each person but you may get an extra bonus if:

you are entitled to an increase for your spouse

and both of you are over State Pension age by the end of the week in which the bonus is paid.

You may also be entitled to an increase for your unmarried partner, provided certain conditions are satisfied.

The bonus is usually paid automatically with your normal pension payment.

Annual increase in State Pension

SSA Act 1992 150

By law, the amounts that make up your State Pension, apart from Age Addition, are:

reviewed once a year

and when necessary, increased at least in line with the inflation rate so as to maintain their value.

The increase takes effect in April of each year.

If you were a member of a contracted-out pension scheme or a personal pension scheme used in place of SERPS, see 'Protection against inflation' on page 51.

Increases payable with your State Pension

Graduated Retirement Benefit

What it is

SS (GRB) Regs 1978
SS (GRB) (No 2) Regs
1978

Graduated Retirement Benefit (GRB) is based on the amount of graduated National Insurance (NI) contributions you paid when the GRB scheme existed between April 1961 and April 1975. If you were an employee during any part of this period and paid graduated NI contributions you will get GRB.

How it is worked out

The amount of your GRB depends on the number of units of graduated contributions you paid between April 1961 and April 1975 and the value of a unit at the time you claim your pension.

To work out the number of units, we add together all your graduated contributions, divide the total by 9 for a woman, and 7.5 for a man, and round up half a unit or more to the next whole number. Less than one half unit is ignored. The maximum number of units is 72 for a woman and 86 for a man.

From 6 April 2010, women awarded GRB on or after that date will have their GRB units calculated on the same basis as men.

To find the rate payable, multiply the number of units by the unit value in force when you retire. This is shown in leaflet GL23 *Social security benefit rates* which you can get from your pension centre or social security office. If the payable rate contains $\frac{1}{2}$ p or more it is rounded up to the next penny. Less than $\frac{1}{2}$ p is ignored.

For example, a man retires in June 2003. Between 1961 and 1975 he paid graduated contributions of £318.33.

His units will be $£318.33 \div 7.5 = 42.4 = 42$.

The value of a unit at April 2004 was 9.63p.

Weekly rate = $42 \times 9.63\text{p} = £4.044 = £4.04$.

Other information

- A widow, or a man whose wife died after 5 April 1979 when they are both over State Pension age, can get half of the GRB based on the late spouse's graduated contributions including half of any increments.
- Even if you cannot get any basic State Pension because you do not satisfy the contribution conditions, you can still get any GRB you have earned if you satisfy the entitlement conditions set out above.

Dependency increases

For your children

SS (Dep) Regs 1977

If you claimed Category A or B Pension before 6 April 2003, you can get an increase for a child or children if:

you qualified for your State Pension

and you are entitled, or treated as entitled, to Child Benefit for them.

The increase you get for a child:

- is the same whether your basic State Pension is at the full or a reduced rate
- may be affected if you or anyone else gets some other benefit from public funds which includes money for the child
- may be affected if you claimed it on or after 26 November 1984 and you have a spouse or partner living with you who has earnings above the amount shown in leaflet GL23 *Social security benefit rates*.

For what counts as earnings, see page 89.

For claims made on or after 6 April 2003 it will not be possible to get an increase of Category A or B Pension. Instead, provision for children will be made through Child Tax Credit (see page 104 for HM Revenue & Customs contact details).

If you were already receiving an increase for children at 6 April 2003, you will continue to receive this for as long as you remain entitled, or are treated as entitled to, Child Benefit for that child or children. The increase will stop if you are not entitled, or treated as not being entitled, to Child Benefit, for any reason, for a period of 58 days or more.

For your wife

SS C & B Act 1992 83
SS (Dep) Regs 1977
SS (OB) Regs 1979

You can get an increase of Category A Pension for your wife, regardless of her age, if you get some basic State Pension.

But you cannot normally get an increase for your wife if:

- she gets a State Pension or any other State benefit herself
- or* she gets a training allowance or Job Release allowance
- or* you are getting benefit for her under the Industrial Injuries or War Pensions Schemes.

But if another benefit paid to, or for your wife is less than the increase for a wife, you will be able to get the difference.

You will get less than the standard amount for your wife if your basic State Pension is at a reduced rate.

If your wife is living with you, you will not get the increase for any week in which she has earnings of more than the amount shown under 'Earnings rules' in leaflet GL23 *Social security benefit rates*.

If your wife is not living with you, you can get an increase for her if:

- she does not earn more than the standard amount of the increase
- and* you pay her maintenance of at least the amount of the increase you get for her.

For what counts as earnings, see page 89.

For your husband

SS C & B Act 1992
84 & 86A
SS (Dep) Regs 1977

You can get an increase of your Category A Pension for your husband if you get some basic State Pension and:

- you were getting an increase of Incapacity Benefit for him immediately before you qualified for your pension
- and* he is not earning more than the amount shown in leaflet GL23 *Social security benefit rates*
- and* he is not getting a benefit of his own, or if he is, the benefit is less than the increase that could be paid and you will be able to get the difference.

From 6 April 2010, a woman will be able to claim an increase of her Category A Pension for her husband on the same basis as a man can for his wife (see page 58).

For someone looking after children for you

SS C & B Act 1992
85(2), Sched 4, Part 4
SS (Dep) Regs 1977

You can get an increase for someone who looks after a child for you if you get some basic State Pension and you are entitled, or treated as entitled, to Child Benefit for the child.

You cannot get an increase if:

you get an increase for your wife or husband

or your wife (or husband from 6 April 2010) gets a Category B Pension based on your contributions.

Any earnings of the person looking after a child for you may affect the amount you get (see leaflet GL23 *Social security benefit rates*).

Long-term Incapacity Benefit Age Addition to State Pension

SS C & B Act 1992
47(1)

Your State Pension will be automatically and permanently increased if you were getting long-term Incapacity Benefit Age Addition at any time within the period of eight weeks ending on the day before you reach State Pension age.

SS C & B Act 1992
47(2)
Pension Schemes Act
1993 46

Your long-term Incapacity Benefit Age Addition will be reduced if you are getting any additional State Pension. This may mean no long-term Incapacity Benefit Age Addition is payable.

The rate you get will be the same as that which was paid with your Incapacity Benefit.

Age Addition

SS C & B Act 1992 79

Your State Pension will be automatically increased by an Age Addition when you reach age 80.

You do not have to claim it. The rate of Age Addition is shown in leaflet GL23 *Social security benefit rates*.

Earning extra State Pension (increments) or a lump sum payment

SS C & B Act 1992
55 & Sched 5, as
amended by
Pensions Act 2004,
297 & Sched 11

People have always been able to earn extra State Pension (also called increments), either by not claiming their State Pension when they reach State Pension age, or by deciding to stop claiming it for a while. This means you could get a higher weekly State Pension, which is paid on top of your normal weekly State Pension, when you do finally claim it.

The Pensions Act 2004 introduced changes to these arrangements that apply from 6 April 2005. These changes are summarised below.

If you put off claiming your State Pension after 5 April 2005, you will be able to choose from either of the following options when you finally do claim:

either

- **extra State Pension:** you can earn extra State Pension worked out at 1% of your weekly pension for every five weeks you put off claiming. This is equivalent to about **10.4%** extra for every year you delay claiming, compared with about 7.5% extra before 6 April 2005. So if you put off claiming for a year, you'd get about £1 extra for every £10 of your weekly pension.

*You must put off claiming your State Pension for at least **five weeks** to get extra State Pension. If you choose extra State Pension you will not be paid State Pension for the weeks you delayed claiming it because you will be getting a higher weekly State Pension instead.*

Example – extra weekly pension

Anne decides to put off claiming her State Pension for five years. When she comes to take up her pension, the weekly rate she would have been entitled to, if she had not put off claiming, would have been £105. As she put off claiming for five years and chose extra State Pension, the amount of State Pension she will get every week will be £159.60.

or

- **a lump sum payment:** a one-off taxable lump sum payment based on the amount of normal weekly State Pension you would have received in the period you have put off claiming, plus interest. You also get your weekly State Pension when you claim it, paid at the normal rate.

*You have to put off claiming your State Pension for at least **12 consecutive months** (which must all fall after 5 April 2005) to have the choice of a lump sum payment.*

The rate of interest will never be less than 2% above the Bank of England's base rate (so if the base rate was 4.75%, the annual rate of interest would be 6.75%). As the Bank of England base rate may change from time to time, the rate of interest used to calculate the lump sum could also change.

Example – lump sum (based on illustrative rate of return of 6.75%)

Ahmed's weekly State Pension is worth £105. When he reaches State Pension age he decides to put off claiming his State Pension for five years. When he claims his pension, if he chooses a lump sum, he will get a lump sum of around £32,306 (before tax), as well as his normal weekly State Pension entitlement.

Until 6 April 2005, you would stop earning extra pension after five years of putting off your claim. From 6 April 2005, there is no longer any time limit. This means that from 6 April 2005, you can put off claiming your State Pension for as long as you want and be able to earn extra State Pension, or a lump sum payment.

Putting off claiming State Pension, or deciding to stop claiming it for a while, may not be right for everyone and the amount you could get will depend on your circumstances.

The information provided here is only intended to give a brief explanation of the new arrangements that apply from April 2005. There is a separate guide available that explains these changes in detail.

If you are interested in putting off claiming your State Pension, it is important to find out more before you decide. You may want to discuss this with family and friends, and you can also seek advice from an independent financial adviser or from organisations that provide information and advice to pensioners. (If you are thinking about getting independent financial advice, don't forget that you may have to pay for this.)

For more information you should consider our detailed guide *SPD1 Your State Pension Choice – Pension now or extra pension later: A Guide to State Pension Deferral* before making your decision. This is available by calling 0845 731 32 33 or by accessing The Pension Service website at www.thepensionsservice.gov.uk

How reaching State Pension age may affect other benefits

If you are getting one of the following social security benefits when you are approaching State Pension age, you will wish to consider what effect claiming State Pension will have on it.

Incapacity Benefit

If you are getting long-term Incapacity Benefit, this will stop when you reach State Pension age. You can go on getting short-term Incapacity Benefit after State Pension age for up to 52 weeks of incapacity provided your incapacity began *before* State Pension age. Incapacity Benefit is taxable from the 29th week.

If you are over State Pension age and qualify for short term Incapacity Benefit, including any increases for an adult dependant, the amount of your Incapacity Benefit is based on your entitlement to basic State Pension. The maximum rates of basic State Pension payable over State Pension age are shown in leaflet GL23 *Social security benefit rates*, which you can request from your pension centre or social security office. If you are entitled to less than a full basic State Pension, your Incapacity Benefit will be correspondingly reduced.

You will also get any additional State Pension and Graduated Retirement Benefit to which you may be entitled.

Reduced Earnings Allowance (REA)

If you reach State Pension age, get State Pension and do not remain in regular employment, you can no longer get Reduced Earnings Allowance. But you may get Retirement Allowance at 25% of your pre-State Pension REA rate.

This does not apply if your REA was frozen for life.

For more details see leaflet SD6 *Ill or disabled because of a disease or deafness caused by work?* or SD7 *Disabled because of an accident at work?* You can request these leaflets from your pension centre or social security office.

Severe Disablement Allowance (SDA)

You can no longer make a new claim for Severe Disablement Allowance (SDA). SDA is reduced by the amount of any basic State Pension you get but it is not affected by any Graduated Retirement Benefit or additional State Pension you get.

Carer's Allowance (CA)

Carer's Allowance (CA) is the main benefit for carers (it was called Invalid Care Allowance before April 2003). If you are looking after a severely disabled person for at least 35 hours a week, you could get CA. The disabled person must be in receipt of either the highest or middle rate of Disability Living Allowance care component, Attendance Allowance, or an industrial injuries disablement benefit Constant Attendance Allowance at the normal maximum rate or above or war pensions Constant Attendance Allowance at the basic (full day) rate or above. You cannot get CA if you are in full-time education or if you earn above £82 a week after allowable expenses.

Certain other benefits, including basic State Pension, will affect payment of CA. For example, if your basic State Pension is at the same or a greater rate than your CA, payment of your CA will cease. If your basic State Pension is paid at a lower rate than your CA, the balance of CA will be paid. Your CA will not be affected by any additional State Pension or Graduated Retirement Benefit you get. If the person you are caring for gets an income-related benefit such as Income Support they may lose their severe disability premium, or if they get Pension Credit they may lose their additional amount for severe disability.

If you are on a low income and entitled to CA (even if CA cannot be paid, because you receive another benefit) you may get extra money through the carer premium which is included in the assessment of income-based Jobseeker's Allowance, Income Support, Housing Benefit and Council Tax Benefit or an additional amount with your Pension Credit.

If the person you are caring for dies, you will be able to get CA for up to eight weeks afterwards, subject to the other normal CA rules. The carer premium in the income-related benefits and the additional amount in Pension Credit for a carer also continue for eight weeks in these circumstances.

There is now no upper age limit for getting CA. The rules changed on 28 October 2002 to enable new carers aged 65 or over to qualify.

Bereavement Payment

SS C & B
Act 1992 36

If you are over State Pension age when your husband or wife dies, you cannot get a lump sum Bereavement Payment if he or she was entitled to a Category A Pension.

State Pension

The rate of State Pension may mean that, depending on your circumstances, it is more favourable to claim State Pension rather than other benefits when you reach State Pension age.

How other benefits may affect your State Pension

Normally, other benefits you get from the Department for Work and Pensions or any other government department affect your basic State Pension. It will usually be reduced by the amount of the other benefit.

Other benefits paid by the Government to, or for, a dependant will affect any increase in State Pension paid to you for that dependant.

SS (OB) Regs 1979

Other benefits do not affect:

- your additional State Pension
- your Graduated Retirement Benefit
- contracted-out deductions.

You cannot get both basic State Pension and Unemployability Supplement paid with a War Disablement Pension or Industrial Disablement Pension.

But you can get your basic State Pension as well as:

Attendance Allowance

or Disability Living Allowance.

How your State Pension may affect someone else's benefit

Any State Pension you get, however small the amount (for example, a Graduated Retirement Benefit on its own of a few pence a week), will be deducted from any increase in benefit someone else may get for you as their dependant.

Groups for which there are special provisions

Married women

You can qualify for either your own Category A Pension or a Category B Pension (see pages 18 and 19) from your husband. What you get and when depends on the dates you and your husband reach State Pension age and claim your State Pensions.

Category B Pension entitlement conditions

To get a Category B Pension you must meet these conditions:

- you and your husband have both reached State Pension age
- your husband satisfies the contribution conditions for a Category A Pension
- your husband is getting his State Pension
- you make a claim for the State Pension.

SS C & B Act 1992
48A
SSA Act 1992 1

Composite Category A and B basic State Pensions

You may be entitled to both Category A and Category B Pensions at the same time. If you are, and the rate of your Category A basic State Pension is less than the full rate of Category B Pension payable to a married woman, the two State Pensions will be combined to give you a composite pension. Your Category A Pension will be increased by the lesser of these amounts:

the difference between the full Category B Pension and the Category A basic State Pension to which you are entitled

or the weekly rate of the Category B Pension to which you are entitled.

SS C & B Act 1992
51A

Before you reach State Pension age

You cannot get any State Pension until you reach State Pension age (see page 58 for details). If your husband reaches 65 before you reach State Pension age and gets his State Pension, he may be able to get an increase of his basic State Pension for you. This would normally be paid until you reach State Pension age and begin to receive your own State Pension.

When you reach State Pension age and your husband is not yet 65

You can qualify for either:

Category A Pension with or without Graduated Retirement Benefit (GRB)

or GRB only.

If you do not qualify for either of these you will have to wait until your husband reaches 65 and becomes entitled to his State Pension. But in some circumstances it may be possible for you to pay Class 3 National Insurance (NI) contributions for earlier years to enable you to get a Category A Pension at the minimum rate. You should ask your pension centre or social security office whether there are contributions available to be paid which will enable you to qualify for a basic State Pension.

When you reach State Pension age and your husband is already getting his State Pension

You may be entitled to:

- your own Category A Pension
- a Category B Pension from your husband
- a composite Category A and B Pension (see Example D over the page).

Any increase your husband has been getting for you will stop when you become entitled to your State Pension.

When you reach State Pension age and your husband is already 65 but not receiving his State Pension

You cannot receive Category B Pension until both of you satisfy the entitlement conditions. But you can get Category A Pension, with or without GRB, provided you satisfy the conditions. If you do, you will not be able to earn any Category B Pension increments or a lump sum.

You are getting a State Pension when your husband reaches 65

If your husband claims his State Pension

You will become entitled to a Category B Pension:

- if the State Pension you are already getting is Graduated Retirement Benefit (GRB) only, the Category B Pension will be added to it
- if the State Pension you are already getting is Category A it may, depending on its rate, change to a composite Category A and B Pension.

However, you must make a claim for a Category B Pension.

If your husband does not claim his State Pension

You cannot become entitled to a Category B Pension until your husband begins to receive his State Pension.

Example C – Calculation of married woman's composite Category A and B Pension (using 2005/06 State Pension amounts)

Examples: You reach State Pension age in July 2005. Your husband reaches age 65 in December 2005.

- 1 You claim your State Pension from your earliest State Pension age and receive a Category A Pension of £32.82 a week, which is 40% of the full basic State Pension.

Your husband claims his State Pension from his 65th birthday and you become entitled to a full Category B Pension of £49.15.

From then you will receive a composite State Pension made up of:

Category A Pension £32.82

Category B Pension £16.33

Total State Pension £49.15

- 2 You claim your State Pension from your earliest State Pension age and receive a Category A Pension of £21.33 a week, which is 26% of the full basic State Pension.

Your husband claims his State Pension from his 65th birthday but you are only entitled to a Category B Pension of £25.59 (52% of the full Category B Pension of £49.15) because he does not have enough qualifying years for a full basic State Pension.

From then you will receive a composite State Pension made up of:

Category A Pension £21.33

Category B Pension £25.59

Total State Pension £46.92

- 3 You claim your State Pension from your earliest State Pension age and receive a Category A Pension of £1.23 a week made up of additional State Pension only. You do not qualify for basic State Pension.

Your husband claims his State Pension from his 65th birthday and you become entitled to a full Category B Pension of £49.15.

From then you will receive a composite State Pension made up of:

Category A Pension £ 1.23

Category B Pension £49.15

Total State Pension £50.38

You should bear in mind that continuing to get your own State Pension will prevent you from earning Category B Pension increments or a lump sum.

If you do not live with your husband

You do not have to be living with your husband to claim a Category B Pension. But as he must claim his State Pension before you can receive a Category B Pension, you may need to ask your pension centre or social security office if he has done so. You can do this every three months until he has. Your first enquiry should be made shortly before he reaches State Pension age.

If your husband dies

If your husband dies the Category B Pension you get will be paid at a higher rate.

If your marriage ends

You may qualify for a higher rate of State Pension if your marriage ends by divorce or annulment (see page 85 for details).

Married men

A married man who has reached 65 will be able to qualify for a Category B Pension from his wife's NI contributions provided she reaches State Pension age on or after 6 April 2010. He will not be able to claim until his wife has reached her State Pension age.

For a husband to get a Category B Pension from his wife's NI contributions, his wife will have to be getting a Category A Pension and he will have to make a claim for his State Pension.

Widows

If you were widowed before State Pension age and have not remarried when you reach that age

What to do when you reach State Pension age

You can decide to do one of three things:

- claim your State Pension
- or* continue to get any widow's benefit to which you are already entitled until you do wish to claim your State Pension or you reach age 65 (but see the section entitled 'Occupational and personal pensions' on page 81 for possible reductions)
- or* not claim your State Pension and give up any widow's benefit you are getting so that you can get increments or a lump sum when you do claim or reach age 65.

Your own Category A Pension

SS C & B Act 1992
44

You may be entitled to your own Category A Pension, and these arrangements may help you qualify for or improve your State Pension:

- up to April 1975, you will be credited with flat rate contributions for each week for which you were entitled to Widow's Allowance, Widowed Mother's Allowance (WMA) or Widow's Pension (except age-related Widow's Pension and Widow's Basic Pension)
- any tax year between 6 April 1975 and 5 April 1978, during the whole of which you were entitled to Widow's Allowance, WMA or Widow's Pension (except age-related Widow's Pension) will count as a qualifying year
- you may qualify for Home Responsibilities Protection (see page 24).

Category B Pension

SS C & B Act 1992
38, 48BB

You may be entitled to a Category B Pension from your late husband.

- If you were a widow immediately before you reached State Pension age and you became entitled, or can be treated as entitled, to a Widow's Pension as a result of his death, the Category B Pension will be paid at the same rate as your Widow's Pension.
- If, immediately before you reached State Pension age, you were a widow and you were entitled to a Widowed Parent's Allowance as a result of his death, the Category B Pension will be at the same rate as your Widowed Parent's Allowance.
- If you were a widow when you reached State Pension age and, as a result of his death, you were entitled to a Bereavement Allowance at any time before reaching State Pension age, or a Widowed Parent's Allowance at any time when over age 45 (but not immediately before reaching State Pension age), you can get inherited additional State Pension. The amount will be uprated to take account of inflation but reduced if you did not get the full rate of Bereavement Allowance because of your age, or you were under 55 when your Widowed Parent's Allowance ended.

If you were widowed before 6 October 2002, or if you are widowed after that date and your husband reached State Pension age before that date, you may get all of your late husband's additional State Pension. Otherwise, the amount of additional State Pension you can inherit is as shown in Table 5 on page 41.

But note that the maximum amount of State Second Pension that a widow or widower can inherit will be 50%.

You may also inherit half of any Graduated Retirement Benefit your late husband earned.

Composite Category A and B Pensions

SS C & B Act 1992
52

If you are entitled to both a Category A Pension and a Category B Pension, they may be combined to give you a composite State Pension. But:

- your basic State Pension cannot be more than the full rate paid to a single person

SS (Maximum
Additional
Component)
Regs 1978

- your additional State Pension plus any inherited additional State Pension from your late husband cannot be more than the prescribed maximum payable to a surviving spouse.

Category A Pension from your late husband

SS C & B Act 1992
48
SS (WB & RP) Regs
1979 8
and Sched 1

If your basic State Pension under the above arrangements does not reach the full rate, it can be calculated in another way which may be better for you. It can be based on your record but with your late husband's record of qualifying years being substituted for either:

all the tax years in your working life up to the end of the tax year in which you were widowed

- or* all the tax years in your working life from the beginning of the one in which you were married up to the end of the tax year in which you were widowed.

You can have your basic State Pension calculated in this way if you are not entitled to a Widow's Pension or bereavement benefit.

If you are entitled to long-term Incapacity Benefit

SS C & B Act 1992
40

If you qualified for long-term Incapacity Benefit under the special rules for widows, this will become a Category A Pension if your incapacity continues up to State Pension age. For more information on long-term Incapacity Benefit, get leaflet IB1 *A guide to Incapacity Benefit*.

Occupational and personal pensions

Pension Schemes
Act 1993 46

You will be entitled to half of any Guaranteed Minimum Pension (GMP) that your late husband had derived from his membership of a contracted-out salary related (COSR) scheme from 6 April 1978 to 5 April 1997. This will be added to your own GMP(s) earned from 6 April 1978 to 5 April 1997 and the total deducted from the combined additional State Pension earned during that period which would have been paid if neither of you had been contracted out. You will also get half of any GMP increments he was entitled to, but these will not affect your additional State Pension. If your husband had been a member of a contracted-out money purchase (COMP) scheme or personal pension scheme, the scheme must provide you with a pension based on his protected rights. A reduction will be made from the combined additional State Pension earned during the period 6 April 1987 to 5 April 1997. The reduction may be more or less than the pension provided by the scheme. For detailed information on contracted-out deductions, see page 46.

Graduated Retirement Benefit (GRB)

SS (GRB) (No 2)
Regs 1978
Sched 1

Any Graduated Retirement Benefit (GRB) due to you will be paid with your State Pension. You can also get half of any GRB, including increments, to which your late husband was entitled, but not any he may have received from a former wife.

Increments or a lump sum payment

SS C & B Act 1992
Sched 5

You can give up your State Pension to earn a higher weekly pension ('increments') or a lump sum payment when you do eventually claim. See page 60 for more information.

Increments from your late husband

If your late husband had given up his State Pension, you will be able to get:

SS C & B Act 1992
Sched 5 para 4

- some or all of your late husband's additional State Pension increments. The amount you may get will be calculated as shown in Table 5 on page 41
- all of your late husband's basic State Pension increments
- half of your late husband's Graduated Retirement Benefit increments but not any he may have received from a former wife.

These will be paid in addition to any increments you have earned yourself.

Lump sum from your late husband

From April 2006, you may be able to choose a lump sum payment instead of increments, if your late husband died before claiming his State Pension and he had given it up for at least 12 months after April 2005. See 'Earning extra State Pension (increments) or a lump sum payment' on page 60 for more information.

War Widow's Pension or Industrial Injuries Widow's Pension

SS (OB) Regs 1979
6 and Sched 1

If you are entitled to any basic State Pension, including any increments, from your husband, you will get only the amount by which it is more than the rate of your War Widow's Pension (WWP) or Industrial Injuries Widow's Pension (IIWP).

If you have a Category A Pension which is entirely your own, there is no adjustment to it and you will get it in addition to either of the WWP or IIWP.

If you give up your Category A Pension you can earn increments to it while continuing to draw either of the WWP or IIWP.

If you were widowed after State Pension age

How you qualify for a State Pension

SS C & B Act 1992
48B

You can qualify for a Category B Pension from your late husband.

SS C & B Act 1992
36

You may be able to get Bereavement Payment if your husband was not entitled to a Category A Pension when he died.

If you were not getting a State Pension when your husband died

SS C & B Act 1992
48B Pension
Schemes
Act 1993 46

Your basic Category B Pension will be calculated as if your late husband was entitled to a basic Category A pension when he died. You may also get:

- some or all of his additional State Pension and additional State Pension increments. The amount you may get will be calculated as shown in Table 5 on page 41
- half of his Guaranteed Minimum Pension(s) (GMP(s)), including increments, if he had been a member of a contracted-out salary related (COSR) scheme from 6 April 1978 to 5 April 1997, or a pension (including increments) based on his Protected Rights from any contracted-out money purchase (COMP) or personal pension scheme of which he was a member during that period. The contracted-out deduction will, apart from any increments, be deducted from the additional State Pension earned from 6 April 1978 to 5 April 1997. For more information, see 'Contracted-out deductions' on page 46
- half of his GRB, including increments, but not any he may have received from a former wife
- all of his basic State Pension increments
- a Bereavement Payment provided your husband was not entitled to a Category A Pension at the time he died.

SS (GRB) (No 2)
Regs 1978
Sched 1
SS C & B Act 1992
Sched 5 para 4
SS C & B Act 1992
36

If your husband died before claiming his State Pension and he had given it up for at least 12 months after April 2005, you may be able to choose a lump sum payment instead of increments. See pages 60–62 for more information.

If you have your own Category A Pension or GRB but have not claimed it so that you can earn increments or a lump sum, getting Category B Pension will stop you earning any further increments or a lump sum. You can decide not to get the Category B Pension and continue to earn increments or a lump sum, or you can claim your own State Pension. When you decide to receive your Category A Pension it may be combined with your Category B Pension as described below. Your own GRB will be paid with either the combined Category A and B Pension or the Category B Pension.

Composite Category A and B Pensions

SS C & B Act 1992
52

If you are entitled to a Category A Pension it can be combined with the Category B Pension from your late husband to give you a composite State Pension. But this cannot happen until the Category A Pension becomes payable.

For the composite State Pension:

- the basic State Pensions will be added together, but you will not get more than the full rate for a single person
- the additional State Pensions will be added together, but you will not get more than the amount which would have been paid to anyone claiming their State Pension at the time when you were widowed and who had contributed to the scheme with earnings at its upper limit from its beginning.

Any additional State Pension earned from 6 April 1978 to 5 April 1997 may be reduced by a contracted-out deduction in respect of any benefits received by you from your late husband's occupational and personal pension schemes earned during that period.

Further deductions will be made if you have been a member of an occupational or personal pension scheme yourself between 6 April 1978 and 5 April 1997.

The GRB you receive from your late husband will be added to the GRB you have earned yourself.

The increments you receive from your late husband will be added to those you have earned yourself. From April 2006, you may be able to choose a lump sum payment instead of increments from your late husband if he died before claiming his State Pension and he had given it up for at least 12 months after April 2005. See pages 60–62 for more information.

If you were already getting a State Pension when your husband died

SS C & B Act 1992
48B
Pension Schemes
Act 1993 46
SS C & B Act 1992
36

You will be entitled to a Category B Pension from your late husband calculated as if he was entitled to a Category A Pension when he died.

You will be entitled to a Bereavement Payment only if your late husband was not entitled to his State Pension when he died.

If you are getting a married woman's Category B Pension, your basic State Pension will normally be increased to the rate of your late husband's basic State Pension. In addition, you may also get:

- some or all of your late husband's additional State Pension and additional State Pension increments. The amount you may get will be calculated as shown in Table 5 on page 41
- half of his GMP(s), including increments, if he had been a member of a COSR scheme from 6 April 1978 to 5 April 1997, or a pension (including increments) based on his Protected Rights from any COMP or personal pension scheme of which he was a member during that period. The contracted-out deduction will, apart from the increments, be deducted from the additional State Pension earned from 6 April 1978 to 5 April 1997. For more information, see 'Contracted-out deductions' on page 46
- half of his GRB including increments, but not any he received from a former wife
- all of his basic State Pension increments.

SS (GRB) (No 2)
Regs 1978 Sched 1

SS C & B Act 1992
Sched 5 para 4

From April 2006, you may be able to choose a lump sum payment instead of increments, if your late husband died before claiming his State Pension and he had given it up for at least 12 months after April 2005. See pages 60–62 for more information.

A Category B Pension will also be payable if you are receiving GRB and no other pension based on your own contributions.

If the State Pension you are getting is a married woman's composite Category A and B Pension, this will become a widow's composite State Pension as explained on the previous page.

If the State Pension you are receiving is Category A it may, depending upon its rate and what Category B Pension you become entitled to, be replaced by a composite Category A and B Pension.

If a composite State Pension is not payable, you may get:

- some or all of your late husband's additional State Pension and additional State Pension increments. The amount you may get will be calculated as shown in Table 5 on page 41
- half of any GMP (including increments) that your late husband had earned from his membership of a contracted-out salary-related scheme from 6 April 1978 to 5 April 1997
- a pension from any COMP or personal pension scheme of which your late husband was a member
- half of your late husband's GRB
- all of your late husband's basic State Pension increments.

From April 2006, you may be able to choose a lump sum payment instead of increments, if your late husband died before claiming his State Pension and he had given it up for at least 12 months after April 2005. See pages 60–62 for more information.

War Widow's Pension or Industrial Injuries Widow's Pension

SS (OB) Regs 1979
6
and Sched 1

If you are entitled to a Category B Pension including any increments, you will get only the amount that is more than the rate of your War Widow's Pension or Industrial Injuries Widow's Pension.

If you qualify for your own Category A Pension but do not claim it, you can earn increments or a lump sum while continuing to draw your War Widow's Pension or Industrial Injuries Widow's Pension.

If you were already getting a Category B Pension from your late husband and you then marry a man who is over State Pension age

You may be entitled to a Category B Pension from your late husband, calculated as if he was entitled to a Category A Pension when he died. You may also be entitled to a Category B Pension from your new husband. You can choose one or other of the Category B Pensions. If you do not choose, we will pay the Category B Pension that we think is best for you.

Widowers

If you were widowed before 65 and have not remarried when you reach that age

Category A Pension

SS C & B Act 1992
48
SS (WB & RP) Regs
1979 8
and Sched 1

If your own Category A Pension does not reach the full rate, it can be calculated in another way which may be better for you. It can be based on your own record but with your wife's record of qualifying years being substituted for either:

all the tax years in your working life up to the end of the tax year in which she died

or all the tax years from the beginning of the year in which you were married up to the end of the one in which she died.

Your Category A Pension calculated in this way will be paid when you claim your State Pension at any time from age 65. You will get any additional State Pension or Graduated Retirement Benefit (GRB) you have earned as well.

If you are entitled to long-term Incapacity Benefit

SS C & B Act 1992
41

If you qualified for long-term Incapacity Benefit under the special rules for widowers, this will become a Category A Pension if your incapacity continues up to age 65. For more information on Incapacity Benefit, request leaflet IB1 *A guide to Incapacity Benefit* from your pension centre or social security office.

Category B Pension from your late wife

SS C & B Act 1992
48BB

You may be entitled to a Category B Pension from your late wife.

- If, immediately before you reached State Pension age, you were a widower and you were entitled to a Widowed Parent's Allowance as a result of her death, the Category B Pension will be at the same rate as your Widowed Parent's Allowance.
- If you were a widower when you reached State Pension age and, as a result of her death you were entitled to a Bereavement Allowance at any time before reaching State Pension age, or a Widowed Parent's Allowance at any time when over age 45 (but not immediately before reaching State Pension age), you can get inherited additional State Pension. The amount will be uprated to take account of inflation but reduced if you did not get the full rate of Bereavement Allowance because of your age or you were under 55 when your Widowed Parent's Allowance ended.

If you were widowed before 6 October 2002, or if you are widowed after that date and your wife had already reached State Pension age before that date, you may get all of your late wife's additional State Pension. Otherwise, the amount of additional State Pension you may inherit is as shown in Table 5 on page 41. The maximum amount of State Second Pension that a widow or widower can inherit is 50%.

Composite Category A and B Pensions

SS C&B Act 1992
52 SS (MAC) Regs
1978

If you are entitled to both a Category A Pension and a Category B Pension, they may be combined to give you a composite State Pension. But:

- your basic State Pension cannot be more than the full rate paid to a single person
- your additional State Pension plus any inherited additional State Pension from your late wife cannot be more than the prescribed maximum payable to a surviving spouse.

Occupational and personal pensions

If you were widowed under the age of 65 and provided you were either:

over age 45 when your wife died

or under age 45 but had a child for whom you were entitled to Child Benefit

you would have been entitled to half of any Guaranteed Minimum Pension(s) (GMP(s)) that your wife had derived from her membership of a contracted-out salary related (COSR) scheme in years from, and including, 1988/89 to 1996/97. If your wife had been a member of a contracted-out money purchase (COMP) or personal pension scheme you would have been entitled to a pension based on her Protected Rights in the scheme.

Pension Schemes
Act 1993 46

If you are still entitled to the GMP(s) or Protected Rights when you reach age 65 you will keep getting them. If you are entitled to a Category B Pension from your late wife (or a Category A Pension because you were entitled to long-term Incapacity Benefit), a deduction may be made from your additional State Pension. Any such deduction would be in addition to a deduction made for any period when you were also a member of a contracted-out occupational or personal pension scheme between 6 April 1978 and 5 April 1997. For detailed information on contracted-out deductions, see page 46.

If you were widowed after 65 and your wife was under State Pension age

Category A Pension

If your Category A Pension does not reach the full rate it can be calculated in the same way as if you had been widowed before 65, except that each of the two periods for which your wife's record can be substituted will run to the end of the tax year in which you reached age 65.

Category B Pension

SS C & B Act
48B(4) & 48C(3)
and Pension
Schemes Act 1993
46

A man who reaches State Pension age after 6 April 2010 and who is then widowed will be able to qualify for a Category B Pension from his wife's NI contributions regardless of the age at which his wife dies. A deduction will be made from his additional State Pension to take account of any Guaranteed Minimum Pension(s) (GMP(s)) or Protected Rights entitlement paid to him in respect of his wife's membership of a contracted-out salary related (COSR), contracted-out money purchase (COMP) or personal pension scheme.

Occupational and personal pensions

You will be entitled to half of any GMP(s) that your wife had derived from her membership of a COSR scheme in the years from, and including, 1988/89 to 1996/97. If your wife had been a member of a COMP or personal pension scheme you will be entitled to a pension based on her Protected Rights in the scheme. No deduction will be made from your additional State Pension on account of these (see 'Contracted-out deductions' on page 46).

If you were widowed after 65 and your wife was over State Pension age

Category B Pension from your late wife

SS C & B Act 1992
51

You may be entitled to a Category B Pension from your wife. The entitlement conditions are:

- your wife died after 5 April 1979
- you were married to her when she died
- both of you were over State Pension age when she died
- your wife satisfied the conditions for basic State Pension or additional State Pension or both.

The rate of your Category B Pension will be the same rate as your late wife's basic State Pension.

Composite Category A and B Pensions

SS C & B Act 1992
52

You can combine your own Category A Pension and your late wife's Category B Pension to give you a composite State Pension. But:

your basic State Pension cannot be more than the full rate for a single person

and your additional State Pension cannot be more than the maximum payable at the time of her death. This will be based on the amount which would be payable to a single person who had contributed to the scheme with earnings at the scheme's upper limit from its beginning.

Graduated Retirement Benefit

SS (GRB) (No 2)
Regs 1978
Sched 1

You will be entitled to half the Graduated Retirement Benefit (GRB) to which your wife was entitled, but not any she got from a former husband, as well as GRB which you had earned yourself.

Increments

SS C & B Act 1992
Sched 5 para 4

If your wife was getting, or would have got, increments because she had not claimed her State Pension, you will get all of the basic and additional State Pension increments and half of her GRB increments, but not any which she may have received from a former husband. If you were widowed on or after 6 October 2002, the amount of any additional State Pension increments you may get will be as shown in Table 5 on page 41. Any increments you have earned will also be payable.

Lump sum

From April 2006, you may be able to choose a lump sum payment instead of increments from your late wife if she died before claiming her State Pension and she had given it up for at least 12 months after April 2005. See pages 60–62 for more information.

Occupational and personal pensions

You will be entitled to half of any Guaranteed Minimum Pension (GMP) that your late wife derived from her membership of a contracted-out salary related (COSR) scheme from 6 April 1988 to 5 April 1997. This will be added to your own GMP(s) earned during that period from 6 April 1978 to 5 April 1997 and the total deducted from the combined additional State Pension earned during that period which would have been paid if neither of you had been contracted out. You will also get half of any GMP increments she was entitled to, but these will not affect your additional State Pension. If your wife had been a member of a contracted-out money purchase (COMP) scheme or a personal pension scheme, the scheme must provide you with a pension based on her protected rights. A reduction will be made from the combined additional State Pension earned

during the period from 6 April 1978 to 5 April 1997. The reduction may be more or less than the pension provided by the scheme. For detailed information on contracted-out deductions, see page 46.

People whose marriages end by divorce or annulment

SS C & B Act 1992
48
SS (WB & RP) Regs
1979 8
and Sched 1

The following people whose marriages have ended by divorce or annulment may use the record of qualifying years of their former spouse instead of their own if their Category A Pension does not reach the full rate:

- men and women who had not reached State Pension age when their marriage ended and who have not remarried by the time they reach that age. (Before 6 April 1979 this only applied to women.)
- a person who is over State Pension age and whose marriage ended on or after 6 April 1979.

The record of your former spouse is substituted for either:

all the tax years in your working life up to the end of the tax year in which your marriage ended or the end of the tax year before the one in which you reach State Pension age, whichever comes first

or all the tax years in your working life from the beginning of the one in which you married your former spouse up to the end of the one in which your marriage ended, or before the one in which you reach State Pension age, whichever comes first.

Your Category A Pension calculated in this way will be paid when you reach State Pension age or, if later, the date your marriage ends. You will get any additional State Pension or GRB you have earned as well.

Welfare Reform
and Pensions Act
1999, Part IV SSC
& B Act 1992 45B,
55B

Pension sharing on divorce

From 1 December 2000, if you get divorced or your marriage is annulled you will be able to share most of your former spouse's private and additional State Pension rights but not the basic State Pension.

Pension sharing means that most pensions you or your spouse are entitled to can be shared between you. If your pension is shared you will receive a reduced pension in retirement, unless you can build up your pension rights again before you retire.

Pensions cannot be shared if action on your divorce or annulment started before 1 December 2000.

If you get divorced or your marriage is annulled, the value of pensions you or your spouse have paid into may affect any financial settlement and maintenance decided by a court.

If you want to know more, you may want to get legal advice from Citizens Advice, a local law centre or a solicitor.

Gender Recognition Act 2004

From 4 April 2005, if you have a full Gender Recognition Certificate, your State Pension age and the amount of State Pension you may get could change. A full Gender Recognition Certificate is given to a person who successfully applies to the Gender Recognition Panel to be legally recognised in the sex of their choice. You can get more information on the effect Gender Recognition Certificates have on State Pension and benefits from the section 'Guidance on Benefits and Pensions' within the Gender Recognition application form. You can find a copy of the form on the Gender Recognition Panel website at www.grp.gov.uk, or you can ask the Gender Recognition Panel Secretariat for a copy, by writing to: GRP, PO Box 6987, Leicester LE1 6ZX, or by telephoning: 0845 355 5155.

Claiming your State Pension

Having certain questions decided before you claim

SSA Act 1992
20(4)

If you have any doubts about dates of birth, marriage or death which may be relevant to your claim, you can ask about these in advance of your claim.

How to claim

Category A and B Pensions

SSA Act 1992 1

Before your State Pension or increased State Pension can become payable, you must claim it on the form BR1 provided by the Department for Work and Pensions, which you can request from your pension centre or social security office. But for an increased State Pension payable on the death of your spouse you should claim on the free certificate of registration of death issued by the Registrar when the death is reported.

When you are approaching State Pension age we will invite you to claim State Pension if our records show that you will qualify. We will do this about four months before you reach State Pension age. We will send you a letter telling you how much our records show you have qualified for so far. This will help you decide whether or not to claim at this time and what to do if you decide not to claim yet.

If you will not qualify for your own State Pension but you may be able to get one from a former spouse's National Insurance (NI) contributions record, we will send you an invitation to claim.

Please do not rely on us sending you an invitation to claim.

We might not, for example, have your current address recorded or your date of birth might be different to the one that we have.

Dependency increases

If you wish to claim an increase of your State Pension for dependants you must do so on a separate form. You should show on the claim form whom you want to claim for and a form will be sent to you. If you want to claim after your State Pension has started, contact your pension centre or social security office. The address and telephone number will be on any letters you have received from your pension centre or your social security office.

Category D Pension

If you are getting a State Pension when you reach 80 and its rate is less than the Category D rate, the higher rate will normally be paid without you having to claim it. If you are not getting a State Pension when you reach 80 but are getting Pension Credit, we will usually send you a claim form. If neither of these applies to you and you think you satisfy the conditions, request a claim form from your pension centre or social security office.

Time limits

SS (C & P) Regs
1987 19

You will not be entitled to State Pension for any period earlier than three months before the date your claim is made or treated as made. But from 6 July 2005, the three-month period will be gradually extended until 5 April 2006 when it will be 12 months. What this means is that during the period 6 July 2005 to 5 April 2006, you can claim State Pension for any period beginning on or after 6 April 2005.

You must claim an increase for a dependant no later than three months from the date on which you are entitled to it. In no circumstances can the increase be backdated more than three months before the date of your claim.

Choosing the date from which to claim your State Pension

You can claim your State Pension on any date from, and including, the day on which you reach State Pension age. Your State Pension will be paid from the first State Pension payday following the date of your claim – it may be better to claim from the State Pension payday. This is because State Pension cannot be paid for any days between the date you claim from and the first payday.

State Pension payday is a Monday, except for widow beneficiaries who are paid on a Tuesday.

If you get Severe Disablement Allowance (SDA) or Jobseeker's Allowance and the day you reach State Pension age is not a payday, choose the first payday after your birthday as the date you want your State Pension paid from.

If you get SDA and are a woman who plans to claim at age 65 or a man who plans to claim at age 70, you should claim from the payday before that birthday.

After you have claimed

Decision on your claim

SSA Act 1992
20–22
SS and Child
Support (Decisions
and Appeals)
Regs 1999

Once a decision has been made on your claim, you will be sent a letter explaining:

- the decision on your claim
- how your State Pension is made up
- what to do if you disagree with the decision.

If you were a member of a contracted-out pension scheme or a personal pension scheme used in place of SERPS, see page 50 'How much additional State Pension will be reduced'.

Duration of your State Pension

SS C & B Act 1992
44(1),
51(4) & 78(7)
SSP Act 1975 8(3)

From when you become entitled to your State Pension it is payable for your lifetime unless you give it up (see pages 60–62). You are entitled to State Pension all the time you satisfy the conditions for its payment. It may, however, be adjusted or suspended on account of any of the changes set out below.

Changes that can affect your State Pension

You must tell your pension centre or social security office straight away if there are any changes that might affect payment of your State Pension. All the changes you must tell the office are given below and are also listed in the notes sent to you about your payment.

Please read these carefully.

If your address is not shown correctly on documents we send to you, tell your pension centre or social security office. The address and telephone number will be on any letters you have received from your pension centre or social security office.

Your spouse's or partner's earnings

SS C & B Act 1992
83(3), 84(3) &
85(4)

If your spouse or partner has earnings over a certain amount, they will affect:

- any increase of your State Pension which you get for your spouse or someone looking after a child for you
- any increase of your State Pension which you get for children, but only if you live with your spouse or partner. It does not matter whether or not you receive an increase of your State Pension for your spouse or partner.

SS C & B Act 1992

Reporting your spouse's or partner's earnings

You must tell your pension centre or social security office as soon as your spouse or partner has earnings in any week which are above the levels given in leaflet GL23 *Social security benefit rates*. You can request this leaflet from your pension centre or social security office. If you do not know how much your spouse or partner is going to earn when they start work (for example, they are self-employed), you must still tell your pension centre or social security office that they are working. The address and telephone number will be on any letters you have received from your pension centre or social security office.

What counts as earnings:

SS C & B Act 1992
1 & 3
SSB (Comp. of
Earnings) Regs
1996

- wages, overtime, salary
- fees, commission
- regular tips, bonuses (except the Christmas Bonus) up to £10 paid by an employer
- pensions paid by employers and from personal pensions and self-employed pension arrangements
- basic allowances, attendance allowances and special responsibilities allowances as a councillor under the Local Government Act 1972 (or Local Government [Scotland] Act 1973) and Local Government and Housing Act 1989 whether or not the allowances are actually claimed or paid
- amounts received by taking in boarders and lodgers.

What does not count as earnings:

- meals provided by an employer at the workplace
- accommodation provided by an employer in which the employee lives as a condition of the job
- food or produce provided by an employer for the use of the employee and their household.

Deductions from earnings

If your spouse or partner works for an employer these can be deducted from their gross weekly earnings:

- reasonable work expenses such as trade union subscriptions, overalls and materials
- income tax
- National Insurance contributions (Class 1, 2 and 4)
- one half of any contributions made to an occupational or personal pension scheme.

Earnings not known week by week

If your spouse or partner does not know by the end of each week how much they earned in that week (for example, directors and some self-employed people), they should provide details of the type of work they do and any accounts they have showing profit and loss. There is no requirement for these figures to have been agreed by HM Revenue & Customs.

Going into hospital

SS C & B Act 1992
113(2)
SS (HIP) Regs 1975

If you go into hospital for in-patient treatment on the NHS, your State Pension will not normally be reduced until you have been in hospital for more than 52 weeks.

If you want to know more, see leaflet GL12 *Going into hospital?* You can request this leaflet from your pension centre or social security office.

Going abroad

SS C & B Act 1992
113(1)
SS (PA) Regs 1975

You can generally get your State Pension anywhere abroad.

If your State Pension is paid by Direct Payment into a bank or building society account, this can continue.

If you are paid by Direct Payment into a Post Office® card account, your benefit will be paid directly into the post office of your choice and will accrue for access on your return. Customers will not be able to access their Post Office® card account from abroad.

Cheque payment customers who go abroad and return within one month can continue to have their cheques delivered in the usual way. The cheques must be cashed within a month from when they are dated. Cheque payment customers going away for more than one month should contact their office who will suspend the issue of their payments until they return. Their benefit will accrue in their absence.

If you are living abroad when State Pension rates go up for pensioners living in the United Kingdom, you may be able to get the increased rate only if:

you are living in a European Union (EU) country including Gibraltar (see page 12)

- or* you are living in a country with which the UK has a reciprocal agreement which allows you to get the increased rate. These countries are Barbados, Bermuda, Israel, Jamaica, Guernsey, Jersey, Mauritius, Philippines, Switzerland, Turkey, USA, and the now separate republics of the former Yugoslavia (Bosnia-Herzegovina, Croatia, the State Union of Serbia-Montenegro and the former Yugoslav Republic of Macedonia).

Increases are also payable in Sark under UK domestic legislation.

If you go abroad temporarily to any other country but you remain ordinarily resident in the UK, you may still get the increased rate of State Pension. This would normally be paid in arrears when you return to the UK.

If you want to know more about how going abroad can affect your State Pension, get leaflet GL29 *Going abroad and social security benefits* from your pension centre or social security office or, if you are already abroad, from the International Pension Centre. The address is given on page 104.

Other changes you should report

You should also report any of the following changes straight away:

- you are a woman and marry or remarry
- your marriage ends because of the death of your spouse or by divorce or annulment
- you or a dependant for whom you get an increase of State Pension are imprisoned or detained in legal custody
- you or a dependant for whom you get an increase of State Pension start receiving some other benefit
- a dependant for whom you get an increase of State Pension dies
- a dependant for whom you get an increase of State Pension is involved in a trade dispute.

How your State Pension is paid

State Pension is normally paid direct into a bank or building society account. If you are genuinely unable to operate or manage an account we can also pay you by cheque.

SS (C & P) Regs
1987 16 & 21–22

Payment of your State Pension will start from either:

the day from which you have claimed it provided that day is a payday

or the first payday after the date you have claimed from.

Payment is not made for any days between the date you claim from and the first payday.

Payment direct into an account

This is the safest way for us to pay you and lets you choose how and when you get your money. You can use a bank or building society account. Most accounts let you use a cash machine, so you can get your money at any time of the day or night. Several major banks and building societies also let you collect cash from some of their accounts at your local Post Office®. You can choose to be paid weekly, at the end of every 4 weeks or 13 weeks.

The Post Office® also provides a bank account that State Pension can be paid into. This is called a Post Office® card account. With this account you can collect your money in cash from Post Office® branches.

Full information about payments is given on the State Pension Claim form BR1 which you can request from your pension centre or social security office.

Payment of small amounts

If your State Pension is not more than £5 a week it will normally be paid once a year in arrears by a cheque which you can pay into your bank or building society account or cash at the Post Office®. Or you can also if you wish have it paid straight into your account, when the yearly payment will be made shortly before Christmas.

Your first State Pension payments

At first, you may get slightly less State Pension than the full amount due to you while the exact amount of your State Pension is being worked out. Any arrears will be paid later. Your first payments may be made by cheque.

Income tax

Most of the amounts that make up your State Pension are treated as your income for tax purposes and should be included in any tax return. This includes:

- basic State Pension
- additional State Pension
- Graduated Retirement Benefit
- Long-term Incapacity Benefit Age Addition
- increments
- lump sum payment (taxation arrangements for the lump sum payment are subject to parliamentary approval)
- increases for adult dependants, but not for child dependants.

When State Pension rates go up, HM Revenue & Customs will usually get the new rates direct from the Department for Work and Pensions.

If you are getting short-term Incapacity Benefit at the **lower** rate or Severe Disablement Allowance when you reach State Pension age, you will wish to know that the first 28 weeks of payment do not count as income for tax purposes, but State Pension does.

If you want to know more about your tax position, ask at your local tax office or tax enquiry point (see in the phone book under **HM Revenue & Customs**), not at your pension centre or social security office.

Your State Pension forecast

You can ask for a State Pension forecast at any time prior to four months before you reach State Pension age.

For a forecast of both your basic State Pension and additional State Pension, request form BR19 from your pension centre or social security office, fill it in and send it to the address on the form.

Or write to:

Retirement Pension Forecasting Team
The Pension Service
Tyneview Park
Newcastle upon Tyne
NE98 1BA

You may also complete a claim form by telephone:

Tel. 0845 300 0168

Textphone 0845 300 0169

Further information

Rates of benefits

Rates of benefits are published each year by way of a Social Security Up-rating Order which is approved by Parliament. Benefits are usually uprated in April, at the beginning of each financial year.

Details of the benefit rates of all social security benefits, including non-contributory benefits, are available in leaflet GL23 *Social security benefit rates*, which you can request from your pension centre or social security office.

Leaflets

All the leaflets mentioned in this leaflet are free of charge. Some are available from your pension centre or social security office or by telephoning the Pensions Information Orderline on 0845 7 31 32 33. For your nearest office look in the phone book under **Social Security**. Some leaflets are also available in post offices or Jobcentres.

You can get more information from The Pension Service website. The address is: www.thepensionsservice.gov.uk

To contact us by email see the Contact Us section of the website.

Community advisers who belong to an organisation that gives benefit information to the public can join the Publicity Register. The Publicity Register gives advisers access to information from the Department for Work and Pensions and its Agencies. To join call 0845 602 4444 or fax 0870 241 2634 (9am – 6pm, Monday to Friday).

Overview leaflets

These two leaflets give basic information about The Pension Service and the social security benefits available:

- MG1 *A guide to benefits*
- GL23 *Social security benefit rates*

General information leaflets

These leaflets give information on the range of benefits that different groups of people can claim.

- D49 *What to do after a death in England and Wales*
(in Scotland get *What to do after a death in Scotland* issued by the Scottish Executive plus D49S *Social security supplement*)
- BC1 *Babies and children*
- GL14 *Widowed?*
- GL16 *Help with your rent*
- GL17 *Help with your council tax*
- RM1 *Retirement*
- SD1 *Sick or disabled*
- SD4 *Caring for someone?*
- WK1 *Financial help if you work or are looking for work*
- GL18 *Help from the Social Fund*
A quick guide to
 - Community Care Grants
 - Budgeting Loans
 - Crisis Loans
 - Funeral Payments
 - Cold Weather Payments
 - Winter Fuel Payments
- SERPSL1 *Important information for married people – Inheritance of SERPS*
- PC1L *Pension Credit*
- PM1 *A guide to your pension options*
- PM2 *State Pensions – Your guide*
- PM3 *Occupational pensions – Your guide*
- PM4 *Personal pensions – Your guide*
- PM5 *Pensions for the self-employed – Your guide*
- PM6 *Pensions for women – Your guide*
- PM7 *Contracted-out pensions – Your guide*

- PM8 *Stakeholder pensions – Your guide*
- PM9 *State Pensions for carers and parents – Your guide*
- WPA Leaflet 1 – *Notes about the War Disablement and War Widows Pension*

General information about benefits is also usually given on the claim forms.

Detailed information leaflets

The following guides give detailed information on particular benefits or benefit areas:

- IB1 *A guide to Incapacity Benefit*
- IS20 *A guide to Income Support*
- NP45 *A guide to bereavement benefits*
- NI260 DMA *A guide to Revision, Supersession and Appeal*
- HB5 *A guide to non-contributory benefits for disabled people and their carers*
- RR2 *A guide to Housing Benefit and Council Tax Benefit*
- SB16 *A guide to the Social Fund*

Advice for people with disabilities

A confidential telephone service is available for people with disabilities and their carers. **Ring the Benefit Enquiry Line (BEL) on 0800 88 22 00.** The line is open 8.30am to 6.30pm Monday to Friday and 9am to 1pm on Saturdays. People with speech or hearing problems using a textphone can dial **0800 24 33 55.**

The person taking your call will not have your personal papers but will be able to give you general advice. This advice **must not** be taken as a decision on any matter about which you are making an enquiry.

The Acts and Regulations and the 'Blue Volumes'

The Acts and Regulations which set down the rules explained in this guide are included in a series of loose-leaf books, *The Law relating to social security* (also known as the Blue Volumes) which is published by the Stationery Office.

The relevant Acts and Regulations are indexed and kept up to date by regular supplements.

Please contact your pension centre to make arrangements to view this guidance or consult your pension centre or social security office. Many libraries also have a copy. Copies can also be bought from the Stationery Office.

This guide refers you to the Acts and Regulations that cover particular rules. The Regulations may be changed or added to from time to time by new or amending Regulations. Each year an Uprating Order is published which changes the benefit rates. Also, a Revaluation Order is published each year which sets down the percentages by which earnings in previous years which are used in the calculation of additional State Pension and Guaranteed Minimum Pension are to be revalued.

The main Acts and Regulations referred to in this leaflet are listed below, together with their abbreviated forms.

Acts

Pension Schemes Act 1993

PSA 1993

Pensions Act 1995

PA 1995

Pensions Act 2004

Social Security Administration Act 1992

SSA Act 1992

Social Security Contributions & Benefits Act 1992

SS C & B Act 1992

SS (Incapacity for Work) Act 1994

Social Security Act 1998

Welfare Reform and Pensions Act 1999

Child Support, Pensions and Social Security Act 2000

Regulations

(SS = Social Security)	Statutory Instrument Number
OPS (D of I) Regs 1986 Occupational Pension Schemes (Disclosure of Information) Regulations 1986	1986/1046
POPS (AB) Regs 1987 Personal and Occupational Pension Schemes (Abatement of Benefit) Regulations 1987	1987/1113
PPS (D of I) Regs 1987 Personal Pension Schemes (Disclosure of Information) Regulations 1987	1987/1110
SF (RDB) Regs 1988 Social Fund (Recovery by Deductions from Benefits) Regulations 1988	1988/35
SS (C & P) Regs 1987 SS (Claims & Payments) Regulations 1987	1987/1968
SS and Child Support (Decisions and Appeals) Regs 1999	1999/991
SSB (Comp of Earnings) Regs 1996 SS Benefit (Computation of Earnings) Regulations 1996 EU Regulation 1408/71	1996/2745
SS (Credit) Regs 1975 SS (Credit) Regulations 1975	1975/556
SS (Dep) Regs 1977 SS (Dependency) Regulations 1977	1977/343
SS (EF) Regs 1979 SS (Earnings Factors) Regulations 1979	1979/676
SS (GRB) Regs 1978 SS (Graduated Retirement Benefit) Regulations 1978	1978/391

SS (GRB) (No 2) Regs 1978	1978/393
SS (Graduated Retirement Benefit) (No 2) Regulations 1978	
SS (HIP) Regs 1975	1975/555
SS (Hospital In-Patients) Regulations 1975	
SS (MAC) Regs 1978	1978/949
SS (Maximum Additional Component) Regulations 1978	1978/949
SS (OB) Regs 1979	1979/597
SS (Overlapping Benefit) Regulations 1979	
SS (PA) Regs 1975	1975/563
SS (Persons Abroad) Regulations 1975	
SS Pen (HR) Regs 1994	1994/704
SS Pensions (Home Responsibilities) Regulations 1994	
SS (POR) Regs 1988	1988/664
SS (Payment on account, Overpayments & Recovery) Regulations 1988	
SS (WB & RP) Regs 1979	1979/642
SS (Widow's Benefit & Retirement Pension) Regulations 1979	
SS (WB & RP) (Trans) Regs 1979	1979/643
SS (Widow's Benefit, Retirement Pensions & Other Benefit) Regulations 1979	
SS (W & WIP) Regs 1978	1978/529
SS (Widow's & Widower's Invalidity Pensions) Regulations 1978	
SS (Inherited SERPS) Regs 2001	2001/1085

The Decision Maker's Guide

The Decision Maker's Guide (DMG) gives guidance to decision makers on the interpretation of the law for all benefits. The DMG aims to ensure consistency in decision-making throughout the country. Please contact your pension centre to make arrangements to view this guidance or contact your social security office. Many libraries also have a copy. Copies can also be bought from the Stationery Office.

The Social Security Commissioners

The role of the Social Security Commissioners is to decide appeals on points of law from decisions of Social Security appeals tribunals. Reported decisions of the Commissioners deal with matters of important legal principle and must be followed by decision makers and the Appeals Service. They are published individually by the Stationery Office and are periodically gathered and published as Reported decisions of the Social Security Commissioner, also by the Stationery Office.

Useful addresses and contact details

International Pension Centre

The Pension Centre
Tyneview Park
Newcastle upon Tyne
NE98 1BA

Phone 0191 218 77 77

Centre for Non-residents

HM Revenue & Customs (formerly Inland Revenue)
National Insurance Contributions Office
Benton Park View
Newcastle upon Tyne
NE98 1ZZ

Phone 0845 9154 811

Tax Credit Helpline

Phone:

England, Scotland and Wales – 0845 300 3900
Northern Ireland only – 0845 603 2000

Textphone for people with hearing or speech difficulties:

England, Scotland and Wales – 0845 300 3909
Northern Ireland only – 0845 607 6078

All lines open 8am-8pm, seven days a week (except Christmas Day, Boxing Day, New Year's Day and Easter Sunday).

If you need help or forms in Welsh, please telephone 0845 302 1489 between 8.30am and 5pm, Monday to Friday.

Delivering public services and information online for disabled people and carers: www.direct.gov.uk/disability

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