



S O C I A L
S E C U R I T Y
A G E N C Y

National Insurance and your State Pension

The State Pension will change for people who reach State Pension age on or after the **6 April 2016**. This means:

- Women born on or after 6 April 1953
- Men born on or after 6 April 1951

The new State Pension will be easier to understand, meaning people will be able to know from a much younger age how much they're likely to get.

National Insurance and the State Pension

The amount of State Pension you get is based on your National Insurance record.

Your National Insurance record before 6 April 2016 is used to calculate your 'starting amount' under the new scheme.

Your starting amount will be the higher of either:

- the amount you would get under the current State Pension rules (which includes basic State Pension and additional State Pension)
- the amount you would get if the new State Pension had been in place at the start of your working life

Your starting amount will include a deduction if you were contracted out of the additional State Pension. You may have been contracted out because you were in a certain type of workplace, personal or stakeholder pension.

For illustrative purposes, this factsheet assumes the full amount of new State Pension will be £151.25 a week. The actual amount will be set in autumn 2015.

Under the new system, from April 2016, each qualifying year you have on your National Insurance record will add 1/35th of the full amount of the new State Pension. This means that you would get £4.32 (the £4.32 is £151.25 divided by 35) a week for each qualifying year to a maximum of £151.25.

What's a 'qualifying year'?

Each tax year (6 April to 5 April) that you pay enough National Insurance contributions or get National Insurance credits counts as a 'qualifying year' on your National Insurance record, provided you earn (or are credited as earning) over a minimum amount. You can get National Insurance credits in certain circumstances, for example when you're ill or unemployed or claiming certain benefits (including Child Benefit for a child under 12).

Building up your qualifying years

You build up qualifying years on your National Insurance record by paying National Insurance contributions or getting National Insurance credits. You will usually have a single qualifying year if in a tax year you were:

- **employed** and earn over a certain amount (£5,824 in the 2015/16 tax year)
- **self-employed** and your profits are above a certain amount (£5,965 in the 2015/16 tax year) and made National Insurance contributions
- **getting certain benefits**, for example:
 - Jobseeker's Allowance
 - Employment and Support Allowance
 - Severe Disablement Allowance
 - Child Benefit for a child under 12 (under 16 before 2010)
- **getting Carer's Credit** - for more information on this credit go to: www.nidirect.gov.uk/carers-credit
- **paying voluntary National Insurance contributions** – for more information go to: www.nidirect.gov.uk/do-you-need-to-top-up-your-national-insurance-contributions

You can build a qualifying year with a combination of National Insurance contributions and credits.

For information on NI credits go to: www.nidirect.gov.uk/getting-credits-towards-your-state-pension

Get a State Pension statement

Find out how to get an estimate of your State Pension based on your current National Insurance record at: www.nidirect.gov.uk/getting-a-state-pension-statement