



Changes to your future

Will the 1995
Pensions Act
affect
your
state pension?



benefits
ba
agency

An Executive Agency of
the Department of Social Security

This leaflet tells you briefly about how the 1995 Pensions Act could change **your** state retirement pension or widow's benefit. The leaflet does **not** cover non-state pension schemes that people may join instead of the State Earnings-Related Scheme (that is, occupational and personal pension schemes). You can find out more about these from leaflet PEC 2 *About pensions* (see 'More information' page 12).

This leaflet gives general guidance only and should not be treated as a complete and authoritative statement of the law.

Contents

4	About your state pension
6	New pension age for women
8	Other changes for women
10	Changes for married men
11	Help for people on low incomes
12	More information
15	Key dates for state pensions

About your state pension

State Retirement Pension is made up of:

- Basic Pension, which depends on standard rate National Insurance contributions you have paid
- Additional Pension from the State Earnings-Related Pension Scheme (SERPS) if since 1978 your earnings as an employee were above a certain level. But see 'Contracting out of SERPS' below.

If you worked during the period April 1961 to April 1975, you may have earned state Graduated Retirement Benefit, which was also earnings-related (see page 9).

Married women and widows who chose to pay reduced rate contributions will not earn a pension from those contributions but can get a pension based on their husband's contributions.

Contracting out of SERPS

Many people contract out of, or leave, SERPS. This means that you

- belong to a contracted-out occupational scheme
- or** have an appropriate personal pension

which offers benefits in place of SERPS. Even if you are contracted-out of SERPS you may still get a small amount of Additional Pension when you retire. For changes from April 1997 see page 15.

Delaying your state pension

At present you can increase your pension if you do not claim it when you reach pension age. You can earn an increase of about 7½ per cent for each year you put off claiming, but you can only earn increases for up to five years after pension age.

From 6 April 2010:

- for each year you delay claiming, your pension will increase by roughly 10.4 per cent
- you can go on earning increases for as long as you choose.

Your state pension forecast

You can find out what your pension will be by getting a pension forecast. You need to ask for this at least four months before you reach pension age. Get form BR 19 from a social security office.

New pension age for women

From 6 April 2020 the state pension for women will be 65 – the same as for men. From 2010 women's pension age will be gradually increased to bring it up to age 65 by April 2020.

Women whose pension age has changed will go on paying National Insurance contributions up to their new pension age and their working life will become longer (see page 8).

Women born on or after 6 April 1955

- If you were born on or after 6 April 1955 your new state pension age will be 65.

Women born between 6 April 1950 and 5 April 1955

- If you were born between 6 April 1950 and 5 April 1955 your new state pension age will be between on a certain date 60 and 65.

Born on or between	Pension age
6 April 1950 and 5 April 1951	between 60 and 61
6 April 1951 and 5 April 1952	between 61 and 62
6 April 1952 and 5 April 1953	between 62 and 63
6 April 1953 and 5 April 1954	between 63 and 64
6 April 1954 and 5 April 1955	between 64 and 65

You can find out exactly when you will be able to get your pension from leaflet EQP 1a *Equality in state pension age* (see 'More information' page 12).

Women born before 6 April 1950

- If you were born before 6 April 1950 your state pension age will be 60.

Widows

The revised pension ages will affect widows as follows. If:

- you are already a widow
- and** your pension age is set to change
- and** you get Widowed Mother's Allowance or Widow's Pension

you will have to wait until your new pension age before you can choose to claim Retirement Pension instead of your widow's benefit.

If:

- you are a married woman with a revised pension age
- and** you become widowed before that age

you will be able to claim widow's benefit up to your new pension age, and then choose to claim Retirement Pension instead.

You must claim Retirement Pension by age 65.



Other changes for women

How long you pay National Insurance for your pension

To get a full Basic Pension on your own National Insurance record you need to pay contributions over what is called your **working life**. This is the period over which you have to pay contributions to qualify for a pension. To get any pension at all you need to have paid contributions for at least a quarter of that period.

At present, working life for a woman who retires at age 60 is 44 years. A man whose state pension age is 65 has a working life of 49 years. As women's state pension age rises, their working life will increase until it is the same as for men.

You may not need to pay contributions for a full pension all your working life if you get benefit because you are disabled or you are caring for someone (see page 9).

Credit of earnings at age 60 or over

From 6 April 2010 if you have been paying standard rate contributions and:

are aged 60 or over but under pension age

and do not work or earn too little to pay contributions

and do not pay flat-rate self employed contributions or go abroad for half of any tax year (6 April to following 5 April)

you will be credited with enough earnings to make those tax years qualifying ones for pension purposes. These are called **autocredits**. Men can already get autocredits.

An increase of your Retirement Pension for your husband

You can get an increase of pension for your husband provided:

he gets no state pension or benefit or training allowance

you do not get benefit for him from the Industrial Injuries or War Pensions schemes.

- his income is below a certain level.

At present you must meet an extra condition: you must have been getting an increase of Unemployment Benefit or Incapacity Benefit for him just before you claimed your pension. From 6 April 2010 this will no longer apply.

Graduated Retirement Benefit

You may have earned Graduated Retirement Benefit if you were employed between 1961 and 1975. You will qualify if you paid **graduated contributions** during the period April 1961 to April 1975. Your social security office can tell you qualify.

At present Graduated Retirement Benefit is worked out differently for men and women. From 6 April 2010, the rate will be the same.

War widows who have remarried

If you

- had a war widow's pension which was withdrawn on remarriage

and that marriage has now ended, for instance because your husband died or you are legally separated

the Pensions Act which came into force on 19 July 1995 allows you to re-claim your war widow's pension. Write to:

War Pensions Agency
DSS Norcross
Blackpool, Lancs
FY5 3WP

or phone the War Pensions Helpline on: **01253 858 858**
(Mon-Thur: 8.15am to 5.15pm, Fri: 8.15am to 4.30pm).

Changes for married men

From 6 April 2010 if your wife's National Insurance record is better than your own you will be able to use her record to:

- get a pension if you do not qualify on your own contributions
- or improve the pension you can get up to a set amount, currently £35.25 (£36.60 from 8 April 1996).

Married women can already use their husband's record in this way. (See also 'Working people', page 11).



Help for people on low incomes

Working people

Family Credit is a benefit to help working parents with children increase their income. See leaflet FB 4 *Cash help while you're working*. Disability Working Allowance is a benefit to help working people with disabilities. See leaflet FB 28 *Sick or disabled?*

If you reach pension age on or after 6 April 1999 and you have been getting either Family Credit or Disability Working Allowance at any time from 6 April 1995, this will count towards your pension in two ways:

- your National Insurance record will be credited with earnings for future pension purposes for each week that you were getting benefit (this already happens for Disability Working Allowance)
- the benefit payments will count as earnings when we work out any Additional Pension for you.

Caring for someone

Home Responsibilities Protection (HRP) is a special arrangement to help people who do not work regularly or earn too little to pay contributions because they look after a child or a sick or disabled person. It works by reducing the number of years in which you have to pay contributions to get a full Basic Pension (and, in the case of a man, it helps protect his wife's right to a widow's benefit). With HRP you still need to have paid contributions for at least 20 years to get a full Basic Pension. Contributions for 20 years with 19 years of HRP will give a full Basic Pension. See form CF 411 *How to protect your state Retirement Pension if you are looking after someone at home*.

HRP is changing in two ways:

- if you retire or are widowed on or after 6 April 1999, HRP will count towards Additional Pension, as well as Basic Pension
- from 6 April 2020 at least 22 years of contributions will be needed to get a full Basic Pension.

More information

How to get leaflets

All social security leaflets are free. You can get leaflets on **pensions and widows' benefits** by writing to:

DSS Pensions
FREEPOST BS 5555/1
Bristol
BS99 1BL

or by phoning the Pensions Info-Line on **0345 31 32 33** (open 24 hours, calls charged at local rates).

You can get leaflets on **all social security benefits** from social security offices. Some leaflets are also in post offices.

More about pensions changes

- PEC 3 *The 1995 Pensions Act* (summary of the main effects on state and non-state pension)
- EQP 1a *Equality in state pension age* (revised pension dates for women)

More on retiring and benefits if you are widowed

- FB 6 *Retiring?* (in post offices from April 1996)
- PEC 2 *About pensions*
- PEC 4 *What are you doing after work? Your guide to pensions and how they affect your retirement* (help on pensions choices)
- NP 45 *A guide to widows' benefits* (detailed guide to regulations, 1996 editions will cover pensions changes)
- NP 46 *A guide to retirement pensions* (detailed guide to regulations, 1996 editions will cover pensions changes)

More on non-state pensions

To find out more about your occupational pension scheme, ask your employer, the scheme trustees or managers. If you are thinking about getting a personal pension, you should seek further information (see leaflets PEC 2 and PEC 4, listed on page 12). It is advisable to consult an independent financial adviser.

For questions about contracting-out, ask:

Contracted-out Employments Group
DSS Contributions Agency
Newcastle upon Tyne
NE98 1YX
(see also under 'Helplines').

General social security information

- ask a social security office (see the advert under Benefits Agency in the BT Phone Book for your nearest office)
- phone one of the helplines below
- get leaflet FB 2 *Which benefit?* from a social security office or post office. This covers all benefits.

Helplines

- **Pensions Info-Line**
Phone **0345 31 32 33** for the latest leaflets on pensions changes.
Calls are charged at local rates.
- **Contracting out of SERPS**
You can phone the Contracted-out Employments Group, DSS Contributions Agency on: **06451 50150**.

○ **Social security advice**

You can phone these numbers free for general advice.
Phone Mon–Fri 7.30am to 5.30pm, Sat 9.00am to 1.00pm.

The operator will not know about claims you have already made,
and cannot pass your call to your local office.

Advice in English **0800 666 555**

Advice in Welsh **0800 28 90 11**

Advice in Chinese **0800 25 24 51**

Advice in Punjabi **0800 52 13 60**

Advice in Urdu **0800 28 91 88**

○ **If you have speech or hearing problems
or are disabled**

Phone the Benefit Enquiry Line (BEL) for people with disabilities and
their carers. The call is free. BEL can give you general advice and
help fill in a claim form.

Phone Mon–Fri 8.30am to 6.30pm, Sat 9.00am to 1.00pm.

Voice **0800 88 22 00**

Help to fill in forms **0800 44 11 44**

People with speech or hearing problems
using textphones can dial

0800 24 33 55

Key dates for state pensions

19 July 1995

The new 1995 Pensions Act became law.

6 April 1997

From 6 April 1997, if you are in a contracted-out occupational or personal pension scheme, you will no longer earn any Additional Pension on top. See page 4 for pensions earned before that date.

From 6 April 1997 Additional Pension will continue to be increased in line with the Retail Price Index. Non-state pension schemes will be required to protect benefits payable for the years you are in the scheme after 6 April 1997 against inflation up to 5 per cent each year.

6 April 1999

If you retire or are widowed on or after 6 April 1999, any Family Credit or Disability Working Allowance awarded from April 1995 will count towards both Basic and Additional Pension (see page 11).

6 April 2010

State pension age for women begins to increase from 60 to 65 over a ten-year period. By 6 April 2020 women will have the same pension age as men (65). Other changes will be introduced to work out pensions and additional allowances for men and women in the same way (see pages 6–9).

If you put off drawing your pension it will increase by roughly 10.4 per cent for each year, and there will be no time limit on how long you can continue to earn extra pension by delaying your claim.

6 April 2020

State pension age will be 65 for men and women.

Leaflet EQP 201. Effective from February 1996.
Issued by the Benefits Agency.
100M, February 1996
PSG 17/211547/0296/100MNE

48748-3001

