

Dear Mr Toy,

Thank you for your Freedom of Information request of 9<sup>th</sup> July 2016. You asked:

*"Dear Department for Work and Pensions,*

*Unemployed citizens in receipt of Jobseeker's Allowance also receive Class 1 National Contributions for the duration of their unemployment, maintaining their entitlement to the full old age pension. I have been told that Universal Credit claimants only receive Class 3 National Insurance payments when between jobs, meaning that Universal Credit claimants could well end up retiring on a lower pension than Jobseeker's Allowance claimants for similar periods of joblessness.*

*Is this true?*

*If it is true why should Universal Credit, a benefit which is supposed to parallel receipt of income via employment, doom its claimant to a lower pension after retirement than was the case under Jobseeker's Allowance all other things being equal?"*

All claimants who are entitled to Universal Credit (only) are credited with a Class 3 National Insurance contribution which protects entitlement to the State Pension (and Bereavement Benefits until 2017). By doing so it provides more comprehensive State Pension coverage, by extending crediting arrangements to claimants who are not already credited under existing benefits, for example, Housing Benefit claimants earning below the Lower Earnings Limit; and non-working partners of claimants in low paid jobs.

However, although the Class 3 contribution does provide this protection, it is not possible to assign a value to the contribution it makes towards State Pension entitlement, as this will depend on how incomplete an individual's contribution record is when they reach State Pension age i.e. the number of qualifying years they have. To gain a qualifying year a person must have:

- been paid Class 1, 2 or 3 National Insurance contributions;
- been treated as having paid Class 1 National Insurance contributions; or
- been credited with National Insurance credits equal to the Lower Earnings Limit x 52 in any tax year.

Therefore as an example, entitlement to the new State Pension (that started from 6<sup>th</sup> April 2016) is based on a minimum qualifying period of 10 years but to gain the full State Pension an individual needs 35 qualifying years.

For information, if a claimant is receiving Universal Credit and a contributory working age benefit, for example, contributory Jobseeker's Allowance, they will be credited with a Class 1 National Insurance contribution, which count towards future contributory benefit entitlement.

If you have any queries about this letter please contact me quoting the reference number above.

Yours sincerely,

DWP Strategy Fol Team

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**Your right to complain under the Freedom of Information Act**

If you are not happy with this response you may request an internal review by e-mailing [freedom-of-information-request@dwpgsi.gov.uk](mailto:freedom-of-information-request@dwpgsi.gov.uk) or by writing to DWP, Central Fol Team, Caxton House, Tothill Street, SW1H 9NA. Any review request should be submitted within two months of the date of this letter.

If you are not content with the outcome of the internal review you may apply directly to the Information Commissioner's Office for a decision. Generally the Commissioner cannot make a decision unless you have exhausted our own complaints procedure. The Information Commissioner can be contacted at: The Information Commissioner's Office, Wycliffe House, Water Lane, Wilmslow Cheshire SK9 5AF [www.ico.gov.uk](http://www.ico.gov.uk)