

**NP46 (April 1997)**

## **A Guide to Retirement Pensions**

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A guide to

# ***Retirement Pensions***



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## **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 Retirement Pensions. Full details of all these guides are on page 87-88.

For information about Social Security benefits in general, see page 86.

## ***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 Retirement Pension scheme is the Social Security Contributions and Benefits Act 1992, Social Security Administration Act 1992 the Pension Schemes Act 1993 and the Pensions Act 1995. These Acts provide the framework for the detailed rules contained in Regulations made by the Secretary of State and approved by Parliament. Pages 89-92 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 legal wording of the rules. The numbers are relevant sections of the Acts or the specific regulations. The abbreviated forms of the references are explained on pages 89-92.

## ***People who live or have lived in Scotland***

Scots 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 adjudication officer 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 spouse's Retirement Pension or Retirement Pension based on your spouse's contributions. Contact your local Social Security office for further information.

### ***People who live in Northern Ireland***

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This leaflet has been published for Great Britain so some information, such as references to legislation and Council Tax, will not apply in Northern Ireland. Addresses may also be different. For full details you can get the Northern Ireland version of this leaflet from your nearest Social Security office or from:

Pensions Branch  
Castle Buildings  
Stormont  
Belfast  
BT4 3SP

### ***What is Social Security?***

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Social Security is a system of cash benefits that are payable in certain situations – for example, if you are a widow, if you are sick or disabled, if you are out of work, if you are on a low income or when you reach pensionable age and claim your pension. Social Security benefits are paid for by the National Insurance (NI) contributions that most people at work and their employers pay, and out of taxes.

## Meanings of terms

## used in this guide

**SS C & B Act 1992 122(1)**  
**Pensions Act 1995 126 Sched 4**

### **Pensionable age**

Pensionable age is the minimum age people must be before they can claim and receive a state Retirement Pension. This is currently 60 for a woman and 65 for a man. Pensionable age will be equalised at 65 for both men and women from 6 April 2020. The change from the current pensionable age of 60 for women to 65 will be phased in over a ten year period from 2010 to 2020. Pensionable age for:

- men is 65
- women born on or before 5 April 1950 is 60
- women born on or after 6 April 1955 is 65 the same as men.

For women born after 5 April 1950 but before 6 April 1955, pensionable age is 60 plus one month for each month (or part month) that their date of birth fell after 5 April 1950. Table 1 (page 8) shows the pensionable age for women born in that period and the earliest date (pension date) a pension can be paid.

**SS C & B Act 1992 122(1)**

### **Tax year**

This starts on 6 April of one year and ends on 5 April of the following year.

**SS C & B Act 1992 5**

### **Lower and upper earnings limits**

These are weekly or monthly amounts which are fixed at the start of every tax year. If you work for an employer and are under pensionable age, you and your employer must pay Class 1 NI contributions once your earnings reach the lower earnings limit on all earnings up to the upper earnings limit. Employers also pay contributions on earnings above the upper earnings limit. For the current limits, see leaflet NI 196 *Social Security benefit rates*.

**SS C & B Act 1992 1(2) & 5-18**

### **Classes of National Insurance (NI) contributions**

There are five classes of NI contributions. Only three count towards qualifying years for pensions:

**Class 1** – paid by employed earners and their employers. The contributions paid by employed earners are payable at an initial lower rate up to the lower earnings limit, and a main rate on earnings above the

lower earnings limit up to the upper earnings limit. (Some married women and widows can still pay at a reduced rate.) If earnings are below the lower earnings limit, the employed earner does not pay contributions.

**Class 2** – paid by self-employed people. They are paid at a flat rate.

**Class 3** – voluntary contributions which may be paid to protect a person's NI record in some circumstances. They are paid at a flat rate.

### **Full liability**

If you have full liability, you must pay the initial lower rate and main rate Class 1 contributions when you work for an employer or Class 2 contributions when you are self-employed.

Since the present contribution arrangements started, everyone who is employed or self-employed automatically has full liability unless they had the right to reduced liability then and still have it.

### **Reduced liability**

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 any contributory benefit.

For more information about reduced liability, see leaflets CA 13 *National Insurance for married women* or CA 09 *National Insurance for widows*.

### **National groups**

**Great Britain (GB)** means England, Scotland and Wales only.

**United Kingdom (UK)** means Great Britain, Northern Ireland, and the Isle of Man (but not the Channel Islands).

**The European Community (EC)** is Austria, Belgium, Denmark, Finland, France, Germany, Greece, Italy, Luxembourg, Netherlands, Portugal, Republic of Ireland, Spain (including the Balearic and Canary Islands), Sweden, UK (including Gibraltar but excluding the Isle of



Man and the Channel Islands). Some of these countries have additional territories that may also be included. The EC health care and social security rules also apply to Iceland, Liechtenstein and Norway.

**Table 1 – Revised 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 pension age than someone born at the beginning.

Date of birth	Pensionable 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

<b>Date of birth</b>	<b>Pensionable age (in years/months)</b>	<b>Pension date</b>
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
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

## ***Categories of***

## ***Retirement Pension***

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

- Category A
- Category B
- Category C
- Category D.

SS C & B Act 1992 44-46

### ***Category A Pensions***

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

- Basic Pension – dependent on the number of qualifying years you have in your working life
- Additional Pension – dependent on your earnings since April 1978.

#### **Who can get a Category A Pension**

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

Further information on the last three groups is given in the section 'Groups for which there are special provisions'.

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

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

- you have reached pensionable age
- you satisfy the conditions for Basic Pension or Additional Pension or both. See 'Basic Retirement

Pension – the contribution conditions' (page 13)  
and 'The State Earnings-Related Pension Scheme'  
(page 26)

- you make a claim for the pension.

**SS C & B Act 1992 49-51**  
**Pensions Act 1995 126 Sched 4**

## ***Category B Pensions***

A Category B Pension is contributory. It can, like a Category A Pension, consist of either a Basic Pension or Additional 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'.

From 6 April 2010 the arrangement which allows married women to get a pension based on their husband's National Insurance contributions will be extended to men. This will mean that both men and women can get a Basic Pension based on their spouse's National Insurance contributions if this is better than the pension based on their own contribution record.

**SS C & B Act 1992 78**  
**and SS (WB & RP) Regs 1979**

## ***Category C Pensions***

A Category C Pension is non-contributory. It is payable to men and women who had reached pensionable age by 5 July 1948 and who satisfied certain residence conditions. The wives, widows and former wives of men who qualified also qualified provided the conditions were met.

Because of the unlikelihood of any further claims for Category C Pensions, no further information is given in this guide. If you want to know more about them, ask at your Social Security office.

**SS C & B Act 1992 78  
and SS (WB & RP) Regs 1979**

## ***Category D Pensions***

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

- you reach 80
- and** satisfy certain residence conditions
- and** are not entitled to another category of 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 80 or over
- and** at the time you claim you normally live in England, Scotland or Wales
- and** you have lived in the United Kingdom for a total of 10 years or more in any continuous period of 20 years after your 60th birthday.

If you have lived in Gibraltar or in another member state of the European Community, this may help you to satisfy these conditions.

## Basic Retirement

## Pension – the

## contribution

## conditions

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

**SS C & B Act 1992  
Sched 3 Para 5(8)  
and SS (WB & RP)  
(Trans) Regs 1979 7(7)-(8)  
Pensions Act 1995**

There are two conditions you have to meet:

### Condition 1

You must either:

have one qualifying year since 6 April 1975 which is derived from the actual payment of Class 1, 2 or 3 NI contributions

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

### Condition 2

To get the full rate (100 per cent) Basic Pension you must have qualifying years for about 90 per cent of the years in your working life. Table 2 (page 14) shows the number of qualifying years that you will normally need.

To get the minimum Basic Pension payable (25 per cent) you normally need 9 or 10 qualifying years. See Table 4 on page 22.

## Working life

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

- 49 years for men
- 44 years for women born on or before 5 October 1950
- 45 years for women born 6/10/50 to 5/10/51
- 46 years for women born 6/10/51 to 5/10/52
- 47 years for women born 6/10/52 to 5/10/53
- 48 years for women born 6/10/53 to 5/10/54
- 49 years for women born 6/10/54 or later.

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

But if you were over 16 when the NI scheme started on 5 July 1948, your working life will depend on whether you were already insured for pension purposes at 5 July 1948. Under the scheme that existed before that date, not all employment was insurable nor was insurance necessarily continuous.

If you were already insured for pension purposes on 5 July 1948, your working life will start on the latest of these dates:

at the beginning of the tax year in which you last entered the National Insurance scheme

or on 6 April 1936.

If you were not insured for pension purposes on 5 July 1948, your working life started on 6 April 1948.

SS C & B Act 1992 122(1)

***Qualifying year***

A qualifying year for the Basic 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.

***Table 2 – Working life and qualifying years***

Length of working life	Number of qualifying years needed
41 years or more	Length of working life minus five
31-40 years	Length of working life minus four

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

## ***What counts as qualifying earnings for Basic Retirement Pension***

### **Earnings from Class 1 employment**

Earnings on which you have paid full rate Class 1 contributions count as qualifying earnings.

Earnings of married women and widows on which they have paid reduced-rate Class 1 contributions do not count as qualifying earnings.

### **Class 2 and Class 3 contributions**

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 1995/1996 to be a qualifying year you need earnings of at least £3,016 (52 x lower earnings limit of £58 applying in that year). If you paid 20 Class 2 contributions in that year they would count as earnings of £1,160 (20 x £58) towards the qualifying level of £3,016.

### **Credit of earnings**

If your earnings in a tax year do not reach the level needed to make it a qualifying year, you will be credited with them in either of the following cases.

- In the tax year concerned you had received Invalid Care Allowance, Disability Working Allowance, Jobseeker's Allowance, Incapacity Benefit, Severe Disablement Allowance or Approved Training. Each week you received the benefit or training can count as one week's earnings at the lower earnings limit. If you reach pensionable age on or after 6 April 1999 you will be credited with earnings for each week from and including 6 April 1995 that you receive Family Credit.
- From the 1983/84 tax year men have been credited with earnings for the tax year in which they reach age 60 up to the one before they reach age 65. From 6 April 2010 this arrangement will be extended to

SS C & B Act 1992(9)  
SS (Credits) Regs 1975  
Pensions Act 1995 127



women. From that date men and women will be credited with earnings for the tax year in which they reach age 60 up to the one before they reach pensionable age. The credit of earnings does not apply for any week in which you are liable to pay Class 2 contributions or for any year during which you are abroad for 182 days or more.

(The earnings are credited for Condition 2 only up to but not exceeding the level needed to make the year a qualifying year. They are not credited to married women and widows who have reduced contribution liability.)

SS (WP & RP)  
(Trans) Regs 1979 7(4)-(6)

***Credit of contributions if your working life started before 5 July 1948***

For Condition 2 only, if your working life started before 5 July 1948 you will be credited with a contribution for each week from the start of your working life up to that date. Table 3 shows the number of contributions credited depending upon when your working life started.

***Table 3 – Credit of contributions for periods before 5 July 1948***

Date working life starts	Number of contributions credited to 5 July 1948
6 April 1936	639
6 April 1937	587
6 April 1938	535
6 April 1939	483
6 April 1940	431
6 April 1941	379
6 April 1942	326
6 April 1943	274
6 April 1944	222
6 April 1945	170
6 April 1946	118
6 April 1947	66
6 April 1948	13

**SS (WP & RP)**  
**(Trans) Regs 1979 7(2)**

### ***Flat-rate contributions paid or credited before 6 April 1975***

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 June 1946. You get 118 contributions credited as described in the previous paragraph. Between 5 July 1948 and 5 April 1975 you pay or are credited with a total of 1,219 contributions.

Your grand total is  $1,219 + 118 = 1,337$

Your qualifying years will be  $\frac{1,337}{50} = 27$  years

**SSA Act 1992 177 & 179**

### ***How having lived outside Great Britain may affect you***

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

If you have lived in a European Community (EC) country including Gibraltar, 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 Pension.

You may also be entitled to a pension from the other country/countries.

The countries with agreements affecting Retirement Pensions are: Australia, Barbados, Bermuda, Canada, Cyprus, Israel, Jamaica, Jersey and Guernsey, Malta, Mauritius, New Zealand, Philippines, Switzerland, Turkey, USA and the former Yugoslavia (includes Serbia and Montenegro and the successor states of Croatia,

Slovenia, Bosnia Hercegovina and the former Yugoslavia Republic of Macedonia).

Ask at your Social Security office if you think that your right to a pension may be affected by any of these arrangements.

SS Pen (HR & Misc A) Regs  
1978, SS Pen (HR) Regs 1994

## ***Home Responsibilities Protection (HRP)***

### **The purpose of HRP**

HRP has been available for complete tax years from April 1978. It is intended to help protect the Basic Retirement Pension (and widows' benefits) of people precluded from regular employment because they are caring for children or a sick or disabled person at home. When your Basic Pension is worked out, the number of years for which you get HRP is taken away from the number of qualifying years otherwise needed to calculate your pension (see Table 2 page 14).

For a full Basic Pension, however, HRP cannot reduce the number of qualifying years below 20. (From 6 April 2020, when pensionable age for men and women is equalised at 65, HRP cannot reduce the number of qualifying years below 22.)

If you have less than 20 qualifying years (22 from 6 April 2020), you may get a reduced pension. See Example A (page 24).

At present the provisions cover Basic Pension only. However, arrangements are being made to extend HRP coverage to the State Earnings-Related Pension Scheme for those retiring (or widowed) on or after 6 April 1999.

### **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 Invalid Care Allowance, you can be credited with earnings.

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 pension if you pay Class 3 (voluntary) contributions to make up the year into a qualifying year.

If you have qualifying earnings from standard-rate Class 1 contributions in a tax year but not enough to make it a qualifying year, a statement of your NI account will be sent to your last recorded address, 15 to 18 months after the end of the tax year. This will tell you how many Class 3 contributions you need to pay to make the year a qualifying year. You can then ask your Social Security office whether it is worth paying the contributions. Get leaflet CA 08 *National Insurance voluntary contributions*.

### **Can you get HRP?**

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

you were the main payee (ie yours is the first name on the order book or shown at the top of any letters from Child Benefit Centre) getting 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, Constant Attendance Allowance or the highest or middle rate of Disability Living Allowance Care Component:

throughout the whole of tax years up to 5.4.1988

**and** for at least 48 weeks in tax years from 6.4.1988

**or** you have been getting Income Support and were not required to be available for employment so that you can look after a sick or disabled person at home

- or you have been covered by a combination of these conditions.

**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 **two-year test**.

Unless you are certain of your position you should check it with your Social Security office. You may find that you no longer have reduced liability and therefore can get HRP.

### **How to get HRP**

You will get HRP without applying for it if any of the following apply to you:

- you are the main payee for Child Benefit and you are a woman who has been getting Child Benefit for a child under 16 for the whole tax year.  
HRP will be given to you for the past period automatically when the Child Benefit stops or your youngest child reaches 16, whichever is earlier;
- or you are the main payee for Child Benefit and you are a man who has been getting Child Benefit for a child under 16 for the whole tax year. (If you are a married man, you can get Child Benefit only if you produce a signed statement from your wife that she does not wish to claim that benefit. See leaflet CH 1 *Child Benefit*.)
- 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 will be recorded automatically at the end of each tax year.

**You must apply for HRP for each tax year if:**

you are looking after someone who is getting an Attendance Allowance, Constant Attendance Allowance or the highest or middle rate of Disability Living Allowance care component

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

### **How to apply for HRP**

If you have to apply, complete form CF 411 *How to protect your state retirement pension if you are looking after someone at home* (available only from a Social Security office). Apply any time after the end of the tax year for which you want HRP.

### ***Contribution conditions only partly satisfied***

If you cannot get a full-rate Basic Pension, you may get one at a reduced rate if:

you satisfy the first contribution condition

- and** you have enough qualifying years to give you at least a quarter of the full rate of Basic Pension. Below this no Basic Pension is payable.

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

Basic Pension for your wife, widow or widower based on your contributions

- and** any increase paid to you for an adult dependent.

Table 4 (page 22) shows the percentage of full Basic 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 for previous years to enable you either to qualify for a Basic Pension at the minimum rate or to increase the rate of the Basic Pension for which you have qualified.

If you wish to know if this is possible in your case, ask your Social Security office. If you are abroad, you should contact the Pensions & Overseas Benefits Directorate (address on page 81). Any arrears of contributions you pay after you have reached pensionable age cannot normally count for payment of 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 6) for the whole year. For further information see also leaflet CA 07 *National Insurance – unpaid and late paid contributions*.

Table 4 – To work out what percentage of the full Basic Pension you can get

		Number of years in your working life																					
		31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49			
6	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	6	7	
7	26	25	25	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	7	8	
8	30	29	28	27	26	25	25	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	8	9	
9	34	33	32	30	30	29	28	27	26	25	25	25	25	25	25	25	25	25	25	25	9	10	
10	38	36	35	34	33	32	31	30	29	28	28	28	27	26	25	25	25	25	25	25	10	11	
11	41	40	38	37	36	35	34	33	32	31	31	30	29	29	28	27	27	26	25	25	11	12	
12	45	43	42	40	39	38	37	36	35	34	34	33	32	31	30	30	29	28	28	28	12	13	
13	49	47	45	44	42	41	40	39	38	37	37	36	35	34	33	32	31	31	30	30	13	14	
14	52	50	49	47	46	44	43	42	40	39	39	38	37	36	35	35	34	33	32	32	14	15	
15	56	54	52	50	49	47	46	45	43	42	42	41	40	39	38	37	36	35	35	35	15	16	
16	60	58	56	54	52	50	49	48	46	45	45	44	43	42	40	40	39	38	37	37	16	17	
17	63	61	59	57	55	54	52	50	49	48	48	46	45	44	43	42	41	40	39	39	17	18	
18	67	65	63	60	59	57	55	53	52	50	50	49	48	47	45	44	43	42	41	41	18	19	
19	71	68	66	64	62	60	58	56	55	53	53	52	50	49	48	47	46	45	44	44	19	20	
20	75	72	69	67	65	63	61	59	58	56	56	55	53	52	50	49	48	47	46	46	20	21	
21	78	75	73	70	68	66	64	62	60	59	59	57	56	54	53	52	50	49	48	48	21	22	
22	82	79	76	74	71	69	67	65	63	62	62	60	58	57	55	54	53	52	50	50	22	23	
23	86	83	80	77	75	72	70	68	66	64	64	63	61	59	58	57	55	54	53	53	23	24	
24	89	86	83	80	78	75	73	71	69	67	67	65	64	62	60	59	58	56	55	55	24	25	
25	93	90	87	84	81	79	76	74	72	70	70	68	66	65	63	61	60	59	57	57	25	26	
26	97	93	90	87	84	82	79	77	75	73	73	71	69	67	65	64	62	61	60	60	26	27	
27	100	97	94	90	88	85	82	80	78	75	75	73	72	70	68	66	65	63	62	62	27	28	
28	100	100	97	94	91	88	85	83	80	78	78	76	74	72	70	69	67	66	64	64	28	29	
29	100	100	100	97	94	91	88	86	83	81	81	79	77	75	73	71	70	68	66	66	29	30	
30	100	100	100	100	97	94	91	89	86	84	84	82	79	77	75	74	72	70	69	69	30	31	
31	100	100	100	100	100	97	94	92	89	87	87	84	82	80	78	76	74	73	71	71	31	32	
32		100	100	100	100	100	97	95	92	89	89	87	85	83	80	79	77	75	73	73	32	33	
33			100	100	100	100	100	98	95	92	92	90	87	85	83	81	79	77	75	75	33	34	
34				100	100	100	100	100	98	95	95	92	90	88	85	83	81	80	78	78	34	35	
35					100	100	100	100	100	98	98	95	93	90	88	86	84	82	80	80	35	36	
36						100	100	100	100	100	100	100	98	95	93	90	88	86	84	82	36	37	
37							100	100	100	100	100	100	100	98	95	93	91	89	87	85	37	38	
38								100	100	100	100	100	100	100	98	95	93	91	89	87	38	39	
39									100	100	100	100	100	100	100	98	96	93	91	89	39	40	
40										100	100	100	100	100	100	100	98	96	94	91	40	41	
41											100	100	100	100	100	100	100	98	96	94	41	42	
42												100	100	100	100	100	100	100	98	96	42	43	
43													100	100	100	100	100	100	100	98	43	44	
44														100	100	100	100	100	100	100	44	45	

These figures show the percentage of the full rate of Basic Pension that will be paid.

Note: The above figures exclude years of HRP.

### ***If you give up work before state pension age***

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If you are not credited with earnings (see page 15), you may need to pay Class 3 NI contributions to protect your Basic Pension. If you want to know more, see leaflet CA 08 *National Insurance voluntary contributions* or ask your Social Security office.

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

### ***If you work beyond state pension age (whether you get state Retirement Pension or not)***

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#### **If you work for an employer:**

- you do not have to pay any more NI contributions
- your employer must continue paying contributions for you in the normal way
- when you send back your claim form for Retirement Pension, you will automatically be sent a Certificate of Age Exception (form CF 384) to give to your employer so they know that you do not have to pay NI contributions. If you are not claiming your pension at pensionable age and need a certificate you should ask your 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 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 your Social Security office when you reach pensionable age.

If your employer goes on deducting contributions from your earnings after you reach pensionable 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 should return your contribution card, if you have one, to your Social Security office
- you do not have to pay Class 4 contributions for the tax year after the one in which you reach pensionable age.

If you want to know more, see leaflet CA 03 *National Insurance contributions for self-employed people, Class 2 and Class 4.*

### **Example A – Calculation of Basic Pension**

1. A woman born January 1933 enters NI January 1949. Between this date and 5 April 1975 she pays a total of 1,161 flat-rate contributions. 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 that ending 5 April 1992 (this being the last year before the one in which she reaches 60) are qualifying years.

**Calculation:**

Working life is 6.4.48 to 5.4.92 = 44 years

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

But this number is reduced to 35 as she was given HRP from 6.4.78 to 5.4.82 for looking after her mother.

Her qualifying years are:

Contributions before 6.4.75

converted to qualifying years =  $1,161 \div 50 = 24$

Years from 6.4.85 to 5.4.92 = 7

Total qualifying years = 31

Her Basic Pension will be  $\frac{31}{35}$ ths of the full standard rate, which works out at 89 per cent.

*Example A continued opposite*

*Example A continued*

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 Pension	39 years
Number of years of HRP	15 years
Number of qualifying years needed for full Basic Pension after taking away HRP years	24 years
Number of qualifying years	24 years
Rate of Basic Pension	100 per cent

3. A woman receives 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 Pension	39 years
Number of years of HRP	24 years
Number of qualifying years needed for 100 per cent Basic Pension after taking away HRP years	20 years (minimum)
Number of qualifying years	15 years

Her Basic Pension will be  $\frac{15}{20}$ ths of the full standard rate, which is 75 per cent.

## The State

## Earnings-Related

## Pension Scheme

## (SERPS)

SS C & B Act 1992 45

### What it is

Additional Pension is the earnings-related part of the state Retirement Pension. Your right to Additional Pension does not depend on your right to a Basic Pension.

You can contract-out of SERPS by being a member of an occupational or personal pension scheme which satisfies certain conditions. If you are, or have been, a member of such a scheme used in place of SERPS, see 'Contracted-out deductions' (page 33) which explains how Additional Pension earned from 6 April 1978 to 5 April 1997 is affected.

#### Earnings in tax years 1978/79 to 1996/97

A member of a contracted-out occupational or personal pension scheme accrues Additional 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 from tax years starting 1997/98

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

### How you get Additional Pension

You can get Additional Pension if, in any tax year from 6 April 1978 to 5 April 1997, you have paid standard-rate Class 1 NI contributions as an employee on earnings between the lower and upper earnings limits. If you have been self-employed in any tax year, each Class 2 contribution you paid counts as one week's earnings at the lower earnings limit applying in that year.

From and including 6 April 1997 you will only get Additional Pension if you have paid standard-rate contracted-in Class 1 NI contributions as an employee on earnings between the lower and upper earnings limit.

If you reach pensionable age on or after 6 April 1999:

- any Family Credit or Disability Working Allowance you have received from 6 April 1995 will count as earnings when your Additional Pension is calculated
- you should also note that arrangements are being made to extend Home Responsibilities Protection (HRP) to count for Additional Pension (see page 18).

If you receive Family Credit/Disability Working Allowance or HRP for the same period, the most favourable will be used to calculate your Additional Pension.

Widows and widowers may receive the Additional Pension earned by their spouse. See 'Groups for which there are special provisions' (page 57).

## ***How much you get***

The Additional Pension you get depends on

the amount of your earnings over the level you need for Basic Pension for each complete tax year between 6 April 1978 and the one before you reach pensionable age

**and** when you reach pensionable age.

### **How your Additional Pension is worked out if you reach pensionable age before 6 April 1999**

The earnings on which you pay the relevant National Insurance contributions, for each tax year, except the one ending before the one in which you reach pensionable age, are increased in line with the rise in national average earnings.

The qualifying level of earnings for the Basic Pension for the year prior to the year in which you reach pensionable age is taken away from your revalued annual earnings and the remaining surplus earnings count for Additional Pension.

Your surplus earnings for each year of the tax years from 1978/79 to the one ending before the one in which you reach pensionable age are added together. Your annual rate of Additional Pension is 1¼% (or 1/80th) of that total figure. The weekly rate is worked out by dividing by 52

and rounding the result to the nearest 1p (1/2p is rounded up). See Example B.

**How your Additional Pension is worked out if you reach pensionable age 6 April 1999 to 5 April 2000**

The earnings on which you pay the relevant National Insurance contributions, for each tax year, except the one ending before the one in which you reach

***Example B – How Additional Pension is worked out:  
pensionable age reached before 6 April 1999***

A woman retires on her 60th birthday in December 1996. Her Additional Pension is worked out like this:

Tax year	Earnings based on NI paid £	Earnings revalued by %	Revalued earnings (to nearest £) £	Qualifying level for Basic Pension in final year £	Surplus earnings £
1978/79	3,500	341.9	15,467	3,016	12,451
1979/80	3,900	289.7	15,198	3,016	12,182
1980/81	4,600	225.7	14,982	3,016	11,966
1981/82	5,550	173.1	15,157	3,016	12,141
1982/83	6,200	147.9	15,370	3,016	12,354
1983/84	7,000	129.8	16,086	3,016	13,070
1984/85	7,700	112.7	16,378	3,016	13,362
1985/86	8,400	99.6	16,766	3,016	13,750
1986/87	9,210	83.4	16,891	3,016	13,875
1987/88	10,800	70.8	18,446	3,016	15,430
1988/89	11,800	57.0	18,526	3,016	15,510
1989/90	13,200	42.2	18,770	3,016	15,754
1990/91	14,330	32.5	18,987	3,016	15,971
1991/92	15,900	20.4	19,144	3,016	16,128
1992/93	16,400	13.1	18,548	3,016	15,532
1993/94	17,000	7.7	18,309	3,016	15,293
1994/95	17,500	4.4	18,270	3,016	15,254
1995/96	18,000	—	18,000	3,016	14,984
TOTAL					£255,007

The annual Additional Pension is 1/52nd of £255,007 and the result is divided by 52 to give the weekly rate. This works out at £61.30. The revaluation percentages used are those in the 1995 Revaluation of Earnings Factors Order.

pensionable age, are increased in line with the rise in national average earnings. The qualifying level of earnings for the Basic Pension for the year prior to the year in which you reach pensionable age is taken away from your revalued annual earnings and the remaining surplus earnings count for Additional Pension (see Example B, page 28).

Your surplus earnings in the tax years from 1978/79 to the one ending before the one in which you reach pensionable age are multiplied by 25% and then divided by 21 (ie the number of years between 1978/79 and the one ending before that in which you reach pensionable age). The resulting amount is then divided by 52 to give the weekly rate of your Additional Pension. See Example C.

**How your Additional Pension is worked out if you reach pensionable age on or after 6 April 2000**

The qualifying level of earnings for the Basic Pension applicable to each tax year before the one in which you reach pensionable age is taken away from your annual earnings on which you pay the relevant National Insurance contributions. This leaves a surplus amount of earnings for each year which, except for the year prior to

***Example C – How Additional Pension is worked out:  
pensionable age reached 6 April 1999 to 5 April 2000***

Pensionable age reached in June 1999 (that is, in the 1999/2000 tax year).

The tax year before the one in which pensionable age is reached will be 1998/99.

The number of tax years between 1978/79 and 1998/99 is 21.

1. For the tax years 1978/79 to 1998/99 there is a total surplus earnings after revaluation of £150,000. Additional Pension will be:

$$25\% \times \frac{£150,000}{21} = £1785.71$$

2. Weekly Additional Pension:  $\frac{£1,785.71}{52} = £34.34$

the one in which you reach pensionable age, are revalued in line with the rise in national average earnings and count for Additional Pension.

Your surplus earnings in the tax years from 1978/79 to 1987/88 are multiplied by 25 per cent and 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 one ending before the one in which you reach pensionable age.

Your surplus earnings for the tax years from 1988/89 to the one ending before the one in which you reach pensionable age are multiplied by a figure between 20 and 25 per cent (the percentage appropriate to you depends on when you reach pensionable age and is shown in Table 5) and 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 one ending before the one in which you reach pensionable age. The two amounts are then added together and divided by 52 to give the weekly rate of your Additional Pension. See Example D (page 31).

***Table 5 – Percentage rates of Additional Pension  
if you reach pensionable age on or after  
6 April 1999***

<b>Tax year in which pensionable age reached</b>	<b>% of total surplus earnings from 1988/89</b>
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

**Example D – How Additional Pension is worked out:  
pensionable age reached after 5 April 2000**

A woman reaches pensionable age in June 2004. The tax year before that in which pensionable age is reached will be 2003/04. Number of tax years between 1978/79 and 2003/04 is 26.

Apart from the figures shown for qualifying level for Basic Pension from 1978/79 to 1995/96, all the other figures used are for illustrative purposes only.

Tax year	Earnings based on NI paid £	Less qualifying level for Basic Pension £	Surplus £	Percentage by which surplus revalued %	Total £
1978/79	3,500	910	2,590	341.9	11,445
1979/80	3,900	1,014	2,886	289.7	11,247
1980/81	4,600	1,196	3,404	225.7	11,087
1981/82	5,550	1,404	4,146	173.1	11,323
1982/83	6,200	1,534	4,666	147.9	11,567
1983/84	7,000	1,690	5,310	129.8	12,202
1984/85	7,100	1,768	5,332	112.7	11,341
1985/86	7,400	1,846	5,554	99.6	11,086
1986/87	7,900	1,976	5,924	83.4	10,865
1987/88	8,300	2,028	6,272	70.8	10,713
<b>TOTAL pre 1988</b>					<b>112,876</b>
1988/89	8,700	2,132	6,568	57.0	10,312
1989/90	9,300	2,236	7,064	42.2	10,045
1990/91	9,600	2,392	7,208	32.5	9,551
1991/92	10,000	2,704	7,296	20.4	8,784
1992/93	10,700	2,808	7,892	13.1	8,926
1993/94	11,100	2,912	8,188	7.7	8,818

*Example D continued overleaf*



# *he State Earnings-Related Pension Scheme (SERPS)*

Tax year	Earnings based on NI paid £	Less qualifying level for Basic Pension £	Surplus £	Percentage by which surplus revalued %	Total £
1994/95	12,500	2,964	9,536	4.4	9,956
1995/96	12,900	3,016	9,884	4.0	10,279
1996/97	13,500	3,068	10,432	3.9	10,839
1997/98	14,000	3,120	10,880	3.0	11,206
1998/99	14,350	3,172	11,178	2.9	11,502
1999/2000	14,960	3,224	11,736	2.0	11,971
2000/01	15,200	3,276	11,924	1.9	12,151
2001/02	15,950	3,360	12,590	1.0	12,716
2002/03	16,260	3,415	12,845	1.1	12,986
2003/04	16,700	3,490	13,210	-	13,210
<b>TOTAL post 1988</b>					<b><u>£173,252</u></b>
Additional Pension pre 1988: $\frac{25\% \times £112,876}{26} = £1,085.35$					
Additional Pension post 1988: $\frac{22.5\% \times £173,252}{26} = £1,499.30$					
<b>Total Additional Pension</b> pre 88 AP + post 88 AP: $£1,085.35 + £1,499.30 = £2,584.65$					
<b>Weekly Additional Pension:</b> $£2,584.65 \div 52 = £49.70$					

## ***Other points***

A woman widowed before 6 April 2000 will have the Additional Pension derived from her late husband's record calculated as if she had reached pensionable age before 6 April 2000.

A woman widowed before 6 April 2000 inherits all her late husband's Additional Pension. A woman widowed on or after 6 April 2000 inherits half her late husband's Additional Pension (see 'Groups for which there are special provisions' page 57).

Earnings on which reduced-rate Class 1 contributions have been paid by some married women and widows do not count for Additional Pension.

Your earnings in the tax year in which you reach pensionable age do not count towards your Additional Pension.

### ***Contracted-out deductions (CODs)***

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#### **Pension Schemes Act 1993 46**

Contracted-out deduction is the term used to describe the reduction in Additional 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 Pension.

Contracted-out deductions do not affect Additional Pension earned on or after 6 April 1997. This is because from that date there is no longer a link between the State Earnings-Related Pension Scheme (SERPS) and contracted-out schemes including personal pensions.

From 6 April 1997 you will either:

- earn Additional Pension by being a member of SERPS
- or earn an occupational pension or a personal pension by being a member of such a scheme.

### ***What a contracted-out occupational pension scheme is***

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#### **Pension Schemes Act 1993 7**

An employer whose pension scheme satisfies certain requirements may contract-out of SERPS those of his employees who are members of his scheme. This means the employer's pension scheme takes the responsibility

for providing an occupational pension in place of the Additional Pension paid through SERPS.

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

#### **Contracted-out salary related scheme (COSR)**

This scheme must provide a pension related to earnings.

From 6 April 1978 to 5 April 1997 it is a condition that the pension must not be less than a guaranteed amount.

This is called your **Guaranteed Minimum Pension (GMP)** and is worth about the same as the Additional Pension payable under the state scheme.

Any Additional Pension you earn from 6 April 1978 to 5 April 1997 will be reduced by the amount of GMP you earn during that period.

From 6 April 1997 you will not earn Additional Pension during the period you are a member of a COSR scheme.

Any pension you earn from 6 April 1997 by being a member of a COSR scheme will not include a GMP.

From that date to be contracted-out of SERPS the scheme will have to satisfy an overall test of scheme quality.

#### **Contracted-out money purchase scheme (COMP)**

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 the pension takes the place of Additional Pension, this part is known as the **Protected Rights**. There is no GMP as such, but a contracted-out deduction will be made from any Additional 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 you will not earn Additional Pension during the period you are a member of a COMP scheme. A contracted-out deduction does not apply to any pension you earn from and including 6 April 1997.

**OPS (D of I) Regs 1986**

**Right to information**

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.

***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 Pension. A personal pension scheme like a contracted-out money purchase scheme (COMP), must provide for a pension to be paid 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 the pension takes the place of Additional Pension. This part is known as **Protected Rights**. Again, there is no GMP as such but a contracted-out deduction will be made from Additional 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 you will not earn any Additional Pension during the period you are a member of a personal pension scheme. A contracted-out deduction does not apply to any pension you earn from and including 6 April 1997.

**Right to information**

You have a legal right to information about your personal pension scheme. You will be given basic information

**PPS (D of I) Regs 1987**

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 twelve 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 Pension earned between 6 April 1978 and 5 April 1997 will be reduced**

The decision we send you about your claim to Retirement Pension will tell you exactly how much Additional Pension you have earned. It will tell you by how much any Additional 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 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 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 since 6 April 1978 to 5 April 1997 (for a COSR scheme) or 6 April 1987 to 5 April 1997 (for a COMP or personal pension scheme).

**SSC & B Act 1992 44-45**

**SSA Act 1992 149**

Your earnings for each year in which you were contracted-out, except the one ending before the one in which you reach pensionable age, is 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 pensionable 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 DSS paid into the scheme.

The annual rate of the contracted-out deduction is:

**Pension Schemes Act 1993 14**

**If you reach pensionable age by 5 April 1999**

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

**and** 1 per cent of your revalued earnings for tax years from 6 April 1988.

**If you reach pensionable age after 5 April 1999**

25 per cent 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 pensionable age in tax years from 6 April 1978 to 5 April 1988

**and** 20 per cent 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 pensionable age, or 5 April 1997 whichever is the earlier, for tax years from 6 April 1988.

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).

## ***Widows and widowers***

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In addition to providing members with a pension, a contracted-out pension scheme or personal pension scheme must also provide, in the event of the member dying before their spouse, for the surviving spouse to receive a pension. Further information is given in the section 'Groups for which there are special provisions', 'Widows' and 'Widowers'. Leaflet NP 45 *A guide to widows' benefits* gives further information.

## ***Protection against inflation***

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### **Pension Schemes Act 1993 109**

Each year the part of your pension earned from 6 April 1978 to 5 April 1997 that replaces Additional Pension will be reviewed to ensure that it is protected against inflation.

Occupational pensions built up before 6 April 1988 to 5 April 1997 will have all the increases needed to keep up with inflation added directly to your state Retirement Pension.

Occupational and personal pensions built up from 6 April 1988 to 5 April 1997 will be at least partly protected by the scheme. The rate of increase will be 3 per cent, or equal to the rate of price increase if this is less. The rate of your state Retirement Pension will be increased by any amount prices go up above 3 per cent.

The increases required to be made to your pension will be taken into account when calculating the contracted-out deduction each time your Retirement Pension is increased in line with inflation.

From 6 April 1997 when the link between the State Earnings-Related Pension Scheme and contracted-out schemes (including Personal Pensions) is broken schemes will be required to protect pensions earned after that date in line with inflation up to 5 per cent.

**Pension Schemes Act 1993 15**

### ***Earning extra pension (increments) by putting off receiving your Occupational or Personal Pension***

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If, when you reach pensionable age, you continue to work and put off getting your pension from a contracted-out pension scheme or a personal pension scheme you can earn extra pension (increments).

In the case of a COSR scheme, provided you put off getting your pension for at least seven complete weeks after state pensionable age your GMP will be increased by the scheme for each complete week by  $\frac{1}{2}$  per cent. But if you are getting part of your pension from your scheme and it is less than the GMP you would have been getting, the extra GMP you will get will be based on the difference between the two.

In the case of a COMP or personal pension scheme, putting off receiving your pension at state pensionable age will usually entitle you to a bigger pension when you do retire. The amount of increase will depend upon the value of your rights in the scheme. But we will assume that you will get increments in the same way as a GMP.

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

### ***If you were self-employed***

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If you were self-employed your pension, if any, will be paid by a policy or policies you will have arranged for this purpose with one or more insurance or pension companies.

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.

## Your pension

## forecast

You can request a pension forecast at any time prior to four months before you reach pensionable age.

For a forecast of both your Basic Pension and Additional Pension, get form BR 19 from your Social Security office, fill it in and send it to the address on the form.

SSC & B Act 1992 148-150

## ***Christmas Bonus***

A tax-free bonus is paid with your pension shortly before Christmas each year. The amount is announced in advance and is also shown in leaflet NI 196 *Social Security benefit rates*.

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.

If you are going or intend going abroad, contact International Services, DSS Contributions Agency, Longbenton, Newcastle upon Tyne NE98 1YX.

## **Pension Increase**

### **Increases in 2015**

**SSA Act 1992 150**

By law, the amounts that make up your pension (apart from Age Addition) are:

reviewed once a year

and when necessary increased 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', (page 38).

## **Increases in value**

### **With your state**

### **With your pension**

**SS (GRB) Regs 1978**

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

## **Graduated Retirement Benefit**

### **What it is**

Graduated Retirement Benefit is based on the amount of graduated NI contributions you paid when the Graduated Retirement Benefit 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 a Graduated Retirement Benefit.

### **How it is worked out**

The amount of your Graduated Retirement Benefit 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, add together all your graduated contributions, divide the total by 9 for a woman, and 7.5 for a man, and round up any odd half unit to the next whole number. Less than one half unit is ignored. The maximum number of units is 72 (woman) and 86 (man).

From 6 April 2010 women in receipt of 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 NI 196 *Social Security benefit rates*. If the payable rate contains ½p or more it is rounded to the next penny. Less than ½p is ignored.

For example: a man retires in June 1995. Between 1961 and 1975 he had 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 1995 was 7.64p. Weekly rate =  $42 \times 7.64p = £3.208 = £3.21$ .

#### **Other points**

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

### ***Dependency increases***

#### **For your children**

You can get an increase of Category A or B Pension for a child or children if:

- you get some Basic 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 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 NI 196 *Social Security benefit rates*.

For what counts as earnings, see page 78.

#### **For your wife**

You can get an increase of Category A pension for your wife, whatever her age, if you get some Basic Pension.

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

- she gets a state Retirement 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 Pension is at a reduced rate.

If your wife is living with you and you became entitled to the increase after 16 September 1985, 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 NI 196 *Social Security benefit rates*. If you became entitled to the increase before 16 September 1985, you may still get some of the increase even if her earnings are more than the amount shown in leaflet NI 196.

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 78.

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

**SS (OB) Regs 1979**

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

### **For your husband**

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

you were getting an increase of Jobseeker's Allowance or Incapacity Benefit for him immediately before you qualified for your pension

**and** he is not earning more than the amount shown in leaflet NI 196 *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 43).

### **For someone looking after children for you**

**SS C & B Act 1992 85**  
**SS (Dep) Regs 1977**

You can get an increase for someone who looks after a child for you if you get some Basic 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 NI 196 *Social Security benefit rates*).

**SS C & B Act 1992 47(1)**

## ***Incapacity/Age Addition to Retirement Pension***

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

## *Earning extra pension (increments) by putting off receiving your state Retirement Pension*

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

If you become entitled to your pension on or after 16 September 1985, the total of any Additional Pension and contracted-out deductions will be taken away from your Invalidity Addition. Anything left over will be paid to you as Invalidity Addition.

The rates of Incapacity Age Addition are shown in leaflet NI 196 *Social Security benefit rates*. 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 Retirement 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 NI 196 *Social Security benefit rates*.

### ***What increments are***

Increments are an increase in pension you can earn on all the components of your pension, except Age Addition and increase for dependants, but putting off receiving your pension.

You may also be able to earn increments by giving up your pension on or after having started to receive it (see page 47).

Your pension will be increased if you put off receiving it for at least seven weeks during the five years starting on the day you reach pensionable age. If you are a married woman your increments may accrue from a different date (see page 61).

#### **Increments from 6 April 2010**

From 6 April 2010 if you:

are already putting off receiving your pension

**or** decide to put off receiving your pension

you can continue to do so for an indefinite period.

## ***How increments are worked out***

### **Prior to 6 April 2010**

The amount of increments you get depends on the number of days between:

the date from which you put off receiving your pension

and the earlier of these two dates: that from which you finally claim your pension, or that from which you reach 65 (woman) or 70 (man).

### **From 6 April 2010**

The amount of increments you get depends on the number of days between the date you put off receiving your pension and the date from which you claim your pension.

These days do not count towards your increments:

- Sundays
- days for which you get any of these NI benefits:  
Incapacity Benefit, Unemployability Supplement, widow's benefit of any type but not a Widow's Payment, Invalid Care Allowance, Severe Disablement Allowance and Retirement Pension of any category including Graduated Retirement Benefit
- days for which someone receives an increase of one benefit listed above for you as a dependent, except that if you are a married woman, payment of such an increase will not stop you earning increments to your Category A Pension.

## ***How much you get***

### **Prior to 6 April 2010**

For every six days you put off receiving your pension, each part of it will be increased by  $\frac{1}{6}$ p per £1.00 of its weekly rate payable to you at the time you became

entitled to receive the pension. This works out at about an extra 7½ per cent of pension for a whole year. Example D (page 31) illustrates the calculation of increments.

#### **From 6 April 2010**

From 6 April 2010 for every six days you put off receiving your pension each part of it will be increased by about 1/6p per £1.00 of its weekly rate payable to you at the time you became entitled to receive the pension. This works out at about an extra 10.4 per cent of pension for the whole year.

### ***Married women***

See section 'Groups for which there are special provisions' (page 57) for further information about increments.

**Earning extra**

**pension (increments)**

**by giving up your**

**pension**

**SS C & B Act 1992 54(1)-(3)  
SS (WB & RP) Regs 2-3**

#### **Earning extra pension prior to 6 April 2010**

If you are a man under 70, or a woman under 65 (if you are a married woman see page 61) you may be able to earn extra pension (increments) by temporarily giving up your pension. The increments will be paid when you decide to receive your pension again. How increments are worked out is explained on page 46.

#### **Earning extra pension on or after 6 April 2010**

From 6 April 2010 men and women will be able to give up their pension for an indefinite period in order to earn increments.

You can only give up your pension once and you must be ordinarily resident in Great Britain. You cannot back-date your decision to give up your pension.



## Example E – Calculation of increments

A man reached pension age on 3 December 1986. If he had then claimed his pension he would have received a Category A Pension consisting of:

- a full Basic Pension
- Additional Pension of £5.27
- Graduated Retirement Benefit of 30 units.

But he did not claim. On 3 December 1991 he reached age 70 and claimed his pension. In 1987 he had claimed Unemployment Benefit for a total of 68 days.

From 9.12.1991 he will get:

Basic Pension	£52.00 (rate applying from April 1991)
Additional Pension	£ 7.08 (the £5.27 increased by Up-rating Orders between 1987 and 1991)
Graduated Retirement Benefit	£ 2.04 (30 units x 6.81p, the unit value in force April 1991)
TOTAL <u>£61.12</u>	

In addition he will get the following increments:

Total days receipt of pension put off (3 December 1986 to 2 December 1991 [excluding Sundays])	= 1,566 days
Less days Unemployment Benefit claimed	68
	<u>1,498</u> days

An incremental period is 6 days, any odd days not divisible by 6 are disregarded. The incremental period will be:  $\frac{1498}{6} = 249$

Basic Pension increments will be:	$\frac{249 \times 1 \times £52.00}{7 \times 100} = £18.50$
Additional Pension increments will be:	$\frac{249 \times 1 \times £7.08}{7 \times 100} = £2.52$
Graduated Retirement Benefit increments will be:	$\frac{249 \times 1 \times £2.04}{7 \times 100} = £0.73$

Total increments = £21.75

Total pension = £61.12 + £21.75 = £82.87 a week.

## ***Married men***

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If your wife has any pension at all on your NI contributions, you cannot give up your Category A Pension without her consent. This is because she will have to give up her pension on your NI contributions if you give up yours. She will not have to give up any pension from her own NI contributions (including Graduated Retirement Benefit) but if she does not, she will be unable to earn increments to the pension from your NI contributions. Before 5 August 1992 receipt of her Graduated Retirement Benefit did not prevent your wife earning increments to the pension from your NI contributions.

The above information will apply to married women from 6 April 2010 when both men and women can get a Basic Retirement Pension based on their spouse's contribution record.

For deaths occurring before 6 April 2000 a surviving wife can inherit all her late husband's Basic and Additional Pension increments and half of any Graduated Retirement Benefit increments.

For deaths occurring on or after 6 April 2000 a surviving wife will be able to inherit all her late husband's Basic Pension increments and half the Additional Pension and Graduated Retirement Benefit increments.

## ***Married women***

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If you want to earn increments to your pension, whether it is based on your own or your husband's NI contributions (or both), you must temporarily give up ALL your pension, including Graduated Retirement Benefit. Before 5 August 1992 receipt of your Graduated Retirement Benefit did not prevent you earning increments to your pension based on your husband's NI contributions.

You can still give up your pension to earn increments even if your husband does not want to give up his pension.

If your husband wants to give up his pension to earn increments and you have any pension at all from his NI contributions, he may not do so unless you give your consent. This is because you will have to give up your pension on his NI contributions if he gives up his.

## ***NI contributions***

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You will not have to pay NI contributions if you give up your pension, but if you are self-employed you may have to pay Class 4 contributions for the year of assessment in which you reached pensionable age. If you are working for an employer they must still pay their share of the contributions in the normal way (but always at the not-contracted-out rate). You should give your employer a Certificate of Age Exception, form CF 384, showing that you are not liable to pay contributions. If you do not have a certificate, you can ask for one on form BR 432 in leaflet NI 92 *Giving up your Retirement Pension to earn extra*. If your employer deducts contributions from your earnings you should point out the mistake and ask them to refund the overpaid contributions.

## ***Effect on occupational pensions***

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If you are receiving a pension from an employer's COSR scheme and you give up your state pension and resume work with the same employer, they may suspend payment of the GMP element earned from 6 April 1978 to 5 April 1997, if any, of such a pension for as long as you are re-employed by them. When you are no longer employed by them, the GMP must be put into payment again, increased by 1/p per £1.00, 1/p per £1.00 from and including 6 April 2010, of its weekly rate for each complete week of suspension provided there were at least seven complete weeks involved. Any extra GMP so earned will be increased by the state scheme each time there is a general increase in state pension rates (such increases being paid as part of the state pension).

There is no similar provision for suspension of pension under a COMP or personal pension scheme but we will

assume that you will get increments in the same way as a GMP. The increments you get in relation to the part of your pension that replaces Additional Pension will also be protected against inflation.

See pages 34-35 for explanations of COSR, COMP, and Personal Pension Schemes.

### ***Effect on Incapacity Benefit***

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Incapacity Benefit is for people who become incapable of work before reaching state pension age. If you reach state pension age on or after 13 April 1995 and give up your pension, you may qualify for *short-term Incapacity Benefit* over pension age if your sickness or disability can be linked to an *earlier* period of incapacity which commenced before you reached pension age.

If you qualify, you can claim short-term Incapacity Benefit at the retirement rate up to and including the 52nd week of incapacity. For more information see leaflet IB 202 *Incapacity Benefit – Information for new customers*.

If you are over pensionable age and qualify for short-term Incapacity Benefit, (including any increase for an adult dependant) the amount of your benefit is based on your entitlement to Basic Retirement Pension. The maximum rates payable over pensionable age are shown in leaflet NI 196 *Social Security benefit rates*. If you are entitled to less than the full rate of basic pension, your Incapacity Benefit will be correspondingly reduced.

You will also get any Additional Pension and Graduated Retirement Benefit which you earned up to pensionable age. You will not get any increments you have earned by giving up your pension.

## ***Effect on Christmas Bonus***

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If you give up your pension, you will not receive a Christmas Bonus unless, in the relevant week the bonus would be payable, you are entitled to some other benefit that itself qualifies you for payment.

## ***How to give up your pension***

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Complete form BR 432 in leaflet NI 92 *Giving up your Retirement Pension to earn extra.*

## ***How to claim your pension again prior to 6 April 2010***

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You can get your pension back whenever you want. The increments you have earned will be paid with it. If you are a man you cannot earn increments after you are 70. If you are a woman you cannot earn increments after you are 65 unless you are a married woman waiting for your husband (who is between 65 and 70) to claim his pension so that you can claim a pension on his contributions. (See pages 73-76 on 'How to claim' and 'Time limits' for claiming.)

## ***How to claim your pension again on or after 6 April 2010***

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Because you can put off getting your pension for an indefinite period you can get your pension back whenever you want. The increments you have earned will be paid with it.

What happens

when you reach pensionable age

and other benefits

If you are receiving one of the following Social Security benefits when you are approaching pensionable age, you will wish to consider what effect claiming Retirement Pension will have on it.

### Incapacity Benefit

From 13 April 1995 Incapacity Benefit replaced Sickness Benefit and Invalidity Benefit. On or after 13 April 1995 you can go on getting short-term Incapacity Benefit after pensionable age for up to 52 weeks of incapacity provided your incapacity began **before** pension age. Incapacity Benefit is taxable from the 29th week.

If you are getting long-term Incapacity Benefit, this will cease when you reach pension age. Special rules apply if you were over pension age on 12 April 1995 and transferred from Invalidity Benefit to long-term Incapacity Benefit. Provided you continue to qualify without a break of 8 weeks or more, you can go on getting Incapacity Benefit tax free for up to five years after pension age.

If you are over pensionable age and qualify for short-term Incapacity Benefit (including any increases for an adult dependant) the amount of your benefit is based on your entitlement to basic Retirement Pension. The maximum rates of basic Retirement Pension payable over pensionable age are shown in leaflet NI 196 *Social Security benefit rates*. If you are entitled to less than a full Basic Retirement Pension, your Incapacity Benefit will be correspondingly reduced.

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

If you are a married man

**and** your wife is over pensionable age

**and** you do not get an increase for her because she earns too much

it may be better for you both if you claimed your Category A Pension so that she can claim her Category B Pension on your NI contributions.

**SS C & B Act 1992 36**

A woman whose husband dies whilst he is receiving Incapacity Benefit will normally be entitled to receive a lump sum Widow's Payment irrespective of her age when he dies. But she will not be able to receive a Widow's Payment if she is over pensionable age when her husband dies and he is entitled to a Category A Retirement Pension at the time.

**Reduced Earnings Allowance**

If you reach pensionable age, receive Retirement Pension and do not remain in regular employment you can no longer get Reduced Earnings Allowance but you may get Retirement Allowance at 25 per cent of your pre-Retirement Pension Reduced Earnings Allowance rate.

This does not apply if your Reduced Earnings Allowance was frozen for life.

For more details see leaflet NI 6 *Industrial Injuries Disablement Benefit*.

**Severe Disablement Allowance**

The upper age limit for claiming this benefit is 65 for both men and women. If you are a woman between the ages of 60 and 65 and you do not get any Basic Retirement Pension or you get it at a lower rate than Severe Disablement Allowance, you may qualify for Severe Disablement Allowance if you are incapable of all work and, where appropriate, at least 80% disabled. For more information see leaflet NI 252 or claim pack SDA 1.

You can go on claiming this benefit when you are over age 65 if:

- you were entitled to it when you reached that age
- and** either you do not get any Basic Pension or you get it only at a lower rate than Severe Disablement Allowance.

Your benefit will be reduced by the amount of any Basic Pension you get but it will not be affected by any Graduated Retirement Benefit or Additional Pension you get.

Married couples will wish to know that a lump sum Widow's Payment will not be payable to the wife if she is over pensionable age when her husband dies and he is entitled to a Category A Retirement Pension at the time.

### **Invalid Care Allowance**

The upper age limit for claiming Invalid Care allowance is 65 for both men and women. However, receipt of certain other benefits will affect payment of Invalid Care Allowance. For example, if you receive a benefit at a rate equivalent to or greater than your Invalid Care Allowance, payment of the Allowance will cease. If you have a right to the Allowance when you reach the age of 65 you can continue to claim it even though you do not need to be regularly and substantially engaged in caring for a severely disabled person.

Your Invalid Care Allowance will be reduced by the amount of any Basic Pension you get but will not be affected by any Additional Pension or Graduated Retirement Benefit you get.

Continued entitlement to Invalid Care Allowance (even though it may not be payable because you are in receipt of another benefit at a higher rate than your Invalid Care Allowance) may mean that you could be, or remain, entitled to the carer premium paid within the income-related benefits such as Income Support, Housing Benefit and Council Tax Benefit.



If your spouse or partner receives Incapacity Benefit they may be entitled to an increase of it for you but for the fact that you are receiving Invalid Care Allowance. If they are, and depending on the rate your pension will be payable at, you might decide it is financially worthwhile not to claim your pension and also give up your Invalid Care Allowance. By doing so, your spouse or partner will get an increase of their Incapacity Benefit for you and you will earn increments which will be paid when you claim your pension (see page 47).

Married couples will wish to know that a lump sum Widow's Payment will not be payable to the wife if she is over pensionable age when her husband dies and he is entitled to a Category A Retirement Pension at the time.

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Normally, other benefits you get from DSS or any other government department affect your Basic Pension. It will usually be reduced by the amount of the other benefit.

Also, other benefits paid to or for any dependant from DSS or any other government department affect your increase for the dependant.

**SS (OB) Regs 1979**

Other benefits do not affect:

- your Additional Pension
- your Graduated Retirement Benefit
- contracted-out deductions.

You cannot get any Basic Pension as well as Unemployability Supplement paid with a War Disablement Pension or Industrial Disablement Pension.

But you can get your Basic Pension as well as

Attendance Allowance

or Disability Living Allowance.

Any 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. You may consider it worth your while not to claim your pension and instead allow a dependency increase for you to continue in payment.

For example: A man under state pension age is receiving an increase of Jobseeker's Allowance for his wife. She reaches pensionable age and would be entitled to her own Category A Pension if she claimed. Depending on the rate of that pension it might be in their interest for her to remain her husband's dependant for Jobseeker's Allowance. She will then earn increments (see pages 47 and 59-61) which will be paid with her pension when she claims.

## ***Married women***

You can qualify for either your own Category A Pension or a Category B Basic Pension from your husband. What you receive and when depends on the dates you and your husband reach pensionable age and claim your pensions.

### **Category B Pension entitlement conditions**

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

- you and your husband have both reached pensionable age
- your husband satisfies the contribution conditions for a Category A Basic Pension (see page 10)
- your husband is receiving his pension
- you make a claim for the pension.

**SS C & B Act 1992 53**

**Composite Category A and B Pensions**

You may be entitled to both Category A and Category B Pensions at the same time. If you are and your Category A Basic Pension is less than the full rate of Category B Pension payable to a married woman, the two 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 rate Category B Pension and the Category A Basic Pension to which you are entitled

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

**Before you reach pensionable age**

You cannot get any pension until you reach pensionable age. If your husband reaches 65 before you reach pensionable age and receives his pension, he may be able to get an increase of his Basic Pension for you. This would normally be paid until you reach pensionable age and begin to receive your own pension.

**You reach pensionable age but your husband is not yet 65**

You can qualify for either:

Category A Pension with or without Graduated Retirement Benefit

or Graduated Retirement Benefit 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 pension. But in some circumstances it may be possible for you to pay Class 3 contributions for earlier years to enable you to get a Category A Basic Pension at the minimum rate. You should ask your Social Security office whether there are contributions available to be paid which will enable you to qualify for a Basic Pension.

**When you reach pensionable age your husband is already receiving his 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.

Any increase your husband has been receiving for you will stop when you become entitled to your pension.

**When you reach pensionable age your husband is already 65 but not receiving his pension**

You cannot receive Category B Pension until both of you satisfy the entitlement conditions. But you can receive Category A Pension (with or without Graduated Retirement Benefit) provided you satisfy the conditions. If you do, you will not be able to earn any Category B Pension increments. If your own pension is small (for example, a Graduated Retirement Benefit of a few pence a week) it may not in the long term be financially worthwhile claiming it and preventing yourself earning Category B increments. Before 5 August 1992 receipt of a Graduated Retirement Benefit did not prevent you earning Category B Pension increments.

**You are receiving a pension when your husband reaches 65**

**If your husband claims his pension**

You will become entitled to a Category B Pension:

- if the pension you receive is Graduated Retirement Benefit only, the Category B will be added to it
- if the pension is Category A, it may, depending on its rate, change to a composite Category A and B Pension.

**If your husband does not claim his pension**

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

You should bear in mind that continuing to receive your

### **Example F – Calculation of married woman's composite Category A and B pension**

Examples: You reach pensionable age in July 1995. Your husband reaches 65 in December 1995.

1. You claim your pension from your earliest pensionable age and receive a Category A Basic Pension of £23.54 a week being 40 per cent of the full rate.

Your husband claims his pension from his 65th birthday and you become entitled to a full Category B Pension of £35.25.

From then you will receive a composite pension made up of:

Category A	£23.54
Category B	£11.71
TOTAL	<u>£35.25</u>

2. You claim your pension from your earliest pensionable age and receive a Category A Basic Pension of £15.30 a week being 26 per cent of the full rate.

Your husband claims his pension from his 65th birthday but you are only entitled to a Category B Pension of £18.33 (being 52 per cent of the full Category B Pension of £35.25) because he does not have enough qualifying years for a full Basic Pension.

From then you will receive a composite pension made up of:

Category A	£15.30
Category B	£18.33
TOTAL	<u>£33.63</u>

3. You claim your pension from your earliest pensionable age and receive a Category A Additional Pension only, of £1.23 a week. You do not qualify for Basic Pension.

Your husband claims his pension from his 65th birthday and you become entitled to a full Category B Pension of £35.25.

From then you will receive a composite pension made up of:

Category A	£ 1.23
Category B	£35.25
TOTAL	<u>£36.48</u>

own pension will prevent you from earning Category B Pension increments. If your pension is small (for example, a Graduated Retirement Benefit of a few pence a week) you may in the long term consider it financially worthwhile to give it up so that you can earn increments. Before 5 August 1992 receipt of your Graduated Retirement Benefit did not prevent you earning Category B Pension increments.

#### **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 pension before you can receive a Category B Pension, you may need to ask your Social Security office if he has done so. You can do this every six months until he has. Your first enquiry should be made shortly before he reaches pensionable age.

#### **If your marriage ends**

If your husband dies the Category B Pension you get will be paid at a higher rate. You may also qualify for a higher rate of pension if your marriage ends by divorce or annulment.

#### **Increments**

You can earn increments to whichever pension you are entitled to by putting off receiving it. You can earn Category B increments by not claiming the pension even though your husband has claimed his Category A. For Category B Pension (or the Category B part of a composite pension) you will earn increments (see page 45) from the latest of these dates:

- when you reach pensionable age
- when your husband reaches pensionable age
- the date of your marriage.

### **Increments prior to 6 April 2010**

The Category B increments prior to 6 April 2010 will accrue up to the later of:

the day before your husband claims his pension  
from or, if later, his 70th birthday

**or** the day before you claim your pension from or  
your 65th birthday.

### **Increments from 6 April 2010**

The Category B increments from 6 April 2010 will accrue up to the later of:

the day before your spouse claims their pension

**or** the day before you claim your pension.

The increments to the Category A part of a composite pension will accrue up to the day before you claim your pension from or your 65th birthday if you reach age 65 before 6 April 2010. If you reach age 65 on or after 6 April 2010 any increments to the Category A part of a composite pension will accrue up to the day before you claim your pension.

### **Married men**

From 6 April 2010 arrangements are being made to allow married men to qualify for a Category B Basic Pension from their wife's National Insurance contributions.

## **Widows**

### **If you were widowed before pensionable age**

#### **What to do when you reach pensionable age**

You can decide to do one of three things:

claim your pension

**or** continue to receive any widow's benefit to which you are already entitled until you do wish to claim your pension or you reach 65

- or put off receiving your pension and give up any widow's benefit you are getting so that you can get increments when you do claim or reach 65.

**SS C & B Act 1992 44**

**Your own Category A Pension**

You may be entitled to your own Category A Pension, and these arrangements may help you qualify for or improve the Basic 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 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, Widowed Mother's Allowance 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 18).

**SS C & B Act 1992 49(5)  
SS (WB&RP) Regs 1979 7**

**Category B Pension**

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

- you were a widow immediately before you reached pensionable age
- you became entitled (or can be treated as entitled) to a Widow's Pension as a result of his death
- you make a claim for the pension.

The pension will be at the same rate as your Widow's Pension. You will also get all your husband's Additional Pension and half of any Graduated Retirement Benefit he had earned.

If you are widowed on or after 6 April 2000 you will get half of any Additional Pension or Graduated Retirement Benefit earned by your late husband.

**SS C & B Act 1992 52**

**Composite Category A and B Pensions**

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



**SS (MAP) Regs 1978**

- your Basic Pension cannot be more than the full rate paid to a single person
- your Additional Pension plus any inherited Additional Pension from your late husband cannot be more than the maximum paid to a single person reaching pensionable age. 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.

**SS C & B Act 1992 48**

**SS (WB & RP) Regs 1978 8  
and Sched 1**

**Category A Pension from your late husband**

If your Basic Pension under the above arrangements still 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 Pension calculated in this way if you are not entitled to a Widow's Pension.

**SS C & B Act 1992 40**

**If you are entitled to long-term Incapacity Benefit**

If you qualified for long-term Incapacity Benefit under the special rules for widows (see leaflet IB 202 *Incapacity Benefit – Information for new customers*), this will become a Category A Pension if your incapacity continues up to pensionable age.

**Pension Schemes Act 1993 46**

**Occupational and personal pensions (see section on Contracted-out deductions, page 33)**

You will be entitled to half of any GMP(s) that your late husband had derived from his membership of a 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 Pension earned during that period which would have been paid if neither of you had been contracted out. You will also receive half of any GMP increments he was entitled to, but these will not affect

your Additional Pension. If your husband had been a member of a COMP 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 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.

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

**Graduated Retirement Benefit**

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

**SS C & B Act 1992 Sched 5**

**Increments**

You can put off receiving your pension to earn increments for when you do eventually claim. To earn increments, you must give up any of the benefits listed on page 46 which you are receiving. Any days you do receive one of these benefits will not count towards earning increments. See page 45 for more information.

**Increments from your late husband**

If your late husband had put off receiving his pension, you will be able to receive:

**SS C & B Act 1992 Sched 5 para 4**

- all of his Basic and Additional Pension increments (half of his Additional Pension increments if you are widowed on or after 6 April 2000)

**SS (GRB) (No2) Regs 1978 Sched 1**

- half of his 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.

**SS (OB) Regs 1979 6  
and Sched 1**

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

If you are entitled to any Basic 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 or Industrial Injuries Widow's Pension.

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 these pensions.

If you put off receiving your Category A Pension you can earn increments to it while continuing to draw either of these pensions.

### **If you were widowed after pensionable age**

#### **How you qualify for a pension**

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

You may also be entitled to widow's benefit. If so, you may get a Widow's Payment but Retirement Pension will usually be paid instead of any Widow's Pension or Widowed Mother's Allowance to which you may be entitled.

#### **If you were not getting a pension when your husband died**

Your Category B Pension will be calculated as if your husband was entitled to it when he died. You may also receive:

- all his Additional Pension including increments (half his Additional Pension including increments if you are widowed on or after 6 April 2000)
- 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 any increments, be deducted from the Additional Pension earned from 6 April 1978 to 5 April 1997 (see page 33 'Contracted-out deductions')
- half of his Graduated Retirement Benefit including increments (but not any he may have received from a former wife)
- all his Basic Pension increments
- a Widow's Payment provided your husband was not entitled to a pension at the time he died.

If you have your own Category A Pension or Graduated Retirement Benefit but have not claimed it so that you

**SS C & B Act 1992 49(4)**

**SS C & B Act 1992 36-38**

**SS C & B Act 1992 49(4) & 50(3)  
Pension Schemes Act 1993 46**

**Pension Schemes Act 1993 46**

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

**SS C & B Act 1992 Sched 5 para 4**

**SS C & B Act 1992 36**

can earn increments, receiving Category B Pension will stop you earning any further increments. You can if you wish decide not to receive the Category B Pension and continue to earn increments or you can claim your own pension. When you decide to receive Category A it may be combined with your Category B as described below. Your own Graduated Retirement Benefit will be paid with either the combined Category A and B Pension or the Category B Pension.

**SS C & B Act 1992 52**

**Composite Category A and B Pensions**

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 pension. But this cannot happen until the Category A Pension becomes payable.

For the composite pension:

- the Basic Pensions will be added together, but you will not get more than the full rate for a single person
- the Additional Pensions will be added together, but you will not get more than the amount which would have been paid to a person claiming their 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 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 during the period 6 April 1978 to 5 April 1997.

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

The increments you receive from your late husband will be added to those you have earned yourself.

**If you were already getting a pension when your husband died**

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

You will be entitled to a Widow's Payment only if your husband was not entitled to his pension when he died.

If the pension you are receiving is a married woman's Category B, your Basic Pension will normally be increased to the rate of his Basic Pension. In addition you will be entitled to:

- all his Additional Pension including increments (half his Additional Pension including increments if you are widowed on or after 6 April 2000)
- 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 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 Pension earned from 6 April 1978 to 5 April 1997 (see section 'Contracted-out deductions')
- half of his Graduated Retirement Benefit including increments (but not any he received from a former wife)
- all his Basic Pension increments

This pension will also be payable if the one you are receiving is Graduated Retirement Benefit only.

If the pension you are receiving is a married woman's composite Category A and B Pension, this will become a widow's composite pension as explained above.

If the 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 pension is not payable, you may still be entitled from your husband to:

**SS C & B Act 1992 49(4) & 50(3)  
Pension Schemes Act 1993 46**

**SS C & B Act 1992 36**

**Pension Schemes Act 1993 46**

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

**SS C & B Act 1992 Sched 5 para 4**

all his Additional Pension including increments  
(half his Additional Pension including increments  
if you are widowed on or after 6 April 2000)

**and** half his GMP(s) earned from 6 April 1978 to 5  
April 1997 (including increments)

**and** a pension from any COMP or personal pension  
scheme of which he was a member

**and** half his Graduated Retirement Benefit

**and** all his Basic Pension increments.

**SS (OB) Regs 1979 6  
and Sched 1**

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

If you are entitled to a Category B Basic 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 while continuing to  
draw your War Widow's Pension or Industrial Injuries  
Widow's Pension.

## ***Widowers***

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

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

### **Category A Basic Pension**

If your own Category A Basic 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 one in  
which you were married up to the end of the one  
in which she died

Your Category A Basic Pension calculated in this way  
will be paid when you reach 65 and claim your pension

or when you reach 70. You will get any Additional Pension or Graduated Retirement Benefit you have earned as well.

**SS C & B Act 1992 41(7)**

**If you are entitled to long-term Incapacity Benefit**

If you qualified for long-term Incapacity Benefit under the special rules for widowers (see leaflet IB 202 *Incapacity Benefit – Information for new customers*), this will become a Category A Pension if your incapacity continues up to age 65.

**Occupational and personal pensions (see page 33 ‘Contracted-out deductions’)**

As 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 GMP(s) that your wife had derived from her membership of a COSR scheme in years from and including 1988/89 to 1996/97. If your wife had been a member of a COMP or personal pension scheme you would have been entitled to a pension based on her Protected Rights in the scheme.

If you are still entitled to the GMP or Protected Rights when you reach 65 they will then continue to your death. No deduction will be made from your Additional Pension on account of them unless you receive a Category A Pension because you were entitled to long-term Incapacity Benefit.

**SS (W & WIP) Regs 1978 3**

**If you were widowed after 65 and your wife was under pensionable age**

**Category A Basic Pension**

If your Category A Basic 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 64.

**Occupational and personal pensions (see page 33  
'Contracted-out deductions')**

You will be entitled to half of any GMP(s) that your wife had derived from her membership of a COSR scheme in 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 Pension on account of these.

**If you were widowed after 65 and your wife was over pensionable age**

**SS C & B Act 1992 51**

**Category B Pension from your wife**

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 pensionable age when she died
- your wife satisfied the conditions for Basic Pension or Additional Pension or both.

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

**SS C & B Act 1992 52**

**Composite Category A and B Pension**

You can combine your own Category A Pension and Category B Pension from your wife to give you a composite pension. But for this pension:

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

- and** your Additional 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.

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

**Graduated Retirement Benefit**

You will be entitled to half the Graduated Retirement Benefit to which your wife was entitled (but not any she



received from a former husband) as well as Graduated Retirement Benefit which you had earned yourself.

**SS C & B Act 1992 Sched 5 para 4(2) Increments**

If your wife was getting or would have got increments because she had put off receiving her pension you will get all of the Basic and Additional Pension increments and half of her Graduated Retirement Benefit increments (but not any which she may have received from a former husband). Any increments you have earned will also be payable.

If you are widowed on or after 6 April 2000 and your wife was getting or would have got increments because she had put off receiving her pension you will get all her Basic Pension increments and half her Additional Pension and Graduated Retirement Benefit increments.

**Occupational and personal pensions (see page 33 'Contracted-out deductions')**

You will be entitled to half of any GMP(s) which your wife had derived from her membership of a COSR scheme in years from and including 1988/89 to 1996/97. This will be added to your own GMP(s) earned from 6 April 1978 to 5 April 1997 and the total deducted from your combined Additional Pension earned during that period which would have been paid if neither of you had been contracted-out. You will also receive half of any GMP increments she was entitled to, but these will not affect your Additional Pension. 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.

***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 Basic Pension does not reach the full rate:

- men and women who had not reached pensionable age when their marriage ended and who have not

remarried by the time they reach that age (This applied to women only before 6 April 1979.)

- a person whose marriage ends on or after 6 April 1979 when they are over pensionable age.

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 pensionable age
- 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 pensionable age.

Your Category A Basic Pension calculated in this way will be paid when you reach pensionable age or, if later, the date your marriage ends. You will get any Additional Pension or Graduated Retirement Benefit you have earned as well.

### ***Having certain questions decided before you claim***

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**

Before your pension or increased pension can become payable you must claim it on the form provided by DSS and available from Social Security offices. But for an increased 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.

SSA Act 1992 20(4)

SSA Act 1992 1

For people approaching pensionable age whose record shows they qualify for some pension we will, as a helpful service, send them a claim form direct. It will be sent about four months before they reach pensionable age. We will normally send two claim forms to men so that if they are married their wives can also claim. A letter will be sent with the claim form telling you how much our records show you have qualified for so far. It will also help you decide whether or not to claim at this time and what to do if you decide not to claim yet.

A claim form will also be sent to a person who does not qualify for their own pension but whose marital status indicates they might be able to get one from a former spouse's NI contribution record.

Prior to 6 April 2010 if you have not claimed your pension within four months of reaching 65 (woman) or 70 (man), we will send you another claim form and ask you to make a claim.

From and including 6 April 2010 another claim form will not be issued at those ages. This is because from that date you can elect to put off receiving your Retirement Pension for an indefinite period in order to earn increments.

**You should not rely on receiving a claim form direct from DSS.** We might not, for example, have your current address recorded or your date of birth might be different to the one that we have.

The claim form is BR 1.

#### **Dependency increases**

If you wish to claim an increase of your 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 pension has started, ask your Social Security office for a form. The claim form is BF 225 or BF 226.

#### **Category D Pension**

If you are receiving a pension when you reach 80 and its rate is less than the Category D rate, the higher rate will

normally be paid without your having to claim it. If you are not receiving a pension when you reach 80 but are getting Income Support, we will usually send you a claim form. If neither of these applies to you and you think you satisfy the conditions, get a claim form from your Social Security office.

### ***Time limits***

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**SS (C & P) Regs 1987 15  
& 19 (6)-(7)**

If the date you wish to claim from is **before 4 August 1997**, you can claim your pension up to 4 months before and 12 months after the date from which you want to receive it. In no circumstances can your pension be backdated more than 12 months before the date of your claim.

You must claim an increase for a dependant not later than 6 months from the date on which you are entitled to it. In no circumstances can the increase be backdated more than 6 months before the date of your claim.

If the date you wish to claim from is **4 August 1997 or later**, you can claim your pension up to 4 months before and 3 months after the date from which you want to receive it. In no circumstances can your pension be backdated more than 3 months before the date of your claim.

You must claim an increase for a dependant no later than 3 months from the date on which you are entitled to it. In no circumstances can the increase be backdated more than 3 months before the date of your claim.

### ***Choosing the date from which to claim your pension***

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You can claim your pension on any date from and including the day on which you reach pensionable age. But since your pension will be paid from the first pension pay-day following the date from which you claim, it may

be better for you to claim from a pension pay-day. Pension cannot be paid for any days between the date from which you claim and first pay-day.

The pension pay-day is a Monday except that:

- widow beneficiaries are paid on a Tuesday
- if your spouse is receiving a pension which is paid on a Thursday under previous arrangements, you can ask on the claim form to have your pension paid on a Thursday if you wish. But if you do so it may mean losing some pension. (For example, if a man reached 65 on Friday 4 May 1990 his first pay-day would be Monday 7 May. But if he chose to be paid on a Thursday like his wife, his first pay-day would be Thursday 10 May.)

If you are receiving Severe Disablement Allowance or Jobseeker's Allowance and the day you reach pensionable age is not a pay-day:

- choose the first pay-day after your birthday as the date you want your pension paid from, UNLESS
- (Severe Disablement Allowance only) you are claiming at age 65 (woman) or 70 (man), when you should claim from the pay-day before that birthday.

## ***Help with claiming your pension***

If you are not clear about any point or you find the claim form difficult to fill in, the staff at your Social Security office will be glad to help you.

If you are self-employed you may also find it helpful to discuss matters with your financial adviser before claiming.

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## ***Decision on your claim***

Your claim and any questions arising in connection with it will be decided by an Adjudication Officer. You will be sent a letter explaining:

- the decision on your claim
- how your Retirement 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 36 'How much Additional Pension will be reduced'.

## ***If you are entitled to more than one Retirement Pension***

**SS C & B Act 1992 43(1)**  
**SSP Act 1975 25**

Except as indicated below, if you are or become entitled for the same period to more than one state Retirement Pension you can normally be paid only one of them. You can choose which, otherwise you will receive the most favourable. You can change your choice of Retirement Pension at any time by giving notice in writing.

**SS C & B Act 1992 52-53**

A married woman or a surviving spouse who is entitled to both a Category A Pension on their own contributions and a Category B on their spouse's or former spouse's contributions may have both pensions combined up to a prescribed amount to give a composite pension.

**SS C & B Act 1992 43(2)**  
**SS (OB) Regs 1979 4**

If you are entitled to a Category A or B Pension and to a Category C or D Pension you will be entitled to them both but they will be adjusted by deducting from the Category C or D the Category A or B.

## ***Duration of your Retirement Pension***

**SS C & B Act 1992 44(1), 49(7)-(8),**  
**51(4) & 78(7)**  
**SSP Act 1975 8(3)**

From when you become entitled to your Retirement Pension it is payable for your lifetime unless you give it up (see page 52). You are entitled to receive your Retirement Pension all the time you satisfy the conditions for its payment. It may however be adjusted or suspended on account of any of the following changes.

## ***Changes that can affect your Retirement Pension***

You must tell your Social Security office if there are any changes which might affect payment of your pension. All the changes you must tell the office are given below and are also listed in:

the coloured pages of your order book

or if you are paid other than by order book, in the Notes that were sent to you separately.

**PLEASE READ THESE CAREFULLY.**

If your address is not shown correctly on your order book or other documents sent to you, tell your Social Security office.

### **Your spouse's or partner's earnings**

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

- any increase of your pension which you receive for your spouse or someone looking after a child for you
- any increase of your pension which you receive 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 pension for your spouse or partner.

### **Reporting your spouse's or partner's earnings**

You must tell your Social Security office as soon as your spouse or partner has earnings in any week (from Sunday to Saturday) which are above the levels given in leaflet NI 196 *Social Security benefit rates*. 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 Social Security office that they are working.

### **What counts as earnings:**

- wages, overtime, salary
- fees, commission

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

**SS C & B Act 1992 80(3)-(4) & (7)**

**SS C & B Act 1992 1 & 3(1)  
SSB (Comp. of Earnings)  
Regs 1978**

- regular tips, bonuses (other than Christmas bonuses) 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
- meal vouchers worth up to 15p a day.

**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, fares, overalls and materials (but not income tax or superannuation payments)
- up to 15p for each meal eaten in worktime if no meal vouchers are provided
- the reasonable cost of care for a member of your household while your spouse or partner is at work
- any Class 1 NI contributions which are paid.

**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 (eg directors and some self-employed people) and they make a return to the Inland Revenue, their profits and gains as agreed with the Inland Revenue for their accounting period will, when known, be expressed as



a weekly income. Until this amount can be worked out, your dependency increase may be suspended and interim payments made.

If your spouse or partner does not make returns to the Inland Revenue we may have to ask you to produce accounts so that their earnings can be worked out for the year.

## ***Going into hospital***

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

Your pension will be reduced when you go into hospital for in-patient treatment on the NHS either:

after six weeks

or immediately, if you were living in a local authority home or similar place before going into hospital.

The amount of any extra pension you are getting for a spouse or other dependant may be affected if they go into hospital.

If you want to know more, see leaflet NI 9 *Going into hospital?*

## ***Going abroad***

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

You can generally get your Retirement Pension anywhere abroad. If you are going abroad for less than three months you can normally let your pension build up and cash the orders when you return. But remember that a pension order can be cashed only in the three months after the date shown on it.

If you are going abroad for over three months tell your Social Security office in plenty of time before you go so that they can make arrangements to get your pension paid to you abroad.

If you are living abroad when 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 Community (EC) country including Gibraltar

- 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, Cyprus, Israel, Jamaica, Jersey and Guernsey, Malta, Mauritius, Philippines, Switzerland, Turkey, USA, and the former Yugoslavia (ie Serbia and Montenegro and the successor states of Croatia, Slovenia, Bosnia Hercegovina and the former Yugoslavia 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 pension. This would normally be paid in arrears when you return to the UK.

If you want to know more about how going abroad affects your Retirement Pension, get leaflet NI 38 *Social Security abroad* from your Social Security office or, if you are already abroad, from DSS, Pensions & Overseas Benefits Directorate, Newcastle upon Tyne, NE98 1BA.

## ***Other changes you should report***

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You should also report any of the following changes:

- 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 pension are imprisoned or detained in legal custody
- you or a dependant for whom you get an increase of pension start receiving some other benefit
- a dependant for whom you get an increase of pension dies
- a dependant for whom you get an increase of pension is involved in a trade dispute.

Where your pension comes to more than £5 a week and you live in this country, you can request on the claim form how you want it paid. It can be paid either:

straight into your bank or building society account (credit transfer)

or at your post office.

**SS (C & P) Regs 1987 16 & 21-22**

Payment of your pension will start from either:

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

or the first pay-day after the date you have claimed from. Payment is not made for any days between the date you claim from and the first pay-day.

### ***Payment to an account***

If you ask for payment straight to an account (credit transfer), your pension will be paid directly into a bank or Girobank account, or a savings or cheque account with most building societies, or an investment account with the National Savings Bank. This method is very easy to arrange. You can choose to be paid every 4 weeks or 13 weeks, and payment will be made *at the end of each payment period*.

Full information about payment to an account is given on the claim form BR 1.

### ***Payment at the post office***

You will get a book of orders to cash at the post office of your choice. Each order is for one week's pension in advance. If you cannot get to the post office, the coloured pages in your order book explain how you can get someone else to collect it for you. You can cash each order up to three months after the date shown on it.

If an order has not been cashed within three months, tell your Social Security office without delay.

If you do not cash it within 12 months you will lose the pension due on that order altogether unless you still have the order and can show you had good cause for having not cashed it.

If you wish to change to payment to an account, you can do so by filling in form BR 436 which you can get from your Social Security office.

### ***Payment of small amounts***

If your pension is not more than £5 a week it will normally be paid once a year in arrears by a crossed order which you can pay into your bank or building society account. Or you can if you wish have it paid straight into your account (see above), when the yearly payment will be made shortly before Christmas.

### ***Your first pension payments***

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

### ***Deductions from pension***

In some situations a deduction may be made from your pension before you receive it. This may be done when you have to pay back benefit because:

you were overpaid

or a payment was made to you as a Social Fund loan.

#### **Recovery of overpayments**

If you have been paid too much pension and the Adjudication Officer decides that it can be recovered, you will have to repay it. You can do this by paying a lump sum or by weekly deductions from your pension or, if you do not receive any pensions or other benefits, by instalments.

You can appeal against an Adjudication Officer's decision if you disagree with any of the following:

- that there has been an overpayment
- the amount of the overpayment
- that the DSS has a right to recover the overpayment.

If you have been overpaid some other benefit and the Adjudication Officer decides that it is recoverable, it can be recovered from your pension by weekly deductions if recovery cannot be made from the other benefit because, for example, you no longer get it.

(These rules apply to other Social Security benefits as well as Retirement Pension.)

#### **Recovery of loans from the Social Fund**

**SSA Act 1992 78(1)-(2)**

**SF (RDB) Regs 1988**

If you receive a loan from the Social Fund either:

before your Retirement Pension starts and you have not repaid it by the time your pension does start

**or** after your Retirement Pension starts,

deductions may be made from your pension to recover the loan. Otherwise the loan may be recovered from the pension of your partner.

For further information about the Social Fund see leaflet SB 16 *A guide to the Social Fund*.

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

- Basic Pension
- Additional Pension
- Graduated Retirement Benefit
- Invalidity Allowance or Incapacity Age Addition
- increments

- increases for adult dependents, but not for child dependants.

When pension rates go up, the Inland Revenue will usually get the new rates direct from the DSS.

If you are getting short-term Incapacity Benefit at the **lower** rate or Severe Disablement Allowance when you reach pensionable age you will wish to know that these do not count as income for tax purposes but Retirement Pension does.

If you want to know more about your tax position, ask at your local tax office or tax enquiry point (see phone book under **Inland Revenue**), **not** at your Social Security office.

## *Other help*

## *you may get*

## ***Services for elderly people***

If you want to know more about:

- home care assistants
- meals-on-wheels
- aids to mobility
- social clubs
- day centres
- special transport schemes
- social work support
- residential homes

ask at your local council's social services department, your local advice centre or Age Concern.

If you want advice or practical help with health matters, ask your family doctor, district nurse or health visitor.

## ***Reduced fares***

### **British Rail**

You can buy a senior railcard if you're 60 or over. This allows you to travel at reduced cost on many train journeys. The railcard lasts for one year and can be bought at most stations.

### **Bus and Underground**

Some local transport services offer free or reduced-cost travel on buses or the underground. Ask your local transport company for details.

## ***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 up-rated 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 NI 196 *Social Security benefit rates*.

## ***Social Security leaflets***

All Social Security leaflets are available free of charge from your Social Security office (see business section of phone book for the **Benefits Agency** advertisement (**Contributions Agency** for National Insurance). Some leaflets are also available in post offices.

For bulk orders (at least 5 copies of each leaflet) write to the address below with details of the amount you want, leaflet titles and reference numbers:

The Stationery Office Ltd  
The Causeway, Oldham Broadway Business Park  
Chadderton, Oldham  
OL9 9XD

### Overview leaflets

These two leaflets give basic information about Social Security and the benefits available:

- leaflet FB 2 *Which benefit?* gives a general overview of all benefits
- leaflet NI 196 *Social Security benefit rates* (see 'Rates of benefits' page 86).

### General information leaflets

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

- D 49 *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 Office plus D 49S *Social Security supplement*)
- FB 4 *Cash help while you are working*
- FB 26 *Voluntary and part-time workers*
- FB 27 *Bringing up children?*
- FB 28 *Sick or disabled?*
- FB 30 *Self-employed?*
- FB 31 *Caring for someone?*
- FB 32 *Benefits after retirement*
- PEC 1 *Information about pensions*
- PEC 2 *About pensions*
- PEC 3 *The 1995 Pensions Act* (summary)
- PEC 5 *How to appoint member-nominated trustees: a guide for trustees and employers*
- PEC 8 *Changes affecting occupational pensions contracted-out of SERPS*

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



### Detailed information leaflets

Guides such as this one give detailed information on particular benefits or benefit areas.

- IB 202 *Incapacity Benefit – Information for new customers*
- IS 20 *A guide to Income Support*
- SB 16 *A guide to the Social Fund*
- NI 261 *A guide to Family Credit*
- NP 45 *A guide to widows' benefits*
- NI 260 *A guide to reviews and appeals*
- NI 17A *A guide to maternity benefits*
- HB 5 *A guide to non-contributory benefits for disabled people*
- NI 92 *Giving up your Retirement Pension to earn extra.*

### ***Advice for people with disabilities***

A confidential telephone service – **Benefit Enquiry Line, 0800 88 22 00** – helps people with disabilities and their carers. BEL can provide information on local support groups and help fill out disability claim forms over the telephone. People with speech or hearing problems using a textphone can dial **0800 24 33 55**.

## ***The Acts and Regulations and the 'Blue Volumes'***

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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.

You can consult a copy at your Social Security office, and 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 Up-rating 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 Pension and GMP are to be revalued.

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

### ***Acts***

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#### **PSA 1993**

Pension Schemes Act 1993 Chapter 48

#### **PA 1995**

Pensions Act 1995 Chapter 26

#### **SSA Act 1992**

Social Security Administration Act 1992 Chapter 5

**SS C & B Act 1992**

Social Security Contributions &amp; Benefits Act 1992

Chapter 4

**SS (Incapacity for Work) Act 1994**

Chapter 18

***Regulations***

(SS = Social Security)

*Statutory  
Instrument  
Number***OPS (D of I) Regs 1986**

1986/1046

Occupational Pension Schemes

(Disclosure of Information)

Regulations 1986

**POPS (AB) Regs 1987**

1987/1113

Personal and Occupational Pension Schemes

(Abatement of Benefit) Regulations 1987

**PPS (D of I) Regs 1987**

1987/1110

Personal Pension Schemes

(Disclosure of Information)

Regulations 1987

**SF (RDB) Regs 1988**

1988/35

Social Fund (Recovery by Deductions  
from Benefits) Regulations 1988**SS (Adjud) Regs 1986**

1986/2218

SS (Adjudication) Regulations 1986

**SS (C & P) Regs 1987**

1987/1968

SS (Claims &amp; Payments) Regulations 1987

**SSB (Comp of Earnings) Regs 1978**

1978/1698

SS Benefit (Computation of Earnings)

Regulations 1978

**SS (Credit) Regs 1975**

1975/556

SS (Credit) Regulations 1975

**SS (Dep) Regs 1977**

1977/343

SS (Dependency) Regulations 1977

<b>SS (EF) Regs 1979</b>	1979/676
SS (Earnings Factors) Regulations 1979	
<b>SS (GRB) Regs 1978</b>	1978/391
SS (Graduated Retirement Benefit) Regulations 1978	
<b>SS (GRB) (No 2) Regs 1978</b>	1978/393
SS (Graduated Retirement Benefit) (No 2) Regulations 1978	
<b>SS (HR &amp; Misc A) Regs 1978</b>	1978/508
SS (Home Responsibilities and Miscellaneous Amendment) Regulations 1978	
<b>SS (HIP) Regs 1975</b>	1975/555
SS (Hospital In-Patients) Regulations 1975	
<b>SS (MAP) Regs 1978</b>	1978/949
SS (Maximum Additional Pension) Regulations 1978	
<b>SS (OB) Regs 1979</b>	1979/597
SS (Overlapping Benefit) Regulations 1979	
<b>SS (PA) Regs 1975</b>	1975/563
SS (Persons Abroad) Regulations 1975	
<b>SS Pen (HR) Regs 1994</b>	1994/704
SS Pensions (Home Responsibilities) Regulations 1994	
<b>SS (POR) Regs 1988</b>	1988/664
SS (Payment on account, Overpayments & Recovery) Regulations 1988	
<b>SS (WB &amp; RP) Regs 1979</b>	1979/642
SS (Widow's Benefit & Retirement Pension) Regulations 1979	
<b>SS (WB &amp; RP) (Trans) Regs 1979</b>	1979/643
SS (Widow's Benefit, Retirement Pensions & Other Benefit) Regulations 1979	
<b>SS (W &amp; WIP) Regs 1978</b>	1978/529
SS (Widow's & Widower's Invalidity Pensions) Regulations 1978	

## ***The Adjudication Officer's Guide***

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*The Adjudication Officer's Guide* (AOG) gives guidance to Adjudication Officers on the interpretation of the law for all benefits. The AOG is written by the office of the chief Adjudication Officer and aims to ensure consistency in decision-making throughout the country. You can consult a copy of the AOG at your Social Security office or you can buy a copy from the Stationery Office.

## ***The Social Security Commissioners***

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

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