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Press release

'Your future, your pension': DWP in new drive to raise awareness of State Pension changes

A major new campaign, 'Your future, your pension', aimed at ensuring today's workers understand the new State Pension, to be launched.

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from:

Department for Work and Pensions (<https://www.gov.uk/government/organisations/department-for-work-pensions>) and The Rt Hon Steve Webb (<https://www.gov.uk/government/people/steve-webb>)

This was published under the 2010 to 2015 Conservative and Liberal Democrat coalition government



A major new campaign aimed at ensuring today's workers understand what the new State Pension will give them in retirement is to be launched, Pensions Minister Steve Webb has announced.

Under the tagline 'Your future, your pension', the communications drive will aim to broaden the public's understanding of how the State Pension is being changed from April 2016, and what the reforms mean for their household. Advertisements will start appearing later this year.

Today also sees the launch of a new service giving people a personalised written estimate of what they can expect to receive under the new system, based on their work history and National Insurance (NI) contributions to date.

Initially available to the approx 2.5 million people who reach State Pension age in the first 5 years of the new scheme – currently between April 2016 and August 2021 – the service will be expanded gradually over the next 18 months, eventually becoming available to all working age people.

Minister for Pensions, Steve Webb MP, said:

The new State Pension is one of this coalition government's boldest reforms; it will give people clarity over their retirement income, significantly reduce the means testing of pensioners and create a fairer society.

But it's essential that people understand what the changes mean for them personally – and I recognise that, particularly in the transition phase, people need more help to do that.

The new statement service means that for the first time we can give those people closest to State Pension age personal information on how they will be affected by the reforms. Over the next 18 months, this will be rolled out further until eventually it is available to everyone of working age.

The introduction of the new State Pension marks the biggest reform of the State Pension in a generation. At its heart is the concept of a clearer, fairer, single-tier payment, the full rate of which is set above the basic means test, but which remains contributory in nature.

Over time, various complexities which have built up over decades will be swept away and, in their place, will exist a much more straightforward weekly payment. Those people with 35 qualifying years of National Insurance contributions will receive the full rate, which will be set above the basic level of means-tested support (currently £148.35 a week).

But to ensure fairness, transitional arrangements will be in place to ensure that we recognise the National Insurance contributions made by those who have spent some of their working life in the old system. This will involve the DWP calculating a 'starting amount' for the new State Pension based on a person's record up to April 2016.

In future, the option for people to 'contract out' of paying full NI contributions will be removed, so that everyone pays a standard rate. Those who have contracted out in the past will have an appropriate deduction made to their starting amount.

The new bespoke statement service which is being rolled out from today will give people information about their starting amount and what they may be able to do to increase the level of their State Pension before they retire.

As well as giving everybody a clearer picture of their likely retirement income, and providing a firm basis upon which people can plan their own private or workplace pension saving, the new State Pension is also designed to tackle the inequalities of the old system.

In particular, women, carers and some lower earners who haven't previously received much by way of additional pension will benefit. And self-employed people, who miss out on any additional pension under the current arrangements, will be brought fully into the State Pension system, helping millions to secure a more comfortable retirement.

In the first 10 years after implementation, around 650,000 women are expected to benefit from the starting amount calculation, receiving on average £8 a week more in State Pension.

More information

The 'Your future, your pension' advertisements will begin appearing later this year.

The full new State Pension will be set above the Pension Credit standard minimum guarantee (currently £148.35 a week) but the actual amount will be set in autumn 2015.

To apply for a new State Pension statement, visit: www.gov.uk/state-pension-statement (<https://www.gov.uk/state-pension-statement>)

More information about the new State Pension is available at: www.gov.uk/new-state-pension
(<https://www.gov.uk/new-state-pension>)

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