

Your **State Pension**
Your **options**
Your **decision**

November 2010



Part of the Department for Work and Pensions





Ready to claim now?

If you've already decided to claim your State Pension why not tell us straight away?

► Go to **Step 3** on **page 25**.

About this information booklet

Please read this booklet carefully.

It tells you what choices you have with your State Pension, when you reach State Pension age.



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Section 1

About The Pension Service

Who we are

The Pension Service is part of the Department for Work and Pensions. We can tell you about pensions and benefits, whether you are planning your retirement, are about to retire or have already retired.

We are committed to improving services for older people and helping people to plan for their later years.

What you can expect

- We can help you plan and provide for your future as you approach retirement.
- We will not pay you State Pension automatically. If you decide you want your State Pension, you need to claim it.
- The easy way to claim is by phone. When you call us we can normally tell you how much State Pension you will get and you will not have to fill in any forms.
- If you contact us by phone, you can also apply for Pension Credit, claim Housing Benefit and claim Council Tax Benefit at the same time.
- If you don't want to claim State Pension straight away, we can tell you about the choices and benefits of putting off your claim to State Pension.

Introducing your State Pension

State Pension is money paid to you from the government to help fund your retirement.

Your State Pension is based on the National Insurance contributions you paid, you were treated as having paid, or were credited to you during your working life. It can be made up of different parts, for example, basic State Pension and additional State Pension.

We can usually tell you how much State Pension you may get when you contact us on **0800 731 7898**.

If the amount of your basic State Pension is less than the full rate, you may be able to increase your basic State Pension by paying voluntary National Insurance contributions for past years.

New rules for paying additional voluntary Class 3 National Insurance contributions from 6 April 2009

If you reach State Pension age between 6 April 2008 and 5 April 2015 and already have 20 qualifying years, inclusive of full years of Home Responsibilities Protection, you may be able to purchase up to an additional six tax years of voluntary Class 3 contributions, for tax years from 6 April 1975.

If you reach State Pension age between 6 April 2008 and 5 April 2010 you must also have at least one paid, or treated as paid qualifying year.



If you do not have the necessary 20 qualifying years, you may be able to become eligible by paying some voluntary Class 3 contributions under normal rules to achieve the 20 years.

Additional voluntary Class 3 contributions can be paid over and above those permitted under the usual time limits, in order to enhance your basic State Pension.

Payment for the additional years must be made within six years from the date on which you reach State Pension age.

Additional voluntary Class 3 contributions paid under the new rules after you reach State Pension age but before 6 April 2011, will count towards your increased basic State Pension from your State Pension age.

Voluntary National Insurance contributions cannot be paid for any tax year, the whole of which is covered by a married woman's or widow's reduced rate election.

If you want to know if you can increase your basic State Pension in this way, please contact us. Contact us even if you do not want to claim your State Pension yet.

To find out about the full rates of basic State Pension



visit www.direct.gov.uk/statepension



call **0800 731 7898**



read our leaflet about social security benefit rates.
To get this leaflet call **0845 7 31 32 33**.

Or, visit www.direct.gov.uk/tpsleaflets

To find out about call charges, see **page 32** of this booklet.

You may be able to improve your State Pension

If you are married or you are a civil partner

Sometimes you won't get State Pension based on your own National Insurance contributions, or your basic State Pension will be less than the full rate. But you may be able to get State Pension based on your husband, wife or civil partner's National Insurance contributions when you reach State Pension age if

- you are a married woman, and your husband has reached State Pension age, or
- you are a married man, and your wife
 - was born on or after 6 April 1950, and
 - has reached State Pension age, or
- you are a civil partner, and your civil partner
 - was born on or after 6 April 1950, and
 - has reached State Pension age.

The earliest a male civil partner will be entitled to a Category B pension is 6 April 2015 because that is the date that a man born on 6 April 1950 reaches pensionable age.

If you are divorced

You may be able to get an increase of basic State Pension based on your ex-husband's or ex-wife's National Insurance contributions.

If your civil partnership has been dissolved

You may be able to get an increase of basic State Pension based on your ex-civil partner's National Insurance contributions.

If you reached State Pension age on or after 6 April 2008

If you cared for a child but your partner claimed Child Benefit but did not need Home Responsibilities Protection because they worked or paid National Insurance contributions, then you can have Home Responsibilities Protection transferred to your account, if you apply on form **CF411**. You need to have been living with your partner and sharing care of a child in each year for which you want Home Responsibilities Protection transferred to you.

If you have been widowed

You may be able to get an increase of State Pension based on your late husband or wife's National Insurance contributions. You will not get an increase if

- you were under State Pension age when he or she died, and
- you remarry, or form a civil partnership, before you reach State Pension age.

If you were widowed on or after 9 April 2001, and get a bereavement benefit like Bereavement Allowance or Widowed Parent's Allowance, you will stop getting that benefit when you reach State Pension age. You will then normally be entitled to State Pension instead.

If you were widowed before 9 April 2001 and get a widow's benefit like Widow's Pension or Widowed Mother's Allowance you can

- claim State Pension from State Pension age, or
- keep getting your Widow's Pension until you reach age 65, or
- keep getting your Widowed Mother's Allowance for as long as you are entitled to it, or
- give up your Widow's Benefit to earn extra State Pension.

Before you decide, you should ask for a pension forecast. It will tell you if you will get more money by claiming State Pension instead of your Widow's Benefit.

If you are a surviving civil partner

You may be able to get an increase of State Pension based on your late civil partner's National Insurance contributions. You will not get an increase if

- you were under State Pension age when he or she died, and
- you form another civil partnership or marry before you reach State Pension age.

If you are entitled to Widowed Parent's Allowance or Bereavement Allowance because of the death of your civil partner, you will stop getting those benefits when you reach State Pension age. You will then normally be entitled to State Pension instead.

Section 2

Three simple steps

Follow these three steps to help you come to a decision about your State Pension

Step 1 Get to know your options

You can claim your State Pension now (even if you are still working) or defer your claim to a later date.



Option 1

Start claiming



Option 2

Defer claiming

Step 2 Get help and advice

There is plenty of help and advice available if you want to find out more about your options before you decide.

Step 3 Tell us your decision

Once you've made up your mind simply contact us and let us know your decision.



Option 1

Start claiming



Option 2

Defer claiming

Step 1 Get to know your options

As you approach State Pension age, you have a choice to make about your State Pension – **Option 1 Start claiming** or **Option 2 Defer claiming**. Find out here what each option could mean for you.



Option 1

Start claiming

We will not pay your State Pension automatically. So, if you decide you want your State Pension now, you need to claim it.

Working past State Pension age

If you work past State Pension age, you can increase your income when you retire. This is because you will have more time to earn and save for your future.

If you decide to

- work fewer hours
- job share
- do a less demanding role, or
- do seasonal work

check how it will affect any occupational pension schemes you are paying into.

If you work past State Pension age, you can claim State Pension while you keep working. The money you earn and the hours you work will not affect your State Pension, but you may pay tax on your State Pension as well as the money you earn.

You can also put off your claim to State Pension to earn extra State Pension or a lump sum. You may be able to keep working with the same employer while they are paying you an occupational pension.

To find out more about the benefits of working past State Pension age



visit www.direct.gov.uk/workingpastpensionage

Still not sure?

Find out more

- ▶ **Option 2 Defer claiming on page 12.**
- ▶ **Step 2 Get help and advice on page 16.**

Ready to claim?

Go to **Step 3 on page 25** to find out more and make your claim.



Option 2

Defer claiming

You can put off claiming your State Pension when you reach State Pension age. This means we will not pay you State Pension until you claim it. Depending on how long you put off your claim, you will be able to get extra State Pension or a lump sum when you do claim. Putting off claiming is also known as State Pension deferral.

If you are already getting State Pension, you can stop claiming your State Pension to earn extra State Pension or a lump sum later on. You can only do this once and you must normally live in Great Britain. You can put off claiming State Pension for as long as you like.

If you choose to defer your State Pension it may still be possible for your husband, wife or civil partner to get State Pension, based on your National Insurance contributions, when they reach State Pension age.

To find out more



visit www.direct.gov.uk/statepensiondeferral



read our leaflet about State Pension deferral.

To get this leaflet call **0845 7 31 32 33**.

Or, visit www.direct.gov.uk/tpsleaflets

Extra State Pension

You can choose to get extra State Pension if you put off claiming your State Pension for 5 weeks or more. When you do claim, you will get a higher weekly State Pension for the rest of your life.

The amount of extra State Pension you get works out at 1% for every 5 weeks you have put off your claim, (about 10.4% for a full year).

The lump sum payment

If you put off claiming your State Pension for 12 months or more in a row, you can get extra State Pension or you can get a lump sum payment instead. You will have to pay tax on the lump sum. We will only pay you the lump sum once.

The lump sum payment is made up of the State Pension you would have got if you had not put off claiming, **plus** interest. We will add interest to the lump sum payment for each week that you put off claiming. We will add the interest at 2% above the Bank of England's base rate.

You can get the lump sum when you start to claim your State Pension or in the following tax year. You will also get your normal State Pension when you start claiming.

How other benefits affect putting off your claim

If you put off claiming State Pension while getting other benefits, you will not build up any extra State Pension or lump sum for the days that you get the other benefit. These other benefits are Carer's Allowance, Severe Disablement Allowance, Unemployability Supplement, Widow's Pension, Widowed Mother's Allowance and Incapacity Benefit.

PLEASE NOTE: The Government has announced its intention to add Pension Credit, Income Support, income-based Jobseeker's Allowance and

income-related Employment and Support Allowance to the list of benefits which affect putting off your claim to State Pension, from April 2011. There are also changes that apply to couples in relation to putting off claiming State Pension where one member of the couple has claimed these income-related benefits.

Paying National Insurance contributions after State Pension age

Class 1 National Insurance contributions

You do not pay Class 1 National Insurance contributions after you reach State Pension age.

If you work for an employer and you are past State Pension age, you need to give your employer a Certificate of Age Exception.

This certificate tells them that you do not have to pay National Insurance contributions on the money that you earn.

If you tell us that you are going to keep working when you claim your State Pension, this certificate will be sent to you automatically.

If you put off claiming State Pension and need a certificate, contact HM Revenue & Customs. You may have to give them evidence of your date of birth. You can write to them at

**HM Revenue & Customs NICO
Contributor Caseworkers
Benton Park View
Longbenton
Newcastle upon Tyne, NE99 1ZZ.**

Income tax

State Pension is taxable which means that you may have to pay income tax on the income you get from State Pension. And if you decide to take the extra State Pension, you may have to pay tax on the extra State Pension too. If you decide to take the lump sum instead of extra State Pension you may have to pay tax on the lump sum.

Extra State Pension will be taken into account for Pension Credit, Housing Benefit and Council Tax Benefit, just like other types of income.

The lump sum will not affect your claim for Pension Credit, Housing Benefit or Council Tax Benefit.

If you want to find out more about National Insurance and tax, contact HM Revenue & Customs.

You can go to www.hmrc.gov.uk or call **0845 302 1479**.

Still not sure?

Find out more

► **Step 2 Get help and advice on page 16.**

Ready to defer?

Go to **Step 3 on page 28** to find out more.

Step 2 Get help and advice

To make sure you get your State Pension and other age related benefits you may be entitled to, here are some of the things you might like to consider before you decide.

How can I find out how much State Pension I will get?

A forecast will tell you how much you are likely to get when you make your claim. It will include any State Pension you may get based on the National Insurance contributions of your

- late husband, wife or civil partner, or
- ex-husband, wife or civil partner.

If you want to apply for a forecast, call the State Pension forecasting team straight away.

It may take some time to work out your forecast, as we need to get details of the National Insurance contributions of your

- late husband, wife or civil partner, or
- ex-husband, wife or civil partner.

When you call, it will help if you can tell us

- your late husband, wife or civil partner's National Insurance number, and
- the date that your husband, wife or civil partner died, or
- your ex-husband, wife or civil partner's National Insurance number, and
- the date of divorce or the date your civil partnership was dissolved.

You will not be able to get a forecast once you are within thirty days of your State Pension age.



Visit www.direct.gov.uk/pensionforecast



Call us on **0845 3000 168**.



If you have speech or hearing difficulties you can contact us using a textphone on **0845 3000 169**. Or you can use Text Relay by dialling **18001 0845 3000 168**.

Where can I trace any lost occupational or personal pensions I may have?

If you have changed jobs a number of times during your working life, it is easy to lose contact with an old employer and their pension scheme.

The Pension Tracing Service may be able to help you if you are not sure of all the details but you

- think you may have an old occupational or personal pension, or
- think you may be a beneficiary of an old pension scheme, or
- you are acting on behalf of someone else.

Tracing all your pension benefits now will help you make decisions in the future about saving for your retirement. And it will help make sure that you get all the pension benefits that you are entitled to when you retire.

To trace a pension



visit www.direct.gov.uk/pensiontracing



call us on **0845 600 2537**. We will do the trace over the phone or send you an application form. Opening hours are Monday to Friday 8am to 6pm



if you have speech or hearing difficulties you can contact us using a textphone on **0845 3000 169**. Or you can use Text Relay by dialling **18001 0845 600 2537**.



write to **The Pension Tracing Service, Tyneview Park Whitley Road, Newcastle upon Tyne, NE98 1BA**.

We need to know at least the name of your previous employer or pension scheme.

Do I qualify for other age-related benefits?

Depending on your circumstances you may be entitled to other age related benefits.

Pension Credit

Pension Credit is a tax free payment for those who have reached the qualifying age, and live in Great Britain. By Great Britain we mean England, Scotland and Wales.

The Pension Credit qualifying age is rising from 60 to 65 between April 2010 and 2020, alongside the increase in women's State Pension age.



To find out more about Pension Credit and any other benefits you may be entitled to visit www.direct.gov.uk/benefitsadviser



If you want to know more about Pension Credit visit www.direct.gov.uk/pensioncredit



Or read our leaflet about Pension Credit. To get this leaflet call **0845 7 31 32 33**. Or, visit www.direct.gov.uk/tpsleaflets

If you have a partner, and only one of you has reached the qualifying age you can still get Pension Credit. The person who has reached the qualifying age must be the one who applies.

There are two parts to Pension Credit, the **Guarantee Credit** and the **Savings Credit**.

The Guarantee Credit works by topping up your weekly income to a guaranteed minimum level.

If you or your partner are aged 65 or over and you have saved some money towards your retirement, like a second pension or savings, you may get the Savings Credit.

If you are getting or applying for Pension Credit while you are putting off claiming your State Pension, we will work out your Pension Credit as if you were getting your State Pension. We cannot pay Pension Credit instead of the State Pension you have chosen to put off.



To apply for Pension Credit you can call us on **0800 99 1234**.



If you have speech or hearing difficulties you can contact us using a textphone on **0800 169 0133** or Text Relay on **18001 0800 99 1234**.

Or you can ask for more information when you contact us about your State Pension.

When you call us we will ask you about your circumstances. For example we may ask you about any income, savings and investments you and your partner have.

If you apply for Pension Credit, we can also help you apply for Council Tax Benefit and Housing Benefit at the same time.

If you are sick or disabled

You may stop getting some sickness and disability benefits when you get to State Pension age.

- You will usually stop getting **Incapacity Benefit** when you reach State Pension age. But sometimes you can keep getting it. To find out more contact us on **0800 731 7898**.
- You can keep getting **Severe Disablement Allowance** when you reach State Pension age, instead of claiming State Pension.
- If you get **Reduced Earnings Allowance** and your regular employment ends, Retirement Allowance will replace it when you reach State Pension age.
- Claiming State Pension does not affect your **Disability Living Allowance or Attendance Allowance**.
- **Employment and Support Allowance** will stop when you reach State Pension age.

Where can I get help and advice?

The Pension Service



If you want to find out more about State Pension visit www.direct.gov.uk/statepension



Or you can call us on **0800 731 7898**.

The Pensions Advisory Service

The Pensions Advisory Service is an independent not-for-profit organisation that provides free information and guidance on the whole range of pensions covering state, company, personal and stakeholder schemes. They also help you if you have a problem, complaint or disagreement with your occupational or private pension provider. Visit www.pensionsadvisoryservice.org.uk or phone them on **0845 601 2923**.

Citizens Advice

Citizens Advice has a network of advice centres across the UK. It offers advice on a wide range of subjects from housing to health, to debt and consumer issues. You can find the number of your local bureau in the phone book or on the Citizens Advice website at www.citizensadvice.org.uk

Consumer Financial Education Body

For information and advice on money and retirement, visit www.moneymadeclear.org.uk or phone **0300 500 5000**.



Need a little help getting started with computers and the internet?

As well as being able to find out more about a range of government services, getting online can save you money, help you keep in touch with friends and family and bring a world of conveniences to your door.

Training is free and easy and will help you master the internet, whether you've never used a computer before, or know how to get online but require a bit of extra help. Whatever your level of ability, support is available.

What are the benefits of using the internet?

The internet is accessible 24 hours a day, 7 days a week. It enables you to carry out simple tasks at a time that's convenient - and, if you have internet access at home - from the comfort of your own armchair.

Things you can do online include:

- keeping in touch with your loved ones
- your weekly supermarket shopping
- banking and paying bills
- sharing photographs with family and friends
- catching up with the news or even a TV programme you may have missed.

If you don't have access to the internet or can't use it, there is help available. To find out more or to make an appointment for free training to help you learn about using the internet you can contact the following:

UK Online (England)

www.ukonlinecentres.com

0800 77 1234

learndirect (Wales)

www.learndirect.co.uk/wales-eng

0800 101 901

learndirect (Scotland)

www.learndirectscotland.com

0808 100 9000

Directgov

www.direct.gov.uk



Directgov, the UK government's official website, provides a wide range of information that can help you with your pension and retirement planning.

These include:

- a Pension Credit calculator, which can help you estimate how much Pension Credit you may be entitled to
- a benefits adviser tool, which helps you find out more about benefits you may be entitled to
- information about deferring your State Pension
- information about other financial support and concessions you might be eligible for in retirement, and
- pensions leaflets and forms.

To find these and more, simply go to **www.direct.gov.uk/pensions**

Step **3** Tell us your decision

If you've come to a decision about which option you would like to take, now's the time to tell us. Remember, you don't get State Pension automatically – you have to claim it.



Option 1

Start claiming

How to claim

The earliest we can accept your claim is four months before the date you want to start getting State Pension. When you are ready to make your claim you can choose to do so by one of the following options.



Claim by phone

You can claim your State Pension over the phone. Your application will be completed over the phone which means your claim can usually be processed straight away and you will not need to sign anything.

State Pensions Claim Line: Call us on **0800 731 7898**.

Lines are open 8am to 8pm Monday to Friday, except public holidays, and from 9am to 1pm on Saturdays.



Claim by textphone or Text Relay

If you have speech or hearing difficulties please use our textphone service on **0800 731 7339** or Text Relay on **18001 0800 731 7898**.



We can call you back

If you would like us to call you back about making your claim, you can fill in the coupon on the next page.



Claim by post

You can also get a copy of our claim form from our website. The address is www.direct.gov.uk/tpsleaflets

If you do not want to claim State Pension by phone or by getting the form from our website, please call us on **0800 731 7898** to ask for a claim form. You can also fill in the coupon on the next page.

To find out about call charges, see **page 32** of this booklet.

What do I have to do?

You do not have to tell us if you want to put off claiming your State Pension, or keep putting off claiming it.

But if you get another social security benefit, you need to tell us what you want to do. **Please see page 13 for information on proposed changes for people getting other benefits.** If you are thinking about putting off your claim, it's important that you find out more about this option before you decide. This booklet can only give general information. To find out more



visit www.direct.gov.uk/statepensiondeferral



read our leaflet about State Pension deferral.

To get this leaflet call **0845 7 31 32 33**.

Or, visit www.direct.gov.uk/tpsleaflets

If you do not want to start getting your State Pension in the next four months keep this booklet and the form *About your State Pension* in a safe place. Contact us within four months of the date you want to start getting your State Pension from.

You may also want to get independent financial advice. To find out more, visit www.fsa.org.uk or phone the Financial Services Authority on **0845 606 1234**.

Section 3

Other information

How we pay you

We normally pay your money into an account.

Many banks and building societies will let you collect your money at the post office.

We will tell you when the first and second payments will be and how much each is for.

Each payment, after the second one, should be for the same amount unless there is a change in your circumstances. We will tell you if the amount we pay into the account is going to change. We will normally pay your State Pension every 4 weeks.



Finding out how much we have paid into the account

You can check your payments on account statements. The statements may show your National Insurance (NI) number next to any payments we have made. If you think a payment is wrong, get in touch with the office that pays you straight away.

If we pay you too much money

We have the right to take back any money we pay that you are not entitled to. This may be because of the way the system works for payments into an account.

For example, you may give us some information, which means you are entitled to less money. Sometimes we may not be able to change the amount we have already paid you. This means we will have paid you money that you are not entitled to.

We will contact you before we take back any money.

How we collect and use information

The information we collect about you and how we use it depends mainly on the reason for your business with us. But we may use it for any of the Department's purposes, which include

- social security benefits and allowances
- child support
- employment and training
- private pensions policy, and
- retirement planning.

We may get information from others to check the information you give to us and to improve our services. We may give information to other organisations as the law allows, for example to protect against crime.

To find out more about how we use information, visit our website www.dwp.gov.uk/privacy-policy or contact any of our offices.

Useful contacts



The Pension Service

Claim your State Pension

direct.gov.uk/statepension

Phone: 0800 731 7898

Textphone: 0800 731 7339

Text Relay: 18001 0800 731
7898

If you change your details

Phone: 0845 60 60 265

Textphone: 0845 60 60 285

Pension Credit

direct.gov.uk/pensioncredit

Phone: 0800 99 1234

Textphone: 0800 169 0133

International Pension Centre

direct.gov.uk/pensionsabroad

Phone: +44 191 218 7777

Textphone: +44 191 218 7280

Write to:

The Pension Service

International Pension Centre

Tyneview Park

Newcastle upon Tyne

NE98 1BA, England

Benefits adviser service

direct.gov.uk/benefitsadviser

HM Revenue & Customs

Tax and National Insurance

hmrc.gov.uk

Phone: 0845 302 1479

Other financial advice

The Pensions Advisory Service

www.pensionsadvisoryservice.org.uk

Phone: 0845 601 2923

Consumer Financial

Education Body

moneymadeclear.org.uk

Phone: 0300 500 5000

Independent Financial Advisers

unbiased.co.uk

Phone: 0800 085 3250

Call charges

Charges were correct as of November 2010.

Calls to **0800** numbers are free from BT landlines but you may have to pay if you use another phone company, a mobile phone, or if you are calling from abroad.

Calls to **0845** numbers from BT landlines should cost no more than 6p a minute with a 10p call setup charge. You may have to pay more if you use another phone company or a mobile phone, or if you call from abroad.

If English is not your first language, you can use your own interpreter or we can provide one.

If you have speech or hearing difficulties you can contact us using a textphone. We welcome calls from Text Relay.

We record phone calls to help us provide an accurate and consistent service and for training and security purposes.

Important information about this booklet

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