



April 2008

Key points:

- Replaces previous version dated April 2007
- Updated Pension rates for 2008/2009
- More information about future changes

The State Pension

This fact sheet is aimed at people aged 60 or over.

Those living in Scotland, Wales or Northern Ireland may wish to contact:

The Scottish Helpline for Older People – Age Concern Scotland, tel: 0845 125 9732 (local call rates) Monday to Friday, 10am – 4pm; website: www.olderpeoplescotland.co.uk;

Age Concern Cymru, Ty John Pathy, Units 13/14 Neptune Court, Vanguard Way, Cardiff CF24 5PJ, tel: 029 2043 1555 (national call rate); website: www.accymru.org.uk;

Age Concern Northern Ireland, 3 Lower Crescent, Belfast, BT7 1NR, tel: 028 9032 5055 (national call rate), Monday to Friday 10am – 12pm and 2pm – 4pm, website: www.ageconcernni.org.

Contents

1.	Civil Partnerships	4
2.	Basic Pension	4
	2.1 Married women	4
	2.2 Dependant wives	5
	2.3 Dependant husbands	5
	2.4 People who have divorced or had their civil partnership dissolved and separated people	6
	2.5 Widows, widowers and surviving civil partners	6
3.	National Insurance contributions	7
	3.1 Reduced contributions for married women.....	7
4.	Contribution conditions for a Basic Pension	7
	4.1 Working life.....	8
	4.2 Lower and upper earnings limits	8
	4.3 Qualifying years	8
	4.4 First condition for a Basic Pension.....	8
	4.5 Second condition	9
	4.6 Working out your pension	9
	4.7 Credits.....	11
	4.8 Home responsibilities protection (HRP)	11
	4.9 Future changes to State Pensions.....	12
	4.10 Voluntary and late contributions.....	12
5.	Graduated Pension	14
6.	Additional Pension	14
7.	If you work after pension age	16
	7.1 Deferring your pension	17
	7.2 Married women	18
8.	Over-80s Pension	19
9.	Claiming and being paid the pension.....	19
10.	Income Tax and other benefits	20
11.	Further information	21
	11.1 Lost National Insurance numbers (NINO).....	21
12.	Further information from Age Concern.....	21

Introduction

The pension rates referred to below started in the week beginning 7 April 2008. Pension levels normally increase each April. There will be a new edition of this factsheet in April 2009.

The Department for Work and Pensions (DWP) is the Government department responsible for State pensions and benefits. The DWP agencies that deliver State pensions and benefits are the Pension Service, Jobcentre Plus and the Disability and Carers Service. Older people deal mainly with the Pension Service - either through a regional Pension Centre or the local service. There is more information about contacting the Pension Service in Section 9 of this factsheet.

Her Majesty's Revenue and Customs (HMRC) formerly the Inland Revenue, deal with information about National Insurance (NI) contributions. Details of offices and enquiry centres can be found in the phone book. You can also get leaflets and information on their website: www.hmrc.gov.uk

The State Pension is paid to people who have reached pension age (currently 60 for women, 65 for men) and fulfil the National Insurance (NI) contributions conditions. Parliament has passed legislation to equalise pension age at 65 for men and women. The change will be phased in between 2010 and 2020 and will not affect anyone born before 6 April 1950.

The Pensions Act 2007 will gradually increase State Pension Age to 68 for both men and women between 2024 and 2046. This will affect anyone born after 5 April 1959.

The pension has three main parts: the Basic Pension; Additional Pension based on contributions after April 1978; and Graduated Pension based on contributions between April 1961 and April 1975.

There is also a non-contributory pension for some people aged 80 and over as explained in Section 8.

Further information is available in the detailed social security guide NP 46 *A Guide to Retirement Pensions*.

1. Civil Partnerships

Since December 2005 same-sex couples have been able to register a civil partnership. State pension provisions that previously only applied to husbands and wives now also apply to registered civil partners. But, where provisions apply only to women, such as the married woman's pension, rules will only be extended to civil partners when State pension age starts to be equalised for men and women in 2010 (when they will also apply to married men).

2. Basic Pension

The Basic Pension is paid at the same rate to people who fulfil the contribution conditions. (These are explained later). You will receive the full rate of Basic Pension if you have paid or been credited with contributions for most of the years of your working life. If you have not paid enough contributions you may get a partial pension or you may not receive a pension at all. Normally you need to have satisfied the contribution conditions in your own right; but married women, divorced people, former civil partners, widows, widowers and surviving civil partners may be able to claim a pension based on their ex-spouse's, late spouse's or late civil partner's record.

The full weekly rates are:

• Single person	£ 90.70
• Wife on husband's contributions	£ 54.35
• Married couple on husband's contributions	£145.05
• Married couple/civil partners if both paid full contributions	£181.40

An extra 25p is payable when you reach the age of 80.

2.1 Married women

If you are a married woman with a full contribution record you can claim the pension of £90.70 when you become 60. If you don't have a full record then you may receive a partial pension. If you are not entitled to a pension on your own contributions at the age of 60, or it is less than £54.35 you may be able to claim a pension of up to £54.35 based on your husband's contribution record once he starts to draw his pension.

If your pension is more than £54.35 you won't get any extra pension based on his contributions. As well as the Basic Pension you may be entitled to Graduated and/or Additional Pension based on your contributions, as explained later.

If you are already receiving a State Pension on your own contributions of less than £54.35, when your husband claims his pension the Pension Service should automatically increase your pension to £54.35. (This a new rule was introduced on 17 March 2008). You will still need to make a claim if you are not already getting a pension at the time of your husband's claim.

2.2 Dependant wives

If you are a married woman under 60 when your husband starts to draw his pension then he may be able to claim an additional £54.35 for you as a dependant. But this won't be paid if you earn more than £60.50 a week (£54.35 if you don't live with your husband) after the deduction of certain expenses.

Any occupational or personal pension will be counted as 'earnings'. If you are receiving at least £54.35 from certain social security benefits this may also mean that your husband does not get the addition. When you reach 60, instead of your husband receiving the addition, you can claim a pension based on your and/or your husband's contributions.

2.3 Dependant husbands

If you are a married man and your wife is receiving a state pension she may be able to get an increase for you of up to £54.35. This won't be paid if you earn more than £60.50 a week (£54.35 if you don't live with your wife). But she can only get this increase if she was receiving Incapacity Benefit with an addition for you immediately before she starts to draw the State Pension. Your wife will not get an increase if you have a State Pension or certain other benefits of £54.35 or more.

Future changes to increases for dependants

From 6 April 2010, you will no longer be able to make a claim for an increase for a dependant. This also applies if you reach State Pension age before then but you defer claiming your pension until that date or later. See section 7.1.

2.4 People who have divorced or had their civil partnership dissolved and separated people

If you are divorced and not entitled to a full Basic Pension you may be able to use your former spouse's contributions to increase the Basic Pension up to a maximum of £90.70. You can substitute your former spouse's contribution record for your own from the start of your working life until your divorce or just for the period of your marriage. The rules for divorced couples also apply to a dissolved civil partnership.

If you were divorced before pension age you may need to pay further contributions after your divorce to qualify for a full Basic Pension. If you are receiving the married woman's pension and you get divorced you may be able to use these rules to get a full pension. If you remarry or enter into a new civil partnership before pension age you can't claim a pension on your former spouse's/civil partner's contribution record. But if you remarry or enter into a new civil partnership **after** pension age you won't lose a pension based on your previous spouse's/civil partner's contributions.

If you are a woman separated from your husband and you don't qualify for a Basic Pension of £54.35 or more, you may be able to claim the married woman's pension when your husband claims his pension.

Divorced people, people whose civil partnership has been dissolved and separated people are not entitled to any Graduated or Additional Pension based on their former spouse's contributions (although under 'pension sharing' arrangements it is possible for Additional Pensions to be divided as a part of a divorce/dissolution settlement).

2.5 Widows, widowers and surviving civil partners

A widow, widower or surviving civil partner who has reached pension age but doesn't qualify for the full Basic Pension of £90.70 may be able to use their spouse's/civil partner's contribution record to qualify for the full Basic Pension. You may also be entitled to Graduated and/or Additional Pension as explained in sections 5 and 6. The rules about remarriage and forming a new civil partnership are the same as Section 2.4 above. See DWP leaflet NP46 for details.

3. National Insurance contributions

Since April 1975, employees aged 16 or over and under pension age have had to pay NI contributions depending on the level of their earnings. Employers also pay NI contributions even if the employee is over pension age. Social security leaflet GL23 gives details of contribution rates and HMRC leaflet CA01 gives more information about NI for employees. Someone who is self-employed pays a flat rate contribution each week which counts towards a Basic Pension but not the Additional Pension. See HMRC leaflets CA 02 and CWL2 for more information about NI contributions for self-employed people.

If you are more than 30 days away from pension age you can check whether you have paid enough contributions to get a full pension by completing form BR19, available from the Pension Service or by ringing the Future Pension Centre on 0845 3000 168 (lo-call rate). You can also complete a BR19 on www.pensionservice.gov.uk. At the time of writing, the pension forecasting systems are being updated to take account of future changes. Because of this, forecasts can only be made for those reaching pension age on or before 5 April 2010. The full service should be running again by Autumn 2008.

Whether you will get a full pension depends on your NI contributions and whether your contribution record has been protected by 'credits' and/or 'Home responsibilities protection', as explained later.

3.1 Reduced contributions for married women

When the present scheme was introduced in 1948, married women could choose to pay a reduced rate contribution. These contributions **do not** count towards a Basic Pension. The right to choose to pay reduced contributions was abolished from 6 April 1977 although women already paying these lower rates could continue to do so under certain circumstances. If you do not work for two tax years or your marriage ends in divorce, you lose the right to pay these reduced rate contributions. See HMRC CF9.

4. Contribution conditions for a Basic Pension

There are two contribution conditions to qualify for a Basic Pension, as described below. It may be useful to know the meaning of the terms 'working life', 'lower and upper earnings limits' and 'qualifying years'.

4.1 Working life

Your working life is the period on which your contribution record is based. This is normally from the start of the tax year 6 April to 5 April in which you became 16 to the end of the year before you reach 60 (women) or 65 (men). Working life at present is 44 years for women and 49 for men. This will equalise at 49 years in 2010.

4.2 Lower and upper earnings limits

Since 1975, NI contributions have been paid as a percentage of earnings. The lower and upper earnings limits are weekly amounts that are usually increased every year. For the present year (April 2008 to April 2009) the lower limit is £90 and the upper limit £770. Someone who earns less than the lower earnings limit does not pay NI contributions and is not building up entitlement to the Basic Pension. In 1999-2000 and previous years the lower earnings limit was the starting point for paying NI contributions but from April 2000 the starting point has been a new 'primary threshold' which is currently £105 a week. Contributions will only be paid on earnings above this level although those earning between £90 and £105 a week will be treated as having paid contributions for the purpose of their pension record. People do not pay contributions on earnings over the upper earnings limit.

4.3 Qualifying years

A qualifying year is a year (6 April to 5 April) in which enough contributions have been paid or credited to count towards a pension. Since 6 April 1978, a qualifying year has been one in which you have paid (or are treated as having paid) contributions on earnings of at least 52 times the lower earnings limit. Between 6 April 1975 and 5 April 1978 the level was 50 times the weekly lower earnings limit.

Before 6 April 1975, people paid a weekly stamp. All stamps paid or credited are added up and divided by 50, rounding up any left over, to produce the number of qualifying years. You cannot have more qualifying years than the number of years in your working life up to 1975.

4.4 First condition for a Basic Pension

To qualify for any basic pension someone must have actually paid a certain number of contributions (as opposed to receiving credits) as follows:

- either* after April 1975 you paid or are treated as having paid contributions in one tax year on at least 52 times the lower earnings limit (or 50 times the limit during the period 6 April 1975 to 5 April 1978);
- or* before April 1975 you paid at least 50 flat rate contributions.

4.5 Second condition

To receive a full Basic Pension about nine out of every ten years in your working life need to be qualifying years. If you don't have enough qualifying years for a full pension you may get a reduced one or you may not get a pension at all.

4.6 Working out your pension

Your pension depends on your working life and the number of qualifying years you have. A woman with a working life of 44 years will need 39 qualifying years for a full pension and a man with a working life of 49 years will need 44 qualifying years. If you have been unable to work because of unemployment, sickness or caring responsibilities, your contribution record may be protected by credits or home responsibilities protection as described below.

If you are not entitled to a full Basic Pension you may receive a reduced amount. But the minimum pension that can be paid is 25% of the full Basic Pension. If you don't have enough contribution years to qualify for 25% or more of a pension you won't receive a pension at all. The table below should help you to work out how much your pension will be, based on the number of qualifying years you have.

This table shows the percentage of full pension you can receive depending on the number of years of credits and contributions. It is based on a woman with a working life of 44 years and a man with a working life of 49 years:

Number of qualifying years	Percentage of full pension	
	Women (working life of 44 years)	Men (working life of 49 years)
6	Nil	Nil
7	Nil	Nil
8	Nil	Nil
9	Nil	Nil
10	26	Nil
11	29	Nil
12	31	28
13	34	30
14	36	32
15	39	35
16	42	37
17	44	39
18	47	41
19	49	44
20	52	46
21	54	48
22	57	50
23	59	53
24	62	55
25	65	57
26	67	60
27	70	62
28	72	64
29	75	66
30	77	69
31	80	71
32	83	73
33	85	75
34	88	78
35	90	80
36	93	82
37	95	85
38	98	87
39	100	89
40	100	91
41	100	94
42	100	96
43	100	98
44 or more	100	100

Example of how to use the table

Jane Brown is 60 in October 2008. Her working life runs from April 1964 to April 2008 – this is the standard working life of 44 years. She worked and paid contributions for a total of 29 years. Using the table she sees that this will entitle her to 75% of the Basic Pension.

Note: the figures exclude years of HRP.

4.7 Credits

You will receive a credit in place of a NI contribution for each week when you are: unemployed and registered for Jobseeker's Allowance; unable to work due to sickness or disability; or unable to work because you are looking after someone who is disabled and you are receiving Carer's Allowance.

Men aged 60 to 64 who are not paying NI contributions automatically get credits even if they are not ill or signing on as unemployed, unless they are abroad for more than six months during the tax year.

4.8 Home responsibilities protection (HRP)

HRP started in 1978. It protects the pension rights of someone caring for a child or a sick or disabled person. You can't get HRP for any years you spent looking after someone before April 1978. A married woman or widow cannot get HRP for any tax year in which she was only liable to pay reduced rate NI contributions. HRP can normally only be given if you meet any of the conditions outlined below, or a combination of them, for a whole tax year. But for the third condition, from 5 April 1988, you will receive HRP if you fulfil the conditions for 48 weeks in the year. The conditions are:

- you get Child Benefit for a child under 16;
- you get Income Support and don't need to register for Jobseeker's Allowance because you are looking after someone;
- for at least 35 hours a week you look after someone who gets Attendance Allowance, Constant Attendance Allowance or the middle or higher level of the care component of the Disability Living Allowance. (If you are receiving Carer's Allowance you will normally already be receiving credits towards your pension so will not need HRP);
- you are a foster parent (for years from 2003-2004 onwards).

If you qualify under the last two conditions you will need to make a claim for HRP. Claims for caring years before 2002-2003 can be made at any time up to State Pension age. Claims from April 2002 onwards will need to be made by the end of the third year following the year for which you are claiming HRP.

For example, for caring during the 2007-2008 tax year you should claim between April 2008 and 5 April 2011. Ask for leaflet CF411 from your local social security office.

HRP makes it easier to qualify for a full pension because each year of 'home responsibility' reduces the number of qualifying years needed. But the number of qualifying years cannot be reduced to below 20.

Example

Maeve O'Connor worked and paid full contributions from 1960 when she was 16 to 1990 when she gave up work to look after her mother. She was still caring for her mother in 2004, when she became 60.

Her pension is worked out like this:

Working life	44 years
Qualifying years needed for full pension	39 years
Number of years of HRP	14 years
Number of qualifying years needed for a full pension after taking away years of HRP	25 years

As Maeve worked and paid contributions for 30 years she is entitled to a full pension as HRP has reduced the number of qualifying years she needs to 25.

4.9 Future changes to State Pensions

The Government has made changes to the current system of contributions in *The Pensions Act 2007*. This will affect people reaching State Pension age from April 2010. From then onwards there will be a new carer credit and people will be able to get the full basic pension if they have 30 years of contributions and/or credits. From 2012 (or slightly later) the annual increase in the basic pension will be linked to average earnings instead of prices.

For more information about these and other changes see the Pension Reform section of the DWP website: www.dwp.gov.uk/pensionsreform.

4.10 Voluntary and late contributions

If you are not paying NI contributions, and are not entitled to credits or HRP, you can pay voluntary contributions to protect your pension record.

Check with the Pension Service or HMRC to see if you already have enough contributions without paying voluntary contributions.

If you have paid or been credited with some contributions in a year but not enough to count towards your pension you should be contacted and told how much you would need to pay to make up that year's contributions. If you don't hear anything by March of the next year, make enquiries at your local HMRC office.

There are time limits for paying voluntary contributions. They must be paid by the end of the sixth tax year after the one in which they were due.

Some people were not contacted in the tax years 1996-1997 to 2001-2002 and so special rules to extend the time limits for paying backdated contributions apply to these dates. Because of these rules some married women may be able to pay more than 6 years worth of voluntary contributions. This could entitle them to at least the minimum basic pension or an increased pension. A married woman over 60 can have this pension backdated to her 60th birthday.

It is important to seek advice before paying any voluntary contributions because, for example, you could lose means-tested benefits such as Pension Credit.

You can't pay backdated contributions for any year in which you were only liable to pay the reduced married woman's contribution.

See HMRC leaflet CA5603. Contact the National Insurance Deficiency helpline on 0845 915 5996.

Because of '*Future changes to State Pensions*', mentioned above, the Government have announced that people who have made voluntary contributions to make up for gaps in their record may be able to claim a refund if they made the contributions since 25 May 2006. This is because the actual proposals were announced on that date.

5. Graduated Pension

The Graduated Pension (also called Graduated Retirement Benefit) is based on graduated contributions paid on earnings between 1961 and 1975. You will receive it when you claim your Basic Pension but it can also be paid at pension age even if you don't qualify for a Basic Pension. The amount depends on your earnings and is usually quite small.

A widow can inherit half her late husband's Graduated Pension, as can a widower or surviving civil partner as long as they were both over pension age when the spouse/partner died.

6. Additional Pension

Your retirement pension may also include some Additional Pension which started in April 1978.

From April 1978 to April 2002 this was built up under the State Earnings-Related Pension Scheme (SERPS) but from April 2002 the State Second Pension (S2P) replaced SERPS. This means that people who retire in the future may receive some Additional Pension under SERPS and some under S2P. In general Additional Pension is related to earnings although under the new S2P some carers and disabled people who are not earning will be credited into the scheme as explained below.

Employees earning more than the lower earnings limit are paying into the Additional Pension unless they are 'contracted-out' and contributing to an occupational or personal pension instead. You can't build up Additional Pension based on earnings if you are self-employed, paying the reduced married women's contributions or earning less than the lower earnings limit of £90 a week. When you start to receive your pension the amount of Additional Pension you get will be calculated taking into account any periods when you were contracted out of the scheme.

The Additional Pension is based on weekly earnings between the lower and upper earnings limits (currently £90 and £770 respectively) from April 1978 until the 5th April before your 60th (women) or 65th (men) birthday. Earnings from past years (other than the year ending before the one you reach pension age) are revalued in line with increases in average earnings. If you reached pension age before April 1999 these revalued earnings will have been divided by 80 to give a yearly amount of Additional Pension.

This formula provides a pension based on 25% of earnings between the specified levels. But changes were made to phase in, between 1999 and 2009, a reduction to the amount of Additional Pension people would receive. The intention was that for people reaching pension age from 2009, the Additional Pension would be based on 20% of their average earnings. S2P, explained below, provides a more generous pension to people with low or modest earnings.

State Second Pension (S2P)

As mentioned above SERPS was replaced by the State Second Pension for contributions made from April 2002. Like SERPS it is called an earnings-related scheme but it provides extra pension to certain carers, disabled people and others (**who may not actually be earning**) and low-paid workers. For this tax year 2008-2009 employees with annual earnings of at least £4,680 but less than £13,500 will be credited into the pension **as though they have earnings of £13,500**.

You may also be treated as though you have earnings of £13,500 if, throughout the year, you are entitled to Carer's Allowance, certain disability benefits or Home Responsibilities Protection (HRP) because you are caring for a child under 6 or a disabled person. See Section 4.8 for more information about HRP and social security guide NP46 for more information about SERPS and S2P.

Instead of paying into S2P (previously SERPS), people can join a 'contracted out' occupational scheme (if their employer runs one) or take out an 'appropriate personal pension' or stakeholder pension. Anyone with a personal or stakeholder pension earning below £13,500 in the 2008/09 tax year will receive a 'top-up' of the Additional State Pension irrespective of whether or not they are contracted out. Also, anyone in an occupational pension scheme earning between £4,680 and £31,100 will receive a 'top-up' of the Additional State Pension.

It is a good idea to take professional financial advice before contracting out of S2P.

Widows, widowers and surviving civil partners

When a widow starts to receive her retirement pension at 60, or if she is already receiving her pension when she is widowed she can inherit all or some of her husband's Additional Pension and add it to her own (subject to a maximum limit).

The amount of SERPS a widow can inherit depends on when her husband dies and when he reaches, or was due to reach, pension age (65). If he died by 5 October 2002 she will have inherited the full amount. If he was already 65 by 5 October but dies after that date she will also inherit the full amount.

People who reach pension age from 6 October 2002 to 5 October 2010 will be able to pass on between 60% and 90% of their SERPS (depending on precisely when they reach pension age).

The widow, widower or surviving civil partner of someone who reaches pension age on or after 6 October 2010 will only be able to inherit half of their spouse's SERPS.

The rules for widows also apply to a widower if his wife dies when they are both over pension age. The same rules apply to surviving civil partners. If a man was widowed on or after 8 April 2001, in some circumstances he may be able to inherit his wife's SERPS if he is under pension age when she dies.

The maximum amount of State Second Pension (S2P) that a widow, widower or surviving civil partner will be able to inherit is 50% regardless of when they were bereaved.

For further information see DWP leaflet SERPSL1.

7. If you work after pension age

When you reach State Pension age you can draw your State Pension even if you are still working and regardless of how much you earn. Or, you can choose to defer (postpone) drawing your pension so that you can receive a higher pension or a lump-sum payment at a later date. This is described further in Section 7.1.

The State Pension (including Additional or Graduated pension you receive) is taxable, so if you are working and paying tax, your tax code will be adjusted to take into account the amount of pension you receive. Once you reach State Pension age you don't have to pay NI contributions. You need to get an 'age exemption certificate' to give to your employer who will still have to pay contributions for you.

The certificate is CA4140 and available from HMRC National Insurance Contributions Office on 0845 302 1479 (lo-call rate). You will need to provide evidence of your age. If you have any problems getting hold of this your employer should be able to assist.

7.1 Deferring your pension

Deferring before 6 April 2005

If you deferred your State Pension for at least 7 weeks before April 2005 then for that period it was increased by about 7.5% for each year of deferment. Someone who put off drawing their pension for 5 years will have had it increase by about 37.5%. These rules changed on 6 April 2005.

Deferring after 6 April 2005

Under the rules from 6th April 2005 your pension will be increased by about 10.4% for each year you do not draw it – for example, if you defer your pension for five years it will be increased by just over half. Alternatively, instead of receiving a higher pension, you can choose to receive a lump-sum payment. This will be calculated based on the amount of pension you have given up and an interest rate of at least 2% above the Bank of England base rate. If you defer your pension for at least 5 weeks it will be increased by one fifth of 1% for each week you defer – this works out as 1% for each 5 weeks. So if you don't put off drawing your pension for a full year you can receive an increased pension (as long as you put off drawing it for at least 5 weeks) or you can receive your pension backdated to the time when you could have first claimed it (but without any interest payments).

You do not have to be working to defer your pension and the Basic, Additional and Graduated Pension are all increased in the same way, but you cannot gain increases to any addition you receive for a dependant husband or wife. Time during which you receive another social security benefit such as Widow's Benefit, will not count towards extra pension.

Under the new rules there is no time limit to how long you can defer your pension. If you defer it both before and after April 2005, then it will increase partly under the old rules and partly under the new rules. If you do start drawing your pension you can change your mind and defer it instead but you can only do this once.

If you are a married man and your wife is drawing a pension based on your contributions you may need her consent before deferring your pension as she will have to give hers up too.

7.2 Married women

As a married woman you can gain increases to a State Pension based on your own contributions as explained above. If you are aged 60 to 64 and receiving a pension based on your husband's contributions, you can defer this to gain an increase. If you are a married woman aged 60 or over and your husband is deferring his pension, you will not be able to draw the married woman's pension. Once he does draw his pension you will both be entitled to an increased amount. These rules are due to change in April 2010 – from that date onwards a woman will be able to draw a State Pension based on her husband's record even if he defers his pension.

If you are under 60 and your husband is deferring his pension, you cannot earn extra pension. This is because you are not entitled to any pension of your own so you are not 'giving up' any pension.

If your husband was entitled to a dependant's addition for you, this part of his pension is not increased if he defers drawing his pension.

Widows, widowers and surviving civil partners

If you are a widow and your late husband deferred his pension, you will receive the increases that he earned by deferment - as long as you don't remarry before reaching the age of 60.

If you are a widower or surviving civil partner you may also get the increases that your late wife/civil partner earned by deferring their pension; but only if you were 65 or over when your wife/civil partner died.

Deciding whether to draw your pension

The State Pension is taxable and is taken into account for benefits such as Pension Credit, Housing Benefit and Council Tax Benefit.

If you choose to take an increased pension after deferment this will count as part of your taxable income and may reduce the amount of any income-related benefits you receive. But the lump-sum payment from April 2006 will be ignored if you claim Pension Credit, Housing Benefit or Council Tax Benefit. The lump sum will be taxed at the rate you are currently paying Income Tax (so will not put you into a different tax band).

In the past most people chose to draw their State Pension at pension age but the more generous rules described above may mean more people will think about deferment. If you need to have the money to use now the decision is easy. Whether to draw your pension or not may depend on several factors which are not always predictable. These include: future inflation rates and investment returns; your income tax liability; whether you may be entitled to other benefits after retirement; and your life expectancy.

8. Over-80s Pension

This is a non-contributory pension of £54.35 for people aged 80 or over who don't have a State Pension. If you have a State Pension but it is less than £54.35 a week the Over-80s Pension will be paid to bring your pension up to this level.

To qualify for this pension you have to be aged at least 80 and living in the UK when you claim. You must also have lived here for 10 years or more in any 20 year period after your 60th birthday. If you have lived in another European Union country this may help to satisfy the conditions.

The Over-80s Pension will be counted in full if you receive income-related benefits such as Pension Credit, Housing Benefit or Council Tax Benefit.

9. Claiming and being paid the pension

A claim pack will normally be sent to you automatically about four months before your birthday. This will give you three options. You can ring the Pension Service on 0845 300 1084 (lo-call rate) and make a claim over the phone; or ring that number for a claim form; or send in a tear off slip to get the claim form.

If you have not received the pack by three months before you reach pension age, you should contact your local Pension Service office or ring 0845 300 1084 (lo-call rate).

You will receive details of how much your pension will be. If you think you have been awarded the wrong amount or you disagree with another decision about your pension, you can ask for the decision to be reconsidered or you can appeal. You will be given details about this with the decision.

Most people now receive their pension paid by Direct Payment into an account. When you apply for your pension you will be given information about the different types of bank, building society and post office accounts. You can choose to have your pension paid weekly in advance, or every four weeks or quarterly in arrears.

If you cannot manage an account or you do not provide account details, you will be sent a weekly cheque in the post. You can sign the back of the cheques to authorise someone else to collect your pension at the Post Office. If, for example, you have different carers collecting your pension, this may be the best way of getting your money each week.

A change in your circumstances, such as a stay in hospital, used to affect the amount of pension you received. But this changed in April 2005 and from that date you can continue to receive your pension for the whole length of your hospital stay.

10. Income Tax and other benefits

All parts of the State Pension are taxable. Whether you have to pay income tax and if so how much, depends on your total income and your tax allowance(s).

In addition to receiving a pension, many older people are entitled to other benefits such as those which are related to income and savings - Pension Credit, Housing Benefit, Council Tax Benefit.

Some older people may be entitled to Attendance Allowance or Disability Living Allowance which are not means-tested and are intended to help with the costs of illness or disability. For more information see Age Concern Factsheet 18, *A brief guide to money benefits*.

11. Further information

The social security leaflets and claim forms mentioned in this factsheet are available from your local Pension Service office as are the contribution leaflets which are also available from HMRC offices. You will find their details in the telephone directory.

11.1 Lost National Insurance numbers (NINO)

If you have lost your NINO perhaps because, for example, you have not worked for some time contact HM Revenue & Customs for a record of the number. The number can be given to you in person or in writing to your home address. Keep this safely as only one replacement is allowed.

12. Further information from Age Concern

The following factsheet may be relevant:

Factsheet 18 *A brief guide to money benefits*

Age Concern England's annual publication *Your Rights* by Sally West - £5.99, gives more information about pensions, benefits and other kinds of financial help.

To order, please telephone our hotline (9am - 7pm Monday to Friday, 10am - 5pm Saturday): **0870 44 22 120** (national call rate), or visit our **website: www.ageconcern.org.uk/bookshop** (secure online bookshop).

If ordering by post, please send a cheque or money order, payable to Age Concern England, for the appropriate amount plus p&p to Age Concern Books, Units 5 & 6, Industrial Estate, Brecon, Powys LD3 8LA.

(Postage and packing: mainland UK and Northern Ireland: £1.99 for the first book, 75p for each additional book up to a maximum of £7.50. Free on orders over £250. For customers ordering from outside the mainland UK & NI: credit card payments only; please telephone the hotline for international postage rates or **email: sales@ageconcernbooks.co.uk**):

If you would like:

- to find your nearest Age Concern
- any additional factsheets mentioned (up to a maximum of 5 will be sent free of charge)
- a full list of factsheets and/or a book catalogue
- to receive this information in large print

phone 0800 00 99 66 (free call) or write to Age Concern FREEPOST (SWB 30375), Ashburton, Devon TQ13 7ZZ. For people with hearing loss who have access to a textphone, calls can be made by Typetalk, which relays conversations between text and voice via an operator.

Age Concern factsheets and other information materials can be downloaded free from our website at: www.ageconcern.org.uk. To receive a free e-mail notification when new and updated factsheets are published, please either contact the Factsheet Subscription Service on tel: 020 8765 7200 by email: factsheet.subscriptions@ace.org.uk, or sign up on-line.

Age Concern provides factsheets free to older people, their families and people who work with them. If you would like to make a donation to our work, you can send a cheque or postal order (made payable to Age Concern England) to the Personal Fundraising Department, ACE Freepost CN1794, London SW16 4BR.

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No factsheet can ever be a complete guide to the law, which also changes from time to time. Therefore please ensure that you have an up to date factsheet and that it clearly applies to your situation. Legal advice should always be taken if you are in doubt. (*Age Concern England does not give financial or legal advice*).

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