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## New State Pension – Changes to the State Pension System

The new state pension system started from April 2016. This helpsheet explains more about the system and what pensioners can expect to receive as a state pension.

### What is it?

It is a new single level of state pension which replaces the previous system of basic and additional pensions. It is intended to be clearer and simpler to understand, aiming to particularly help women, carers and the self employed who may have low National Insurance (NI) contributions. However, not everyone will benefit from the full level of the new pension, especially in the first years of the new system.

### Who does it affect?

It affects everyone reaching retirement age after **6 April 2016**. Anyone already over retirement age before this date is not affected, and will remain in the current state pension system.

### How much is it?

It is paid at or above the same level as Pension Guarantee Credit, this is the payment available to anyone over the minimum state pension age on a low income, which tops up income to a maximum set by the Government. The current level is around £160 per week for a single person, the same as the basic Guarantee Credit amount.

Everyone will still have to have made some NI contributions to qualify for the new pension. To get the full amount, you will need to have made a minimum of 10 years' contributions, up to a maximum of 35 years. If you have between 10 and 34 years' contributions, you will receive a proportion of this amount.

This is an individual pension entitlement, and in most cases you cannot claim based on a partner's contributions.

The new pension does not allow 'contracting out' from the pension system through an occupational scheme. This means that some people who have already contracted out their pension will be entitled to less than the new full pension amount.

However, anyone who has already built up entitlement to more than the new pension level before April 2016 will have this amount protected. For example, if your NI contributions at April 2016 would be worth a pension of £160 per week, you will get this higher amount instead of the £155 level. It may also be possible to build up extra pension for those entitled to less than the full amount, by paying additional voluntary NI contributions. The personalised State Pension statement will give more information (see *How can you maximise your state pension*) below.

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## How are existing pensioners affected?

Current pensioners as at 6 April 2016 are not affected by the new pension system, and will continue to receive their existing level of pension – this may be more or less than £155. This means that anyone on a low income or pension may still get extra help via Pension Guarantee Credit to bring them up to this level.

Pension Savings Credit will also still be available to existing pensioners over 65, but it cannot be claimed by anyone reaching retirement age after April 2016.

## How can you maximise your state pension?

Anyone reaching state pension age between April 2016 and August 2021 will automatically receive a personalised statement setting out how much they can expect to receive under the new system based on work history and NI contributions record. This statement will explain if and how the level of state pension eventually payable can be increased before retirement.

Anyone over the age of 55 can also now request a personalised statement. This is an estimate only based on current NI contributions so far, but is intended to give people an indication of how much pension they may receive and to help them plan for the future.

To request a statement either download an application form at [www.gov.uk/state-pension-statement](http://www.gov.uk/state-pension-statement) or contact Newcastle Pensions Centre (Futures group) on **0345 3000 168**.

## Where can you find further information?

Although the new pension is meant to be simpler, there are a variety of different rules and requirements. How much anyone can expect to receive in state pension will depend upon individual circumstances. It is still complicated to know how much you may receive, and what can be done to boost this.

## Hanover's Financial Rights team –

- Can explain the new pension and where to get further individual advice. **The team cannot provide specific personal or financial advice on what to do about pension levels.**
- Can advise on the full range of benefits available, including claiming Pension Guarantee and Savings Credit.
- Call them on 0800 023 4477.

## Gov.UK –

- Has more information on the new state pension at [www.gov.uk/new-state-pension](http://www.gov.uk/new-state-pension)
- Has a calculator to work out how much you need to pay to top up your existing pension level at [www.gov.uk/state-pension-topup](http://www.gov.uk/state-pension-topup).
- There is also a state pension toolkit on the website which has factsheets and further guidance at [www.gov.uk/government/collections/state-pension-toolkit](http://www.gov.uk/government/collections/state-pension-toolkit).

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### **Citizens Advice Bureau -**

- Are providing trained pension advisers in a number of Pension Wise delivery centres. These offer face to face sessions to give specific pensions guidance.
- Not all Citizens Advice Bureaux will be Pension Wise centres, but the service can be accessed via any Bureau or online.