

Could you boost your State Pension?



If you've not yet started to draw your State Pension, you could buy missing National Insurance years dating back to 2006 to boost your income. But time is running out to act.

By keeping on top of your National Insurance contribution (NIC) record, you might be able to increase your State Pension if you have any gaps dating back to 2006. However, the rules change on 5 April 2023 and you'll then only be able to plug any gaps over the previous six tax years.

Depending on your age today, you'll usually need at least 10 qualifying years on your NIC record to get any State Pension and 35 years to receive the full amount. If you have between 10 and 35 qualifying years, you'll receive a proportion. You'll need to work out whether it's worth making voluntary contributions.

How to check your NIC record

- Track your State Pension by checking your NIC record online at www.gov.uk/check-national-insurance-record. You'll see whether or not you're on track to qualify to receive the full State Pension amount when you retire.
- You can also call the Future Pension Centre on 0800 731 0175 to check your record or visit www.gov.uk/future-pension-centre

How to fill gaps in your NIC record

If you have gaps in your contributions because you were taking a career break, living abroad or on a low income, you may be able to pay voluntary lump sums for the weeks or years that you want to claim.

- Visit www.gov.uk/voluntary-national-insurance-contributions/deadlines or call the Future Pension Centre to make your payments.
- You can also check if you're eligible for free National Insurance credits if you did not contribute because you were raising children or claiming benefits due to illness or unemployment. Visit www.gov.uk/national-insurance-credits/eligibility to check.

How much will it cost?

You'll need to work out if you're eligible to pay either Class 2 or Class 3 contributions depending on your current situation and whether it's going to be worth it financially in the long run. For example, Class 3 contributions will cost around £825 for each year you would like to add to your NIC record. For each gap year you have filled, you should receive additional gross pension income.

Consider delaying your State Pension

People are living and working for longer, and some of us aim to work beyond the official State Pension age. If you're in no hurry to retire, consider deferring your State Pension to boost your income later. By doing so, it will go up by 1% every nine weeks. That means if you're entitled to the current weekly State Pension of £185.15, and deferred your pension by a year, you would get an extra £10.70 a week.

MAKE THE MOST OF YOUR PENSION PLANS

Whether it makes financial sense for you to voluntarily top up your NICs depends on a range of factors, including your age, working arrangements and plans for the future. Here are two case studies to help you think about your situation.



Jane is 60 and will be able to draw her State Pension when she reaches 67. She has 30 qualifying years of NICs, but has already retired and has no intention of going back to work. At the moment she would receive £158.70 a week from the State Pension. But if Jane makes voluntary contributions to top her years to the full 35 years then she'll receive the current full State Pension amount of £185.15.*

Mark is 50 and has 25 years of national insurance contributions. He works full-time and has no plans to retire in the next decade. Although Mark spent three years on a career break in his 30s, he's still on track to build up the 35 qualifying years required to receive the full State Pension. Mark can review things in a few years when he will still be eligible to fill any gaps going back six years.

* Based on figures as of March 2023