

## **Early retirement and how to check your State Pension**

### **What amount of State Pension will I get?**

Members who have 'retired' but are not yet at State Pension Age will have left the workplace for a variety of reasons, such as caring for family, due to ill health, or simply to spend time with loved ones.

Many people will have paid in the required number of qualifying years of national insurance contributions, and some may have national insurance credit in place to cover any missing years spent out of the workforce. One example of such national insurance cover is 'Home Responsibility Protection', which covers parents whilst at home with young children and claiming child benefit. This builds up their State Pension entitlement but because the system changed in 2016, it doesn't guarantee that a full, 'new' State Pension will be payable once the State Pension Age is reached.

Under the old, pre-2016 system, people in pension schemes such as the Civil Service one (or other defined benefit occupational pensions) were 'contracted out' of the State Second Pension or State Earning Related Pension (SERPS) and paid reduced National Insurance contributions. It wasn't a 'choice' at the time, and many people didn't realise that this was, in fact, what they were doing. Their contributions went towards their 'old', basic State Pension (from April 2024, this payment will be £169.50pw). The occupational pension, in such instances, partly replaced the higher State Pension payment. The arrangements were set

up so that the occupational pension schemes' offer was always better than the second State Pension.

After April 2016, all of this changed, but everyone who continued to pay in, i.e. those who were under the State Pension Age at the time, started paying the new, 'full' rate of National Insurance contributions to build up their 'new' or 'full' State Pension (which will be £221.20pw from April 2024). This included people who had spent most of their working lives paying National Insurance under the old system.

If you decide to, or have, stopped working before reaching the State Pension Age, and you are not claiming benefits to cover your National Insurance or have arrangements in place to pay in otherwise, you might end up getting less than the full amount of State Pension when you do finally reach the State Pension Age and apply for it. You will need to have 35 complete years of contributions to qualify for a full state pension, with a 10-year minimum. If your National Insurance credit is between the two, then you would get a proportionate amount.

Many people 'sleepwalk' into retirement, not really knowing what sort of State Pension they will get. A recent study by 'Just Group' found that, although 1.2 million people rely on the State Pension as their main source of income in retirement, over 50% of them haven't checked their State Pension forecast by the time of their retirement.

**If you haven't yet reached the State Pension Age, you can check out the useful links below for help:**

To request a State Pension forecast online, go to: [Check your State Pension forecast - GOV.UK \(www.gov.uk\)](https://www.gov.uk/state-pension-forecast)

You can also contact the Future Pension Centre on their helpline number **0800 731 0175**.

### **Further information sources:**

Grandparents under the State Pension Age who look after young children whose parents are in work may be able to claim National Insurance credits. If this applies to you check out:

[Grandparents' childcare credit – could you boost your state pension? | MSE \(moneysavingexpert.com\)](#)

[LCP outlines whether you can boost our state pension | Lane Clark & Peacock LLP](#)

For information about National Insurance credits, you can go to:

[National Insurance: introduction: Overview - GOV.UK \(www.gov.uk\)](#)

NOTE: It would be a good idea to take professional advice, before making any decisions, and as a CSPA member you can access a free consultation with:

[CSPA Membership Services & Benefits - Professional Financial Advice \(cspamembershipservicesandbenefits.co.uk\)](#)

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