National Pensions Framework – Changes to State Pension (Contributory)

The National Pensions Framework sets out a series of changes to the State Pensions between 2012 and 2028 as shown below;

Changes to State Pension - Homemakers

From 5 April 1994, any contribution year spent as a homemaker may be disregarded in the calculation of the yearly average up to a maximum of 20 years. The fact that you do not have any contributions in those years will not affect your entitlement to a pension. It is proposed under the National Pensions Framework, launched in March 2010, to implement a new credit-based system to replace the current system of disregards. The new system will grant credits for time spent homemaking instead of disregards, but the required legislative change has not yet been introduced.

Changes to State Pension from 6 April 2012

There is a change to the number of contributions required to qualify for a State Pension.

What this means for you;

If you were born on or after 6 April 1946 you must have paid at least 520 full-rate contributions.
You can make up the required 520 with high or special rate Voluntary Contributions if you have paid at least 260 full-rate employment contributions.
Note; credits cannot be used to make up the requirement of 520 paid full-rate contributions.

Changes to State Pension from 1 January 2014

There is a change to the qualifying age for State Pension purposes.

What this means for you;

If you were born on or after 1 January 1948 the minimum qualifying State Pension age will be 66.

Changes to State Pension from 1 January 2020

There are a number of changes to the qualifying conditions for State Pension purposes.

A 'total contributions' approach will be introduced replacing the current yearly averaging system. The level of pension paid will be directly proportionate to the number of social insurance contributions and/or credits made by a person over his or her working life. The maximum number of credits applicable for pension purposes will be 520 (i.e. 10 years).

For those with contribution shortfalls at pension age, arrangements will be put in place to allow them continue to make contributions for pension purposes while remaining in work or self-employment. (Details yet to be finalised)

For those who wish to postpone payment of their State Pension, an actuarial increase will be paid from date of claim. (Details yet to be finalised)

What this means for you;

If you were born on or after 1 January 1954 the following changes apply;

Once you have paid 520 full-rate contributions (10 years), the minimum State Pension will be payable (i.e. 10/30^{ths} – or one third – of the maximum rate). For each additional complete year of contributions you will gain 1/30th of a pension up to a maximum of 30/30^{ths}. A total of 30 years contributions and/or credits will be required in order to receive the maximum State Pension. The maximum number of credits that can be used in calculating your entitlement to State Pension will be 520 (i.e. 10 years).

If you require additional contributions in order to qualify for a State Pension, you can continue paying full-rate contributions after you reach pension age.
(Note; State Pension will only be payable from when you have at least 520 full-rate contributions.)

If you wish to postpone claiming your pension, it will be possible for you to defer the payment to a date of your choice. Should you choose to do so, an actuarial increase in rate will be paid from the date you wish your payment to commence.

Changes to State Pension from 1 January 2021

There is a change to the qualifying age for State Pension purposes.

What this means for you;

If you were born on or after 1 January 1955 the minimum qualifying State Pension age will be 67.

Changes to State Pension from 1 January 2028

There is a change to the qualifying age for State Pension purposes.

What this means for you;

If you were born on or after 1 January 1961 the minimum qualifying State Pension age will be 68.