# PENSION TENSION Full list of ways to boost y free and save £824 ahead of April deadline

Read on to find out how much state pension you could get when you retire

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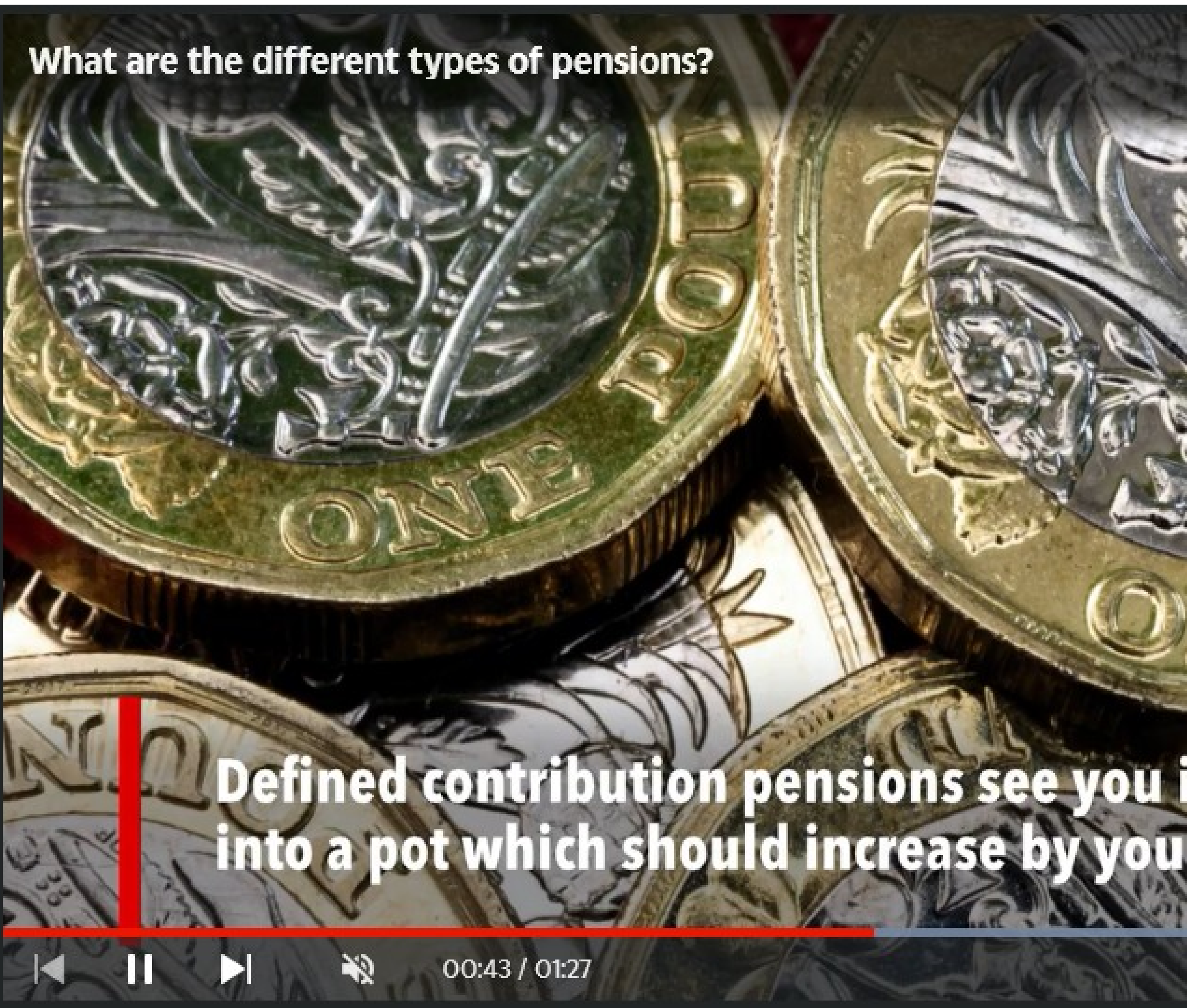
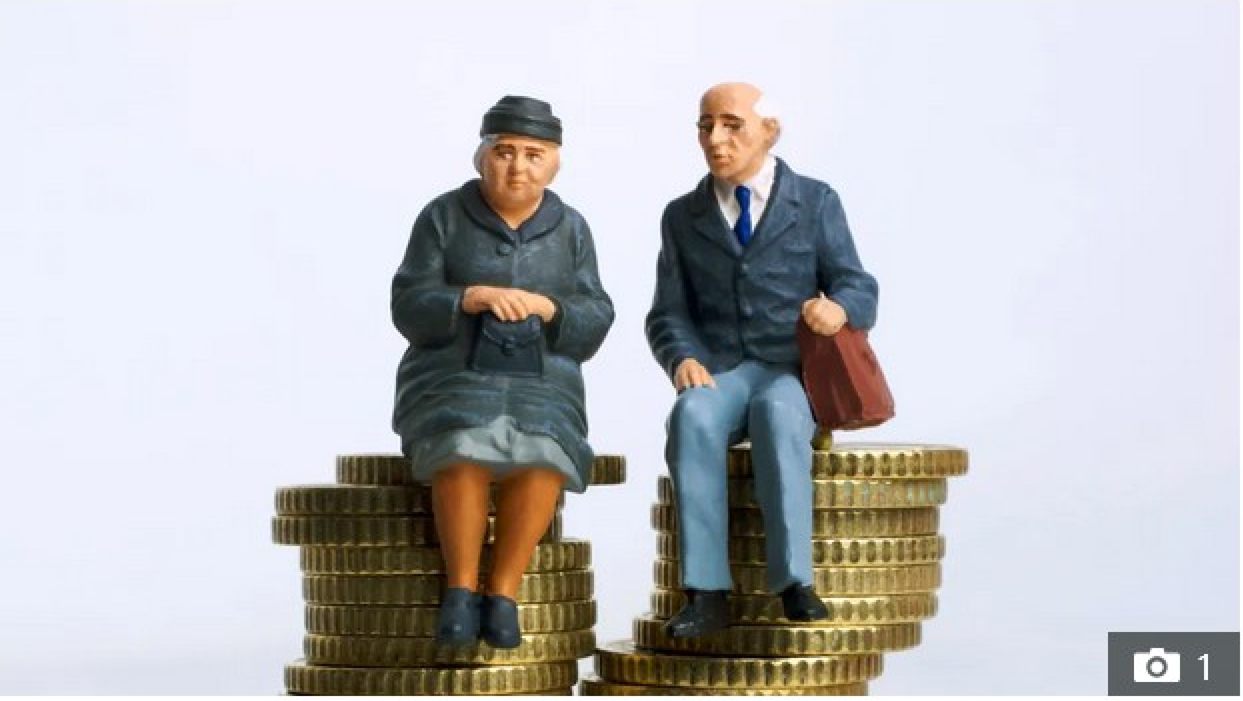



**HUNDREDS of thousands of people are wasting their time and money by topping up their state pension ahead of a key deadline.**

Class 3 contributions are voluntary payments you can make to fill in gaps in your National Insurance record.



**Hundreds of thousands of people could be wasting their money by topping up**

Credit: Alamy

The payments can help you to qualify for or boost your state pension.

You can usually only pay to fill in gaps in your National Insurance record for the past six years, which means you have until April 5 each year to top up.

Each year you buy costs around £824 and will boost your state pension by around £5.28 a week.

But hundreds of thousands of people could be wasting their money by doing so as they may be able to boost their state pension for free.

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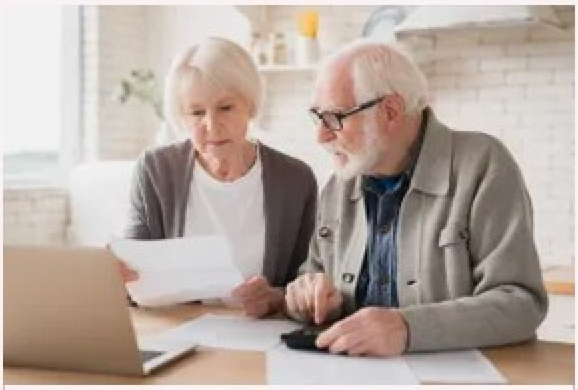

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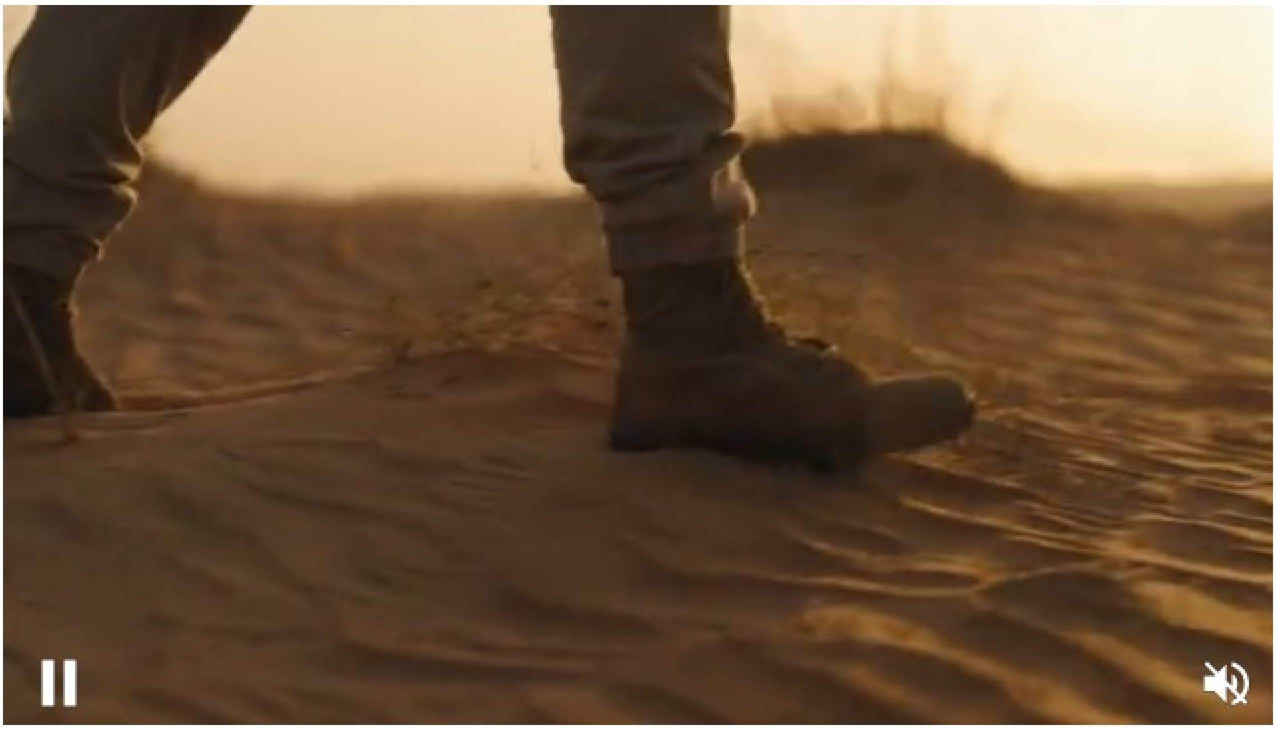
This is because you may be able to fill in any gaps in your record by claiming missing National Insurance credits.



Or you could boost your payments by more than 5% a year by deferring when you start to receive the state pension.

We've spoken to pension experts to find out how you can do it.

## How does the state pension work?

There are two types of state pension: the basic state pension and the new state pension.

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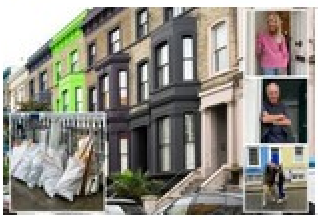

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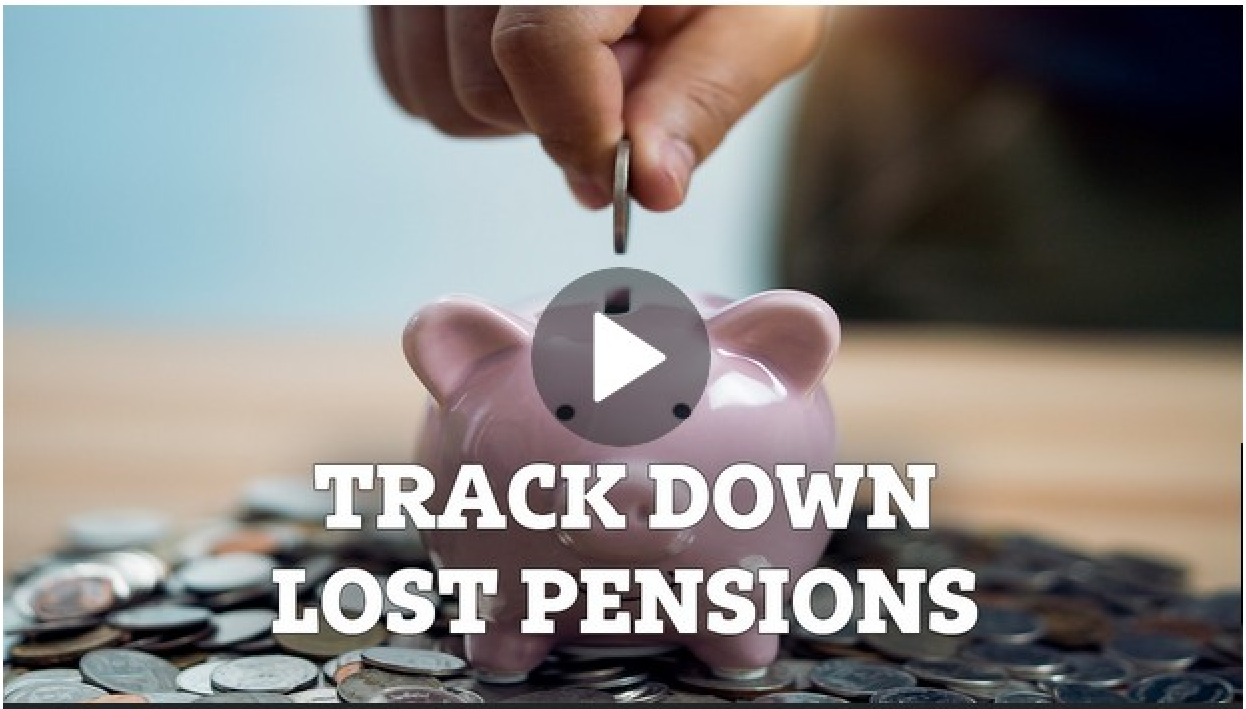
The basic state pension is paid to people who reached the state pension age before April 6, 2016.

It is paid to men born before April 6, 1951, and women born before April 6, 1953.




**How to track down lost pensions worth £1,000s**

Nearly three-quarters of pensioners receive the old state pension, according to the Department for Work and Pensions.

It currently pays up to £169.50 a week, or £8,814 a year.

The number of qualifying years depends on your sex and when you were born.

The new state pension is paid to people when they reach the age of 66.

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## SUN POLL Do you keep track of how much is in your pension?

| | |
|---|---|
| Yes, I check it regularly | 42.9% |
| I know roughly how much is in there | 18.6% |

| | |
|---|---|
| No, I just hope for the best | 38.6% |

This poll has now closed

## What are the different types of pensions?

**WE round-up the main types of pension and how they differ:**

- **Personal pension or self-invested personal pension (SIPP)** - This is probably the most flexible type of pension as you can choose your own provider and how much you invest.

- **Workplace pension** - The Government has made it compulsory for employers to automatically enrol you in your workplace pension unless you opt out.
  These so-called defined contribution (DC) pensions are usually chosen by your employer and you won't be able to change it. Minimum contributions are 8%, with employees paying 5% (1% in tax relief) and employers contributing 3%.

defined benefit (DB) pension. But they're not typically offered by employers anymore.

- **New state pension** - This is what the state pays to those who reach state pension age after April 6 2016. The maximum payout is £203.85 a week and you'll need 35 years of National Insurance contributions to get this. You also need at least ten years' worth to qualify for anything at all.

- **Basic state pension** - If you reach the state pension age on or before April 2016, you'll get the basic state pension. The full amount is £156.20 per week and you'll need 30 years of National Insurance contributions to get this. If you have the basic state

- **Final salary pension** - This is also a workplace pension but here, what you get in retirement is decided based on your salary, and you'll be paid a set amount each year upon retiring. It's often referred to as a gold-plated pension or a

pension you may also get a top-up from what's known as the additional or second state pension. Those who have built up National Insurance contributions under both the basic and new state pensions will get a combination of both schemes.

It is currently worth up to £221.20 a week, or £11,502.40 a year.

You need ten qualifying years on your National Insurance record to get any new State Pension and 35 years to get the full amount.

## What are qualifying years?

A qualifying year of National Insurance contributions is one in which you were:

- Working and made National Insurance contributions
- Getting National Insurance credits, for example if you were unemployed, ill or a parent or carer
- Paying voluntary National Insurance contributions

You might also qualify if you have lived or worked abroad or if you paid a reduced rate of National Insurance for married women.

Some people have paid to fill in gaps in their National Insurance record.

But you may be able to fill in these years for free if you have missed out on National Insurance credits.

Tom Selby, director of public policy at AJ Bell, said: “There has been a huge amount of publicity around the upcoming deadline to pay voluntary National Insurance contributions to fill gaps in your record going all the way back to 2006.

“However, before parting with your hard-earned cash, it is crucial to check you can’t boost your state pension entitlement for free by claiming NI credits.”

## How do National Insurance credits work?

National Insurance credits are given to some people who are not paying National Insurance, for example because they are ill or unemployed.

The credits can help to fill gaps in your National Insurance record, which can help you to qualify for the state pension.

Baroness Ros Altmann explains: “You can claim past credits back to 2011 so make sure you check this out if you don’t have a full 35 year National Insurance record.”

### Parents

You may have missed out on these credits if you are a parent or guardian of a child under 12 but have not registered for Child Benefit.

Families who claim Child Benefit for a child under the age of 12 automatically get National Insurance credits.

But when non-working parents do not claim the benefit, they create gaps in their National Insurance record.

## How does the state pension work?

**AT the moment the current state pension is paid to both men and women from age 66 - but it's due to rise to 67 by 2028 and 68 by 2046.**

The state pension is a recurring payment from the government most Brits start getting when they reach State Pension age.

But not everyone gets the same amount, and you are awarded depending on your National Insurance record.

For most pensioners, it forms only part of their retirement income, as they could have other pots from a workplace pension, earning and savings.

The new state pension is based on people's National Insurance records.

Workers must have 35 qualifying years of National Insurance to get the maximum amount of the new state pension.

You earn National Insurance qualifying years through work, or by getting credits, for instance when you are looking after children and claiming child benefit.

If you have gaps, you can top up your record by paying in voluntary National Insurance contributions.

To get the old, full basic state pension, you will need 30 years of contributions or credits.

You will need at least 10 years on your NI record to get any state pension. ■

They may not have claimed Child Benefit because the working parent earns more than the eligibility threshold, which is currently £60,000.

Beyond this threshold the amount of Child Benefit you get gradually tapers off and then stops completely.

This means the parent who claimed the credits could be slapped with an additional tax bill, which is called the High Income Child Benefit Charge.

Even if your income means you are not entitled to the money, you can still get the credits.

To do so you must complete the Child Benefit claim form and tick the box to say you want credits only, rather than the cash.

## Grandparents

If you look after a grandchild regularly then you may be able to claim missing National Insurance credits, called Specified Adult Childcare credits.

These credits can be claimed if you look after a child under the age of 12, as long as your help means the parent is able to work.

This is because if your son or daughter claims Child Benefit, they are given National Insurance credits.

But if they are already working then they are making contributions through the tax they pay.

Your child can transfer the credits they get from Child Benefit to you at the end of each tax year.

The childcare you provide does not have to be full time and can include picking up children from school or taking them on days out in the school holidays.

## How can I claim missing credits?

If you think you have missed out on National Insurance credits then check your record online.

You can ask HMRC online if you have any questions about National Insurance credits.

## Crucial to claim Pension Credit if you can

**HUNDREDS of thousands of pensioners are missing out on Pension Credit.**

The Sun's Assistant Consumer Editor Lana Clements explains why it's imperative to apply for the benefit..

Pension Credit is designed to top up the income of the UK's poorest pensioners.

In itself the payment is a vital lifeline for older people with little income.

It will take weekly income up to to £218.15 if you're single or joint income to £332.95.

Yet, an estimated 800,000 don't claim this support. Not only are they missing on this cash, but far more extra support that is unlocked when claiming Pension Credit.

With the winter fuel payment - worth up to £300 now being restricted to pensioners claiming Pension Credit - it's more important than ever to claim the benefit if you can.

Pension Credit also opens up help with housing costs, council tax or heating bills and even a free TV licence if you are 75 or older.

All this extra support can make a huge difference to the quality of life for a struggling pensioner.

It's not difficult to apply for Pension Credit, you can do it up to four months before you reach state pension age through the government website or by calling 0800 99 1234.

You'll just need your National Insurance number, as well as information about income, savings and investments. ■

Or phone the National Insurance helpline on 0300 200 3500.

## Will I get a boost if I defer my pension?

Helen Morrissey, head of retirement analysis at Hargreaves Lansdown, said you can also boost your state pension by deferring it.

She said: “When you reach state pension age you need to claim it, you don’t get it automatically. However, if you feel you don’t need to claim it at the moment then you can defer it.”

If you receive the new state pension, then for every nine weeks that you defer claiming it, your payments will increase by 1%.

This works out as a boost of around 5.8% a year.

But Helen warns: “Before you do so it’s important to check whether claiming this extra amount potentially puts you at risk of paying a higher level of tax.

“It could also mean your eligibility for other benefits such as Pension Credit is affected.”