

Pensions

Summary of the Changes to State Pension Benefits from April 2016



- Single tier pension to be introduced from 6 April 2016 – replacing current Basic State Pension and Additional State Pension, ie S2P (formerly known as SERPS).
- The pension is a flat rate benefit of £159.55 per week (2017/18). (Basic State Pension is £122.30 per week for pensions already in payment).
- Flat rate pension to increase in line with current triple lock guarantee (ie in line with earnings, inflation or 2.5%).
- S2P to be abolished, existing rights will however, continue to be honoured to some extent.
- Contracting-out of the State Second Pension will cease. The contracting out rebate (ie payment of reduced National Insurance contributions) will no longer be applicable. Employees and employers will have to pay full rate National Insurance contributions from April 2016.
- State Pension Age (SPA) is to increase to 67 between 2026 and 2028.
- Workers must have 35 qualifying years National Insurance Contributions (NICs) or credits to qualify for the full single tier state pension (currently 30 years for Basic State Pension).
- To qualify for any State Pension people will need a minimum of 10 years National Insurance contributions/credits, so anyone with less than 10 years will not receive a State Pension.
- It will be an individual entitlement so there will be no special rules for people who are married, bereaved or divorced.

The Government has said that the reforms will apply to people who reach State Retirement Age from 6 April 2016 so will not affect any people who are already pensioners.

Transitional measures will be put in place to help some people so they may qualify for additional support with rent and council tax but this will be for a limited period and some existing benefits are to be abolished.



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