

BCSSS – State Pension Script

Man: I've heard the State Pension has changed. What's that all about?

Woman: Yes, you're right. The State Pension changed on 6 April 2016, so everyone who reaches State Pension age after that date will get the new, simpler State Pension.

Man: Oh, that's good. The old system was quite confusing – it was based on earnings AND National Insurance contributions, right?

Woman: Exactly, it was two-tiered, and made of the Basic State Pension and the additional State Pension whereas the new system is JUST based on your National Insurance contributions. It's called the flat rate or single-tier State Pension.

Man: Okay, so how much might I get?

Woman: This is where it gets a little more complicated... Under the flat rate State Pension, if you have 35 years of NI service, you will receive at least £155.65 per week. This is called the foundation amount.

Man: But, what if I was entitled to more than this under the old system?

Woman: Then you'd get it! That's the good thing about the flat rate state pension. If you were better off in the old system, you still get that amount. Otherwise, you'll be brought up to reach the foundation amount as long as you've got 35 years of NI service.

Man: That sounds great. One other thing though, in the past I contracted out of the additional state pension and paid lower NI contributions. How will this affect me?

Woman: Good question. If you contracted out in the past, you may not receive the full flat rate pension from the state. This is because the pension schemes you contracted out of should make up the difference. So you'll still get the same state pension amount, but it might just come from two sources. The government and your pension scheme provider.

Man: Okay. So with my 35 years of NI service I'll get the full flat rate. I'll still be able to access my private pension that contains my old NI contributions and any other pensions I might have. Got it! Last question... What happens if I don't have 35 years' NI?

Woman: As long as you have built up at least 10 years NI, you will receive a State Pension but it will be for a proportion of the full flat rate. Log on to www.gov.uk/state-pension-statement for a State Pension forecast. And don't forget the state pension age is also changing. If you're unsure when you will be eligible to start receiving State Pension, there's a State Pension calculator on the government website at www.gov.uk/calculate-state-pension