



Catching up on your state pension

The deadline to backfill your pre-2016/17 state pension contributions is nearing.

When the new state pension was introduced in April 2016, the government offered a temporary opportunity for some of those who did not have a full record of national insurance contributions (NICs) record to make up for their shortfall, even if they had already reached State pension age.

It has always been possible to 'backfill' NICs for the six immediately previous tax years, but the government's concession permits missed contributions (full or partial years) to be made for the ten tax years from 2006/07 to 2015/16. A decade can make a big difference. For example, the current state pension is £185.15 a week, which requires a NICs contribution record of 35 years. If your contribution record is just 25 years, then the pension drops to £132.25.

For each whole tax year, the cost of backfilling is generally:

£824.20 in Class 3 NICs if you were employed; or
£163.80 in Class 2 NICs if you were self-employed.

The figures reduce proportionally if you have paid NICs for part of a tax year. Viewed another way, if you were an employee, £824.20 could buy about £275 a year of inflation-proofed pension (with a likely 9–10% increase next April). That means the outlay would be covered in less than three years, before tax is considered. However, not everyone will see the same benefit from paying missed NICs.

For example, for periods before 2016/17, it is possible that long-serving members of defined benefit (final salary) schemes will see no gain. The reason for that is the arcane transitional rules that converted pre-2016/17 state pension entitlements to benefits under the new regime.

People likely to be on benefits in retirement can also see little or no advantage because some or all their extra pension may be clawed back in reduced pension credit or housing benefit.

The opportunity to backfill pre-2016/17 contributions ends on 5 April 2023. If you think you could benefit, it pays to start investigating now, as there can be discrepancies in NIC records that need sorting out before any action is taken.

The Financial Conduct Authority does not regulate tax or benefit advice

Social media suggestion The deadline to boost to your state pension ends on 5 April 2023. If you think you could benefit, the time to act is now. #pension #statepension #retirement [insert link] 155 characters without link