

## The Shackleton Guide to the State Pension for Employees

### What is the State Pension?

The State Pension is a regular payment (made every 4 weeks) from the Government. For those eligible, this is paid from when you reach State Retirement Age until death.

### How much will I receive?

This is dependent upon how many years National Insurance contributions you've made.

- 35 years or more: you qualify for the full State Pension is £221.20 a week (2024/25 Tax Year)
- Fewer than 10 years: no qualification for State Pension
- Between 10 and 35 years: you qualify for a proportionate amount.

Those with a 'protected amount' as a result of having an entitlement to Additional State Pension under the old system may receive more than £221.20 whereas some who were 'contracted out' of the Additional State Pension' or 'SERPS' may have to contribute for more than 35 years to receive the full amount.

You may check your own entitlement here: <https://www.gov.uk/check-state-pension> and see further information regarding Additional State Pension and how benefits are calculated here: <https://www.moneyhelper.org.uk/en/pensions-and-retirement/state-pension/how-does-the-state-pension-work-and-how-much-might-you-get>

### Can I top-up?

Yes, if you're not on track for the full State Pension you may pay voluntary National Insurance Contributions to enhance your State Pension Benefit – more details here:

<https://www.moneyhelper.org.uk/en/pensions-and-retirement/state-pension/voluntary-national-insurance-contributions-and-the-state-pension>

### When will I receive it?

- The current State Pension Age is 66.
- From 2026 to 2028 the age will increase gradually from 66 to 67.
- From 2044 to 2046 the age will increase again to 68 – beware however, as this is subject to review by the government.

### Can I change my State Pension Age?

You can't take benefits early, but you may defer taking the State Pension.

If you defer it, the amount will increase by 1% for every 9 weeks that you defer:

<https://www.gov.uk/deferring-state-pension/what-you-get>

### Will my State Pension increase?

The State Pension normally increases each year by an amount prescribed by the 'Triple Lock' rules. These say that the pension should increase by the highest of:

- Average Earnings
- Inflation, as measured by the Consumer Prices Index (CPI)
- 2.5%

Those who retire outside the UK may not receive annual increases to their pension – this will depend upon which country they reside in: <https://www.gov.uk/state-pension-if-you-retire-abroad/rates-of-state-pension>

### Is the State Pension taxed?

The State Pension is deemed to form part of your annual taxable income and is therefore potentially taxable. For most people, their State Pension will be less than their annual tax-free Personal Allowance of £12,570 (24/25 Tax Year) and so they don't pay tax on it.

However if any other income, when added to the State Pension, takes an individual's total income over the Personal Allowance then Income Tax will be due.

### What happens when I die?

Generally, your State Pension stops when you die. Under certain circumstances, it may be possible for a spouse or civil partner to inherit some of your State Pension entitlement, more details here: <https://www.moneyhelper.org.uk/en/benefits/benefits-in-later-life/state-pension-death-benefits>

### More information

To find out more please contact Shackleton Employee Benefits.

**This document deals in generalisations, is intended for information purposes only, and is not intended to provide advice. Levels and bases of taxation will vary dependent upon individual circumstances and are subject to change. Shackleton recommend that employers and individuals take specific guidance before taking any action.**



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