

**CARERS** UK  
the voice of carers

# Caring about your pension

## A carer's guide to pensions

**Making the most of your pension as a carer**



**How to plan for and protect your pension**



# Important pensions information for all carers

## Why carers need to take extra care of their pensions

Thinking about your pension is not normally at the top of anyone's agenda until they come close to retirement, and this is no different for carers. However caring for someone can have a devastating impact on your pension longer term and carers need to take extra care of their pensions as a result.

Many people are shocked to find out that you do not automatically receive a full basic State Pension, but that you must have made a certain amount of National Insurance (NI) contributions towards it throughout your working life.

Contributions to the basic State Pension are made through paying NI or, if you are unable to do this because you are caring for children or for a disabled, ill or frail adult, then the state will credit your contributions for you. *However, this only happens if you claim the right benefits and take the right action.*

There is another State Pension, which is also built up through NI contributions, and this is called the State Second Pension (which replaced SERPS). Again, if people are paying over a certain level of NI contributions per year or get the right benefits, their contributions are paid for them. This is worth about £1.60 a week in State Pension paid for every qualifying year's NI contributions. So a carer or a low earner who has been caring or working for 10 years could get around an extra £16 per week for all those years spent caring.

## How to qualify for State Pensions

### How many years of NI contributions and credits are needed for a full basic State Pension?

Until 6 April 2010, women will normally need 39 qualifying years of NI contributions and credits and men will normally need 44 qualifying years for a full basic State Pension. This is currently payable at age 60 for a woman and at age 65 for a man. However, this will all change from 6 April 2010 (see page 5 for details).

## How much NI do I need to have paid?

In each tax year there is a minimum amount or 'lower earnings limit' that you have to be earning in order to make the right amount of NI contributions. The lower earnings limit is currently £95 a week, so a whole tax year is £95 x 52 weeks = £4,940. So if you have earned the equivalent of £4,940 within 2009/10, that year will usually be a qualifying year and will count towards the total qualifying years needed (currently 39 for a woman and 44 for a man).

## What if carers don't pay NI because they are not earning?

Certain people are 'credited' with NI contributions. This means that a contribution is put on their record equal to the lower earnings limit in each week that they fulfil certain conditions or receive certain benefits, including:

- Carer's Allowance
- Jobseeker's Allowance
- Employment and Support Allowance.

## What happens if you have not been in receipt of earnings or benefits?

At the moment, Home Responsibilities Protection (HRP) protects your rights to a basic State Pension when you have been looking after a child or caring for somebody. HRP reduces the number of qualifying years that you will need to have paid, been treated as paid or been credited with NI contributions.

### Warning signs that you may have gaps in your National Insurance record:

- breaks in paid employment that are not totally covered by benefits or child benefit
- time spent caring without realising you were entitled to benefits
- you have had periods on low level earnings, or had several jobs at the same time which paid below the level at which you pay NI contributions
- if you have been caring without your own income (and no children under 18) and didn't receive any of the relevant benefits.



## How can you help to maximise your pension?

**Step 1:** Ensure you receive all the relevant benefits (please see our Carers Rights Guide *Looking after Someone* or call CarersLine on 0808 808 7777 for a full benefits check).

**Step 2:** If you cannot claim Carer's Allowance because it might affect the Severe Disability Premium of the person you care for, or if someone else is claiming Carer's Allowance for looking after the same person (as only one person can qualify for Carer's Allowance, even if both people are caring for more than 35 hours), can you claim HRP to help your pension?<sup>1</sup>

**Step 3:** Ask for details of your NI record.<sup>2</sup>

**Step 4:** Ask for a pensions forecast.<sup>3</sup>

**Step 5:** Look into what else you could be doing for your State Pension, eg paying back NI contributions that you have missed, to make up full years (although you are only permitted to pay back a maximum of 6 years' contributions).

However, it is important to get advice on whether it is worth paying additional NI contributions and the difference it would ultimately make to your State Pension. Carers also need to look at this in the context of the pension changes that are coming into force in April 2010.

You can contact The Pensions Advisory Service on 0845 601 2923 for impartial advice.

## Changes from 6th April 2010

The State Pension age for women will start to rise from 60 to 65 between 2010 and 2020 (to be equal with men). There are also two significant changes that will really benefit carers:

- 1 Only 30 years of NI contributions and/or credits will be needed to get a full basic State Pension for men and women instead of 39 and 44 qualifying years for women and men currently. This means that carers can have gaps in their NI record for some years and not get a reduced basic State Pension as a result (as long as they do not have less than 30 qualifying years in total).
- 2 HRP will be replaced by weekly credits for parents and carers. Carers caring for a total of 20 hours per week or more will be able to apply for Carer's Credit to protect their State Pension – both the basic and State

Second Pension. This will help in situations where carers currently struggle to get their State Pensions protected, for example:

- a Carers caring for 20 hours or more per week (only those caring for 35 hours or more qualify before April 2010).
- b Carers looking after someone who refuses to claim disability benefits or who finds it extremely difficult because of their condition. This would benefit people caring for people with mental illness, for example.
- c Where more than one carer is looking after someone who is severely disabled – only one can claim Carers's Allowance (but from April 2010 the other will be able to claim Carer's Credit).
- d Carers who are looking after several people but cannot claim Carer's Allowance because they do not care for any one of them for 35 hours.

After April 2010 people in these situations will qualify for Carer's Credit. To claim the Carer's Credit carers must be caring for 20 hours or more a week for someone who is either:

- in receipt of a qualifying benefit (any rate of Attendance Allowance or Constant Attendance Allowance, middle or highest DLA care component), or
- where there is no qualifying benefit, has a signed certificate from a health or social care professional to confirm that the level of care being provided is appropriate (as in b. above).

If you would like more information on how these changes might affect you please email [steve.mcintosh@carersuk.org](mailto:steve.mcintosh@carersuk.org) to register your interest.

## Carers and private pensions

Carers may also have a company pension or private pension and, if they have given up work to care, they may have questions about what it is best to do with that private pension pot. It is best to talk to an adviser from your pensions company about this.

There can be difficult decisions to make – taking a pension early may deliver income in the short term but longer term it may not be sufficient to manage on. Good advice will help to make these decisions and plan wisely.

The Financial Services Authority also has a basic booklet on private pensions, which is very useful. This is available to download at: [www.moneymadeclear.fsa.gov.uk/pdfs/stakeholder.pdf](http://www.moneymadeclear.fsa.gov.uk/pdfs/stakeholder.pdf)



# Advice for pensioners who are currently caring

If you are in receipt of the basic State Pension you usually cannot be paid Carer's Allowance.

The exception to this is if your basic State Pension is less than Carer's Allowance. In these circumstances your basic State Pension will be topped up to the level of Carer's Allowance if you claim it – so it may still be worth making a claim.

Even if your basic State Pension is more than the level of Carer's Allowance, it may still be worth making a claim. Even though you will not receive Carer's Allowance itself you may end up better off:

- If you are already getting an income-related benefit (otherwise known as a means tested benefit), such as Pension Credit, you may be paid more of it.
- If you are not getting an income-related benefit, you may now be entitled to one.
- Even if you were recently refused an income-related benefit it may be worthwhile checking if you would be entitled once you have claimed Carer's Allowance.

The income-related benefits that you may be eligible for include:

## **Pension Credit**

Pension Credit is a benefit for people aged 60 or over on a low income. It is split into two parts; Guarantee Credit and Savings Credit.

- Guarantee Credit can be claimed by people aged 60 or over. If you are under 60, but your partner is over 60, your partner can claim it for both of you. The Guarantee Credit is income-related, so your income and savings will affect the amount you get.
- Savings Credit rewards people who have a second pension or modest savings. It is paid to you if you are 65 or over, but your income and savings will affect the amount you get.

To find out if you are entitled and how much you could get, phone The Pension Service on 0800 99 1234 (Textphone: 0800 169 0133) or go to [www.direct.gov.uk/pensions](http://www.direct.gov.uk/pensions). Claims can be completed for you over the phone, they will then be sent out for you to check and sign. In Northern

Ireland phone The Pension Service on 0808 100 6165 (Textphone: 0808 100 1165).

## Housing Benefit

This benefit is claimed from your local authority and helps you to pay your rent. Your income and savings will affect the amount you get.

## Council Tax benefit

This benefit is claimed from your local authority and helps you to pay your council tax. Your income and savings will affect the amount you get.

## Other financial support and more information for all carers



You can order a copy of *Looking after Someone*, our complete guide to carers' rights and benefits, or speak to an advisor for a full benefits check by ringing **Carers UK's helpline** on 0808 808 7777.

**Age Concern** has a huge amount of information on financial support for older people. Call their free helpline on 0800 00 99 66 or visit

[www.ageconcern.org.uk/AgeConcern/income\\_pensions\\_information.asp](http://www.ageconcern.org.uk/AgeConcern/income_pensions_information.asp)

**The Pensions Advisory Service** is an independent non-profit organisation that provides free information, advice and guidance on the whole spectrum of pensions, including state, company, personal and stakeholder schemes. Call 0845 601 2923 or visit [www.pensionsadvisoryservice.org.uk](http://www.pensionsadvisoryservice.org.uk)

**Directgov** is an excellent online source of information on benefits and pensions [www.direct.gov.uk/pensions](http://www.direct.gov.uk/pensions) and Carers Direct also provides information carers' pensions and other aspects of caring, [www.nhs.uk/CarersDirect](http://www.nhs.uk/CarersDirect)

1 Details on HRP and how to claim at: [www.direct.gov.uk/en/pensions](http://www.direct.gov.uk/en/pensions)

2 The National Insurance Enquiry Line on 0845 915 5996 to check your NI record.

3 Forms are available to download or complete online, or carers can write to the Future Pension Centre and ask for a forecast application form (BR19) and a return envelope at: Future Pension Centre, The Pension Service, Tyneview Park, Whitley Road, Newcastle upon Tyne, NE98 1BA



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info@carersuk.org www.carersuk.org

### **Carers Wales**

River House, Ynysbridge Court, Gwaelod-y-Garth, Cardiff CF15 9SS  
Tel: 029 2081 1370 Fax: 029 2081 1575  
info@carerswales.org www.carerswales.org

### **Carers Scotland**

The Cottage, 21 Pearce Street, Glasgow, G51 3UT  
Tel: 0141 445 3070 Fax: 0141 445 3096  
info@carerscotland.org www.carerscotland.org

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58 Howard Street, Belfast BT1 6PJ  
Tel: 028 9043 9843 Fax: 028 9032 9299  
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## **About Carers UK**

Carers UK is the voice of carers. Carers UK fights to end the ill health, poverty and discrimination faced by carers as a direct consequence of caring. Carers UK improves carers' lives by providing information and advice on carers' rights and campaigning for changes that make a real difference for carers.

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This information is correct as of December 2009

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