



## Urgent UK State Pension deadline – Don't miss out!

There are pending changes to the UK State Pension which can dramatically impact the amount of pension eligible individuals can receive in retirement. On 31 July 2023, the ability for expats to top up entitlements to the UK State pension will be significantly reduced so if you've been thinking about making additional voluntary National Insurance (NI) contributions to increase your entitlement, now is the time to act before you potentially miss out. Note the deadline was previously 5 April, however the UK Government recently extended the deadline as a result of public concern.

### UK State Pension – Are You Eligible?

Before we get into the upcoming rule changes, it is important to ascertain if you are indeed eligible to receive a UK State Pension. If you have ever worked in the UK and paid National Insurance (NI) contributions, you will have an entitlement to the UK State Pension, even if you are not a UK national. To be eligible to claim a pension, you must have contributed a minimum ten years' worth of NI contributions. If you do not have this

minimum amount, then you can pay to top up additional contributions and make up any shortfall provided you have lived and worked in the UK for 3 full continuous years.

The rate that you would pay to top up (Class 2 or Class 3) depends on a few factors – more on that below. Class 2 rates are preferable as they present a cheaper option compared to Class 3. Once you top up your NI record and reach UK State Pension age, you'll receive a pension based on the number of National Insurance contributions you have made, with 35 years being required for the maximum pension.

### Current Top-Up Rules

Currently, you can make a one-off backdated NI contribution to cover any missed years from 2006-07 onwards if you are eligible. Topping up your NI contributions means a nominal outlay now, for an attractive return once you reach state pension age. This means that there is a total of 16 years' worth of NI

contributions that you can purchase to fill in the gaps in your NI record and reach the minimum of 10-year threshold and increase your entitlement to your desired level. Topping up your NI contributions means a nominal outlay now, for an attractive return once you reach state pension age with the maximum basic state pension slated to be increased to £203.85 from April.

In this article we have not taken into account any particular person's objectives, financial situation or needs. You should, before acting on this information, consider the appropriateness of this information having regard to your personal objectives, financial situation or needs. We recommend you obtain financial advice specific to your situation before making any financial investment or insurance decision.

## **UK State Pension Top Up Rules – Changes Incoming**

From 31 July 2023, you will only be able to make voluntary backdated contributions for the past 6 years, as opposed to the current maximum of 16. This rule change effectively reduces the amount that you can increase your entitlement or may even make you ineligible for a UK State Pension if you have fewer than four qualifying years on your NI record.

### **Next Steps & How We Can Help**

It can be tricky to navigate the UK State Pension system, particularly when rule changes come into effect that impact eligibility and cost. If you have worked in the UK for 3 or more consecutive years, and you haven't yet topped up, now is the time to act. Once the 31 July deadline comes and goes, your ability to increase your entitlement will dramatically reduce potentially impacting the level of income you receive in retirement.

We can assist you with your eligibility for the UK State Pension, the rate at which you can top up, and submit the relevant information to HMRC on your behalf. As long as your application is submitted before the 31 July 2023 deadline, you can top up as far back as 2006-07.

Please don't hesitate to get in touch with us or visit the [UK State Pensions page](#) for more information.

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