

Summary of the current State Pension

This factsheet provides members of the M&S Pension Scheme with information about the State Pension that was put in place from 6 April 2016. If you reached state pension age before this date you will be in receipt of the old State Pension.

What is the current State Pension?

The current State Pension is a flat-rate, single amount and replaced the old system of a 'Basic State Pension' and 'Additional State Pension' on 6 April 2016

The end of 'contracting-out'

From 6 April 2016, the Additional State Pension and contracting out were abolished to make way for the new, simplified, State Pension.

Until then, the Government had allowed pension schemes (such as the M&S Pension Scheme) to 'contract out' of the Additional State Pension. The rules for contracting-out were very complex, but the general idea was that both employees and employers would pay a lower rate of National Insurance and, in return, employees would not build up an Additional State Pension as they would get an equivalent benefit from their workplace pension scheme.

As a member of the Scheme, you had been contracted out of the Additional State Pension from the date you joined the Scheme until the date you stopped earning benefits (by leaving or through retirement) or 6 April 2016, whichever came first.

How much is the current State Pension?

For 2020/21, the full flat rate of the current State Pension is £175.20 per week. The amount you receive is based on your National Insurance record over your entire working life.

Will I receive a lower State Pension because I've been contracted-out of the Additional State Pension?

Generally speaking, yes. As you were paying a lower rate of National Insurance and earning an equivalent amount in the Scheme instead, this is likely to result in a lower State Pension payable to you.

But if you have worked for a number of years since you stopped being contracted out, making full-rate NI contributions, you will carry on building up further State Pension until you reach the full flat rate.

Helpful websites

You can find more information about the State Pension at the following websites:

- <https://www.gov.uk/new-state-pension> - An overview of the current State Pension.
- <https://www.gov.uk/check-state-pension> - Find out how much State Pension you've earned and when it will be paid.
- <https://www.gov.uk/state-pension> - An overview of the old State Pension.

Please note this factsheet has been prepared for your information only. It is not intended to provide definitive guidance or individual financial advice. Every attempt has been made to explain the current State Pension as succinctly as possible, but due to the complex nature of the subject matter, the information in the factsheet may still appear complicated. If you are unsure as to how the changes to the State Pension affects you, then you should consider seeking regulated financial advice.

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