

Understanding the New State Pension

This document contains important information and you should read it carefully and keep it safe for future reference.



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IMPORTANT INFORMATION

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The UK new state pension, introduced in April 2016, replaced the previous basic state pension system and additional state pension schemes (such as the State Second Pension and the Graduated Retirement Benefit). The aim was to simplify the pension system and provide a more predictable and sustainable income for retirees.

Key features of the new state pension

Flat-rate pension

The new state pension is a flat-rate pension, providing a single, uniform amount to individuals who meet the eligibility criteria. This simplifies the pension system and makes it easier for people to understand their entitlements.

Eligibility criteria

To receive the full new state pension, individuals with no national insurance record before 6th April 2016 need at least 35 qualifying years of National Insurance contributions (NICs) or credits. Those who have made or been credited with NICs before this date will still have them taken into consideration as well as the qualifying years after 6th April 2016.

Even if an individual doesn't have 35 qualifying years, they may still be eligible for a portion of the new state pension if they have at least 10 qualifying years. The amount they receive will be proportional to the number of qualifying years they have accrued. More information on eligibility for the state pension can be found on the GOV website.

What is a qualifying year?

A qualifying year is one in which a person earns a certain amount of income and pays NICs or receives National Insurance credits, typically through employment, self-employment or caring responsibilities.

As of the 2025/26 tax year, the criteria for building qualifying years for NICs are as follows for employed individuals:

- You are employed and earn over £125 per week from a single employer, you will pay Class 1 National Insurance contributions, accruing qualifying years for state benefits.
- You are employed and earning between £125 and £242 a week from one employer and are treated as having paid National Insurance contributions.

Self-employed individuals

As of the 2025/26 tax year, Class 2 National Insurance contributions have been abolished. Instead, a profits test has been introduced into Class 4 National Insurance for the self-employed. Those with profits above the Small Profits Threshold (SPT) will accrue qualifying years through Class 4 contributions.

If your profits are below the SPT, you will need to accrue qualifying years through other means, such as voluntary contributions or National Insurance credits.

Voluntary contributions

You can make voluntary Class 3 contributions to fill gaps in your National Insurance record. For the 2025/26 tax year, the rate for Class 3 contributions is £17.45 per week.

National insurance credits

You may receive NI credits in certain circumstances, such as:

- Receiving Child Benefit for a child under 12.
- Providing care for a sick or disabled person.
- Receiving certain benefits, like Jobseeker's Allowance or Employment and Support Allowance.

How much is the new state pension?

If you are eligible for the full new state pension then you will receive £230.25 per week in the tax year 2025/26. If you have not reached 35 years of qualifying contributions, then the amount that you receive will be dependent upon how many qualifying years that you do have.

You can find out how much you are eligible to receive by using the [check state pension](#) section of the GOV website.



But what if I have a gap in NICs?

You may find that you have a gap in your NICs for a number of reasons, such as being self-employed and not making voluntary contributions due to low profits or because you have had a period living abroad.

A small gap shouldn't be cause for concern if you still have a number of years to continue contributing before you plan to retire. It is possible to have some gaps in your national insurance record and still get the full New State Pension. However, you may be able to pay voluntary NICs to fill these gaps.

It is important to review any gaps, the government have amended their policy. After 5 April 2025 you'll only be able to pay for voluntary contributions for the past 6 years

State pension age

The state pension age is the age at which individuals become eligible to claim their state pension. The current state pension age is 66 rising to 67 in 2026. The state pension age is likely to gradually increase over time to align with rising life expectancy and demographic changes. It has been predicted that by 2050 the state retirement age could be as high as 71, with some experts saying it needs to be higher to be affordable.

Triple lock guarantee

The new state pension benefits from the triple lock guarantee, which ensures that the state pension increases each year by the highest of three measures: inflation, average earnings growth or 2.5%. This helps protect pensioners' purchasing power and ensures their income keeps pace with the cost of living.



What if I don't qualify for the state pension?

If you do not qualify for any new state pension, then you may be eligible for pension credits which are an income related benefit that tops up your weekly income. The amount that you receive will be dependent upon your income, or joint income as a couple.

Overall, the new state pension aims to provide a more transparent, fair and sustainable pension system for retirees.

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