

British Tourist Boards' Staff Pension and Life Assurance Scheme ("the Scheme")

Factsheet 13 – State Benefits

In addition to the benefits you receive from the Scheme, you will also be entitled to receive State Pension benefits when you reach your State Pension Age (SPA).

This factsheet describes the State Pension benefits currently payable as well as the changes to the State Pension system from April 2016.

WHAT BENEFITS WILL I RECEIVE FROM THE STATE?

For those that have reached SPA before 6 April 2016, there are two State Pensions which you can receive. These are the Basic State Pension (BSP) and the State Second Pension (S2P).

If you reach SPA after 6 April 2016 the new Single Tier Pension will apply (see Single Tier Pension over the page).

Basic State Pension (BSP)

This is a flat rate pension paid to everyone who has paid, or is credited with having paid, sufficient National Insurance Contributions. The number of contributory years needed to qualify for a full BSP is 30 for both men and women.

The Basic State Pension for 2017/18 is £6,359.60 per annum for a single person. The BSP is reviewed each year by the Government.

State Second Pension (S2P)

This used to be known as the State Earnings Related Pension Scheme or 'SERPS' and is paid in addition to the Basic State Pension if you have paid full rate National Insurance Contributions.

S2P is based on your revalued earnings with annual earnings capped at around £40,000. Your earnings are split into bands with different accrual rates applied to different earnings bands.

If you were a member of a contracted out scheme you would have paid lower National Insurance Contributions but will not earn any S2P pension. With effect from April 2016 contracting out ceased, which means there is no longer a National Insurance rebate.

WHAT IS CONTRACTING OUT?

Instead of paying full rate National Insurance Contributions and building up an S2P Pension, you may have been a member of a contracted out pension scheme prior to 6 April 2016.

'Contracted out' means that your employer provides a pension scheme that meets a required standard and the benefits from that scheme replace the S2P benefits you would otherwise earn. Both you and your employer paid lower National Insurance Contributions while you were a member of a contracted out pension scheme.

Is the Scheme contracted out?

The Scheme was a contracted out scheme until 6 April 2016. The Scheme will still provide statutory benefits in respect of the contracted out service prior to April 2016.

WHEN WILL I RECEIVE MY STATE BENEFITS?

The State Pension Age is currently 65 for men. The State Pension Age for women is to be equalised at 65 by December 2018 through a phasing-in period.

The Government has confirmed further changes to State Pension Age from December 2018 to reflect the fact that people are living for longer. The latest legislation allows for future increases in State Pension Age for both men and women as follows:

- To age 66 by October 2020
- To age 67 starting between 2026 and 2028
- To age 68 starting between 2044 and 2046.

Proposed changes to the State Pension age after 2020 are subject to review by the Government.

Single Tier Pension

From 6 April 2016 there is a new simplified flat State Pension for anyone who reaches their SPA after 6 April 2016. (This only applies to any man who was born after 6 April 1951, and any woman that was born after 6 April 1953). Anyone who had already reached their SPA by 6 April 2016 received the existing state pensions described over.

For those under SPA in April 2016 how much of the new State pension you receive will depend on your National Insurance record. Membership of a contracted out Scheme prior to April 2016 will reduce the amount of new State pension that you are entitled to. In order to receive the full State pension, full National insurance contributions for 35 years will be required. There is the facility to top up contributions for any missed years, or years where you have been contracted out.

The Single Tier Pension for 2017/2018 for those with a full National Insurance Contributions record is £8,296.60 for a single person.

Further information can be obtained from the Government's new centralised website at the following address:

www.gov.uk/yourstatepension

FURTHER INFORMATION ON STATE BENEFITS

Further information on State Pension benefits, including updates and estimates of your benefits can be obtained via the following link:

www.gov.uk/browse/working/state-pension

IMPORTANT NOTE

This factsheet provides a summary of your State Benefits. However, your legal rights are set out in legislation which overrides the content in this document.