



# THE STATE PENSION IN 2023

## - WHAT YOU NEED TO KNOW

The weekly state pension increased by 10.1% in April - the highest ever rise - for the 12.5 million people receiving the retirement benefit.

The rise means those qualifying for a full new state pension will now receive £203.85 a week (up from £185.15).

Those who reached state pension age before April 2016 and are on the older basic state pension will now receive £156.20 – up from £141.85.

State pension rises occur every April, with the new tax year. The rise is determined by the triple lock guarantee, which dictates that the state pension will go up every year in line with inflation, wage growth, or 2.5%, whichever is greater. The idea of the triple lock scheme was to ensure that the state pension would not lose value in real terms – a valuable feature in times of high inflation.

The inflation and wage growth data used for determining the figure is taken in September before the rise is due. So, this year's rise was determined by the annual inflation rate recorded in September (published in October) of a substantial 10.1%.

### Eligibility

The amount of state pension paid depends on how many years of National Insurance individuals have paid.

Under current rules, you need at least 10 years' worth of National Insurance credits to qualify for the minimum payment and 35 years to get a full new state pension.

Due to time spent out of the workforce, many people have gaps in their record, perhaps for raising children, taking a career break, or caring for family members.

If you have gaps, it's worth checking to see if you qualified for a benefit during those periods, which means you could be owed National Insurance credits. Examples include Child Benefit and Universal Credit, for which you may be able to backdate a claim.

Alternatively, you can buy voluntary national insurance credits, which will make up the difference.

You can check your NI record online using HMRC's Personal Tax Account facility [here](#). You can see how many qualifying years you have accrued and your future potential to make up for any gaps. This will help you decide whether it is necessary to make voluntary contributions.

### Reaching state pension age

Currently, the state pension age is 66 years for both men and women - but it will start gradually increasing again from 6 May 2026.

When the time comes, the state pension still needs to be claimed - it doesn't just start paying out. It's important to check with the Department for Work and Pensions (DWP) if you are being paid the correct amount, as there have been many blunders in the past. One high profile case saw a £2.7 billion underpayment of pensions to around 200,000 elderly, widowed and divorced women. The DWP admitted fault, and more than 74,000 married women were handed windfalls of as much as £23,000, and widowed retired women received an average back payment of £17,000<sup>2</sup>.



### Don't need the income?

It is possible to defer payments of the state pension. The attraction of doing so, for those who don't need the income yet – perhaps if you are still working or just don't need the money – is that the state pension payment increases by the equivalent of 1% for every nine weeks you defer. This works out as just under 5.8% for every 52 weeks<sup>3</sup>. So, if you were entitled to a full new state pension which is currently around £10,600 per year, you could get an extra £614 by deferring for a year.

However, you must be careful that by deferring you don't affect your entitlement to other benefits you might be eligible for such as pension credit.

## Pension planning

You can get a forecast of what you're on track to receive on the Government's website [here](#).

A state pension is of course just one element of the wider financial picture regarding retirement as it cannot be relied upon alone. You'll have workplace schemes and private pension plans to factor in.

You can also use savings such as ISAs to supplement the money you'll get from any pension pots when you come to retirement age.

Retirement planning is key to ensuring you have enough money for the lifestyle you want for as long as you need it.

A financial adviser can help provide the right path to financial security.

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<sup>1</sup><https://www.bbc.co.uk/news/business-56275415>

<sup>2</sup>[https://www.dailymail.co.uk/news/article-9431913/More-74\\_000-married-women-set-23\\_000-windfall-underpaid-state-pensions.html](https://www.dailymail.co.uk/news/article-9431913/More-74_000-married-women-set-23_000-windfall-underpaid-state-pensions.html)

<sup>3</sup><https://www.gov.uk/deferring-state-pension/what-you-get>