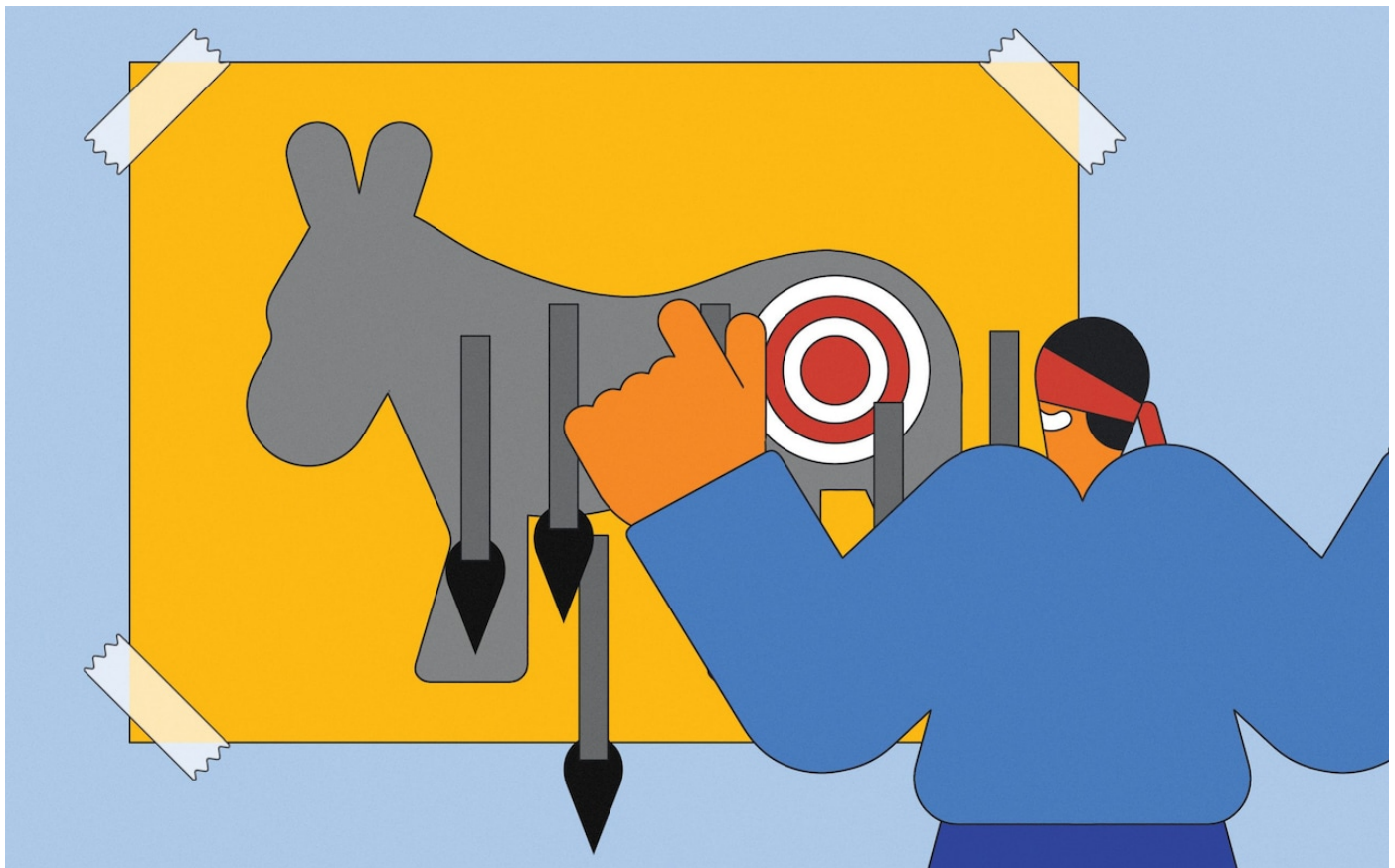


# How some retirees tripled their state pension to £29,000 a year

Why do some retirees get 10p a week but others £550? Telegraph Money investigates

By [Jessica Beard](#) 27 June 2021 • 5:00am



Fewer than half of those on the new "simple" state pension actually receive the full amount Credit: TMG

In 2016 the Government unveiled the new "flat rate" state pension – but a Telegraph Money investigation has found that gaping inequalities continue to exist: some people get as little as 10p while others enjoy £550 a week.

Millions of retirees receive drastically different payments each week as a

legacy of the old pension system, which the Government is slowly winding down.

However, nearly nine out of 10 pensioners are still on the “basic” state pension. This is because they began to draw their pensions before April 2016, when the new single-tier system replaced the old system of basic and earnings-related pensions.

Close to 11 million people who receive the old state pension are likely to all be getting [different amounts](#).

A total of 1,400 people [received 10p or less](#) each week, while 20 people were paid £550 or more, figures obtained through a Freedom of Information request showed. The highest payouts amount to an income of £28,679 a year, more than triple the well-publicised flat rate of the new state pension, which is £9,350 a year or £179.60 a week.

To qualify for the full amount you need to have made at least 35 years of qualifying National Insurance contributions or received credits for raising children or providing care. Our analysis found that fewer than half (46pc) of those on the new “simple” system actually received the full amount.

Andrew Tully of Canada Life, the insurer, said the state system was difficult to navigate, making it hard for people to know how much they were due. “Often the state pension is far from generous, with the onus really on individuals to take responsibility to save if they wish to enjoy their retirement,” he said.

Those who enjoy the highest levels of state pension today would have to be in receipt of an additional earnings-related pension, commonly known as Serps, on top of their basic payment, which is currently £137.60. The maximum added by Serps is £180.31. Yet this figure can be boosted further.

Delaying the start date for drawing a state pension raises the starting amount. By [deferring the state pension](#) by nine years, someone who would otherwise get £300 a week could boost their weekly income to more than £550. A state pension increases by 1pc for every five weeks deferred. Someone entitled to the new state pension of £179.60 a week could boost their annual income by £540 for every year they defer.

One retiree who receives a lot more than the new flat rate is Malcolm Kerr, 72, who said he was paid £245 a week in the last tax year. This added up to nearly £13,000 a year. Mr Kerr, who started to receive the payments at age 65, said it was made up of the basic rate of £137.60 and two sets of additional state pension, as well as a deduction for a period when he had “contracted out”. Some people were contracted out of the additional state pension and paid lower National Insurance contributions as a result. This means their state pension may be lower.

Mr Kerr said: “I had to pay more than the usual rate because I had earnings over a particular amount, so that has boosted my pension, but then I contracted out for a short time. It is a significant amount – I get nearly an extra £1,000 a month.”

Sir Steve Webb, a former pensions minister and now a partner at the consultancy LCP, said: “Over time, most people coming up to pension age will get the standard amount. In the early years of the new system, some will get more because of past rights and some will get less because of past contracting out, but both of these effects will work their way out of the system.”

The complexity of the old system led to hundreds of thousands of women being [shortchanged by the Government](#) for decades. In total, [200,000 women](#) who were underpaid the state pension for years are due refunds totalling

£2.9bn. Large numbers of elderly, widowed and divorced women were forced to get by on a reduced stipend for years thanks to a government oversight.

Mr Tully urged all over-66s to check they were receiving the right amount. Gaps in National Insurance payments can be filled with credits for periods of unemployment or caring for children or elderly relatives. A spokesman for the Department for Work and Pensions said: "In the past, people could receive very different amounts but this will not be the case in the future."

The DWP is proactively identifying all the women affected and has said it will pay out to everyone in full.