Four pension changes coming in 2022 including £290 boost to state pension payments

The changes include increases to both the state pension and pension credit, while smaller pension pots are getting greater protection - but there is bad news coming for Brits who've worked abroad

Millions of retired Brits will be affected by a string of pension changes that are coming into force from next year.

There will be increases to both the state pension and pension credit in 2022, which means more money in your pocket.

New rules are also coming into effect next year to stop savers losing cash on small pension pots worth £100 or less.

But in bad news, British expats living abroad in certain countries may find they struggle to get the full state pension from January.

We explain everything you need to know about pension changes coming in 2022 and how they affect you.

State pension rule change for expats

(

Image:

Getty Images/EyeEm)

Changes are being brought in from January 2022 that affect [how state pensions are calculated for Brits] intending to retire abroad.

British citizens who move to live in, or move between, an EU or EEA country or Switzerland will no longer be able to count time lived abroad in the following countries toward their state pension:

- Australia (before 1 March 2001)
- Canada
- New Zealand

This doesn't affect those who continue to live in the UK, or are living in the EU, EEA or Switzerland by December 31, 2021.

As long as you continue to live in the same country, you will still be able to count time living in Australia (before 1 March 2001), Canada or New Zealand to calculate your state pension.

You need at least ten qualifying years on your National Insurance record to get any sort of state pension, or 35 years to get the full amount.

State pension to increase by £290

The full new state pension will increase by £290 per year from April 2022, in line with September's inflation rate of 3.1%.

The current full, new state pension is £179.60 a week, or around £9,339 a year.

A rise of 3.1% adds an extra £5.56 a week to the payment, increasing it to £185.15 a week. Over the year that's £9,628.50, and an extra £289.50.

The rise comes after the government confirmed it was axing the triple lock.

The triple lock usually guarantees that the state pension will increase by the highest of inflation, average earnings growth, or 2.5%.

But it was downgraded to a double lock to avoid a record 8% rise after the pandemic pushed earnings growth higher as workers returned from furlough.

Men born on or after April 6, 1951, and women born on or after April 6, 1953, are able to claim the new state pension.

Those who reached the state pension age before April 6, 2016, get the old state pension, known as the basic state pension which is currently £137.60, or £7,155.20 a year.

Pension credit to increase up to £279

Pension credit will go up next year - and couples will be able to get up to £278.70 a week if they qualify.

This is a type of benefit that gives you extra money to help with your living costs if you're over the state pension age and on a low income.

The most you can currently get in pension credit is £177.10 a week if you are single or £270.30 for couples.

But from next April that will go up to £182.60 and £278.70.

That means a rise of £5.50 a week for single people and £8.40 a week for couples.

Are you worried about how you'll afford your retirement? Let us know: mirror.money.saving@mirror.co.uk

How to prepare for retirement

More cash for small pension pots

Flat fees on small pension pots worth £100 or less are to be axed to stop "rip-off" charges wiping out savers' funds over time.

The changes would help workers who've built up many small workplace pensions through auto enrolment schemes during their working life.

For example, this could be people who have changed jobs frequently or regularly take on short-term contracts.

Rebecca O'Connor, head of pensions and savings at Interactive Investor, previously told The Mirror that a pension pot worth £100 could potentially disappear within five to eight years under the current rules.

This is based on average figures published by the government, which show how average charges ranged from £13 to £20 per annum, with the highest maximum flat fee being £36, based on a survey of 20 providers.

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