

'All retirees deserve a guaranteed pension of at least £200 a week' New campaigner demands

CAMPAIGNERS demanding a fresh deal for older citizens have called for a £200 a week minimum state pension.

Comment by David Robinson - Pensions expert at Wildcat Law



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Trying to unravel the Gordian Knot that is the state pension is tricky even for professionals.

As a very brief summary: If you reached state retirement age before April 6, 2016, you will have the Basic State Pension (and potentially the Additional State Pension).

If you reach state retirement after that you will be in the New State Pension.

Why is this important? Well, we have a two-tier system. The Basic State Pension is only £141.85 per week, while the New State Pension is £185.15 per week.

The Government will argue that the two schemes equal out due to the Additional State Pension being added on top of the basic State Pension but, for example, this only applies to individuals who were employed, not those who were self-employed.

The irony is that the state system often benefits the wealthiest retirees.

Silver Voices quote that 87 per cent of pensioners are on the old

Basic State Pension. But four million of those do not receive the full amount.

Why do so many people receive less than £141.85 per week? Because to qualify you needed 30 years of National Insurance contributions or credits. Under the New State Pension you need 35 years.

This in itself is a confusing system for many and I have met many pensioners who should qualify for the maximum but did not know they did, or how to go about updating their records.

Those who need the money most are the ones least likely to be able to pay for the advice needed to access it. The level of bureaucracy involved in the

current system is as astonishing.

The solution must be to set a higher minimum guaranteed pension.

Currently a pensioner qualifies for the New State Pension with 10 years national insurance credits or contributions. That equates to a measly £52.90.

A minimum flat rate of £200 would remove the pensions lottery for millions of pensioners.

The alternative would be to move to a higher means tested state pension along the lines of the Danish or Australian systems.