

# Deadline for state pension top-ups closes in April

By [Jean-Baptiste Andrieux](#) 9<sup>th</sup> January 2023 10:27 am

The government scheme which allows people to fill historical gaps in their National Insurance (NI) record will come to an end in less than three months.

Under normal rules it is only possible to fill gaps in NI records up to six years after the year in question.

After that point, the year becomes a permanent gap in an NI record. It could affect the ability for someone to build up a full state pension.

This means that 2016/17 would normally be the oldest year which could be filled in 2022/23.

However, for a limited period, people are able to go much further back and fill gaps for any year from 2006/07 onwards. This extra 10-year window will close on 5 April 2023.

This concession applies only to those who come under the new state pension system; that is, those who reached (or will reach) state pension age after 5 April 2016.

As a result, LCP is calling on those who could benefit from this scheme to apply before the deadline.

LCP partner and former pensions minister Steve Webb said: “For many people, paying voluntary NI contributions can be great value for money and can help them boost their state pension in a cost-effective way.

“For people with gaps in their NI record going back more than six years, the window to fill those gaps will soon close.

“Some people have gaping holes in their NI record and this will be the last chance to fill them.

“Although topping up is not the right answer for everyone, and people should always check with DWP [Department for Work and Pensions] before handing over any money, for some people this could be by far the best rate of return they could get on any spare capital.

“Missing out could cost some workers thousands of pounds.”

For those who can benefit, investing in state pension top-ups can generate a better ‘rate of return’ than almost any other way of using savings.

Someone with 10 missing years could pay out a little over £8,000 to fix the gaps but see a boost of £55,000 in state pension over a typical 20-year retirement.

In some cases, buying back missing years can be extremely valuable. The current cost of voluntary Class 3 NI contributions is £15.85 per week or £824.20 per year.

This one-off lump sum payment can add up to 1/35th of the full rate to an eventual state pension.

As the state pension is currently £185.15 per week, this boost is worth £5.29 per week or around £275 per year.

Someone who gets this boost for at least four years will recover their initial outlay (net of basic rate tax) and everything beyond that would be profit.

In an extreme case, someone who missed the deadline would lose the chance to top up a further 10 missing years of NI contributions (from 2006/07 to 2015/16 inclusive).

Although the outlay would be £8,242 (ten lots of £824.20), the annual state

pension boost would be around £2,750.

Someone who was retired for 20 years would get back around £55,000 in total (before tax) for a one-off payment of a little over £8,000.

However, anyone thinking of topping up their state pension for these earlier years must check with the Future Pension Centre at the DWP before making such contributions.

This is because there are some situations in which paying historical contributions would not boost a state pension.

This could be particularly true for those who are short of a full state pension because of extensive periods of 'contracting out'.