

Martin Lewis warning after state pension blow leaves woman 'staggered'

Money Saving Expert urges people to check potential retirement income after woman learns she could have lost out on years' worth of pay-outs

00:29, 27 FEB 2023 Updated 00:35, 27 FEB 2023



Consumer advice expert Martin Lewis has reissued a warning to people nearing pension age to check their state contributions, after a woman discovered that she had fallen short despite paying "'shedloads" of National Insurance over the years.

The woman is now having to pay extra NI to get the full pension entitlement. It happened because she was unaware she had been opted out of the additional contributions scheme known as SERPS.

She only found out about the shortfall when taking earlier advice given by the Money Saving Expert, urging people to check their contributions on a government website.

The woman, called Susan, from Berkhamsted, told Lewis on his BBC podcast that she was amazed to discover she had not paid in enough National Insurance to earn the full state pension. She and her husband had spent their careers as teachers and recently decided to take early retirement.

They thought they had been "savvy" about their pensions but acting upon his advice, they decided to check if they had enough NI contributions to claim the full state pension. In an article published by [The Express](#), they said they were surprised to learn that they had been partially opted out of SERPS (the State Earnings-Related Pension Scheme), a scheme devised for people to pay in to get more income on top of the basic state pension.

The scheme was part of the previous basic state pension, which applied to those who reached state pension age before April 6, 2016. Anyone who retired after this date would get the new state pension instead.

Susan told The Express: "I was absolutely staggered because I thought I'd paid shedloads of National Insurance in my time. So we got hold of Teachers' Pensions and that's what we were advised — we were given the amounts to make up and we've started doing that now." But she added: "Nobody from either our union or from Teachers' Pensions to the best of my knowledge, made us aware of this."

They found it was worth paying in to top up contributions across four years for Susan, and two years for her husband. Lewis explained that on average, if a person paid in £800 in contributions, they would receive £275 a year more

in state pension payments.

He said: "As typical life expectancy is around 20 years [after reaching the state pension age], the £800 will turn into £5,000 index linked, plus inflation. The best investment you will ever have."



People can check if they have any gaps in their NI record using the [state pension forecast tool](#) on the Government website. Lewis said now was a good time to check as a deadline for paying back-contributions was

approaching.

Another woman who did so also found out about a shortfall. Julie Burrows went on Nottinghamshire Live's Facebook page to say: "I've paid full NI for 39 years and they say I still owe just under £2,000 to get the full new state pension at 67 in 2031."

Julie said she had paid her NI in full every year from 1980, up to and including 2019.

Until the end of this tax year — on April 5 — people can put in back-contributions from 2006 to 2017, 10 years further back from the usual limit of up to six years ago. One woman who appeared on ITV's Martin Lewis Money Show this week was on track to receive an extra £11,150 in state pension payments having paid in just under £1,000 in back-contributions.

[Subscribe here for the latest news where you live](#)

The full basic state pension is currently £141.85 a week while the full new state pension is £185.15 a week. Payments will go up by 10.1 per cent in April, with the full basic state pension increasing to £156.20 a week, while the full new state pension will increase to £203.85 weekly.

"If you're aged 45 to 70 this needs looking at urgently," Lewis said on his latest podcast. "This could enhance your state pension in retirement for many people by tens of thousands of pounds and will have a huge lasting impact on your lifestyle."

Lewis has also encouraged state pensioners to find out if they could boost their income by claiming Pension Credit. The income top-up is available to pensioners on low incomes and can increase a person's income by up to £3,500 a year.

Additional payments were available for those dependant upon on their circumstances, such as someone who cared for another adult. The benefit

also provided access to several other means of government support, such as free TV licences for people aged 75 and over.

Pension Credit payments were also going up by 10.1 per cent in April, with the weekly top-up for singles increasing to £201.05 a week and for couples to £306.85 a week.

The Martin Lewis Podcast becomes available every Wednesday on BBC Sounds. A Martin Lewis podcast specifically on pensions back-payments, called How to turn £800 into £5,500, is available [here](#).

For more stories from where you live, visit [InYourArea](#).