How many NI qualifying years are enough to get a full state pension?

I'm an Irish citizen. I lived and worked in the UK between 1990 and end of 1996. I have since moved and lived abroad.

After a few years I contacted the National Insurance department at HMRC about continuing paying contributions.

They advised me to pay class 3 voluntary contributions, which I have been doing since by bank direct debit. All the gaps in the previous years were paid. I will be 66 in July 2025.

However, I noticed that there was no direct debit made to my account since the last one in April 2023. I contacted the bank and I was told that no direct debit requests were made from HMRC.

I accessed my online NI record which stated: 'You have: 34 years of full contributions; 2 years to contribute before 5 April 2025; 2 years when you did not contribute enough.'

I called HMRC and the gentleman told me that the system shows that I have paid enough and there was no need to pay anymore. How could this be when I have not paid the complete 35 years?

I do not want to miss any payments as I am banking on a full state pension when I retire. What should I do? I would be grateful for your advice.

SCROLL DOWN TO FIND OUT HOW TO ASK STEVE YOUR PENSION QUESTION

Steve Webb replies: One of the most common questions I am asked about the new state pension is: 'How come I’m short of the full rate, when I’ve paid 35 or more years into the system.'

In some ways your question is the opposite: 'How come I appear to be at the full rate when I haven't paid 35 years?'

The answer to both of these questions rests on the way in which the new state pension is worked out. In this column I will try to explain how each scenario can arise.

As regular readers of my column will know by now, the calculation of the new state pension (which affects those who reached state pension age after 5th April 2016) is in two steps.

The first step is to work out a 'starting' or 'foundation' figure based on National Insurance Contributions up to 5th April 2016.

The second is to take account of any NI contributions made from 2016/17 onwards. Let us look at each in turn.

First, the 2016 'starting amount'. This is designed to make sure that people who already had a good state pension record when the new system came in do not lose out. It does this by awarding you the higher of two figures:

- What you would have got under the old system had it continued; this is essentially a full old-style basic pension (currently worth £156.20 per week) for those with 30 years in the system, plus any 'additional' state pension you had built up – primarily under the SERPS system which was introduced in 1978; OR

- What you would have got under the new system had it been in existence all along; this is a full flat rate pension (currently £203.85 per week) for those with 35 years in the system, minus a significant deduction for those who had spent years paying in at the reduced 'contracted out' rate of NI contributions.

The second step is to take account of years of contributions (including voluntary contributions and NI credits) from 16/17 onwards.

Each such year adds 1/35 of the full weekly rate, or an extra £5.82 per week at current rates. This continues until the pension entitlement reaches the maximum flat rate (currently £203.85) but these years cannot take you beyond the flat rate.

Let us now look at how those rules can mean some people with under 35 years still get a full pension whilst others with more than 35 years are short of a full pension.

Starting with your case, what HMRC seem to be saying is that your 2016 starting figure plus all the contributions you have made since 16/17 have now brought you up to the standard figure. There is therefore no advantage to you in paying further contributions.

From your account, it sounds as though you have full (voluntary) contributions for each year from 16/17 to 22/23 inclusive, a total of seven years.

If each year gives you £5.82 on top of your starting figure, this means your post 2016 contributions are adding around £40.

And if your total pension is now £203.85, this means your 2016 starting amount (in today's money) must have been around £164.

One way in which your starting amount could be at this level would be if your working years in the UK in the early 1990s generated substantial SERPS entitlement – for example, you were in a well paid job and not 'contracted out' into a company pension.

A combination of your basic pension entitlement by 2016 (slightly short of the full 30 years by this point) plus your SERPS could combine to give you £164 by 2016 and therefore £203.85 today.

I should stress that I am only guessing based on the figures you have supplied and you may wish to check all of this with the Department for Work and Pensions' Future Pension Centre, but what you have reported seems entirely plausible.

Turning now to the opposite case of those with more than 35 years who are short of the full amount, this is overwhelmingly because of the way that past ‘contracting out’ affects the calculation that I have described.

As you can see, those who spent many years paying in at a reduced ‘contracted out’ rate of NI (because they were in a company pension or similar), would have a big deduction from their 2016 starting amount if it were based on the new rules.

So, instead, they will very often have a 2016 starting amount based on the old rules – a full basic pension for 30 years but not much else.

In this case, a starting amount of around £156.20 (the current full basic pension) or slightly above will not be uncommon.

Although each post 2016 year adds £5.82 to the pension, it would take nine years to be sure to get up to the new flat rate.

Given that we are only in 2023/24 and this is the eighth year since the new system came in, there will be plenty of people who retired between 2016 and this year who simply ran out of years to get up to the new flat rate.

It is worth adding that although such people sometimes feel they have been cheated because they do not get a ‘full’ pension, in fact they have generally done very well out of the new state pension.

If the old system had rolled on, they would quite likely have only received a £156.20 basic state pension and nothing else, so in many ways this group are the ‘windfall’ gainers of the new system, provided they have some years beyond 6th April 2016 to wipe out some of the effects of past contracting out.

Ask Steve Webb a pension question

Former Pensions Minister Steve Webb is This Is Money's Agony Uncle.

He is ready to answer your questions, whether you are still saving, in the process of stopping work, or juggling your finances in retirement.

Steve left the Department of Work and Pensions after the May 2015 election. He is now a partner at actuary and consulting firm Lane Clark & Peacock.

If you would like to ask Steve a question about pensions, please email him at pensionquestions@thisismoney.co.uk.

Steve will do his best to reply to your message in a forthcoming column, but he won't be able to answer everyone or correspond privately with readers. Nothing in his replies constitutes regulated financial advice. Published questions are sometimes edited for brevity or other reasons.

Please include a daytime contact number with your message - this will be kept confidential and not used for marketing purposes.

If Steve is unable to answer your question, you can also contact MoneyHelper, a Government-backed organisation which gives free assistance on pensions to the public. It can be found here and its number is 0800 011 3797.

Steve receives many questions about state pension forecasts and COPE – the Contracted Out Pension Equivalent. If you are writing to Steve on this topic, he responds to a typical reader question about COPE and the state pension here.