

'If I was "contracted out" of the extra state pension, can I top up my contributions now?'

Pensions Doctor: our reader is worried their retirement pot will suffer because of Serps

[Becky O'Connor](#) 7 November 2023 • 10:00am

Write to Pensions Doctor with your pension problem: pensionsdoctor@telegraph.co.uk. Columns are published weekly

Dear Becky,

I started work in 1988 and I'm sure I was contracted out. As a result I expect to be paid less in state pension.

I've stopped working but I am 10 years away from state retirement age. Can I make additional payments to HMRC to increase my state pension?

Regards,

James

Dear James,

Your uncertainty over whether you were contracted out but suspicion that you were is, I am sure, familiar to many.

I've had several questions relating to contracting out lately, so it's worth going through the details.

[Contracting out of the State Earnings-Related Pension Scheme](#) (Serps) was an option offered to workers in some circumstances before 2016. It enabled you (and your employer) to pay less in National Insurance contributions,

which reduced the state pension you would get but increased how much you would get from your workplace pension.

According to the Government, most people were contracted out at some point in their lives, through final salary or career-average salary schemes or through personal or stakeholder pensions.

Anyone who isn't sure if they were contracted out with any old employers can check old payslips, if they still have them. Any with the letters D, E, L, N or O on the National Insurance line are a giveaway that you were contracted out.

The idea was that although your state pension entitlement would be lower, the increase to your workplace pension would make up for it. The extra amount in your workplace pension from being contracted out was called the "Cope" amount: the contracted out pension equivalent.

[You'd like to boost your state pension.](#) The only way to do so is to pay voluntary contributions to make up for missing years.

In theory this is possible even for those who were contracted out. There is nothing in the rules to say someone who was contracted out and therefore paid less National Insurance cannot buy extra state pension years later on, but that's only if there are gaps in your record.

Unfortunately, you can't top up your state pension to make up for the amount that went into your workplace scheme through contracting out.

Even with the full number of 35 qualifying years, your state pension will still be lower than it would be if you hadn't contracted out (although your workplace pension would probably be lower if you hadn't contracted out).

You said you started work in 1988, which means you might already have worked for 35 qualifying years – the number needed for you to have your full state pension entitlement, which in your case would be minus any amount

missing from being contracted out. If you already have a full National Insurance record, with no missing years, you won't need to make voluntary contributions.

If there are any gaps in your record, perhaps because you earned less than the "lower earnings limit" for a time, you might be able to buy these missing years, depending on when they were.

The Government set a deadline to allow people with missing years going back to 2006 to make contributions for those years and has extended it to 2025.

[Check your National Insurance record](#). This will tell you if you have any missing years in the period for which you are allowed to make voluntary contributions, and whether you would be able to boost your state pension for these years if needed.

As you have 10 years left until you reach state pension age, you could alternatively work more years to get up to the 35 needed, if you are short of years, rather than having to make voluntary contributions.

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