

	Access to contributory state benefits for spouses and civil partners of members of the armed forces
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Accompanying spouses or civil partners of Service Personnel posted overseas may, in some locations, have difficulty obtaining employment and thus maintaining their National Insurance contribution record for state benefit purposes. The Government has agreed to consider the scope for awarding Class 1 National Insurance Credits in these circumstances. This would protect the eligibility of Service spouses and civil partners to a State Pension and to national insurance contribution-based benefits such as Jobseeker's Allowance and Employment and Support Allowance¹.

Below we set out the current contribution conditions for Employment and Support Allowance, Jobseekers Allowance and basic state pension.

Access to Employment and Support Allowance

Contribution based Employment and Support Allowance replaced Incapacity Benefit for all new claims from 27th October 2008. The entitlement conditions to contribution based Employment and Support Allowance are based on a person's national insurance contribution record. There are two qualifying contribution conditions which usually have to be satisfied – see below.

It is important to note that class 1 credits by themselves do not give entitlement to benefit as they only count towards satisfying the second condition. A person must still satisfy the first condition by having *actually paid* class 1 contributions during the qualifying period. This means that class 1 national insurance credits alone will not qualify you for benefit, but only protect your national insurance record for future social security needs (for example, credits would count towards your State Pension entitlement), *unless* you have been engaged in employment in the three years prior to claiming and paid actual national insurance contributions.

¹ Employment and Support Allowance has two elements - contributory and income-related – and replaced Incapacity Benefit and Income Support paid on the grounds of sickness or disability for new claims from 27 October 2007. The contributory based element of ESA is similar to Incapacity Benefit, and entitlement is dependent on whether a person has paid sufficient National Insurance contributions in particular qualifying years.

Contribution Conditions

The first condition is that in at least one of the last three complete tax years before the start of the benefit year that you make a claim you must have:

- paid or be treated as paid class 1 NI contributions on earnings of at least 25 times the lower earnings limit; or
- paid 25 class 2 NI contributions; or
- paid a mixture of class 1 and 2 NI contributions totalling 25 times the lower earnings limit for that year (£90 for 2008 / 2009).

The second contribution condition is that for each of the previous tax years, you must have been paid or credited with class 1 or 2 NI contributions on earnings of 50 times the lower earnings limit for that tax year.

Access to Jobseekers Allowance

Contribution based Jobseekers Allowance is payable for up to 26 weeks. The entitlement conditions to contribution based Jobseekers Allowance are based on a person's national insurance contribution record. There are two qualifying contribution conditions which usually have to be satisfied.

Contribution Conditions

The first condition is that in at least one of the last two complete tax years before the start of the benefit year that you make a claim you must have paid class 1 NI contributions on earnings of at least 25 times the lower earnings limit (£90 for 2008 / 2009).

The second contribution condition is that for each of the last two complete tax years before the start of the benefit year that you make a claim, you must have paid or have been credited with class 1 NI contributions on earnings of 50 times the lower earnings limit for that tax year.

Basic State Pension (position until 2010)

The basic State Pension is paid to people who have reached the State Pension age of 65 (men) or 60 (women). You will get a basic state pension if you have built up enough qualifying years before you reach state pension age. A qualifying year is a tax year in which you have paid, are treated as having paid or have been credited with, enough National Insurance contributions.

The basic State Pension is the main component of the State Pension. This may be based on your own or your spouse's National Insurance record. State Pension payments are taxable.

To qualify for a basic State Pension men normally need 44 qualifying years from their National Insurance contributions record (currently women normally need 39 qualifying years) for a full basic State Pension. A proportionately reduced State Pension paid for incomplete records (but not payable below 25% minimum). A basic State Pension can be based on: a husband's; late partner's; or former partner's, National Insurance contributions record.

Home Responsibilities Protection (a form of enhancement of the pension) may be available for years spent caring for a child under 16 or a sick or disabled person. From 2010 National Insurance credits will be awarded in a similar way to protect the future pension entitlements of people receiving child benefit for a child under 12 or a sick or disabled person. National Insurance credits may also be available to protect the entitlement of people receiving certain benefits, for example: those on Jobseeker's Allowance.

You may be able to get extra State Pension in future years by putting off your claim. This means either delaying the year your State Pension payments start or choosing to stop claiming your State Pension for a period of time. This is known as State Pension deferral. The amount of extra money you get depends on how long you put off claiming your State Pension.

State Pensions abroad

The State Pension is payable anywhere in the world but if you go to live abroad permanently when you are getting your State Pension, you will not get a yearly increase ('uprating') in your basic State Pension unless you live in:

- the UK, or
- a country that belongs to the European Economic Area or Switzerland, or
- a country that has an agreement with the UK to allow these increases.

Changes from 2010

From 2010 the State Pension system will be changing. State Pension age will be equalised at 65 for men and women; this will be phased in between 2010 and 2020. State Pension age will then increase from 65 to 68 for men and women; this will be phased in between 2024 and 2046. At the same time we will reduce the number of years needed to get a full basic State Pension to 30.

What is the commitment that we have given to help spouses or civil partners of Service personnel posted overseas?

We “have agreed to consider awarding Class 1 National Insurance credits. This will protect the eligibility of service spouses and civil partners to a basic state pension and contribution-based working-age benefits, provided other relevant criteria are met.”²

The Ministry of Defence, the Department for Work and Pensions and Her Majesty’s Revenue and Customs are working together on the detail of how this will work and will provide further information when the changes are introduced.

Further Information

For further general information on state benefits for armed forces personnel and their dependents please refer to the information on the Ministry of Defence site at www.mod.uk/DefenceInternet/DefenceFor/ServiceCommunity/Benefits/

More information on National Insurance contributions is available on HM Revenue & Customs' website at www.hmrc.gov.uk

To get more information on how UK Working Age National Insurance benefits are paid to people abroad, you can write to:

**International Pension Centre
Department for Work and Pensions
Tyneview Park
Newcastle-upon-Tyne NE98 1BA**

Phone **0191 218 7777 (+44 191 218 7777 if you are abroad)**

Email TVP-IPC-Customer-Care@thepensionservice.gsi.gov.uk

² Source: Paragraph A.10 (pages 33 – 34) of The Nation’s Commitment: Cross-Government Support to our Armed Forces, their Families and Veterans (July 2008).