



About these notes

These notes will help you to decide whether you need to pay voluntary National Insurance contributions. Please read these notes before you fill in form CA5603 *Application to pay voluntary National Insurance contributions* on pages 4 and 5.

Introduction

Gaps in your National Insurance contributions record could reduce the amount of basic State Pension you receive when you reach State Pension age. This can also affect your surviving spouse's or civil partner's entitlement to bereavement benefits. Voluntary contributions are paid by people who are not liable to pay any other class of contribution to help them qualify for or improve their entitlement to basic State Pension and bereavement benefits. Voluntary contributions are a weekly flat rate - the rate for 2009-10 is £12.05.

The amount of basic State Pension you will receive when you reach State Pension age depends on the number of years you have paid, or are treated as having paid, contributions or awarded credits. These are called qualifying years.

- If you reach State Pension age before 6 April 2010, men need 44 qualifying years to get a full basic State Pension and women who reach 60 before 6 April 2010 need 39 qualifying years to get a full basic State Pension.
- If you reach State Pension age on or after 6 April 2010, men and women will need 30 qualifying years to get a full basic State Pension.

There have been some changes to basic State Pension that may affect your decision to pay voluntary National Insurance contributions. If you reach State Pension age on or after 6 April 2010 please read the enclosed letter before deciding whether to pay voluntary National Insurance contributions.

Voluntary contributions count toward

- Basic State Pension
- Widowed Parent's Allowance
- Bereavement Payment
- Bereavement Allowance.

They do not count toward

- Jobseeker's Allowance
- The earnings-related part of State Pension
- The earnings-related part of Widowed Parent's Allowance
- Incapacity Benefit or Employment and Support Allowance
- Industrial Injuries Disablement Benefit.

Who may pay?

Voluntary contributions may be paid for any tax year in which you were or are:

- over 16
- not working, or
- not liable to pay Class 1 and/or Class 2 contributions as an employed or self-employed person, or
- been excepted from paying Class 2 contributions.

You may also be able to pay for periods during which you have been abroad.

Who cannot pay?

Voluntary contributions cannot be paid:

- if you are a married woman or widow who opted to pay reduced rate contributions during the whole tax year
- if you are paying for the tax year in which you reach State Pension age, or for any subsequent tax year
- if you reach State Pension age before 6 April 2010 and:
 - you are already entitled to a full basic State Pension; or
 - can never pay enough contributions to qualify for the minimum basic State Pension
- generally for any week that you are entitled to National Insurance credits.

Time limits

To count towards basic State Pension and bereavement benefits, you must pay voluntary contributions before the end of the sixth tax year following the one in respect of which they are paid.

However, for the 1996-97 to 2001-02 tax years the time limit has been extended to:

- 5 April 2009 if you reached State Pension age on or after 24 October 2004
- 5 April 2010 if you reached State Pension age before 24 October 2004.

Higher rates for late payment

If you pay more than two years after the end of the tax year for which you are paying, you will have to pay at a higher rate. There are exceptions to this general rule and those exceptions are as follows:

1996-1997 to 2001-2002 tax years.

If you pay any Class 3 contributions within the extended time limits for these years shown in the previous paragraph, you will pay those contributions at the original rate for the relevant tax year(s).

2005-2006.

If you reach State Pension age on or after 6 April 2010 you can pay Class 3 contributions at the original rate of £7.35 up to and including 5 April 2012.

2006-2007.

If you reach State Pension age on or after 6 April 2010, and are entitled to Home Responsibilities Protection for any period, you can pay Class 3 contributions at the original rate of £7.55 up to and including 5 April 2013."

What years may I pay

If you want to make payment or check if you are within the time limit for payment you should contact:

HM Revenue & Customs, National Insurance Contributions Office, Individuals Caseworker, Benton Park View, Newcastle upon Tyne, NE98 1ZZ.

Additional Class 3 National Insurance contributions

From 6 April 2009, if you reach State Pension age between 6 April 2008 and 5 April 2015 you will be able, if you wish, to pay Class 3 National Insurance contributions for up to an additional six non-qualifying years going back to the 1975/76 tax year providing:

- you already have 20 qualifying years (which may include full years of HRP); and
- if you reach State Pension age before 6 April 2010, you have one qualifying year from paid, or treated as paid, contributions.

Payment(s) for the additional years can be made up to six years after the date on which you reach State Pension age.

Married women or widows cannot pay additional Class 3 National Insurance contributions for any tax year during the whole of which a reduced rate election is in force. A woman who revokes (or revoked) her election part way through a tax year may be entitled to pay additional Class 3 National Insurance contributions for the whole of that tax year.

This does not affect any Class 3 National Insurance contributions you may be able to pay under the usual time limits.

Caring for someone - Home Responsibilities Protection (HRP)

Home Responsibilities Protection (HRP) can help protect your basic State Pension and your spouse's or civil partner's right to bereavement benefits if:

- you do not work, or
- your earnings are not enough to count for basic State Pension.

You may be entitled to HRP if throughout the tax year:

- you have been awarded Child Benefit for a child under age 16, or
- you have been caring for someone who receives Attendance Allowance, Constant Attendance Allowance or highest or middle rate of Disability Living Allowance for at least 48 weeks of the year, or
- you are a registered foster carer, or
- you are in receipt of Income Support as a carer.

New rules make changes to HRP for men and women reaching State Pension age on or after 6 April 2010. For more information about the changes go to www.thepensionsservice.gov.uk

Please note, if you are a married woman or widow, you cannot normally get HRP for a tax year for which your option to pay reduced rate contributions as an employee is in force at the start of the year (for example, the option is in force on 6 April of the year).

Deciding to pay

Before deciding whether you need or should pay voluntary contributions, consider getting a State Pension forecast. Your forecast will tell you in today's money values:

- the amount of basic State Pension you have earned already
- the amount of basic State Pension that you can expect at State Pension age based on what you have earned already and what you might earn before you retire
- if a payment of voluntary contributions will boost your basic State Pension and the amount that can be paid, at today's rates.

To get a State Pension forecast

You may get a State Pension forecast:

- online at www.thepensionsservice.gov.uk or
- phone the Future Pension Centre on **0845 3000 168**, Monday to Friday 08.00 to 20.00, Saturday 09.00 to 13.00
- if you have hearing or speech difficulties textphone, **0845 3000 169**
- if you live overseas phone **+ 44 191 22 54811**

Refund of voluntary contributions

There is no automatic right to a refund of voluntary contributions. We can only refund contributions if:

- you are not entitled to pay them, or
- you paid insufficient Class 3 contributions to make the year count for basic State Pension and certain bereavement benefits, or
- they are paid in error.

If you are unsure whether it would be to your advantage to pay voluntary contributions ask for advice from The Pension Service before making any payments.

How to pay

You can pay voluntary contributions by:

- **Direct Debit** - we collect your National Insurance contributions from your bank or building society once a month. It can take at least 21 days to set up a Direct Debit with your bank/building society, but we will write to you in advance and confirm the date of the first payment. Depending on the date that you have chosen to start making voluntary contributions, the first payment may cover more than one month.

Subsequent payments:

- will be collected for as long as you want, and
- will be deducted from your account on the second Friday of each month.

Please make sure you have enough funds in your account on the second Friday of each month.

Your payments will cover National Insurance contributions for either four or five weeks, depending on the number of Sundays in the preceding tax month. Payments are made in arrears. If you wish to pay by this method, please fill in the Direct Debit instruction on page 4 and return it to us with the rest of the form.

- **Quarterly Bill** - we send you a Quarterly Bill, every 13 weeks, telling you of the amount you can pay for those weeks. We issue Quarterly Bills in July, October, January and April each year. In certain circumstances one may be issued other than at the end of the relevant quarterly period. You can pay your Quarterly Bill at any Post Office. You will not be charged for the transaction.
- **Cheque** - you can make payment for earlier tax years by cheque. Make cheques payable to HM Revenue & Customs. Then send your payment to:
HM Revenue & Customs, National Insurance Contributions Office, Benton Park View, Newcastle upon Tyne, NE98 1ZZ. There are special arrangements for people who are abroad, or are going abroad. For further information contact:
HM Revenue & Customs, Charity, Assets and Residence Residency, Benton Park View, Newcastle upon Tyne, NE98 1ZZ.

What to do now

Decide if it will be beneficial for you to pay. If it is and you want to make payments tick your preferred payment option in the 'How to pay' box and complete the Declaration. If you have chosen to pay by Direct Debit complete the Instruction to your bank or building society to pay by Direct Debit.

Keep these notes, detach pages 4 and 5 and return them to: HM Revenue & Customs, National Insurance Contributions Office, Individuals Caseworker, Benton Park View, Newcastle upon Tyne, NE98 1ZZ.

What we will do

We will deal with your application.

If you have applied:

- to pay by Direct Debit, we will contact your bank or building society to arrange everything. Although we will act at once to set up your Direct Debit, it may take some weeks before the first contributions are collected. Therefore, the first payment may be for more than one month. You should make sure that you have sufficient funds in your account to meet this larger than normal amount. We will send you an advance notice of the date and amount of your first payment
- to pay by Quarterly Bill, we send you a Quarterly Bill every 13 weeks.

Change in your circumstances

It is important that you tell us of any change in your circumstances as it could mean that you are no longer entitled to pay voluntary contributions.

How we use your information

HM Revenue & Customs is a Data Controller under the Data Protection Act 1998. We hold information for the purposes specified in our notification to the Information Commissioner, including the assessment and collection of tax and duties, the payment of benefits and the prevention and detection of crime, and may use this information for any of them.

We may get information about you from others, or we may give information to them. If we do, it will only be as the law permits to:

- check the accuracy of information
- prevent or detect crime
- protect public funds.

We may check information we receive about you with what is already in our records. This can include information provided by you, as well as by others, such as other government departments or agencies and overseas tax and customs authorities. We will not give information to anyone outside HM Revenue & Customs unless the law permits us to do so. For more information go to www.hmrc.gov.uk and look for *Data Protection Act* within the *search facility*.



The Direct Debit Guarantee

- This Guarantee is offered by all Banks and Building Societies that take part in the Direct Debit Scheme. The efficiency and security of the Scheme is monitored and protected by your own Bank or Building society.
- If the amounts to be paid or the payment dates change, HM Revenue & Customs will notify you 10 working days in advance of your account being debited or as otherwise agreed.
- If an error is made by HM Revenue & Customs or your Bank or Building Society, you are guaranteed a full and immediate refund from your branch of the amount paid.
- You can cancel a Direct Debit at any time by writing to your Bank or Building Society. Please also send a copy of your letter to us.



- Please use capital letters and write clearly in black ballpoint pen.
- Send in pages 4 and 5. Keep the notes on pages 1, 2 and 3.
- When we receive your reply we will update your National Insurance contributions account.

<p>Your details</p> <p>Surname</p> <input type="text"/>	<p>Phone numbers</p> <p>Home</p> <input type="text"/>
<p>First name(s)</p> <input type="text"/>	<p>Mobile</p> <input type="text"/>
<p>Title - Mr/Mrs/Miss/Ms or other title</p> <input type="text"/>	<p>Marital or civil partnership status</p> <input type="text"/>
<p>National Insurance number</p> <input type="text"/>	<p>From what date do you wish to start paying voluntary contributions? See 'How to pay' on page 2 for more information about the start date DD MM YYYY.</p> <input type="text"/>
<p>Date of birth DD MM YYYY</p> <input type="text"/>	<p>Tell us about the work you do or have done before the date you wish to start paying voluntary contributions <i>please tick the appropriate box(es)</i></p> <p>Employed <input type="checkbox"/></p> <p>from DD MM YYYY</p> <input type="text"/>
<p>Address</p> <input type="text"/>	<p>to DD MM YYYY</p> <input type="text"/>
<p>Postcode</p> <input type="text"/>	

Please turn over

CA5603

HMRC 02/09

Do not detach

Instruction to your Bank or Building Society to pay by Direct Debit

<p>HM Revenue & Customs</p>	<p>Please fill in the whole form using a black ballpoint pen and send it to: HM Revenue & Customs, National Insurance Contributions Office, Individuals Caseworker, Benton Park View, Newcastle upon Tyne, NE98 1ZZ.</p>	<p>DIRECT Debit</p>								
<p>Name(s) of Account Holder(s)</p> <input type="text"/>	<p>Service User Number</p> <input type="text"/>									
<p>Bank/Building Society Account Number</p> <input type="text"/>	<p>Reference (National Insurance number)</p> <input type="text"/>									
<p>Branch Sort Code</p> <input type="text"/>	<p>Instructions to your Bank or Building Society. Please pay HM Revenue & Customs Direct Debits from the account detailed in this instruction, subject to the safeguards assured by the Direct Debit Guarantee. I understand that this instruction may remain with HM Revenue & Customs and, if so, details will be passed electronically to my Bank/Building Society.</p>									
<p>Name and full postal address of your Bank or Building Society</p> <table border="1"> <tr> <td>To: The Manager</td> <td>Bank/Building Society</td> </tr> <tr> <td colspan="2">Address</td> </tr> <tr> <td colspan="2"> </td> </tr> <tr> <td colspan="2">Postcode</td> </tr> </table>	To: The Manager	Bank/Building Society	Address				Postcode		<p>Signature(s)</p> <input type="text"/>	
To: The Manager	Bank/Building Society									
Address										
Postcode										
	<p>Date</p> <input type="text"/>									

Self-employed
from DD MM YYYY

to DD MM YYYY

Unemployed
Someone who is seeking work and may be in receipt of a benefit
from DD MM YYYY

to DD MM YYYY

Non-employed
Someone who has left the workforce and for example has taken early retirement.
from DD MM YYYY

to DD MM YYYY

How to pay

I wish to pay by

Quarterly Bill Cheque

Direct Debit please complete the Direct Debit Instruction on page 4. **Banks and Building Societies may not accept Direct Debit Instructions for some types of account.**

Declaration

This is my application to pay voluntary contributions. I would like to pay in the way indicated in 'How to pay'. I understand that:

- voluntary contributions cannot help me to qualify for Jobseeker's Allowance, the earnings related part of the State Pension, the earnings-related part of bereavement benefits, Maternity Allowance, Incapacity Benefit and/or Employment and Support Allowance and Industrial Injuries Disablement Benefit. They do count towards basic State Pension, Widowed Parent's Allowance, Bereavement Allowance and Bereavement Payment.
- I am under no legal obligation to make voluntary contributions.
- If I pay less than 52 weeks of voluntary contributions, in any one tax year, you may automatically stop sending me Quarterly Bills.

Please sign and date the declaration.

Signature

Date DD MM YYYY

What to do now

Tear off pages 4 and 5 and send the completed form to:
HM Revenue & Customs,
National Insurance Contributions Office,
Individuals Caseworker,
Benton Park View,
Newcastle upon Tyne,
NE98 1ZZ.