

## **Increase in Pension Age Frequently Asked Questions**

### **I am 65 next year; will I now have to wait until I'm 70 to receive my pension?**

No. If you were born before 1st January 1955 the changes will not affect you and you will receive your old age pension at 65. For everyone born on or after 1 January 1955 the pension age will increase by 2 months annually beginning on 1 March 2020.

- Pension age of 66 is first reached in 2025
- It becomes 67 from 2031
- 68 from 2037
- 69 in 2043
- And 70 from 2049

To find out **your** pension age use the [pension age calculator](#).

### **Do I have to work until I'm 70?**

Not necessarily. There's no obligation to continue working until pension age if you can afford to stop work. It is entirely down to your personal circumstances.

BUT if you wish to claim supplementary benefit, you and your adult family will be expected to be working up to pension age. That's unless you are not able to work because of caring responsibilities, illness or disability.

Further information about supplementary benefit can be found [here](#).

If you are unable to work due to ill health, you may be entitled to sickness benefit up to your pension age.

If you become unemployed, you may be entitled to unemployment benefit up to your pension age.

If you are not working but have income above the lower income limit you will be liable to pay non-employed contributions. These contributions will count towards your old age pension. If your total income is below the lower income limit you will not have to pay any contributions. But you may choose to pay voluntary contributions which will count towards your old age pension.

Further information can be found [here](#).

### **Can I carry on working after pension age?**

Yes. You don't have to stop working when you reach pension age. You can receive your pension and your earnings.

After reaching pension age, you need to pay a lower rate of social security contribution to cover health and long-term care. The contribution is assessed on your total income, including any earnings from employment or self-employment.

After reaching pension age, the contributions that you pay cannot increase your pension. Further information can be found [here](#).

### **Will I be able to claim benefit after 65?**

All benefits currently paid to people under 65 will be available to people under pension age in the same circumstances.

### **My pension age will be 70 - what happens to the contributions paid after age 65?**

All the contributions paid from school leaving age to pension age are used to calculate your old age pension including -

- Class 1 contributions (paid if you are working for an employer)
- Class 2 contributions (paid if you are self-employed)
- Class 3 contributions (paid if you are non-employed and have income above the lower income level)
- Class 3 voluntary contributions (you can choose to pay if you are non-employed and have income below the lower income level)
- Class 3 special rate contributions (paid if you temporarily out of work, between jobs and do not wish to claim unemployment benefits or are not entitled to an unemployment credit)
- Overseas voluntary contributions (paid by people who are no longer living in Guernsey or Alderney but wish to maintain their record for pension purposes)
- Benefit credits

### **What will happen if I receive an occupational pension from my employer before I reach the new pension age?**

If you stop working, you will have to pay non-employed contributions based on your income from all sources, after an allowance.

If your income is below the lower income limit, you will not have to pay any contributions. But you may choose to pay voluntary contributions which will count towards your old age pension.

If you carry on working for your existing employer or start working for a new employer and earn above the lower earnings limit, you will continue to pay class 1, employed contributions in respect of your earnings. These contributions will count towards your old age pension.

Further information can be found [here](#).

### **How is my pension calculated?**

The amount of pension you will receive depends on the number of social security contributions payments you have made at any time up to pension age. For your pension to be paid at the full rate you must have paid an average of at least 50 contributions per year over a 45 year period. This means you have to have 2,250 weekly contributions. If you have less than 2,250 contributions then lower rates of pension apply. The way your pension is calculated will not change after 2020. The number of contributions required for the full pension will remain at 2,250.

If you were a married woman on or before 31 December 2003 or a divorced woman on or before 31 December 2004, you may be able to use your husband or ex-husband's contribution record to increase the amount of pension you can receive.

### **How much pension will I receive?**

Each year the States agree the rates of benefit for the following year.

The current rates of pension are set out in the [Benefit Payment and Contribution Rates leaflet](#).

### **What is the secondary pension scheme?**

The aim of the proposed Secondary Pension scheme is to encourage people of working age to save more for their retirement and to add some personal pension provision to the States old age pension. This will increase their income in retirement and also reduce the cost of paying means-tested welfare benefits in old age. Further information can be found [here](#).

### **Can my employer make me leave my job at 65?**

In Guernsey, there is no legislation which stipulates at what age an employee should retire.

If an employee is retired against their wishes (i.e. a dismissal occurs) it may be possible to make a claim for unfair dismissal.

Further information can be found [here](#).