**State pensions and married women**

Synopsis: The position of married women in the light of the changes in April 2016 to the new single-tier State Pension.

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Before 1977, married women were able to elect to pay reduced National Insurance contributions in return for not accruing entitlement to contributory benefits such as the state pension in their own right. Instead, they would be able to claim a state pension at 60% of the basic rate on the basis of their husband’s contributions when both had reached State Pension age.

The option to pay reduced rate contributions was removed for marriages on or after 6 April 1977, but women who had already married were given the option of retaining it.

Some women who had paid reduced contributions were later shocked to find they had accrued low state pension entitlements, arguing that the position had not been clear to them. In response to debates on the issue, government ministers have tended to argue that information to explain the implications was made available to women both at the time the election was made and in subsequent information campaigns.

The current government legislated in the Pensions Act 2014 to introduce a single-tier state pension for future pensioners from April 2016. The intention is that people should qualify for the single-tier pension on the basis of their own contribution record, so the current rules allowing individuals to derive entitlement on the basis their (former) spouse or civil partner's contributions will end.

There will be specific transitional protection arrangements for women with a reduced rate election in the past 35 years. However, concerns have been raised about a small group of women who, not covered by these arrangements, did not build up their own NI record and had a legitimate expectation that they would be able to rely on their husband's contributions.

**Third party comment**

Age UK expressed concern that there would be some women who had expected to rely on their husband's contributions but were not covered by the transitional protection arrangements. It called for…

 [...] transitional provisions to ensure that there is protection for everyone who has a legitimate expectation of receiving a pension based on their partner’s contributions and who will not have sufficient years between implementation and their SPA to be able to accrue a single-tier pension of at least the same amount.

In his evidence to the Work and Pensions Committee, the Pensions Minister said…
By 2020, we think that less than 5% of single-tier pensioners—women, female pensioners—will get less because we have got rid of this Category B. That is about 30,000 women. Cumulatively, by 2020, there will be about 30,000 women who will get less than they would have got, because we got rid of what are called Category B Pensions. As I say, they will be people who do not even have 15 years.

The Committee recommended that the government should give further consideration to finding a solution for a small group of women close to SPA…

We believe that it should be possible to find a solution for another small group of women: those who did not build up their own NI record because they had a legitimate expectation that they would be able to rely on their husband’s contributions to give them entitlement to a BSP.

One option might be that women in this position who are within 15 years of SPA should be able to retain this right. We recommend that the Government assesses and publishes the cost of providing this option for the relatively small number of women affected. We believe that, for those further from retirement, there is sufficient time for them to plan on the basis of the new rules.

In response, the government explained the reasons for its position, as follows…

The provision for derived entitlement dates back to the 1940s, when men worked and women stayed at home.

This has not resembled the structure of our society for many decades and there is no longer a substantial need for these provisions: by 2020, fewer than 30,000 women in GB will receive a notionally lower State Pension outcome because of the removal of derived entitlement.

The Pension Credit Guarantee Credit will remain in place as a safety net for those living in GB.

Additionally, the derived entitlement arrangements have evolved over time so that they now result in outcomes not intended under the original policy, as envisaged in the 1940s, to support dependent spouses.

Provided a person has at least one qualifying year of UK NI contributions or credits, a State Pension (including any derivable entitlement) is payable anywhere in the world, enabling the dependents of UK contributors to benefit, even if they have never been to the UK.

The factors resulting in the decline in the domestic demand for derived entitlement do not apply in overseas cases, as demonstrated by the fact that among married men (who have been able to qualify for the married person’s pension only since 2010), 70 per cent of the caseload with derived entitlement resides overseas.