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July 2005  
[www.thepensionservice.gov.uk](http://www.thepensionservice.gov.uk)  
Reference: EM1/SPD

Dear Ambassador

### **New rules on UK State Pensions**

Changes to the United Kingdom State Pension provisions came into force on 6 April 2005. These changes provide more choice for people reaching State Pension age and it is important that expatriates have access to this information to help them plan their future. I am writing to ask for your help in broadcasting this information through whatever channels are available to you to help ensure that it reaches as many UK residents or former UK residents as possible who are now within your area of responsibility.

The new choices mean people:

- can get more **extra State Pension for life** when they do finally claim; or
- in certain circumstances, can choose a **one-off taxable lump sum payment**; and
- can **put off claiming for as long as they want** to earn extra State Pension or build up a lump sum payment

Prior to 6 April 2005, people could put off claiming their State Pension for a maximum of 5 years, and earn 7.5% extra per year, or 1% extra for every 7 weeks deferred.

Changes from 6 April 2005 mean people are able to put off claiming their State Pension for as long as they like to keep earning extra State Pension. The amount of extra State Pension which can be earned increased to around 10.4% for each year, or 1% extra for every 5 weeks. People are able to put off claiming their State Pension for just 5 weeks to earn some extra State Pension.

From 6 April 2005, customers have a new option - to receive a one-off, taxable lump sum payment if they have put off claiming their State Pension for 12 consecutive months or more after 6 April 2005. The gross lump sum payment will be the amount of State Pension they would have received, plus interest equivalent to an annual rate of interest 2% above the Bank of England's base rate.

Between 7 July 2005 and 5 April 2006, the maximum time limits for backdating State Pension will be extended gradually from 3 months to 12 months.

The Pension Service has produced a guide, "Your State Pension choice – Pension now or extra pension later: a guide to State Pension Deferral" (SPD1), which contains more detailed information. This can be viewed on The Pension Service website [www.thepensionservice.gov.uk](http://www.thepensionservice.gov.uk)

Alternatively, customers who want more information about State Pension can contact the International Pension Centre by calling **+44 191 21 82828**. A textphone service is available for those with speech or hearing difficulties on **+44 191 21 87280**. All services are available free of charge and if customers are concerned about the cost of the call, our operator will take a contact number and call straight back. Opening hours are 8am to 8pm (UK time) Monday to Friday, except Bank Holidays.

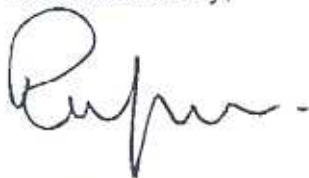
If customers are unable to contact us by telephone, the address for correspondence is:

**The Pension Service  
International Pension Centre (Claims)  
Tyneview Park  
Benton  
Newcastle upon Tyne  
England  
NE98 1BA**

These changes are also being publicised within the UK through various methods. This publicity is likely to generate some enquiries with embassies around the world; hopefully the information contained within this letter will help you deal with these.

Your help in circulating this information is appreciated.

Yours sincerely,



**Richard McFadyen**  
Marketing Manager

Part of the Department  
for Work and Pensions



INVESTOR IN PEOPLE