

National Insurance Contracting In and Out of SERPS

The State Earnings-Related Pension Scheme (SERPS) allows for someone contributing to a second state pension scheme based on earnings. Since April 2002 this has been known as the State Second Pension.

Personal pension schemes started on 1st July 1988 and the Inland Revenue booklet IR3 can be found at

<http://www.hmrc.gov.uk/pensionschemes/ir3.pdf>

The booklet covers the rules in force from 6th April 2002, and new pension rules are coming into force on 6th April 2006.

Since April 1987 (Personal Pensions) and April 2002 (Stakeholder) it has been possible to contract out of the second pension.

This can be done by completing form

CA1542 Contracting OUT

This form is double sided and can be requested through the pension provider, or via the Inland Revenue

<http://www.hmrc.gov.uk/nic/forms/ca1542.pdf>

If there is a requirement to contract back into the Second Pension then another form is required

CA1543 Contracting IN

This is also double sided and can be got through the pension provider, or via the Inland Revenue

<http://www.hmrc.gov.uk/nic/forms/ca1543.pdf>

The form MUST BE returned double sided or it will be rejected.

The process of contracting in or out can only be done at the Fiscal year end. The process can only be back dated to the end of the last fiscal year (therefore if contracting back in on 30th June 2008, it can only be back dated as far as 6th April 2008.)