

National Insurance Class 3

Class 3 National Insurance Contributions (NIC) are paid by the self employed and are voluntary.

Class 3 contributions maybe necessary to ensure qualification for State Pension and bereavement benefits.

Class 3 NIC is paid weekly at a rate of £12.05 (2010/11). Payments can be set up for monthly Direct Debit, or quarterly payments.

Class 3 is not payable once pension age has been reached.

Class 2 NIC will qualify an individual for more social security benefits than Class 3, and are cheaper (£2.40 per week), so it would be beneficial to pay Class 2 stamp before Class 3, even if earnings do not reach over £5075.

For more information there is the leaflet CA08

<http://www.hmrc.gov.uk/leaflets/ca08.pdf>

To find out if the contributions paid in are already enough to qualify for a state pension the following Helpline can be contacted

Retirement Pension Forecasting Team 0845 3000 168 Office Hours

With the recent changes (April 2010) proposed to removing Child Benefit from families with one income earner (who pays 40% tax), it maybe worth noting that the National Insurance Credit is only accrued for “stay at home spouses” while the children are under the age of 12. Once they have reached 12, there is no credit, and the payment of Class 3 NIC should be considered.