

# Pension income options

## J05: 2023–24 edition

### Web update 1: 16 January 2024

Please note the following update (amendments in **bold**) to your copy of the **J05** study text:

#### National Insurance contributions (NICs)

As announced in the November 2023 Autumn Statement:

- The main rate of employee Class 1 NICs has been cut from 12% to 10% from 6 January 2024.
- A blended employee rate of 11.5% should be used for employees and directors if calculating Class 1 NICs for 2023/24 on an annual basis.
- There is no change for employer Class 1 NICs.

Therefore, the following content should be updated as highlighted:

#### Chapter 7, Section D4A, page 7/11:

The employee's rate of class 1 NICs is **10% (12% from 6 April 2023 to 5 January 2024)** of earnings between a lower limit called the primary threshold and a higher limit known as the upper earnings limit (UEL), set at £967 a week in 2023/24, and 2% on earnings above £967 a week in 2023/24.

[...]

Individuals in employment and earning below the LEL of £123 a week (for 2023/24) pay no NICs and do not build up entitlement to the State Pension. Those earning between £123 and the primary threshold £242 a week in 2023/24 build up entitlement to the State Pension. However, where earnings fall within this band, primary contributions are payable at a notional zero rate. If earnings exceed the primary threshold, they are payable at the main rate of **10% (12% from 6 April 2023 to 5 January 2024)** until the UEL (£967 a week for 2023/24) is reached and thereafter at the additional rate of 2%.

#### Notes

- This change will be examined from 22 February 2024.
- This update has been incorporated into the digital copies (printable PDF and ebook) of the study text, available on RevisionMate.