



NATIONAL INSURANCE

Why do I need to pay National Insurance?

National Insurance contributions count towards some state benefits.

Benefit	Class 1:	Class 2:	Class 3:
Basic State Pension	Yes	Yes	Yes
Additional State Pension	Yes	No	No
New State Pension	Yes	Yes	Yes
Contribution-based Jobseeker's Allowance	Yes	No	No
Contribution-based Employment & Support Allowance	Yes	Yes	No
Maternity Allowance	Yes	Yes	No
Bereavement benefits	Yes	Yes	Yes

The class you pay depends on your employment status and how much you earn.

Class 1	Employees earning more than £116 a week and under State Pension age - they're automatically deducted by your employer
Class 1A or 1B	Employers pay these directly on their employee's expenses or benefits
Class 2	Self-employed people - you don't have to pay if you earn less than £6,205 a year (but you can choose to pay voluntary contributions)
Class 3	Voluntary contributions - you can pay them to fill or avoid gaps in your National Insurance record
Class 4	Self-employed people earning profits over £8,424 a year (Not applicable to state benefits)

CLASS 1

If you're employed, you will pay class 1 National Insurance contributions.

The rates for most people for the 2018 to 2019 tax year are:

£702 to £3,863 per month	12%
Over £3,863 per month	2%

Your employer will also pay Class 1 NI. The amount they pay will depend on the Monthly thresholds set out by HMRC which are:

	18/19	17/18	16/17
Lower Earnings Limit (LEL) Employees don't pay NI but get the benefits of paying	£503	£490	£486
Primary Threshold (PT) Employees start paying NI	£702	£680	£672
Secondary Threshold (ST) Employers start paying NI	£702	£680	£676
Upper Accrual Point (UAP) Employees with a contracted-out pension pay a lower rate of NI up to this point	£3,863	£3,750	£3,583
Upper Earnings Limit (UEL) All employees pay a lower rate of NI above this point	£3,863	£3,750	£3,583

CLASS 2

If you are self employed, you will pay Class 2 National Insurance to qualify for benefits like the state pension. HMRC will send you a payment request every April.

	18/19	17/18	16/17
Small Profits Threshold	£6,205	£6,025	£5,965
'Small earnings exception' amount per year Self-employed people start paying Class 2 NI	abolished	abolished	abolished
Weekly Rate	£2.95	£2.85	£2.80

CLASS 3 – VOLUNTARY CONTRIBUTIONS

You pay Class 3 voluntary National Insurance to fill gaps in your contributions record and qualify for benefits like the State Pension.

You can [Check your National Insurance record](#) to find out if you have gaps. Your record will tell you if you can pay voluntary contributions and how much it will cost you.

CLASS 4

If you are self employed, in addition to Class 2, you will pay Class 4 NI based on your business profits in the year. However, if your earnings are less than the lower profits limit (currently £8,164) you will not pay any Class 4 NI.

£ per year	2018 to 2019	2017 to 2018	2016 to 2017
Lower Profits Limit Self-employed people start paying Class 4 NI	£8,424	£8,164	£8,060
Upper Profits Limit Self-employed people pay a lower rate	£46,350	£45,000	£43,000
Rate between Lower Profits Limit and Upper Profits Limit	9%	9%	9%
Rate above Upper Profits Limit	2%	2%	2%