MEDIA RELEASE

For immediate use.

Changes announced in UK Budget will affect thousands of Australians

In her budget speech on Thursday 27th November 2025, the British Chancellor of the Exchequer, Rachel Reeves, announced changes to the rules for contributions to the UK's state pension scheme by people living outside the UK.

These changes take effect on 5th April 2026.

Currently, people who have worked in the UK for a minimum of three years may make voluntary contributions to the National Insurance scheme after returning to or emigrating to Australia. From 2026, the minimum will be increased to ten years.

In addition, the opportunity for Australian residents to pay voluntary contributions at the attractive class 2 rate will cease. From April 2026, voluntary contributions can only be made at the more expensive class 3 rate.

Voluntary Contributions to the National Insurance scheme enable people to receive a British state pension on reaching pension age. The British state pension is not means-tested. The British state pension can be a useful component of a person's retirement plan.

Patrick Edwards, President of British Pensions in Australia (BPiA) said "While we respect the British government's right to set the rules for state pensions and, when necessary, to change those rules, we believe such changes should only occur when sufficient notice of the changes is given. This will give people time to adjust their retirement plans".

The announcement says that an opportunity will be provided later for representative bodies to make submissions in respect of the changes. BPiA will take advantage of this to make a submission on behalf of the thousands of Australians who see the British state pension as a key component of their retirement plans.

30th November 2025

Explanatory Note:

There are over 200,000 Australians receiving a British state pension and many more who will receive a British state pension on reaching state pension age.

People who have worked in the UK may have earned and paid for a British state pension they will receive on reaching pension age. It is possible for people to continue to make contributions to the scheme on returning to Australia or after emigrating to Australia from the UK.

About British Pensions in Australia Inc.

BPiA is a charity that cares for British pensioners in Australia. We are run by unpaid volunteers and funded by subscriptions and donations from pension recipients and their families. BPiA provides help on how to make voluntary contributions. We run regular webinars on voluntary contributions to National Insurance and British state pensions. Details are available on our website www.bpia.org.au and on Facebook.

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