



CALL FOR EVIDENCE ON VOLUNTARY NATIONAL INSURANCE CONTRIBUTIONS

Issued 15 September 2026

ICAEW welcomes the opportunity to comment on the Call for evidence on Voluntary National Insurance contributions, published by HMRC on 23 June 2026, a copy of which is available from [this link](#).

Voluntary national insurance contributions (NIC) remain a useful tool for those who wish to maintain their entitlement to the UK state pension (and other contributory benefits) and avoid or cover gaps in their contributions record. We support a review into the current system to ensure it is fair, accessible, sustainable and remains fit for purpose.

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This response of 15 September 2026 has been prepared by ICAEW's Tax Faculty.

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KEY POINTS

1. Voluntary NIC is a useful tool enabling individuals to maintain entitlement to state pension and other benefits during periods they do not have a compulsory NIC liability. HMRC is correct to raise questions about fairness and accessibility, and we believe more could be done to promote awareness of the voluntary option, especially for those groups who are not advised by an employer or agent or otherwise represented.
2. The interaction between voluntary NIC, compulsory NIC and national insurance credits is not well understood and can be difficult to decipher and apply to individual circumstances. Any reform should acknowledge this and ensure that eligibility criteria and routes to claim are transparent, as well as minimise the risk of individuals paying voluntary NIC where that leads to no further benefit.

ANSWERS TO SPECIFIC QUESTIONS

Guiding Principles

Question 1. Do you agree that these are the right guiding principles for the voluntary NICs system or do you believe there are others we should consider?

3. We are in agreement with the guiding principles.

Question 2. Do you feel that some of these objectives are more important than others?

4. The objectives seem to be of equal importance; however, we would suggest that clarity and accessibility should have more focus as we do not believe general awareness of the voluntary NIC scheme and interaction with national insurance credits is as good as it could be.

Eligibility and access

Question 3. Who is currently using voluntary NICs and why?

5. The experience of our memberships is that voluntary NIC are used by those without employment income who are not eligible for credits, those in employment abroad and not liable to UK NIC and those nearing retirement age who wish to cover any gaps in their contributions. We have less insight into individuals on lower incomes who may choose to pay voluntary contributions but would like to endorse the comments made in the response submitted by LITRG.

Question 4. In what circumstances do people have gaps in their National Insurance record that voluntary NICs are intended to address (including where credits or compulsory NICs are not available)? Please provide examples.

6. As above, those working outside the UK (with no ongoing NIC liability), trailing spouses and others only in receipt of income such as investment or rental income which is not subject to national insurance (and who do not qualify for any of the national insurance credits).

Question 5. Are there groups who would like to use voluntary NICs but cannot access them, or for whom the current eligibility rules lead to outcomes that feel unfair or inconsistent? What changes would improve fairness, clarity or access (including how people find out whether they are eligible)?

7. Outside of formal mobility programmes and the self-employed who have better awareness of Class 2 due to previous liability (pre 2024) or prompting via self assessment returns, our perception is that awareness is of the voluntary NIC scheme is low and more could be done to promote it so individuals can determine whether they are eligible.

Interaction with National Insurance credits

Question 6. Are there barriers that prevent eligible individuals from receiving credits (for example, awareness, complexity, or administrative steps), leading them to pay voluntary NICs instead? Please provide evidence and examples.

8. We would agree that there are barriers to claiming and receiving credits. The eligibility criteria are complex and requires some navigation to determine when credits are applied automatically and when further action is required. However, we are not aware of evidence that these individuals will pay voluntary NIC instead of claiming the correct credits. It is more likely such groups will miss out on the credits they are entitled to and then be required to pay voluntary NIC to cover gaps in their records because it is too late to claim credits once they become aware.

Question 7. Are there circumstances where credits and voluntary NICs overlap or interact in ways that create confusion, duplication, or unintended outcomes? If so, what changes would improve fairness and clarity?

9. An example is when the high income child benefit charge was introduced and it was not made explicitly clear that individuals should still claim child benefit to obtain the credits even if they did not want the child benefit to be paid (due to income levels). This may have led to some individuals paying voluntary NIC where they did not need to. Similarly, before deciding whether to cover gaps in their records, individuals on lower incomes should consider whether pension credit is likely to put them in the same position for no additional cost. It would be useful if HMRC could flag if duplication in qualifying years is a likely result.

Value, incentives and behaviour

Question 8. How do individuals decide whether to pay voluntary NICs, and to what extent do people use voluntary NICs as a long-term way to build qualifying years (including what information they use, who advises them, and what prompts them to act)?

10. In our view it is rare for individuals to consciously use voluntary NIC as a long-term means to build qualifying years. In most cases the option is usually presented as a means to cover a gap either proactively or retrospectively. Several advisers view encouraging individuals to make voluntary contributions as financial advice, which they are typically not authorised to provide, and will therefore simply provide the information (usually HMRC guidance) to enable the individual to make an informed decision and assist with the application where necessary.
11. Other groups may only be prompted to consider voluntary NIC by HMRC if receiving a state pension forecast for example.

Question 9. To what extent does the current pricing of voluntary NICs (including differences between Class 2 and Class 3) affect perceptions of fairness compared with compulsory NICs paid through work?

12. The significant cost differential between Class 2 and Class 3 and difference in benefit protection does raise questions of fairness depending on the circumstances leading an individual to consider voluntary NIC (eg, lower paid employees with irregular earnings). The recent changes to eligibility for Class 2 when abroad are sensible and make the system more equitable.
13. On the whole voluntary NIC are considered cost effective by many. Despite this, an increase above the current inflationary rises would likely prompt significant questions into the value of what it provides. Voluntary social security in other countries (eg, France) is much more expensive but protects more or higher value benefits.
14. Those on higher incomes are primarily interested in maintaining state pension entitlement as eligibility for other working age benefits will be limited. The comparison of the Class 1 cost on an average wage is interesting, but any change or revised income or means based criteria is likely to result in a much lower take up needs to be weighed up along with the goal of maintaining a voluntary option accessible for all, including those on lower incomes.

Question 10. Who benefits most from being able to pay voluntary NICs at lower cost, and how does this relate to ability to pay (for example, income, wealth, or being supported by other sources of income)? Please share any analysis or data.

15. We were primarily aware of those working abroad who could previously benefit from the lower Class 2 rate for voluntary NIC. Those on lower incomes may not have the funds for

voluntary NIC (though in some such cases the individuals may instead be eligible for credits).

Question 11. Does the current system create unintended incentives (for example, to delay engagement, to structure work/income to qualify for lower cost contributions, or to focus on buying back specific years)? If so, what changes could reduce these effects?

16. While it is theoretically possible for individuals to build up significant entitlement to state pension via voluntary NIC, we are unaware of any evidence to suggest that individuals manipulate their circumstances to allow for this. It is more likely that those individuals with more disposable income are aware of the option and make the decision to pay voluntary NIC due to the relatively low impact on their outgoings.

Information, guidance and decision-making

Question 12. How effective is existing guidance (including digital journeys and helplines) in helping people understand whether paying voluntary NICs is in their interests, and what would improve it?

17. There is a useful signposting from HMRC to the Future Pension Centre or Pension Service. We believe there could be more consolidated guidance to explain the interaction between compulsory Class 1, voluntary Class 2 and 3 and credits, including clarifications of the eligibility criteria and whether a proactive claim is required. It is also useful that voluntary contributions are visible in the Personal Tax Account. Further steps towards digitising the national insurance system and making information such as qualifying years to date more widely available would be welcome.

Question 13. Are there risks of poor outcomes linked to misunderstanding or third-party advice (including where individuals pay when it provides little or no benefit)? What safeguards or changes could improve decision making?

18. There is a risk of overpaying in terms of state pension entitlement if individuals are choosing to pay voluntary NIC at an early stage of their career/life as they may still accumulate thirty five qualifying contribution years by the time they retire. Deciding to pay voluntary NIC is a considered decision based on the information available at the time. There is also sometimes a lack of understanding about how social security agreements work (or whether a social security agreement covers pensions and benefits) meaning that individuals are not aware or properly advised that they may also be building up entitlement in another country, or that the years of contributions in the other country only count towards the eligibility criterion in the UK and not the calculation of the amount due.
19. As highlighted earlier, it is also possible that for some individuals national insurance credits were available but not claimed or that paying voluntary NIC does not significantly increase their state pension entitlement compared to pension credit.

Partial Year Voluntary NICs

Question 14. In what circumstances do individuals end up with partial year gaps in their National Insurance record?

20. In general, those with lower or irregular incomes meaning they do not meet the thresholds for a qualifying year (whether employed or self-employed), those who have ceased work during the tax year, students or others with seasonal only jobs and those who have left the UK during the tax year and have no ongoing NIC liability.

Question 15. How effectively does the current system enable individuals to fill partial-year gaps in their NI record, and to what extent do current arrangements deliver outcomes that are proportionate and fair?

21. The flexibility to pay a part year top up to cover any gaps is valuable.

Contributions for periods abroad and connection to the UK

Question 16. How do individuals abroad find out about, and navigate, the rules on paying voluntary NICs for overseas periods (including any role for employers, advisers, or online communities)?

22. Those who are moving or transferring abroad for employment-related reasons are generally informed by their employer or an adviser who will explain the conditions and method of application and payment but in most cases hold back from recommending whether or not to pay voluntary NIC.

Question 17. Are the current eligibility conditions for paying voluntary NICs from abroad (including tests based on previous residence or previous qualifying years) the right way to reflect a 'connection to the UK'? What alternatives would be fairer or easier to administer?

23. We are generally supportive of the revised eligibility conditions for paying voluntary NIC from abroad introduced in April 2026 and are understanding of the removal of the option to pay the cheaper Class 2 rate.

Question 18. What are the impacts of allowing voluntary NICs for overseas periods (for example, who uses it, at what income/wealth levels, and how it affects decisions to maintain UK links)? Please provide any evidence.

24. The use of voluntary NIC allows individuals to continue to build up state pension entitlement while working overseas and thereby to avoid a fragmented contributions record. Our experience suggests that it is usually individuals with higher incomes who make the decision to pay voluntary as it does not impact their finances significantly. The recent removal of the Class 2 option for those abroad is likely to mean even fewer individuals on lower incomes will choose to pay voluntary NIC. We do not believe or envisage that eligibility for voluntary NIC is a deciding factor in maintaining UK links if this is not consistent with the individual's life circumstances.

Question 19. How do perceptions of fairness change when voluntary NICs are paid from abroad and what factors shape views on the pricing of contributions abroad?

25. The recent change in policy and requirement for a UK connection has been relatively well received by the expat community and globally mobile individuals who on the whole accept that there was an unfair discrepancy in cost and entitlement between Class 2 and 3.

Further Suggestions

Question 20. What reforms to voluntary NICs should the government consider to improve fairness between contributors?

26. There needs to be more consistency between income levels and eligibility for Class 2 or 3 contributions.

Question 21. What further reform of the voluntary NICs system should the government consider?

27. The interaction between the voluntary NIC system, the credit system and compulsory NIC could be improved. Guidance is currently piecemeal and it can be difficult to navigate especially for individuals with less usual circumstances and without the means to engage an adviser.

APPENDIX 1

ICAEW TAX FACULTY'S TEN TENETS FOR A BETTER TAX SYSTEM

The tax system should be:

28. **Statutory.** Tax legislation should be enacted by statute and subject to proper democratic scrutiny by Parliament. A clear statutory basis ensures legitimacy, accountability, and public trust in the tax system.
29. **Certain.** As far as possible, the application of tax rules and compliance processes should be certain. Taxpayers should not normally need to resort to the courts to understand how the rules apply to their affairs.
30. **Simple.** The tax system should be easy to understand for all taxpayers and advisers. Complexity undermines trust, creates unfairness, and discourages compliance.
31. **Easy to administer.** Tax liabilities should be straightforward to administer for HMRC, agents, and all taxpayers. Taxes should be designed to work effectively in a digital environment, while administration must remain accessible to those with limited digital capability.
32. **Properly targeted.** Anti-avoidance rules and other targeted measures should be proportionate, clearly defined, and carefully scoped to achieve their policy objective without undermining simplicity or certainty. Poorly targeted measures add complexity and uncertainty, harming compliance.
33. **Stable.** Changes to the tax system should only be made when clearly justified by economic, social, or environmental goals. Transparent, purposeful reforms build confidence and move the system toward greater coherence and long-term stability.
34. **Subject to proper consultation.** Other than in exceptional circumstances, tax changes should be subject to open and meaningful consultation. Adequate time for stakeholder input improves policy quality, practicality, and public trust.
35. **Regularly reviewed.** Tax rules, reliefs, and policy-driven interventions should be subject to regular, transparent review to assess whether they remain relevant, effective, and aligned with current policy goals. Outdated or unjustified provisions should be reformed or repealed to maintain coherence.
36. **Fair and accessible.** The tax system should be fair and accessible in design and in operation, ensuring equitable treatment of taxpayers. Revenue authorities must exercise their powers proportionately, and all taxpayers should have timely access to HMRC assistance, independent appeal, and redress.
37. **Efficient.** The tax system should raise revenue in a way that minimises unnecessary distortions, compliance burdens, and resource misallocation. While all taxes affect behaviour to some degree, tax design should avoid cliff edges, unintended incentives, or inefficiencies that reduce economic wellbeing unless these serve a clearly defined policy aim.

For more information, please see [Ten Tenets for a Better Tax System | ICAEW](#)