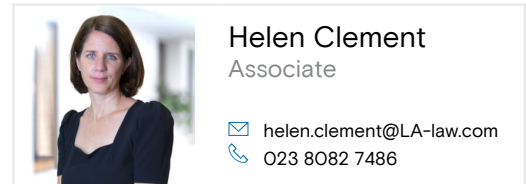




AUTHOR / KEY CONTACT

Claiming Pension Loss due to Personal Injury



If you have suffered an injury as a result of negligence, then you may be entitled to claim pension loss if the injury has affected your ability to work and pay towards your pension.

To understand how a pension loss can be claimed, it is first important to understand what a pension is and how it works.

What is a pension?

A pension is a payment you receive from the state and/or private organisation when you reach retirement age. The current retirement age in the UK is 66, but this will likely increase in May 2026. The amount received will be determined by how much you have paid into the pension.

There are three different types of pensions. These are:

1. Defined contribution pensions. These are occupational pension schemes where your contributions and employer's contributions are invested, and the proceeds are used to buy a pension and other benefits at retirement. These pension schemes are sometimes called 'money purchase' pensions and are common today.
2. Defined benefit pensions. These pension schemes are known as 'final salary' pensions and have declined in popularity. When you retire, these pensions pay out a fixed sum of money from your former employer's pension scheme. The fixed sum of money will give you a guaranteed income for the rest of your life, however long you live.
3. State pension. The current full state pension is set at £85 per week. To get the full state pension, you have to have 35 qualifying years. In other words, you must have worked for 35 years and paid national

insurance contributions during this time. If not, you will receive a proportion of your state pension if you have between 10 and 35 qualifying years. You may be entitled to more than this amount if you have a certain amount of additional state pension or delay taking your state pension.

How do you take your pensions on retirement?

1. Private pensions

There are various ways to take your private pension benefit:

- Take some or all of your pension pot as a cash lump sum;
- Buy an annuity. This is where you use all or part of your pension pot to buy an annual pension, giving you a guaranteed income for life or a specified period;
- Take money directly from the pension fund and leave the rest invested;
- A mix of these options.

2. State Pension

You do not automatically receive your state pension; you must claim it. Around two months before reaching the pension age, you will receive a letter telling you how to claim it. Your state pension will then be paid directly into your bank, building society, post office or national savings account that accepts direct debit payments.

Personal injury claims and pensions

Suppose you cannot work due to a personal or medical negligence injury. In that case, you may not be financially able to continue to pay national insurance contributions for your state pension and continue to pay into your private pension. This means you will have less money to live on during your retirement.

At Lester Aldridge, we work closely with financial experts to review your finances to see if we can make a pension claim on your behalf. Everyone with a life expectancy over 22 and earning more than £10,000 per year will likely have a claim for loss of pension. We therefore consider making a pension loss claim for adults and minors alike.

We recently reviewed a pension loss for a client as part of her medical negligence claim. Our client has been employed in her role for over two decades and pays into a local government pension. As a result of the medical negligence, she had to reduce her working hours, and her life expectancy was short. A review of her finances was undertaken by a financial expert, which revealed that she had incurred a 4-figure pension loss as a result of the medical negligence.

[Helen Clement](#), Associate at Lester Aldridge, said: “The [Personal Injury & Medical Negligence](#) team at Lester Aldridge seek to secure the best possible settlement for all our clients, taking into account their finances. The settlement will include compensation for the injury and all the losses that flow from the injury, including pension loss. This loss can be substantial, and it is why we consider a possible pension loss claim for all our clients.”

Please contact us at online.enquiries@LA-law.com to find out how we can help.