National Insurance Contributions

Class 1 contributions

These are paid by you if you are an employee and your earnings reach the lower earnings limit for Class 1 contributions. They are paid on all your earnings up to an upper limit.

Class 2 contributions

These are paid by you if you are normally self-employed, unless you have applied for an been granted “exception”. If your earnings are low, or it is anticipated that they will be low, you can apply for exemption. If you are excepted, you may, if you wish, pay voluntary class 2 contributions.

Class 3 contributions

These may be paid by you voluntarily, to help you qualify for certain benefits if your contribution record is not otherwise good enough. They are paid at a flat rate.

Class 4 contributions

These are paid by self-employed people whose profits are over a certain amount. In these circumstances you may have to pay earning-related Class 4 contributions as well as Class 2 contributions.

General Points

If you are self-employed, and also work for an employer, you may have to pay both Class 1 and Class 2 (possibly Class 4) contributions, but there is an overall limit to what you have to pay. When you reach pension age you do not have to pay any contributions.