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EMPLOYEES & SELF-EMPLOYED

ZMARTLY FACTSHEET SERIES

National Insurance Explained

A clear guide to what National Insurance is, the contribution classes, the rates you pay, and how to protect your State Pension.

Tax year **2026/27** · Prepared by **Harvey Dhillon** · Last reviewed **1 November 2025** · Sources: gov.uk

EMPLOYEE NIC	NIC THRESHOLDS	CLASS 4 NIC	EMPLOYER'S NIC
8% · 2%	**PT £12,570 · UEL £50,270**	**6% · 2%**	**15% over £5,000**

01 What National Insurance is

National Insurance (NI) is a contribution you pay on earnings that helps fund the State Pension and certain benefits. Your record of contributions determines what you can claim.

GOOD TO KNOW
NI is what builds your entitlement to the State Pension and contributory benefits.

02 Why your record matters

Many benefits depend on having enough qualifying years of National Insurance.

- The State Pension is based on your years of NI contributions
- Some benefits, such as certain bereavement and maternity support, are contribution-based
- Gaps in your record can reduce what you're entitled to

GOOD TO KNOW
Qualifying years, not just amounts paid, are what count towards your State Pension.

03 The classes

Which class you pay depends on whether you're employed, self-employed or topping up voluntarily.

- Class 1: paid by employees on their earnings
- Class 2 and Class 4: relate to self-employment
- Class 3: voluntary contributions to fill gaps in your record

GOOD TO KNOW
Class 2 has effectively been abolished from April 2024, though voluntary Class 2 contributions remain available.

04 Employee and self-employed rates

Both employees and the self-employed pay NI on earnings above set thresholds, then a lower rate at the top.

- Class 1 employee: 8% between £12,570 and £50,270, then 2% above
- Class 4 self-employed: 6% between £12,570 and £50,270, then 2% above
- Earnings below £12,570 are free of these contributions

GOOD TO KNOW
Both employees and the self-employed pay just 2% on earnings above £50,270.

05 Employer's National Insurance

If you employ staff, you also pay employer's National Insurance on their earnings.

- Employer NIC is charged at 15%
- It applies on earnings above £5,000 per employee
- This is a cost on top of the wages you pay

GOOD TO KNOW
Employer's NI is a real cost of employing people and should be built into payroll budgeting.

06 Checking your record and gaps

You can review your National Insurance record online to spot any missing years.

- Check your record through your HMRC online account
- Identify gaps that could affect your State Pension
- Consider voluntary Class 3 contributions to fill eligible gaps

GOOD TO KNOW
Reviewing your record early gives you time to fill gaps before they affect your pension.

Common questions

How much NI do employees pay?
Class 1 employees pay 8% on earnings between £12,570 and £50,270, then 2% on anything above £50,270.

Do I still pay Class 2 if I'm self-employed?
Class 2 has effectively been abolished from April 2024, though you can still make voluntary Class 2 contributions to protect your record.

How do I fill gaps in my record?
You can check your NI record online and pay voluntary Class 3 contributions to fill eligible gaps that affect your State Pension.

NEXT STEP

Get expert eyes on your tax

Book a free 30-minute Tax Health Check — we review your situation, sense-check the figures and show you where you could save.

Scan to book a free call

For guidance only — this factsheet does not constitute professional advice and is not a substitute for advice based on your specific circumstances. Whilst every care has been taken in its preparation, it may contain errors for which we cannot be responsible. Figures are for the 2026/27 UK tax year (England, Wales & Northern Ireland) and may change. Scottish taxpayers face different income tax rates; dividend rates are UK-wide. Last reviewed 1 November 2025.

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