Factsheet 48

Pension Credit

April 2016

About this factsheet

This factsheet explains what Pension Credit is, the eligibility criteria and how to make a claim. It also explains what to do if you have a change of circumstance.

The information in this factsheet is correct for the period April 2016 – March 2017. Benefit rates are reviewed annually and take effect in April but rules and figures can sometimes change during the year.

The information in this factsheet is applicable in England, Scotland and Wales. If you are in Northern Ireland, please contact Age NI for information. Contact details can be found at the back of this factsheet.

Contents

1	Current rates	4
2	What is Pension Credit?	4
3	Who can you claim for?	5
4	How do you qualify for Pension Credit?	5
4.1	Pension Credit qualifying age	5
4.2	Income-related criteria	6
4.3	Residence and immigration requirements	6
5	Appropriate minimum guarantee	6
5.1	Severe disability	7
5.2	Carers	8
5.3	Housing costs	9
6	Working out the Guarantee Credit part	14
7	Working out your Savings Credit	19
8	How to claim Pension Credit	22
8.1	Backdating and advance claims	22
8.2	Moving on to Pension Credit from working-age benefits	22
8.3	If the Pension Service needs more information	24
8.4	Delays and complaints	24
9	Decisions and payment	24
9.1	If you disagree with a decision	24
9.2	Payment	25
10	Change of circumstances and assessed income periods	25
10.1	Assessed income periods	25
10.2	Change of circumstances with no set Assessed Income Period.	27
10.3	Equity release	27
10.4	If you go into hospital	27
10.5	If you go into a care home	28
10.6	If you go abroad	29

11 Other benefits for people receiving Pension Credit 29
Useful organisations 31
Age UK 33
Support our work 33

1 Current rates

The weekly rates for the standard minimum guarantee of Guarantee Credit for 2016/17 are:

Single people	£155.60
Couples	£237.55

- The additional amount for severe disability is £61.85.
- The additional amount if you are a carer is £34.60.
- The Savings Credit weekly rates for 2016/17 are:

Threshold for single people	£133.82
Threshold for couples	£212.97
Maximum for single people	£13.07
Maximum for couples	£14.75

2 What is Pension Credit?

Pension Credit is made up of two parts:

Guarantee Credit provides a guaranteed level of income for people over the qualifying age, which is increasing at the same pace as the State Pension age for women. The qualifying age is now 63 and will be 63 years and 9 months by April 2017. Guarantee Credit is worked out by comparing your income with the amount the Government thinks you need to live on. If you have a disability, are a carer or have to pay housing costs, you may be eligible for a higher amount.

Savings Credit is paid to people aged 65 and over. However, if you reach State Pension age after 5 April 2016 you cannot make a new claim. Existing claimants will continue to receive it as normal. Savings Credit is worked out by looking at the level of retirement provision you have made. It may be paid as well as Guarantee Credit or on its own.

You do not need to have paid National Insurance contributions to qualify for PC. Some of your income and capital will be taken into account although some types are ignored. There is no upper capital limit. You can work and receive PC, but most of your earnings will be taken into account. PC is not taxable. It can be paid to home owners, tenants and people in some other circumstances such as those living with family or friends. It is administered by the Pension Service, part of the DWP.

Note
When information in this factsheet refers only to one element of PC, this is clearly stated, for example: 'the qualifying age for Savings Credit is 65'. When the factsheet refers to PC without specifying Guarantee Credit or Savings Credit, the information applies to both elements.

3 Who can you claim for?

You claim PC for yourself and your partner, if you have one. Your partner is your husband, wife, civil partner or someone you live with as though you are married/civil partners. Only the claimant has to be over the qualifying age, your partner can be younger.

If you are responsible for any children you should claim Child Benefit and Child Tax Credit as there are no extra amounts for children in PC at the moment.

If you have a partner, you must declare the income and capital for both of you, to be taken into account when your benefit is calculated. If you have dependant children any income and capital they have is ignored. An appointee can claim on your behalf if you are not able to claim yourself.

4 How do you qualify for Pension Credit?

To qualify for PC you must meet the following conditions:

- you have reached the qualifying age
- you meet the income-related criteria
- you are not excluded because of your immigration status and you meet the residence conditions.

4.1 Pension Credit qualifying age

To claim Guarantee Credit you need to have reached the PC qualifying age, which is the same as the minimum State Pension age for women. To claim Savings Credit you must be at least 65.

Since April 2010, the PC qualifying age has been increasing from 60 in line with the State Pension age for women. The increase is gradual depending on birth dates. In April 2016, the qualifying age will be 63 years and by April 2017 it will be 63 years and 9 months. The table below shows the first date that you can claim PC based on your, or your partner's date of birth, whichever is earlier:

Date of Birth	Date you can claim PC
Up to 5 April 1953	6 March 2016
6 April 1953 to 5 May 1953	6 July 2016
6 May 1953 to 5 June 1953	6 November 2016
6 June 1953 to 5 July 1953	6 March 2017
6 July 1953 to 5 August 1953	6 July 2017

4.2 Income-related criteria

Guarantee Credit is calculated by comparing your income with your appropriate minimum guarantee.

The calculation of Savings Credit is also based on your income and there is a cap on the amount you can receive. Remember, if you reach 65 after 6 April 2016 you cannot claim Savings Credit, it will only remain payable for existing claimants.

The income rules are described in more detail in sections 6 and 7.

4.3 Residence and immigration requirements

To be eligible for PC you must be present in Great Britain, habitually resident and not subject to immigration control. If you have recently come to the UK or you are an EEA citizen you may be subject to other tests relating to your residence in the UK.

Action
Residence tests and immigration conditions can be complex. Contact Age UK Advice or a local advice centre for more information.

5 Appropriate minimum guarantee

Your appropriate minimum guarantee is the amount of money the Government thinks you need to live on each week. It is made up of the standard minimum guarantee for a single person or couple, plus any extra amounts you might be entitled to for severe disability, caring responsibilities, and/or housing costs. The appropriate minimum guarantee is often referred to as the ‘appropriate amount’.

The standard minimum guarantee is £155.60 a week for a single person and £237.55 a week for a couple. If your income is less than this, and you meet the other qualifying conditions, you will definitely qualify for PC. If your income is more than this, you may still qualify if you are entitled to any of the extra amounts explained in the rest of this section, or if you meet the conditions for Savings Credit or if some of your income can be ignored.

5.1 Severe disability

The additional amount for severe disability should be included in your appropriate minimum guarantee if:

- you get AA, DLA middle or higher rate care component or PIP daily living component, and
- no one is paid Carer's Allowance for looking after you (although it doesn't matter if someone has an 'underlying entitlement' to Carer's Allowance. See section 5.2 below), and
- you live alone or you can be treated as living alone.

'Living alone'

You can sometimes count as 'living alone' even if you share your home with other people. The following people can be ignored when deciding if you are living alone:

- anyone receiving AA, DLA middle or higher rate care component or PIP daily living component
- anyone who is registered blind or severely sight impaired
- any child or young person who is under 18 or for whom Child Benefit is being paid
- anyone who is not a close relative and is a joint tenant or co-owner with you
- anyone who is not a close relative and is your landlord
- anyone who is not a close relative and is a licensee, tenant or sub-tenant
- some live-in helpers.

If you have your own accommodation under the same roof as someone else, for example in a self-contained annexe, you are not sharing a home and so you count as living alone.

If you are a single person and you qualify for the severe disability addition, an extra £61.85 a week will be included in your appropriate minimum guarantee.

If you have a partner and only you get AA, DLA middle or higher rate care component or PIP daily living component, you will not be able to get the severe disability addition unless your partner is registered blind or severely sight impaired. If you and your partner both receive AA, DLA middle or higher rate care component or PIP daily living component and no one else counts as living with you, and neither of you has a carer receiving Carer's Allowance, a double rate of £123.70 a week will be included. If one of you has a carer who is actually paid Carer's Allowance the single rate of £61.85 will be included.

Action
This is a complex area of law and if you need further information about whether you qualify for the severe disability addition, contact Age UK Advice or a local advice service – see Useful organisations at the back of this factsheet.

5.2 Carers

The additional amount for a carer can be included in your appropriate minimum guarantee if you or your partner:

- are receiving Carer's Allowance, or
- have claimed Carer's Allowance and fulfil the conditions for it but cannot be paid it because you are getting your State Pension or another benefit instead. In this case you have an 'underlying entitlement' to Carer's Allowance.

If you are a single person and you qualify for the carer addition, an extra £34.60 a week will be included in your appropriate minimum guarantee.

If you and your partner both qualify for the carer addition, an extra £69.20 a week will be included. If only one of you is a carer the single rate will be included.

The carer addition continues for eight weeks after you stop looking after someone, for example if they die or move into a care home.

Where Carer's Allowance is being paid, a carer could receive an extra £34.60 a week through the carer addition but the person they care for might lose the severe disability addition (described above), which is worth £61.85. If you are not sure whether to claim Carer's Allowance seek advice first.

It is possible to receive both the carer and severe disability additional amounts – for example a disabled couple who provide a substantial amount of care for each other could receive both. However, this will only apply if both claims for Carer's Allowance are not in payment, that is, they are underlying entitlement only, otherwise the severe disability additional amounts will not be paid. See factsheet 55, *Carer's Allowance*, for more information.

Examples

Elsa is 70 and looks after her husband who gets Attendance Allowance. She applied for Carer's Allowance and received a decision letter saying she fulfilled the conditions but she could not be paid it on top of her State Pension. She was awarded an underlying entitlement only and her PC was then increased by £34.60 a week – the carer addition.

Both John and Lucy have just been awarded Attendance Allowance they decide to claim Carer's Allowance for each other. Both have a State Pension worth more than Carer's Allowance therefore they are awarded 'underlying entitlement' only.

Their Pension Credit is increased by £69.20 a week (two carers premiums worth £34.60 a week are payable). As Carer's Allowance is not being paid to the either of the couple they can qualify for the severe disability additional amount worth an additional £123.70 a week (each severe disability additional amount is worth £61.85 a week). In total their Pension Credit increases by a total of £192.90 a week (2 carer premiums and 2 severe disability additional amounts).

5.3 Housing costs

If you own your home and you have a mortgage, home loan, or other housing-related charges to pay, your appropriate minimum guarantee may include extra amounts for housing costs. If other adults live with you and your partner (referred to as non-dependants), they may be expected to contribute towards the housing costs, even if they don't, and deductions from your benefit may be made. If you own the property jointly with someone other than your partner, you may only get help with your share of the costs.

Action

Housing costs are a complex area with many exceptions and transitional protection. It would be wise to seek further advice, contact Age UK Advice or a local advice service – see Useful organisations at the back of this factsheet.

If you rent your home, you can apply for Housing Benefit to help with rent and any service charges see factsheet 17, *Housing Benefit*.

Mortgages and home loans

The maximum loan or mortgage that you can usually receive help with is £100,000. It can sometimes be more than this if you were receiving help with the mortgage on JSA, ESA or Income Support before PC. If your housing costs are considered to be excessive they could be restricted to a lower amount (for example, if the property is considered too large). You may get a higher amount if you have been on benefit since before 1995 or you have had a loan to adapt your home for the needs of a disabled person.

The system is designed to give help towards interest payments, not capital repayments or endowment policies. Interest on mortgages and other loans is only covered if the money borrowed was used to buy your home, to pay for specified repairs and improvements or to pay off an earlier loan that would have qualified.

A loan for repairs and improvements only qualifies if it is spent within six months (or longer if reasonable) on:

- essential works to adapt the home for a disabled person
- the provision of a bath/shower, sink, WC, ventilation, natural light, insulation, electric lighting and sockets, drainage, damp proofing
- the provision of facilities to prepare and cook food, store fuel or refuse
- the provision of a separate bedroom for children or young people depending on their age and gender
- repairs to heating systems
- repairs to unsafe structural defects.

You will not generally get help with the interest on a loan taken out to buy a home while you are on PC or within 26 weeks of a previous claim for PC. In these circumstances your housing costs will be restricted to the amount you were receiving before you took out the new loan. You can replace one mortgage with another, provided the new mortgage is for the same amount or less. One exception to this rule is if you take out a loan or increase your loan to buy alternative accommodation more suited to the needs of a disabled person, for example sheltered accommodation.

How mortgage interest is calculated

Once the Pension Service has decided how much of your mortgage is eligible for help, this is multiplied by a standard interest rate to calculate the amount of interest for the year. The result is divided by 52 to reach the weekly figure to be added to your appropriate minimum guarantee.

The standard interest rate is linked to the Bank of England's average mortgage interest rate. In April 2016 the standard interest rate is 3.12% and it will change whenever the Bank of England publishes an average rate that differs from the standard rate by 0.5% or more.

Prior to 1995, housing costs were worked out using actual interest rates rather than standard interest rates. Transitional protection could apply to you, seek advice.

Example

Femi has a mortgage of £50,000, all of which was borrowed to buy his home and so the whole loan is eligible for help through PC. In a full year he is entitled to £50,000 x 3.12% = £1,560. When divided by 52, this gives a weekly figure of £30.00, which is added to his appropriate minimum guarantee.

Service charges

You may have to pay service charges as a condition of living in your home, if for example you are a leaseholder. Your appropriate minimum guarantee can include help towards some of these charges. Reasonable charges for the following services are eligible:

- services for the provision of adequate accommodation including some warden and caretaker services, gardens, lifts, entry phones, portering, rubbish removal, TV and radio relay charges
- laundry facilities like a laundry room in a sheltered housing scheme but not personal laundry services
- cleaning of communal areas and windows
- minor repairs and maintenance but not for the repairs and improvements. You may qualify for help with the interest on a loan taken out to pay for these repairs/improvements
- home insurance if it has to be paid under the terms of the lease.

Service charges for community/emergency alarm systems, personal care and support services are not covered. You may be able to get help with this type of support from your local authority's Adult Health and Social Care services.

When you apply for help with service charges you may be asked to supply documentary evidence; for example accounts, invoices and a breakdown of the charges. The amount of eligible service charges will be converted into a weekly amount and added to your appropriate minimum guarantee.

Example
Phyllis has to pay a total of £590 a year in service charges. A breakdown of the charges shows that the whole of this is for eligible services apart from £70 for an alarm system. £70 is deducted and the remaining £520 is divided by 52, giving a weekly amount of £10 for service charges, which is added to Phyllis's appropriate minimum guarantee.

Ground rent and other housing costs

You can also get help with some other housing costs through PC including:

- ground rent if you have a lease of more than 21 years.
- payments under a co-ownership scheme
- rent if you are a Crown tenant (minus any water charges)
- payments for a tent and its pitch if that is your home.

The normal weekly charge for these costs is added to your appropriate minimum guarantee. If the charges are payable annually, the weekly amount is worked out by dividing the annual amount by 52.

Non-dependant deductions

The amount for housing costs included in your appropriate minimum guarantee may be reduced if you have someone living with you other than your partner or a dependant child. This is referred to as a 'non-dependant' deduction.

The deductions are made because it is assumed that someone living with you, such as an adult son or daughter, will contribute towards your housing costs. The sums deducted are fixed regardless of how much the person actually contributes.

If you have more than one non-dependant there is a deduction for each of them but only one deduction is made for a couple. The deduction for a couple is the highest that would have been made if they were treated as individuals but based on their joint income.

No deductions are made if you (or your partner) are registered as blind or receive AA, DLA care component or PIP daily living component.

No deductions are made for:

- anyone who is a joint owner or joint tenant with you
- boarders and sub-tenants
- anyone receiving PC
- if a deduction is already being made from your Housing Benefit

- anyone under 25 and receiving Income Support, income-based JSA or income related ESA provided it does not include either a work related activity or support component
- anyone under 25 entitled to UC, provided they do not have any earned income
- full-time students, provided they are not working in the summer break, and people on some training allowances
- anyone aged under 18
- anyone under 20 for whom you are responsible
- someone employed by a charitable or voluntary organisation as a resident carer for you or your partner and who you pay for that service
- anyone staying with you who normally lives elsewhere
- anyone who has been in hospital for more than 52 weeks
- anyone who is in prison.

Where a non-dependant deduction has to be made, a fixed amount is deducted. The deduction is £14.65 a week unless the person works 16 hours a week or more, does not get PC and has a gross income of at least £133 a week, in which case the following rates apply:

Gross weekly income of non-dependant	Weekly deduction from housing costs
£133.00–£194.99	£33.65
£195.00–£252.99	£46.20
£253.00–£337.99	£75.60
£338.00–£419.99	£86.10
£420.00 or more	£94.50

When assessing the gross income of a non-dependant, most income is counted apart from AA, DLA or PIP. If you are applying for housing costs and you have a non-dependant you will need to produce evidence of their income, for example pay slips or benefit award letters.

If you are 65 or over, changes due to non-dependants that would reduce your PC should not apply until 26 weeks after the change of circumstances.

6 Working out the Guarantee Credit part

This section is a step-by-step guide to checking whether you will be eligible for Guarantee Credit and, if you are, how much you will be able to claim. Some examples are included to illustrate parts of the calculation.

Guarantee Credit is worked out by comparing your income with the amount the Government thinks you need to live on (the appropriate minimum guarantee). This is made up of the standard minimum guarantee of £155.60 a week if you are single or £237.55 if you have a partner, plus any of the extra amounts described in section 7.

Any income you have is added up and deducted from your appropriate minimum guarantee. The difference is the amount of Guarantee Credit you can claim.

Step 1: Working out your appropriate minimum guarantee

Your appropriate minimum guarantee is made up of the following:

- standard minimum guarantee for you (and your partner) plus
- additional amounts for severe disability, caring responsibilities and housing costs.

Example
Sarah is a single person aged 63. She has an underlying entitlement to Carer's Allowance because she looks after her mother who is disabled and gets AA. Her standard minimum guarantee is £155.60. She is also entitled to the additional amount for a carer of £34.60. This gives her an appropriate minimum guarantee of £190.20.

Step 2: Working out your income

Income for PC is assessed after deductions for tax and National Insurance contributions. If you are contributing to an occupational or personal pension scheme, half of your contributions do not count as income. Various types of weekly income count towards the calculation including:

- pensions (state, private and occupational)
- earnings (but see below for partial disregards)
- income from annuities
- most DWP benefits
- Working Tax Credit
- deemed income from capital

- payments from boarders or sub-tenants
- maintenance payments from a current or former spouse or civil partner
- income from property held in trust (with some exceptions)
- payments under an equity release scheme.
- War disablement or war widows/widowers pension
- income from the Financial Assistance Scheme
- income from the Pension Protection Fund
- Guarantee income payment made under the Armed Forces and Reserve Forces Compensation scheme
- pension paid to victims of Nazi persecution.

Income that is completely ignored

Some income is ignored altogether for PC, including:

- Attendance Allowance and Constant Attendance Allowance
- Disability Living Allowance, Personal Independence Payment and Armed Forces Independence Payment
- Social Fund Payments including the Winter Fuel Allowance.
- Bereavement payment (this is treated as capital)
- local welfare payments (in Scotland, the Scottish Welfare Fund) which have replaced community care grants etc
- payments from social services for personal care – direct payments
- Child Benefit, Child Tax Credit, Guardian's Allowance, maintenance payments for children, any increases for child dependants paid on your benefits
- any dependant child's income
- exceptionally Severe Disablement Allowance (paid in Industrial Injuries Scheme and War Pensions) and war pensioners severe disablement occupational allowance.
- adoption allowances, fostering allowances and residence order payments
- voluntary or charitable payments (except for voluntary payments from a spouse/civil partner or former spouse/civil partner which count in full)
- actual income from capital (only the deemed income is counted as described later on in step 3 Capital – but interest that has been paid into an account is counted as part of your capital)
- supplementary payments to pre 1973 war widows/widowers.
- mobility supplement under the War Pensions Scheme

- rent from a property other than your home. The property is valued as capital generating 'deemed income'. Although sometimes the property can be disregarded – seek advice.

Income that is partly ignore

Some types of weekly income are partially ignored for PC as follows:

- £5 of earnings from work if you are single, or
- £10 of earnings from work if you have a partner, or
- £20 of earnings in special circumstances, for example if you are a lone parent, or if you or your partner are a carer or receive certain disability or incapacity benefits, or are registered blind/severely sight impaired
- £10 of any War Widow's, Widower's or surviving civil partner's Pension or a War Disablement Pension, a guarantee income payment made under the Armed Forces and Reserve Forces Compensation scheme, or pension paid for victims of Nazi persecution
- £10 of Widowed Mother's Allowance or Widowed Parent's Allowance
- £20 of the payment from each sub-tenant or lodger in your own home plus in the case of lodgers, half of any payment made above £20.

All of your weekly income after any ignored amounts is added together to get the total weekly income for the Guarantee Credit calculation.

Deprivation of income (notional income)

Sometimes you may be treated as having income that you do not actually have. This is known as notional income. This might happen if you fail to apply for income you are entitled to, for example, you have not claimed your State Pension, occupational or private pension, or if you have deliberately got rid of income with the intention of increasing your benefit entitlement. You should seek further advice if this rule is applied to you.

(Step 3) Capital

The term "capital" refers to all forms of savings and investments (including any money you have saved from your benefits), lump sum payments, investments, land and property. Some forms of capital (including your home) are not counted, as explained below.

Your capital will not affect your PC unless you have more than £10,000. Every £500 or part of £500 of capital over £10,000 is assumed to give you a weekly income of £1 a week. This is called 'deemed income'. For example, if you have savings of £12,200, a weekly deemed income of £5 is included in your income assessment.

The same limits apply for both single people and couples. If you have a partner, their capital is added to yours.

Your capital is generally assessed at the time you make an application for PC. If there would be expenses involved in selling your capital, 10% of its value is deducted.

Example
Sarah's only income is her State Pension of £121.25 and she has capital of £8,000. Her capital is ignored because she has less than £10,000 and so her total income for the Guarantee Credit calculation is £121.25. Her Pension Credit would be £34.35 a week.

Example
Mahindra has a State Pension of £101.50 and £11,026 in capital. Because his capital is over £10,000 deemed income has to be calculated. Remember that part of £500 counts so £11,026 generates £3 a week deemed income. Adding £3 to his pension gives a total weekly income of £104.50 for the Guarantee Credit calculation thus he would be entitled to £51.10 a week.

Any capital you own jointly with other people (other than your partner) is normally divided equally between the joint owners. This could be, for example, if you jointly own a property with a family member. Seek further advice if there is any reason why the property should not be valued on a proportionate, equal share basis.

Example
If you and your son have a joint bank account of £10,000, you would normally be assessed as each owning £5,000.

Capital taken into account

Capital counted in full includes:

- cash
- money in all types of bank or building society accounts, including current accounts
- fixed-term investments including National Savings accounts and certificates (there are special rules for valuing these)
- income bonds
- stocks and shares
- the value of any property you own (but not the property you live in)
- premium bonds

- your share of any capital you own jointly with another (unless the other person is your partner in which case the whole of the capital counts)
- any savings or capital held by another person for you.

Capital that is not counted

Types of capital that are ignored include:

- the value of the home where you live if you own it
- the value of a property you own that is not your home in certain specific circumstances – for example, if you are taking steps to sell it or a close relative who is over PC qualifying age or incapacitated lives there (get advice about when, and for how long, a property that is not your home can be ignored)
- the surrender value of any life insurance policies, including where life insurance is not the only aspect of the policy if the policy states how payment on death is worked out (although, if a policy is cashed in, the money you receive is normally counted as part of your capital)
- the value of a pre-paid funeral plan
- arrears of certain benefits including AA, DLA, PIP and Income Support – these are disregarded for one year after payment. PC arrears are disregarded for the assessed income period, if there is one (see section 10.1 for information about assessed income periods). If the arrears amount to £5,000 or more, and are as a result of an official error, they are ignored for the length of your PC award
- a lump sum payment received because you put off ('deferred') claiming your State Pension for a period
- personal possessions such as jewellery, furniture or a car
- compensation payments paid under an insurance policy for damage to or loss of your personal possessions, which is ignored for a year from the date you are paid it. It is ignored until the end of the assessed income period for PC (see section 10.1)
- personal injury compensation payments to you or your partner
- the £10,000 ex gratia payment for Far Eastern Prisoners of War
- capital belonging to a dependant child
- in some cases, capital that is in your name, but belongs to another person (other than your partner).

Deprivation of capital (notional capital)

If you deprive yourself of capital in order to qualify for benefit or to increase the amount of benefit you get, the Pension Service can treat you as still having that capital. This is known as notional capital. This might occur if you give money away to members of your family or buy expensive items in order to qualify for PC. For more information about deprivation of private pensions because of the new pension freedoms see factsheet 12, *Planning for retirement: money and tax*.

You have not deprived yourself of capital if you have paid off debts or used money on 'reasonable' spending on goods and services. If the Pension Service decides that you have notional capital you should seek advice and consider appealing against the decision.

Step 4: Working out your Guarantee Credit

Deduct your total income, worked out in step 2, from your appropriate minimum guarantee, worked out in step 1, to calculate your weekly Guarantee Credit entitlement.

Example
Sarah's appropriate minimum guarantee is £190.20 (see earlier example at step 1 to see how appropriate minimum guarantee was calculated) and her income for Guarantee Credit is £121.25. Deducting £121.25 from £190.20, gives her a weekly Guarantee Credit entitlement of £68.95.

Action
If you want help with your calculation, call the Pension Credit Helpline on 0800 99 1234 or contact a local advice agency. There is an online PC calculator on the Gov.uk website and a general benefit calculator on the Age UK website.

7 Working out your Savings Credit

If you are aged over 65, you may have already qualified for Savings Credit. However if you reach State Pension age after 5 April 2016 you will not be able to make a new claim for it.

There is a limit to how much benefit you can receive – £13.07 for single people and £14.75 for couples. The maximum amounts are being reduced each year, at the same time the threshold for qualification to is being increased – in effect Savings Credit is slowly being phased out.

Unlike Guarantee Credit, there are some types of income that do not count as 'qualifying income' for Savings Credit.

The calculation for Savings Credit is more complicated. Follow the steps below to check if you might be entitled to it.

Step 1: Calculate your appropriate minimum guarantee

This is the same as for Guarantee Credit.

Step 2: Work out your weekly qualifying income for Savings Credit

This is the same as for Guarantee Credit except that some types of income do not count towards qualifying income for Savings Credit. If you have any income from the following sources, you should deduct it from your income that you calculated for Guarantee Credit to get your qualifying income for Savings Credit:

- Working Tax Credit
- contribution-based ESA
- Incapacity Benefit
- contribution-based JSA
- Severe Disablement Allowance
- Maternity Allowance
- maintenance payments made by your spouse/civil partner or former spouse/civil partner.

Example

Indira is 70 and has a State Pension of £115.95, a private pension of £41 and maintenance from her ex-husband of £20 giving her a weekly income of £176.95 for the Guarantee Credit calculation. She is single and does not qualify for any extra amounts, and so her appropriate minimum guarantee is £155.60. Because her income is more than her appropriate minimum guarantee she is not entitled to Guarantee Credit. Her qualifying income for PC Savings Credit is £156.95 because her maintenance payments are excluded.

Step 3: Compare the Savings Credit threshold with your qualifying income

The Savings Credit threshold for a single person is £133.82 and £212.97 for a couple. If your qualifying income, from step 2, is the same or less than your threshold amount you are not entitled to Savings Credit.

If your qualifying income is higher than the threshold amount make a note of the difference for the next step.

Example
Indira's qualifying income of £156.95 is higher than the Savings Credit single person threshold of £133.82. Deducting £133.82 from £156.95 gives £23.13 and this figure is carried forward to the next step.

Step 4: Calculate 60% of the difference from step 3

Multiply the difference from step 3 by 60% and compare this to the maximum Savings Credit you are entitled to. The maximum Savings Credit for a single person is £13.07 and it is £14.75 for a couple.

If the result of this calculation is lower than the maximum Savings Credit, then the figure obtained is your Savings Credit entitlement.

If the result of the calculation is higher than the maximum Savings Credit, you need to continue to steps 5 and 6.

Example
60% of £23.13 is £13.88. This is higher than the maximum Savings Credit of £13.07 for a single person and because of this, Indira should move to the next step to complete the calculation of her entitlement. However, the result of the 60% calculation would be the Savings Credit entitlement if it was equal to or less than £13.07

Step 5: Compare your income for the Guarantee Credit calculation with your appropriate minimum guarantee.

Deduct your appropriate minimum guarantee from your income for the Guarantee Credit calculation (not your qualifying income for Savings Credit). Carry this figure forward to step 6.

Example
The difference between Indira's income for the Guarantee Credit calculation of £176.95 and her appropriate minimum guarantee of £155.60 is £21.35. This is carried forward to step 6.

Step 6: Calculate your Savings Credit by deducting 40% of the figure carried forward from step 5 from the maximum Savings Credit

Multiply the figure carried forward from step 5 by 40%. Deduct this from the maximum Savings Credit of £13.07 for a single person or £14.75 for a couple. The result is your weekly Savings Credit entitlement.

Example
Indira's maximum Savings Credit is £13.07 for a single person. The figure carried forward from step 5 is £21.35 and 40% of this is £8.54. Deducting £8.54 from £13.07, gives us Indira's weekly Savings Credit entitlement of £4.53.

Not sure if you are entitled to Savings Credit?

The calculation for Savings Credit is complicated. If you are not sure whether you qualify, contact your local Age UK / Age Cymru. For more information about your likely entitlement, see www.gov.uk/pension-credit-calculator or contact a local advice centre.

8 How to claim Pension Credit

You can apply for PC by phone, in writing or in person.

You can telephone the Pension Credit claim line on 0800 99 1234 (text phone 0800 169 0133) to make a claim by phone or to ask for a claim form to be sent to you. The line is open from 8am to 6pm Monday to Friday. If you claim by phone, you may be able to claim Housing Benefit and Council Tax Support at the same time. The Pension Service may take the necessary information and contact your Local Authority, which has responsibility these. If they do not, you should contact your Local Authority about making a claim.

Many advice agencies can supply copies of the form or help you to complete it. A local advice agency or the Pension Service may be able to arrange for someone to visit you at home to complete the claim form if necessary.

8.1 Backdating and advance claims

PC can be backdated for up to three months as long as you have satisfied the entitlement conditions during that period. You should request backdating on the claim form as it is not automatic.

You can submit a claim for PC up to four months in advance if you are approaching the qualifying age or are about to become entitled for another reason. This allows time for the claim to be processed.

8.2 Moving on to Pension Credit from working-age benefits

There is a range of different benefits for people who are under State Pension age and not working.

Income Support is paid to people under PC qualifying age who do not have to actively seek work because they have caring responsibilities. People under pension age who are unable to work because of sickness or disability can claim ESA. People under pension age who are unemployed and actively seeking work can claim JSA.

If you receive Income Support and you are approaching PC qualifying age (see section 6.1) you should receive a letter four months before the relevant date explaining that you will need to claim PC instead.

Men can remain on ESA or JSA until they are 65. At PC qualifying age, they can choose whether to claim PC to top-up the contribution-based elements of these benefits or whether to claim the income-related elements of these benefits instead. However remember that Pension Credit has more generous rules re capital than IS, ESA and JSA so there is no advantage to staying on IS, ESA, and JSA for this reason. In addition the DWP makes mistakes not adding the Pensioner Premium on to IS, ESA and JSA claims.

Action

If you want help with your calculation, call the Pension Credit Helpline on 0800 99 1234 or contact a local advice agency. There is an online PC calculator on the Gov.uk website and a general benefit calculator on the Age UK website.

Women who receive any of these other benefits should claim their State Pension when they reach State Pension age and claim PC to top it up.

If you are receiving any of these other income-related benefits immediately before you first become entitled to PC, there are some special rules to make sure that you are not worse off on PC.

Action

See factsheet 56, *Benefits for people under Pension Credit age*, for more information. If you are not sure which benefit to claim, contact Age UK Advice or a local advice service for a benefit check.

8.3 If the Pension Service needs more information

The Pension Service may ask you to provide evidence or extra information to support your PC claim. If you are asked to provide extra evidence or information, you need to send it in within one month of the request. You can post the documents to the Pension Service or there may be a local office where you can take them. You may be asked to provide proof of things like your identity, capital or pensions, housing costs, immigration or residency status or information about other people who live with you.

8.4 Delays and complaints

If you are unhappy with the way your claim has been handled, you may wish to make a complaint and you may be able to claim compensation. If payment of your PC is delayed, you may be able to get a short term advance, see factsheet 49, *The Social Fund*, *Advances of Benefit and Local Welfare Provision* for more information about this. Any advance you receive will have to be repaid from your PC when it is awarded. Repayment is normally over a 3 month period but it can be extended to 6 months in exceptional circumstances.

9 Decisions and payment

The Pension Service will process your claim and send you a decision in writing. If PC is awarded the decision letter will usually include a breakdown of the calculation, which you can check against the step-by-step guide in sections 8 and 9. The decision letter will also set out your responsibilities for reporting changes in your circumstances to the Pension Service.

9.1 If you disagree with a decision

You must first ask the DWP for a mandatory reconsideration of the decision and if you still disagree, you will have to lodge an appeal with HM Courts and Tribunals Service. You can appeal using form SSCS1 which is available on the www.gov.uk website. It is important to challenge a decision or get advice as quickly as possible because there are time limits that generally mean you must take action within one month. See factsheet 74, *Challenging welfare benefit decisions*, for more information.

9.2 Payment

PC is normally paid directly into your bank, building society or post office account. It can be paid to someone with power of attorney or an appointee if you are not able to act for yourself. If you are unable to open or manage an account, you can ask for a Simple Payments card which will allow you to withdraw your benefits from Paypoint outlets displaying the Simple Payments sign. If you are unable to use any of these methods of payment you should contact the relevant DWP office or Local Authority. When you make a claim you will be given the option of weekly, fortnightly or four-weekly payments.

If your PC is less than £1 a week you may be paid up to 13 weeks in arrears and if it is less than 10p a week you may not receive it at all, although you will still have an underlying entitlement.

If your PC includes help towards a mortgage or home loan, that part of the PC will be paid direct to the lender.

10 Change of circumstances and assessed income periods

10.1 Assessed income periods

Assessed Income Periods (AIP) have the effect of limiting the change of circumstances that you need to report with respect to your PC claim. In effect they set a period of time in which you do not need to report a change in your capital or private pension. However, for all new claims made to PC after 6 April 2016 no new AIPs will be set.

If you have an existing AIP it will be phased out. If you have one ending between 6 April 2016 and 31 March 2019 it will either come to an end on the set date, or it will be terminated early by you reporting a change of circumstances. Examples that would bring your AIP to an end include going into a care home or you start living with a new partner.

If you have an AIP that extends beyond 31 March 2019 it will be terminated early. The Pension Service will write to you to notify you of the date your AIP will end.

You will be expected to report all change of circumstances, for example, an increase in your capital or an increase in your private pension, if applicable.

If you are over 75 it is likely that you have an indefinite AIP. The Pension Service will not terminate these early. It will only be terminated when you report a change of circumstances, for example, you go into a care home or you start living with a new partner.

Changes that will cause an AIP to end early

An AIP, even an indefinite one, will end if any of the following changes occur:

- you become a member of a couple
- you stop being treated as a member of a couple (for example, if your partner dies or moves permanently into a care home, or into hospital for more than a year)
- you move into a care home permanently
- you are no longer entitled to PC
- you or your partner reach the age of 65
- your PC is reassessed because a pension or annuity you were getting stops temporarily or is paid at a lower rate than you are entitled to.

Changes you do not have to report in an AIP

During an AIP you do not have to tell the Pension Service about changes in your 'retirement provision', this is defined as:

- capital
- occupational, personal, private, stakeholder and overseas pensions
- payments from an equity release scheme
- annuities
- payments from the Financial Assistance Scheme or Pension Protection Fund.

Note

If you are receiving Housing Benefit and/or Council Tax Support from your Local Authority and you receive only the Savings Credit part of PC, you will need to tell the Local Authority if your savings go over £16,000 – whether or not you have an AIP. You may no longer be entitled to Housing Benefit and/or Council Tax Support.

Increases in your income and capital in an AIP

During an AIP, adjustments will be made for any regular increases to your State Pension and private pensions. For example, if your occupational pension increases each April in line with inflation, The Pension Service will make an adjustment for this automatically.

Other increases in your retirement provision (such as a Premium Bond win or an inheritance) will not affect your PC entitlement while your AIP continues, and do not have to be reported.

Reductions in your income or capital in an AIP

If your income or capital decreases during an AIP you can ask the Pension Service to look at your claim again. For example, if you have capital over £10,000 and you have to buy an expensive item or pay a large bill, you may be entitled to more PC and so it would be worth asking for a reassessment. But you may want to check with an advice agency beforehand what the effect of reporting the change will be. The amounts involved can be very small once changes in other related benefits (like Housing Benefit or Council Tax Support) are taken into account.

10.2 Change of circumstances with no set Assessed Income Period.

If the information in section 10.1 does not apply to you (ie. you are not subject to an AIP) the all changes of circumstances must be reported to the Pension Service. This includes:

- capital
- occupational, personal, private, stakeholder and overseas pensions
- payments from an equity release scheme
- annuities
- payments from the Financial Assistance Scheme or Pension Protection Fund.

10.3 Equity release

Equity release is the term that describes the various ways that older homeowners can use their homes to generate income or capital lump sums while continuing to live there. There is a range of issues you need to take into account when considering this and Age UK recommends that you take legal and financial advice if you are considering taking out a scheme.

For example, you need to consider the impact on any benefits you are receiving when you enter into a scheme and be aware of the possible impact on future entitlement. For detailed information about equity release schemes see factsheet 65, *Equity Release*.

10.4 If you go into hospital

If you do not receive an additional amount as a carer or for severe disability, your PC entitlement will not be affected if you are admitted to hospital as long as you return home within 52 weeks.

If you are a single person and you are receiving PC with the additional amount for severe disability, you will normally lose the additional amount after 28 days in hospital when your AA, DLA or PIP stops.

If you are one of a couple and you are receiving two additional amounts for severe disability, you will lose one of the additional amounts when one of you has been in hospital for 28 days and payment of that person's AA, DLA or PIP has stopped.

If you are receiving the additional amount for a carer in your PC, this can continue for up to 12 weeks depending on your circumstances.

If your PC includes housing costs, you will no longer be entitled to these after 52 weeks in hospital. If you receive housing costs and a deduction is made in respect of a non-dependant, the deduction will no longer be made if the non-dependant is in hospital for more than 52 weeks.

10.5 If you go into a care home

If you are living in a care home, or you move into a care home, you may still be entitled to PC. If you are receiving PC before you move into a care home, it is important to inform the Pension Service of the change in your circumstances so that they can reassess your entitlement.

Permanent care home residence

If you have a partner, you may no longer count as a couple if one of you is permanently resident in a care home. You will be assessed as single people for PC purposes.

If your care home place is paid for by NHS 'continuing care' funding, your entitlement to PC will be the same as if you were in hospital. (In Scotland, care home fees are now not paid for by the NHS, contact Age Scotland for more information – see Section 15).

Housing costs for your former home are no longer included in your PC if you are a permanent resident in a care home.

If payment of your AA, DLA or PIP stops because you are in a care home you will lose any additional amount for severe disability included in your PC. Whether your AA, DLA or PIP will stop depends on how your care home placement is funded.

If you are paying your own fees, you will still be entitled to your AA, DLA or PIP and will therefore remain eligible for any additional amount for severe disability included in your PC.

PC will be taken into account as income when your contribution towards the care home costs is calculated but if you are 65 or over, up to £5.75 (£8.60 for a couple) of your income will be disregarded if you receive Savings Credit. It is not always necessary to be receiving PC to qualify for this disregard – contact Age UK Advice for more information. The disregards are different in Scotland and readers in this nation should contact Age Scotland for advice.

For information about how PC is treated in the social services financial assessment for care services, see factsheet 10, *Paying for permanent residential care*, and other related factsheets on residential care. In Wales, see Age Cymru's versions of these factsheets and in Scotland, see factsheet 10s, *Council charging procedures for care homes*.

If you are a care home resident it may be possible to pass half of your private pension to your spouse or civil partner if they remain living at home. See factsheet 39, *Paying for care in a care home if you have a partner*.

Temporary care home residence

If you are a temporary resident in a care home, perhaps for respite or a trial period, and your PC includes housing costs, these can usually continue to be paid for up to 13 weeks, and sometimes for as long as 52 weeks.

If you are in a couple, you will continue to be treated as a couple if you are unlikely to be apart for more than 52 weeks. In this situation, if you are receiving two additional amounts for severe disability, you will lose both of them if payment of AA, DLA or PIP to the partner in the care home stops.

10.6 If you go abroad

If you go abroad temporarily, your PC usually stops after four weeks, if your absence is unlikely to exceed 52 weeks. It can be paid indefinitely if your absence is for NHS treatment at a hospital abroad.

11 Other benefits for people receiving Pension Credit

If you get PC you may also qualify for Housing Benefit and Council Tax Support. Even if your income is too high for PC, you may still be entitled to some help. See factsheet 17, *Housing Benefit* and factsheet 21, *Council Tax*, for more information (in Wales see Age Cymru's factsheet 21w, *Council Tax in Wales*).

You can claim Housing Benefit if you have to pay rent for your home or you live in a hotel, guest house, board and lodgings accommodation or a hostel. If you make a claim for PC you may be asked if you want to claim Housing Benefit and Council Tax Support at the same time. If you are not asked, you should contact your Local Authority about making an application.

If you receive Guarantee Credit you may be entitled to the maximum eligible amount of Housing Benefit and Council Tax Support. This will often pay all your rent (not including water rates or any heating charges) and Council Tax payments. You may not get the full amount if non-dependants share your household or there are restrictions, for example because your rent is considered too high.

If you receive Savings Credit without any Guarantee Credit you may still get some help towards rent and Council Tax but not usually the full amount. This is because the Savings Credit is taken into account as income in the Housing Benefit and Council Tax Support calculations. You will still be better off but the overall gain may be quite small for some people.

If you receive PC you may also be entitled to help with health costs, such as dental charges or the cost of spectacles. If you get Guarantee Credit you will automatically be entitled to the maximum amount of help available. If you only get Savings Credit, you may be entitled to some help but you will have to apply for it – see factsheet 61, *Help with health costs*. In Wales see Age Cymru's factsheet 61w, *Help with health costs in Wales*.

If you receive PC, you may be entitled to grants or loans from your Local Authority or Jobcentre Plus to help with some expenses. You will be entitled to Cold Weather Payments in periods of severe weather unless you live in a care home. Contact Age UK Advice or a local advice service for more details.

Useful organisations

Carers Trust
www.carers.org
Telephone 0844 800 4361

Offers practical help and assistance to carers.

Carers UK
www.carersuk.org
Telephone 0808 808 7777

Provides information and support for carers, including information about benefits.

Carers Wales
www.carerswales.org
Telephone 029 20 811370

Citizens Advice Bureau (CAB)
England or Wales go to www.citizensadvice.org.uk
Northern Ireland go to www.citizensadvice.co.uk
Scotland go to www.cas.org.uk
In England telephone 0344 411 1444
In Wales telephone 0344 477 2020
In Scotland telephone 0808 800 9060

National network of advice centres offering free, confidential, independent advice, face to face or by telephone.

Disability and Carers Service
www.gov.uk/government/organisations/department-for-work-pensions/about

Part of the DWP and responsible for administration of Carer's Allowance, Attendance Allowance and Disability Living Allowance.

Disability Benefits Helpline
www.gov.uk/disability-benefits-helpline

DWP helpline providing advice or information about any claim for Disability Living Allowance, Personal Independence Payment or Attendance Allowance that you have already made.

Attendance Allowance (AA)
Telephone 0345 605 6055

Disability Living Allowance (DLA)

If you were born on or before 8 April 1948
Telephone 0345 605 6055

If you were born after 8 April 1948
Telephone 0345 712 3456

Personal Independence Payment helpline
Telephone 0345 850 3322

Gov.uk
www.gov.uk

Official website government for citizens with information about public services including money, tax and benefits and a specific section for the over-50s. It also offers information about pensions and retirement planning.

Pension Service (The)
www.gov.uk/browse/working/state-pension
Telephone 0345 60 60 265
State Pension Forecasting Team 0345 3000 168

For details of state pensions, including forecasts and how to claim your pension.

Age UK

Age UK provides advice and information for people in later life through our Age UK Advice line, publications and online. Call Age UK Advice to find out whether there is a local Age UK near you, and to order free copies of our information guides and factsheets.

Age UK Advice
www.ageuk.org.uk
0800 169 65 65
Lines are open seven days a week from 8.00am to 7.00pm

In Wales contact

Age Cymru
www.agecymru.org.uk
0800 022 3444

In Northern Ireland, contact

Age NI
www.ageni.org
0808 808 7575

In Scotland, contact Age Scotland by calling

Silver Line Scotland
www.agescotland.org.uk
0800 470 8090
(This is a partnership between The Silver Line and Age Scotland)

Support our work

We rely on donations from our supporters to provide our guides and factsheets for free. If you would like to help us continue to provide vital services, support, information and advice, please make a donation today by visiting www.ageuk.org.uk/donate or by calling 0800 169 87 87.

Our publications are available in large print and audio formats

Health & care information you can trust

The Information Standard Certified Member

Next update April 2017

The evidence sources used to create this factsheet are available on request. Contact *resources@ageuk.org.uk*

This factsheet has been prepared by Age UK and contains general advice only, which we hope will be of use to you. Nothing in this factsheet should be construed as the giving of specific advice and it should not be relied on as a basis for any decision or action. Neither Age UK nor any of its subsidiary companies or charities accepts any liability arising from its use. We aim to ensure that the information is as up to date and accurate as possible, but please be warned that certain areas are subject to change from time to time. Please note that the inclusion of named agencies, websites, companies, products, services or publications in this factsheet does not constitute a recommendation or endorsement by Age UK or any of its subsidiary companies or charities.

Every effort has been made to ensure that the information contained in this factsheet is correct. However, things do change, so it is always a good idea to seek expert advice on your personal situation.

Age UK is a charitable company limited by guarantee and registered in England and Wales (registered charity number 1128267 and registered company number 6825798). The registered address is Tavis House, 1–6 Tavistock Square, London WC1H 9NA. Age UK and its subsidiary companies and charities form the Age UK Group, dedicated to improving later life.