

## Pension Credit

### About this factsheet

This factsheet is about Pension Credit (PC), a benefit with two parts:

**PC Guarantee Credit** provides a guaranteed level of income for people over the qualifying age, which is between 60 and 61 at the moment. PC Guarantee Credit is worked out by comparing your income with the amount the government thinks you need to live on.

**PC Savings Credit** is paid to people aged 65 and over. It is worked out by looking at the level of retirement provision you have made. It may be paid as well as PC Guarantee Credit or on its own.

The information in this factsheet is correct for the period April 2011 – March 2012. Most benefit rates and other figures are expected to increase in April 2012 but rules and figures sometimes change during the year.

The information in this factsheet applies in England and Wales. Different rules may apply in Northern Ireland and Scotland. Readers in these nations should contact their respective national offices for information specific to where they live – see section 14 for details.

Section 14 also has details of how to order other Age UK factsheets and information materials and the telephone numbers for Age UK Advice.

If you need more detailed advice or representation, it is often best to find a local service. Sometimes this is suggested in the text. Age UK Advice can give you contact details for a local Age UK, or you could contact one of the independent organisations listed in section 13.

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# 1 Recent developments

- The basic rate for the standard minimum guarantee of PC Guarantee Credit for 2011/12 is:

Single people	£137.35
Couples	£209.70

- The additional amount for severe disability is £55.30.
- The additional amount if you are a carer is £31.00.
- The PC Savings Credit rates for 2011/12 are:

Threshold for single people	£103.15
Threshold for couples	£164.55
Maximum for single people	£20.52
Maximum for couples	£27.09

- Since April 2010 the qualifying age for the Guarantee Credit part of PC has been rising in line with State Pension age for women. In April 2010 State Pension age for women started to increase from 60 so that it would be equalised with that for men (currently 65) by 2020. In October 2010 the government proposed changes to this timetable: State Pension age for men and women may now be equalised at 65 by December 2018, and then rise to 66 for everyone by April 2020. As at April 2011, the proposed changes to the timetable are not yet law and still require the approval of Parliament.
- In October 2010 the government announced that the maximum Savings Credit award in PC will be frozen at the rates that applied in 2010/11 for four years.
- There will be some future changes to PC if the introduction of Universal Credit for working-age benefit claimants goes ahead. This factsheet will be updated to include the changes at the relevant time.

## 2 What is Pension Credit?

Pension Credit (PC) is a benefit designed to ensure that men and women over the qualifying age have a guaranteed level of income through the PC Guarantee Credit element. The qualifying age for PC Guarantee Credit is the same as the minimum State Pension age for women.

People over the age of 65 may be awarded the Savings Credit element of PC, which is extra money for those who have made some modest provision for their retirement.

You do not need to have paid National Insurance contributions to qualify for PC. Your income and savings will be taken into account but there is no upper capital limit. Some types of income and savings are ignored. You can work and receive PC, but most of your earnings will be taken into account. PC is not taxable.

PC can be paid to home owners, tenants and people in other circumstances such as those living with family or friends.

PC is administered by The Pension Service, part of the Department for Work and Pensions (DWP).

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

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## 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 on PC.

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

Since April 2010, 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 2011, PC qualifying age is about 60 years and 6 months and it will be 61 by March 2012. If you were born between July 1950 and July 1952, the table below shows the first date that you can claim PC.

<b>Date of birth</b>	<b>Date you can claim PC</b>
6 July 1950 to 5 August 1950	6 November 2010
6 August 1950 to 5 September 1950	6 January 2011
6 September 1950 to 5 October 1950	6 March 2011
6 October 1950 to 5 November 1950	6 May 2011
6 November 1950 to 5 December 1950	6 July 2011
6 December 1950 to 5 January 1951	6 September 2011
6 January 1951 to 5 February 1951	6 November 2011
6 February 1951 to 5 March 1951	6 January 2012
6 March 1951 to 5 April 1951	6 March 2012
6 April 1951 to 5 May 1951	6 May 2012
6 May 1951 to 5 June 1951	6 July 2012
6 June 1951 to 5 July 1951	6 September 2012

## 4.2 Income-related criteria

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

The calculation of PC Savings Credit is also based on your income and there is a cap on the amount you can receive. This is £20.52 for single people and £27.09 for couples.

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 and not subject to immigration control. If you have recently come to the UK or you are a European Economic Area (EEA) citizen you may be subject to other tests relating to your residence in the UK.

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

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## 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 £137.35 a week for a single person and £209.70 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 PC 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 Attendance Allowance, or the middle or highest rate of Disability Living Allowance (DLA) care component **and**
- no one is paid Carer's Allowance for looking after you (although it doesn't matter if someone has 'underlying entitlement' to Carer's Allowance for you) **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 Attendance Allowance, or the middle or highest rate of DLA care 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 £55.30 a week will be included in your appropriate minimum guarantee.

If you have a partner and only one of you gets Attendance Allowance (or the middle or highest rate of DLA care component), you will not be able to get the severe disability addition. If you and your partner both receive Attendance Allowance (or the middle or highest rate of DLA care 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 £110.60 a week will be included. If one of you has a carer who is actually paid Carer's Allowance the single rate of £55.30 will be included.

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**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 centre.

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## 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 £31 a week will be included in your appropriate minimum guarantee.

If you and your partner both qualify for the carer addition, an extra £62 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.

In some circumstances, where Carer's Allowance is being paid, a carer could receive an extra £31 a week through the carer addition but the person they care for might lose the severe disability addition (described above), which is worth £55.30. 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.

See Age UK's Factsheet 55, *Carer's Allowance*, for more information.

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**Example:** Elsa is 70 and looks after her husband who gets Attendance Allowance. She applied for Carer's Allowance in May 2010. She received a decision letter saying she fulfilled the conditions but she could not be paid it on top of her State Pension and was awarded an underlying entitlement only. Her PC was then increased by £31 a week – the carer addition.

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### 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, they may be expected to contribute towards the housing costs and deductions from your benefit may be made.

If you rent your home, you can apply for Housing Benefit to help with rent and any service charges; see Age UK's Factsheet 17, *Housing and Council Tax 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 Jobseeker's Allowance, Employment and Support Allowance 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 or freehold, 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 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/young people depending on their age/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 2011 the standard interest rate is 3.63% and it will change whenever the Bank of England publishes an average rate that differs from the standard rate by 0.5% or more.

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**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 on PC. In a full year he is entitled to  $£50,000 \times 3.63\% = £1815$ . Divided by 52, this gives a weekly figure of £34.91, which is added to his appropriate minimum guarantee.

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## 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 listed on page 10 above. You may qualify for help with the interest on a loan taken out to pay for those
- house 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 support services from your local authority's Supporting People team.

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.

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**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.

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## Ground rent and other housing costs

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

- ground rent
- 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 dependent 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 blind or receive the care component of Disability Living Allowance or Attendance Allowance.

No deductions are made for:

- anyone who is a joint owner or joint tenant with you
- boarders and sub-tenants
- anyone receiving PC
- anyone under 25 and receiving Income Support, income-based Jobseeker's Allowance or particular rates of Employment and Support Allowance
- full-time students 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 £9.40 a week unless the person works 16 hours a week or more, does not get PC and has a gross income of at least £122 a week, in which case the following rates apply:

Gross weekly income of non-dependant	Weekly deduction from housing costs
Less than £122.00	£9.40
£122.00–£179.99	£21.55
£180.00–£233.99	£29.60
£234.00–£309.99	£48.45
£310.00–£386.99	£55.20
£387.00 or more	£60.60

When assessing the gross income of a non-dependant most income is counted apart from Attendance Allowance and Disability Living Allowance. 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 how much PC Guarantee Credit you can claim

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

PC 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 £137.35 a week if you are single or £209.70 if you have a partner, plus any of the extra amounts described in section 5.

Any income you have is added up and deducted from your appropriate minimum guarantee. The difference is the PC 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/or housing costs.

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**Example:** Sarah is a single person aged 62. She has an underlying entitlement to Carer's Allowance because she looks after her mother who is disabled and gets Attendance Allowance. Her standard minimum guarantee is £137.35. She is also entitled to the additional amount for a carer of £31.00. This gives her an appropriate minimum guarantee of £168.35.

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### Step 2: Working out your income

Your **capital** (savings) 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 'assumed income'. For example, if you have £12,200 savings, a weekly assumed 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 its present-day value. If there would be expenses involved in selling your capital, 10% of its value is deducted.

Age UK's Factsheet 53, *Capital, income and means-tested benefits*, gives more detailed information about the assessment of capital for PC including the rules about:

- types of capital included in the assessment
- types of capital ignored in the assessment
- jointly owned capital
- what happens if you dispose of capital to increase your benefit entitlement.

**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
- earnings
- income from annuities
- most social security benefits
- Working Tax Credit
- assumed income from capital/savings
- 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.

Some types of income are ignored. Some of the most common types of income that are completely ignored are:

- Attendance Allowance and Constant Attendance Allowance
- Disability Living Allowance
- child maintenance and benefits for children
- voluntary or charitable payments (for example payments from a friend or relative)
- actual income from capital (only the assumed income is counted as described above) although any interest paid to you will count as part of your capital.

Some types of income are partially ignored including some earnings, some bereavement benefits and some payments you receive if you are a landlord.

Age UK's Factsheet 53, *Capital, income and means-tested benefits*, gives more detailed information about the assessment of income for PC including:

- the types of income included in the assessment
- the types of income ignored in the assessment
- the types of income that can be partially ignored
- what happens if you dispose of, or fail to apply for, income you are entitled to.

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

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**Example:** Sarah's only income is her State Pension of £115.25 and she has savings of £8,000. Her savings are ignored because she has less than £10,000 and so her total income for the PC Guarantee Credit calculation is £115.25.

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**Example:** Mahindra has a State Pension of £115.25 and £11,026 in savings. Because his savings are over £10,000 assumed income has to be calculated. £11,026 is £1,026 more than £10,000. Dividing £1,026 by £500 gives 2 and a bit, which is rounded up to a weekly assumed income of £3. Adding £3 to his pension gives a total weekly income of £118.25 for the PC Guarantee Credit calculation.

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### **Step 3: Working out your PC 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 PC Guarantee Credit entitlement.

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**Example:** Sarah's appropriate minimum guarantee is £168.35 and her income for PC Guarantee Credit is £115.25. Deducting £115.25 from £168.35, gives her a weekly PC Guarantee Credit entitlement of £53.10.

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**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 Directgov website and a general benefit calculator on the Age UK website.

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## 7 Working out your PC Savings Credit

If you are aged over 65, you may also qualify for PC Savings Credit.

For PC Savings Credit there is a limit to how much benefit you can receive. This is £20.52 for single people and £27.09 for couples.

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

The calculation for PC 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 PC Guarantee Credit.

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

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

- Working Tax Credit
- contributory Employment and Support Allowance
- Incapacity Benefit
- contribution-based Jobseeker's Allowance
- Severe Disablement Allowance
- Maternity Allowance
- maintenance payments made by your spouse/civil partner or former spouse/civil partner.

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**Example:** Indira is 70 and has a State Pension of £105.25, a private pension of £40 and maintenance from her ex-husband of £20 giving her a weekly income of £165.25 for the PC Guarantee Credit calculation. She is single and does not qualify for any extra amounts, and so her appropriate minimum guarantee is £137.35. Because her income is more than her appropriate minimum guarantee she is not entitled to PC Guarantee Credit. Her qualifying income for PC Savings Credit is £145.25 because her maintenance payments are excluded.

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

The PC Savings Credit threshold for a single person is £103.15 and £164.55 for a couple. If your qualifying income, from step 2, is the same or less than your threshold amount you are not entitled to PC Savings Credit.

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

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**Example:** Indira's qualifying income of £145.25 is higher than the PC Savings Credit single person threshold of £103.15. Deducting £103.15 from £145.25 gives £42.10 and this figure is carried forward to the next step.

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

Multiply the difference from step 3 by 0.6 or 60% and compare this to the maximum PC Savings Credit you are entitled to. The maximum PC Savings Credit for a single person is £20.52 and it is £27.09 for a couple.

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

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

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**Example:** 60% of £42.10 is £25.26. This is higher than the maximum PC Savings Credit of £20.52 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 PC Savings Credit entitlement if it was equal to or less than £20.52.

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

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

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**Example:** The difference between Indira's income for the PC Guarantee Credit calculation of £165.25 and her appropriate minimum guarantee of £137.35 is £27.90. This is carried forward to step 6.

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

Multiply the figure carried forward from step 5 by 40% or 0.4. Deduct this from the maximum PC Savings Credit of £20.52 for a single person or £27.09 for a couple. The result is your weekly PC Savings Credit entitlement.

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**Example:** Indira's maximum PC Savings Credit is £20.52 for a single person. The figure carried forward from step 5 is £27.90 and 40% of this is £11.16. Deducting £11.16 from £20.52, gives us Indira's weekly PC Savings Credit entitlement of £9.36.

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## 8 How to claim Pension Credit

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

You can telephone The Pension Service on 0800 99 1234 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 8pm Monday to Friday and 9am to 1pm Saturday. If you claim by phone, you can claim Housing Benefit and/or Council Tax Benefit at the same time. The Pension Service will take the necessary information and contact your local authority, which has responsibility for Housing Benefit and Council Tax Benefit.

You can also download the PC claim form from the Directgov website although it is not possible to make a claim online at the moment. You can download and print the form to complete it by hand, or you can complete it online and then print it and sign it. Either way you will need to find out where to send it – check on Directgov or phone The Pension Service on 0845 60 60 265.

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 – for example, some people who cannot work due to illness and disability and some carers. People under pension age who are unable to work because of sickness or disability can claim Employment and Support Allowance or may already be receiving Incapacity Benefit or Severe Disablement Allowance. People under pension age who are unemployed and actively seeking work can claim Jobseeker's Allowance.

If you receive Income Support and you are approaching PC qualifying age (see section 4.1) you should receive a letter four months before the relevant date explaining that you will need to claim PC instead.

Men can remain on Incapacity Benefit, Employment and Support Allowance or Jobseeker's Allowance until they are 65. 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.

Women who receive any of these other benefits should claim their State Pension when they reach State Pension age and can 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.

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**Action:** See Age UK's Factsheet 56, *Benefits for people under State Pension age*, for more information. If you are not sure which benefit to claim, contact Age UK Advice or a local advice agency for a benefit check.

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### 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, savings 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 can ask for an interim payment or apply for a Social Fund Crisis Loan. You may be able to get interim payments if it seems likely that you will qualify for PC, but it is not possible to process your claim or pay your PC for some reason. If you get an interim payment you will have to repay it from your PC when it is awarded. See Age UK's Factsheet 49, *The Social Fund*, for more information about Crisis Loans.

## 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 6 and 7. The decision letter will set out your responsibilities for reporting changes in your circumstances and it will tell you whether you have been awarded an 'assessed income period' (see section 10 for more details).

### 9.1 If you disagree with a decision

If you disagree with a decision about PC, you can ask for the decision to be reconsidered or make an appeal. You will be sent details of how to do this in the decision letter. 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 Age UK's Factsheet 74, *Challenging welfare benefit decisions*, for more information.

### 9.2 Payment

PC is normally paid by direct credit into your bank, building society or post office account. It can be paid to an appointee who acts on your behalf if you are not able to act for yourself. PC can sometimes be paid by cheque, cashable at a post office, if you are unable to open or manage an account.

PC claims made before April 2010 were usually paid weekly in advance. It is now more usual for PC to be paid fortnightly in arrears.

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 Changes of circumstances and assessed income periods

You should contact The Pension Service to report any changes in your circumstances that may affect your entitlement. The sort of changes you should report include changes to your income or savings, changes to your household, going into hospital, or starting to receive a new social security benefit.

If your PC changes as a result of a change in circumstances, you will be sent a new decision letter setting out your new entitlement.

### 10.1 Assessed income periods

PC awards sometimes include an 'assessed income period' (AIP) during which some changes in circumstances do not have to be reported. Your PC award letter will say whether you have an AIP and how long it applies for. At the end of an AIP your PC will be reassessed.

An AIP is awarded for a fixed period (often five years) or indefinitely. You may be given a shorter AIP if your income or savings are expected to change in the future. You will not be given an AIP if you are under 65, or if you have a partner who is under 60. People aged 75 will often be given an indefinite AIP, and those whose AIP runs out after they reach 80 will not normally need to be reassessed.

#### 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.

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**Note:** If you are receiving Housing Benefit and/or Council Tax Benefit 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.

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### **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 savings 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 savings 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 and Council Tax Benefit) are taken into account.

### 10.2 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 Attendance Allowance or DLA stops.

If you are in 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 Attendance Allowance or DLA 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.

### 10.3 If you go abroad

If you go abroad temporarily, your PC usually stops after 13 weeks.

## 11 Pension Credit and care homes

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.

### 11.1 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.

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 Attendance Allowance or DLA care component stops because you are in a care home you will lose any additional amount for severe disability included in your PC. Whether your Attendance Allowance or DLA care component will stop depends on how your care home placement is funded.

PC will be taken into account as income when your contribution towards the care home costs is calculated but up to £5.65 (£8.45 for a couple) of your income will be disregarded if you receive PC Savings Credit.

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**For information** about how PC is treated in the social services financial assessment for care services, see Age UK's Factsheet 10, *Paying for residential care*, and other related factsheets on residential care.

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### 11.2 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 Attendance Allowance or DLA care component to the partner in the care home stops.

## 12 Other benefits for people receiving Pension Credit

If you get PC you may also qualify for Council Tax Benefit and Housing Benefit. Even if your income is too high for PC, you may still be entitled to some Council Tax Benefit and Housing Benefit. See Age UK's Factsheet 17, *Housing and Council Tax Benefit*, for more information.

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 should be asked if you want to claim Housing Benefit/Council Tax Benefit at the same time.

If you receive PC Guarantee Credit you will be entitled to the maximum eligible amount of Housing Benefit and Council Tax Benefit. 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 given your circumstances.

If you receive PC Savings Credit without any PC Guarantee Credit you may still get some help towards rent and Council Tax but not usually the full amount. This is because the PC Savings Credit is taken into account as income in the Housing Benefit/Council Tax Benefit calculation. 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 PC Guarantee Credit you will automatically be entitled to the maximum amount of help available. If you only get PC Savings Credit, you may be entitled to some help but you will have to apply for it – see Age UK's Factsheet 61, *Help with health costs*.

If you receive PC, you may be entitled to grants or loans from the Social Fund 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. See Age UK's Factsheet 49, *The Social Fund*, for more details.

## 13 Useful organisations

### Benefit Enquiry Line

Government-run information line about benefits for people with disabilities, carers and representatives.

Tel: 0800 88 22 00 (free call)

Textphone: 0800 24 33 55 (free call)

Website: [www.direct.gov.uk/disability-money](http://www.direct.gov.uk/disability-money)

### Carers UK

National charity working on behalf of carers. Offers wide range of information on carers' rights and sources of help and contact details for local carers' support groups.

Tel: 0808 808 7777 (free call)

Website: [www.carersuk.org](http://www.carersuk.org)

### Citizens Advice Bureau

National network of free, independent advice centres. Depending on available resources may offer benefits check and help filling forms.

Tel: 020 7833 2181 (for local contact details only – not telephone advice)

Website: [www.adviceguide.org.uk](http://www.adviceguide.org.uk)

### Community Legal Service

National network of Legal Services Commission funded organisations and advice providers that fund, provide and promote civil legal aid services – free, confidential and independent legal advice for residents of England and Wales.

Tel: 0845 345 4345

Website: [www.communitylegaladvice.org.uk](http://www.communitylegaladvice.org.uk)

## **Directgov**

The official government website of information 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.

Website: [www.direct.gov.uk](http://www.direct.gov.uk)

## **Disability and Carers Service**

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

Tel: 0845 7 12 34 56

Website: [www.dwp.gov.uk/about-dwp/customer-delivery/disability-and-carers-service/](http://www.dwp.gov.uk/about-dwp/customer-delivery/disability-and-carers-service/)

## **The Pension Service**

Part of the DWP, dealing with all aspects of State Pensions, including forecasts, how to claim your pension and PC.

Tel: 0845 60 60 265

Textphone: 0845 60 60 285

Website: [www.direct.gov.uk/en/Pensionsandretirementplanning/index.htm](http://www.direct.gov.uk/en/Pensionsandretirementplanning/index.htm)

# **14 Further information from Age UK**

## **Age UK Information Materials**

Age UK publishes a large number of free Information Guides and Factsheets on a range of subjects including money and benefits, health, social care, consumer issues, end of life, legal, issues employment and equality issues.

Whether you need information for yourself, a relative or a client our information guides will help you find the answers you are looking for and useful organisations who may be able to help. You can order as many copies of guides as you need and organisations can place bulk orders.

Our factsheets provide detailed information if you are an adviser or you have a specific problem.

## Age UK Advice

Visit the Age UK website, [www.ageuk.org.uk](http://www.ageuk.org.uk), or call Age UK Advice free on 0800 169 65 65 if you would like:

- further information about our full range of information products
- to order copies of any of our information materials
- to request information in large print and audio
- expert advice if you cannot find the information you need in this factsheet
- contact details for your nearest local Age UK

## Age UK

Age UK is the new force combining Age Concern and Help the Aged. We provide advice and information for people in later life through our publications, online or by calling Age UK Advice.

Age UK Advice: 0800 169 65 65

Website: [www.ageuk.org.uk](http://www.ageuk.org.uk)

In Wales, contact:

Age Cymru: 0800 169 65 65

Website: [www.agecymru.org.uk](http://www.agecymru.org.uk)

In Scotland, contact:

Age Scotland: 0845 125 9732

Website: [www.agescotland.org.uk](http://www.agescotland.org.uk)

In Northern Ireland, contact:

Age NI: 0808 808 7575

Website: [www.ageni.org.uk](http://www.ageni.org.uk)

## Support our work

Age UK is the largest provider of services to older people in the UK after the NHS. We make a difference to the lives of thousands of older people through local resources such as our befriending schemes, day centres and lunch clubs; by distributing free information materials; and through calls to Age UK Advice on 0800 169 65 65.

If you would like to support our work by making a donation please call Supporter Services on 0800 169 80 80 (8.30am–5.30pm) or visit [www.ageuk.org.uk/donate](http://www.ageuk.org.uk/donate)

## Legal statement

Age UK is a registered charity (number 1128267) and company limited by guarantee (number 6825798). The registered address is 207–221 Pentonville Road, London, N1 9UZ. VAT number: 564559800. Age Concern England (charity number 261794) and Help the Aged (charity number 272786) and their trading and other associated companies merged on 1 April 2009. Together they have formed Age UK, a single charity dedicated to improving the lives of people in later life. Age Concern and Help the Aged are brands of Age UK. The three national Age Concerns in Scotland, Northern Ireland and Wales have also merged with Help the Aged in these nations to form three registered charities: Age Scotland, Age Northern Ireland, Age Cymru.

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