

## Factsheet 48

# Pension Credit

April 2018

### About this factsheet

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

The information in this factsheet is correct for the period April 2018 – March 2019. 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.

Contact details for any of the organisations mentioned in this factsheet can be found in the *Useful organisations* section.

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## 1 What is Pension Credit?

Pension Credit (PC) 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 64 and 6 months and will be 65 and 3 months by April 2019. Guarantee Credit is worked out by comparing your income with an amount the Government says 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. If you reached State Pension age after 5 April 2016, you cannot make a new claim for Savings Credit. Existing claimants can continue to receive it. 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 income and capital is taken into account but some is disregarded. There is no upper capital limit. You can work and receive PC, but most of your earnings are taken into account. PC is not taxable. It can be paid to home owners, tenants and people in other circumstances such as 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.

## 2 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.

If you have a partner, the income and capital of both of you is taken into account when your PC 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.

### 3 Current rates

The weekly rates for the standard minimum guarantee of Guarantee Credit for 2018/19 are:

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Single people	£163.00
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Couples	£248.80
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- The additional amount for severe disability is £64.30.
- The additional amount if you are a carer is £36.00.
- The Savings Credit weekly rates for 2018/19 are:

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Threshold for single people	£140.67
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Threshold for couples	£223.82
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Maximum for single people	£13.40
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Maximum for couples	£14.99
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### 4 How do you qualify for Pension Credit?

To qualify for PC you must:

- have reached the qualifying age
- meet the income-related criteria
- not be excluded because of your immigration status and 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.

PC qualifying age is increasing in line with the State Pension age for women. In April 2018, the qualifying age is 64 and 6 months and by April 2019 it will be 65 and 3 months. The table overleaf shows the first date you can claim PC based on you or your partner's date of birth, whichever is earlier.

Date of Birth	Date you can claim PC
6 September 1953 to 5 October 1953	6 March 2018
6 October 1953 to 5 November 1953	6 July 2018
6 November 1953 to 5 December 1953	6 November 2018
6 December 1953 to 5 January 1954	6 March 2019

### Mixed age couples and Universal Credit

A mixed age couple refers to a couple where one person is over PC qualifying age and the other person is younger than this. Currently, they have a choice and can claim PC or Universal Credit (UC). For most people, it is better to claim PC as your income is likely to be higher. When the UC Digital Service rollout is complete (December 2018 at the earliest) both members of a couple must reach PC qualifying age to claim PC. Existing claimants at the date of the change stay on PC.

## 4.2 Income-related criteria

Guarantee Credit is calculated by comparing your income with your appropriate minimum guarantee (see section 5). The calculation of Savings Credit is based on your income and there is a cap on the amount you receive. The income rules are described in sections 6 and 7.

## 4.3 Residence and immigration requirements

You must be present in Great Britain, habitually resident, have a right to reside and not subject to immigration control. If you recently came to the UK or are an EEA citizen, you may be subject to 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 help.

## 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 are entitled to for severe disability, caring responsibilities, or housing costs. The appropriate minimum guarantee is often referred to as the '*appropriate amount*'.

The standard minimum guarantee is £163.00 a week for a single person and £248.80 a week for a couple. If your income is less than this and you meet the other qualifying conditions, you may qualify for Guarantee Credit. If your income is more than this, you may qualify if you are entitled to any of the extra amounts in this section, or if some of your income can be disregarded.

## 5.1 Severe disability

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

- you get AA, DLA middle or high rate care component or PIP daily living component, and
- no one is paid Carer's Allowance to look after you (it does not matter if someone has an '*underlying entitlement*' to Carer's Allowance.), and
- you live alone, or are treated as living alone.

### 'Living alone'

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

- someone receiving AA, DLA middle or high rate care component or PIP daily living component
- someone registered blind or severely sight impaired
- a child or young person under 18 or for whom Child Benefit is being paid
- a joint tenant or co-owner who is not a close relative
- your landlord if they are not a close relative
- a licensee, tenant or sub-tenant who is not a close relative
- 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 you count as living alone.

If you are a single person and you qualify for the severe disability addition, an extra £64.30 a week is included in your appropriate minimum guarantee.

If you have a partner and one of you gets AA, DLA or PIP, you can only get the severe disability addition of £64.30 a week if the other person is registered blind or severely sight impaired.

If you both receive AA, DLA or PIP and no one else counts as living with you, and neither of you has a carer receiving Carer's Allowance, a double rate of £128.60 a week is included.

If you both receive AA, DLA or PIP but one of you has a carer who is actually paid Carer's Allowance, the single rate of £64.30 is included.

### Action

This is a complex area of law and if you need more information about whether you qualify for the severe disability addition, contact Age UK Advice or a local advice service.

## 5.2 Carers

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

- receive Carer's Allowance, or
- have claimed Carer's Allowance and fulfil the conditions for it but cannot be paid it as you get State Pension or another benefit instead. In this case, you have an '*underlying entitlement*' to Carer's Allowance.

If you are single and qualify for the carer addition, an extra £36.00 a week is included in your appropriate minimum guarantee.

If you and your partner both qualify for the carer addition, an extra £72.00 a week is included. If only one of you is a carer, the single rate is included.

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

Where Carer's Allowance is being paid, a carer can receive an extra £36.00 a week through the carer addition but the person they care for might lose their severe disability addition, which is worth £64.30. 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 can receive both. This applies if both claims for Carer's Allowance are not in payment and there is underlying entitlement only, otherwise the severe disability additional amounts are not be paid. See factsheet 55, *Carer's Allowance*, for more information.

### Example for single person

Elsa is 70 and looks after her husband who gets AA. She applies for Carer's Allowance and receives a decision saying she fulfils the conditions but it cannot be paid on top of her State Pension. She has an underlying entitlement only and her PC is increased by £36.00 a week – the carer addition.



### Example for a couple

John and Lucy are awarded AA and they claim Carer's Allowance for each other. Both have a State Pension worth more than Carer's Allowance so they have underlying entitlement only.

Their Pension Credit increases by £72.00 a week (two carers premiums of £36.00 a week are payable). As Carer's Allowance is not paid to either of them, they qualify for the severe disability amount of £128.60 a week. In total, their PC increases by £200.60 a week (2 carer premiums and 2 severe disability amounts).

## 5.3 Housing costs

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

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

### Action

Housing costs are a complex area with many exceptions and transitional protection. You may want to seek further advice from Age UK Advice or a local advice service.

### Support for mortgage interest and home loans

Since April 2018, this support does not count as housing costs under the appropriate minimum guarantee, it takes the form of a repayable loan. A charge is placed on the property and you must repay the total amount received plus interest when the property is sold or transferred, or when the last one of you dies if you are a couple. You should consider getting financial advice before taking out a loan.

The maximum loan or mortgage you can usually receive help with is £100,000. It can be higher if you received help with the mortgage on JSA, ESA or Income Support before PC. If the costs are considered excessive, they can be restricted to a lower amount (for example, 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.

You only receive help with 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 do not generally get help with interest on a loan taken out to buy a home while you are on PC or within 26 weeks of a previous PC claim. In these circumstances, your support is restricted to the amount you received before you took out the new loan. An exception to this is if you take out a loan or increase a loan to buy alternative accommodation more suited to the needs of a disabled person, for example sheltered accommodation.

You can replace one mortgage with another, provided the new mortgage is for the same amount or less.

### 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 paid to your lender.

The standard interest rate is linked to the Bank of England's average mortgage interest rate. In April 2018, the standard interest rate is 2.61% and it changes whenever the Bank of England publishes an average rate that differs from the standard rate by 0.5% or more.

#### Example

Samuel has a mortgage of £50,000, which was borrowed to buy his home and so the whole loan is eligible. In a full year, he is entitled to  $£50,000 \times 2.61\% = £1,305$ .

Divided by 52, this gives a weekly figure of £25.09 which is paid to his lender.

## Service charges

If you have to pay service charges as a condition of living in your home, your appropriate minimum guarantee can include help towards some of these. Reasonable charges for the following 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 (not major repairs and improvements - you may get help with interest on a loan to pay for these)
- 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 support from your local authority Adult Health and Social Care services or Social Work department in Scotland.

If 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 are converted into a weekly amount and added to your appropriate minimum guarantee.

### Example

Phyllis pays £590 a year in service charges. A breakdown shows this is all for eligible services, apart from £70 for an alarm system that is deducted.

The remaining £520 is divided by 52, so a weekly amount of £10 is added to her appropriate minimum guarantee.

## Ground rent and other housing costs

You can get help with 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 of housing costs included in your appropriate minimum guarantee may be reduced if someone else lives with you other than your partner or dependant children, called a '*non-dependant*' deduction.

Deductions are made because it is assumed someone living with you, such as an adult son or daughter, contributes towards your housing costs. The sums deducted are fixed regardless of how much, or if at all, 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.

Where a non-dependant deduction has to be made, a fixed amount is deducted. The deduction is £15.25 a week unless the person works 16 hours a week or more, does not get PC and has a gross income of at least £139 a week, in which case the following rates apply:

Gross weekly income of non-dependant	Weekly deduction from housing costs
£139.00–£203.99	£35.00
£204.00–£264.99	£48.05
£265.00–£353.99	£78.65
£354.00–£438.99	£89.55
£439.00 or more	£98.30

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

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

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 if they are already being made from Housing Benefit.

There are some people for whom no non-dependant deductions are made, see the table overleaf.

No deductions are made for anyone who is:

- someone who is a joint owner or joint tenant with you
- boarders and sub-tenants
- someone receiving PC
- someone under 25 receiving Income Support, income-based JSA or income related ESA provided it does not include a work related activity or support component
- someone under 25 entitled to UC, provided they do not have earned income
- full-time students, provided they are not working in the summer break, and people on some training allowances
- someone aged under 18; or 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
- someone staying with you who normally lives elsewhere
- someone who has been in hospital for more than 52 weeks
- a prisoner.

## 6 Working out the Guarantee Credit

Guarantee Credit is worked out by comparing your income with your appropriate minimum guarantee. Income you have is added up and deducted from your appropriate minimum guarantee. The difference is the amount of Guarantee Credit you are paid.

### Step 1: Working out your appropriate minimum guarantee

Your appropriate minimum guarantee is made up of:

- 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 65. She has an underlying entitlement to Carer's Allowance because she claims State Pension and looks after her mother who is disabled and gets AA.

Her standard minimum guarantee is £163.00. She is entitled to the additional amount for a carer of £36.00. This gives her an appropriate minimum guarantee of £199.00 a week.

## Step 2: Working out your income

Income for PC is assessed after deductions for tax and National Insurance contributions.

If you contribute to an occupational or personal pension scheme, half of your contributions do not count as income.

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

Various types of weekly income count towards the calculation including:

- pensions (state, private and occupational)
- earnings (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.

### Income that is partly disregarded

Some types of weekly income are partially disregarded 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 you are a lone parent, or you or your partner are a carer or receive certain disability or incapacity benefits, or are registered blind/severely sight impaired
- £10 of 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.

## Income that is completely disregarded

Some income is disregarded completely 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 (treated as capital)
- local welfare payments (in Scotland, the Scottish Welfare Fund)
- payments from social services for personal care – direct payments
- Child Benefit, Child Tax Credit, Guardian's Allowance, maintenance payments or increases for child dependants paid on your benefits
- any dependant child's income
- exceptionally Severe Disablement Allowance 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 deemed income is counted as described in step 3 Capital – interest paid into an account counts as 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*'. Some property can be disregarded.

## Deprivation of income (notional income)

You can be treated as having income that you do not actually have. This is known as '*notional income*'.

This happens 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 have deliberately got rid of income with the intention of increasing your benefit entitlement. Seek advice if this applies to you.

## Step 3: Capital

'*Capital*' refers to all forms of savings and investments, including any money saved from your benefits, lump sum payments, investments, land and property. Some forms of capital (including your home) are not counted. Your capital does not affect your PC unless you have more than £10,000.

### Example

Sarah's only income is State Pension of £121.25 a week and she has capital of £8,000. Her capital is disregarded because it is less than £10,000. Her total income for Guarantee Credit is £121.25.

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*'. 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 a PC application. If there would be expenses involved in selling your capital, 10 per cent of its value is deducted.

### Example

Mahindra has a State Pension of £101.50 and £11,026 in capital. As his capital is over £10,000, deemed income is calculated. Part of £500 counts so £11,026 generates £3 a week deemed income. Adding £3 to his State Pension gives a total weekly income of £104.50 for Guarantee Credit so he is entitled to £58.50 a week.

Capital owned jointly with 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 advice if there is a reason why a property should not be valued on an equal share basis.

### Example

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

### Capital taken into account

Capital counted in full includes:

- cash
- money in bank or building society accounts, including current accounts
- fixed-term investments like National Savings accounts and certificates
- income bonds
- stocks and shares
- the value of any property you own (but not the property you live in)
- premium bonds
- your share of capital jointly owned with someone who is not your partner
- any savings or capital held by another person for you.



## Capital that is disregarded

Types of capital that are disregarded 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 over PC qualifying age or incapacitated lives there (seek advice about when, and for how long, a property can be disregarded)
- the surrender value of 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
- 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
- arrears of benefits including AA, DLA, PIP and Income Support are disregarded for one year after payment. PC arrears are disregarded for the assessed income period, if there is one. If arrears are £5,000 or more and are as a result of an official error, they are ignored for the length of your PC award
- compensation payments paid under an insurance policy for damage to or loss of your personal possessions, which is disregarded for a year from the date you are paid it or until the end of an assessed income period
- personal injury compensation payments to you or your partner
- £10,000 ex gratia payment for Far Eastern Prisoners of War
- capital belonging to a dependant child
- in some cases, capital in your name that belongs to another person other than your partner.

## Deprivation of capital and notional capital

If you deprive yourself of capital in order to qualify for PC or increase the amount of benefit you are paid, the Pension Service can treat you as still having that capital. This is known as '*notional capital*'. This can occur if you give money away to members of your family or buy expensive items to qualify for PC.

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 you have notional capital, seek advice and consider challenging the decision.

For more information about deprivation of private pensions, see factsheet 12, *Planning for retirement: money and tax* and factsheet 91, *Pension freedom and benefits*.

#### Step 4: Working out your Guarantee Credit

Deduct your total income (step 2), from your appropriate minimum guarantee (step 1) to calculate your Guarantee Credit entitlement.

#### Example

Sarah's appropriate minimum guarantee is £199.00 and her income for Guarantee Credit is £121.25. Deducting £121.25 from £199.00, gives her a weekly Guarantee Credit entitlement of £77.75.

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 [www.gov.uk/pension-credit-calculator](http://www.gov.uk/pension-credit-calculator) and a general benefit calculator on the Age UK website.

## 7 Working out Savings Credit

If you are aged over 65, you may have already qualified for Savings Credit. However if you reached State Pension age after 5 April 2016, you cannot make a new claim for it.

There is a limit to how much weekly benefit you receive – £13.40 for single people and £14.99 for couples. 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 complicated.

#### 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 some types of income do not count as qualifying income for Savings Credit.

If you have income from the following, deduct it from your income calculated for Guarantee Credit to get your Savings Credit qualifying income:

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

### Example

Indira is 70 and has a State Pension of £120, a private pension of £45 and maintenance from her ex-husband of £20 giving her a weekly income of £185 for the Guarantee Credit calculation.

She is single and does not qualify for extra amounts, so her appropriate minimum guarantee is £163.00. As her income is more than her appropriate minimum guarantee, she is not entitled to Guarantee Credit. Her qualifying income for PC Savings Credit is £165 because her maintenance payments are excluded.

### Step 3: Compare Savings Credit threshold with qualifying income

The Savings Credit threshold for a single person is £140.67 and £223.82 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 to carry forward to the next step.

### Example

Indira's qualifying income of £165 is higher than the Savings Credit single person threshold of £140.67. Deducting £140.67 from £165 gives £24.33 and this figure is carried forward to the next step.

### Step 4: Calculate 60 per cent of the difference from step 3

Multiply the difference from step 3 by 60 per cent and compare this to the maximum Savings Credit you are entitled to. The maximum Savings Credit for a single person is £13.40 and £14.99 for a couple.

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

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

### Example

60 per cent of £24.33 is £14.60. This is higher than the maximum Savings Credit of £13.40 for a single person and because of this, Indira moves to the next step to complete the calculation.

However, if the result of the 60 per cent calculation was equal to, or less than, £13.40, there would be the Savings Credit entitlement.

### **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 £185 and her appropriate minimum guarantee of £163.00 is £22.00. This is carried forward to step 6.

### **Step 6: Calculate your Savings Credit by deducting 40 per cent of the figure from step 5 from the maximum Savings Credit**

Multiply the figure from step 5 by 40 per cent. Deduct this from the maximum Savings Credit of £13.40 for a single person or £14.99 for a couple. The result is your weekly Savings Credit entitlement.

#### **Example**

Indira's maximum Savings Credit is £13.40 for a single person. The figure from step 5 is £22.00 and 40 per cent of this is £8.80. Deducting £8.80 from £13.40, gives us Indira's weekly Savings Credit entitlement of £4.60 a week.

### **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.

## **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 will take the necessary information and contact your local authority, which has responsibility for these. It is worthwhile contacting your local authority to confirm this has happened or to make a separate claim for these benefits if necessary.

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.

## 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 to Pension Credit from working-age benefits

There is a range of different benefits for people under State Pension age and not working. Once Universal Credit is fully rolled out, it will be the main means-tested benefit for people under PC qualifying age. If you are a couple, you can still claim PC when one of you reaches PC qualifying age. This will probably change in January 2019 when both members will have to reach PC qualifying age.

In areas where Universal Credit is not rolled out, there may be other eligible benefits. 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 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 are approaching PC qualifying age, you should receive a letter four months before the relevant date explaining that you 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 any contribution-based elements of these benefits or whether to claim the income-related elements of these benefits instead. Pension Credit has more generous rules about capital than IS, ESA and JSA. In addition the DWP often makes mistakes not adding a Pensioner Premium to IS, ESA and JSA claims. If you are unsure about whether to claim PC, seek advice.

### 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 receive any of these income-related benefits immediately before you first become entitled to PC, there are special rules to make sure 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 for this, you must send it within one month of the request.

You can post 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 people living 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.

Any advance you receive has 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 process your claim and send you a decision in writing. If PC is awarded, the decision letter usually includes a breakdown of the calculation, which you can check against the step-by-step guide in sections 6 and 7. The decision letter sets 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 can lodge an appeal with HM Courts and Tribunals Service. You can appeal using form SSCS1 which is available on the [www.gov.uk](http://www.gov.uk) website.

It is important to challenge a decision or get advice quickly 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 use the Payment Exception Service which allows you to withdraw your benefits from PayPoint outlets. If you are unable to use these methods of payment, contact the Pension Service.

When you make a claim, you are 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 have an underlying entitlement.

If your PC includes help towards a mortgage or home loan, that part of the PC is usually 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 you need to report with respect to your PC claim. They set a period of time in which you do not need to report a change in your capital or private pension. For all new PC claims after 6 April 2016, no new AIPs will be set.

If you have an existing AIP it will be phased out. If yours ends between now and 31 March 2019, it either comes to an end on that date, or is 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 notify you of the date your AIP will end.

Once an AIP has ended, you are 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 is only terminated if you report a change of circumstances, for example, you go into a care home or you start living with a new partner.

## Changes that cause an AIP to end early

An AIP, even an indefinite one, ends if the following changes occur:

- you become a member of a couple
- you stop being treated as a member of a couple (for example, your partner dies, moves permanently into a care home, or into hospital for more than one 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*', which is defined as:

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

### Note

If you receive Housing Benefit and/or Council Tax Support from the local authority and you only receive the Savings Credit part of PC, you must 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 are 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 makes an adjustment for this automatically.

Other increases in your retirement provision (such as a Premium Bond win or an inheritance) do 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.

You may want to check with an advice agency beforehand what the effect of reporting a 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 AIP

If the information in section 10.1 does not apply to you (i.e. you are not subject to an AIP), 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
- Financial Assistance Scheme or Pension Protection Fund payments.

## 10.3 If you go into hospital

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

If you are a single person and you receive PC with the additional amount for severe disability, you 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 receive two additional amounts for severe disability, you 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 stops.

If you receive 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 are no longer 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 is no longer made if the non-dependant is in hospital for more than 52 weeks.

## 10.4 If you go into a care home

If you live in a care home, or move into a care home, you may still be entitled to PC. If you receive PC before you move into a care home, it is important to inform the Pension Service of the change in your circumstances, so 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 are assessed as single people for PC purposes.

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 lose any additional amount for severe disability included in your PC. Whether your AA, DLA or PIP stops depends on how your care home placement is funded.

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

If you pay your own fees, you are entitled to AA, DLA or PIP and are eligible for an additional amount for severe disability in your PC award.

PC is taken into account as income when your contribution towards the care home fees is calculated but if you are 65 or over, up to £5.75 a week (£8.60 for a couple) of your income is 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, 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*. Age Cymru and Age Scotland (*Care Homes: Funding*) have versions of these factsheets.

### 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 up to 52 weeks.

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

## 10.5 If you go abroad

If you leave Great Britain temporarily, your PC can continue to be paid as normal, but not for longer than:

- 4 weeks where the absence is not expected to exceed 4 weeks
- 8 weeks where the absence is not expected to exceed 8 weeks and is in connection with the death of your partner or another close relative you normally live with
- 26 weeks where the absence is not expected to exceed 26 weeks and is solely in connection with you, your partner or your child receiving medical treatment.

You must intend to return within these periods at the date of departure.

## 10.6 Equity release

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

For example, you must think about 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 more information about equity release schemes, see factsheet 65, *Equity Release*.

## 11 Other benefits for people receiving Pension Credit

If you get PC you may 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 factsheet 21w, *Council Tax in Wales*; in Scotland see *Council Tax Reduction*).

You can claim Housing Benefit if you 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 will be asked if you want to claim Housing Benefit and Council Tax Support at the same time. If you are not asked, 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 often pays all your rent (not including water rates or 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 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 smaller for some people.

If you receive PC you may be entitled to help with health costs, such as dental charges or the cost of spectacles. If you get Guarantee Credit, you are automatically entitled to the maximum amount of help available. If you only get Savings Credit, you may be entitled to some help but you have to apply for it – see factsheet 61, *Help with health costs*. In Wales see Age Cymru 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 are 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](http://www.carers.org)

Telephone 0300 772 9600

Offers practical help and assistance to carers.

### **Carers UK**

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

Telephone 0808 808 7777

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

### **Carers Wales**

[www.carerswales.org](http://www.carerswales.org)

Telephone 029 2081 1370

### **Citizens Advice**

England or Wales go to [www.citizensadvice.org.uk](http://www.citizensadvice.org.uk)

Northern Ireland go to [www.citizensadvice.co.uk](http://www.citizensadvice.co.uk)

Scotland go to [www.cas.org.uk](http://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](http://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](http://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 0800 731 0122

### **Disability Living Allowance (DLA)**

If you were born on or before 8 April 1948

Telephone 0800 731 0122

If you were born after 8 April 1948

Telephone 0800 121 4600

### **Personal Independence Payment helpline**

Telephone 0800 121 4433

### **Gov.uk**

[www.gov.uk](http://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](http://www.gov.uk/browse/working/state-pension)

Telephone 0800 731 0469

State Pension Forecasting Team 0800 731 0176

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 or Age Cymru 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](http://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 Advice

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

0800 022 3444

### In Northern Ireland contact

#### Age NI

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

0808 808 7575

### In Scotland contact

#### Age Scotland

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

0800 124 4222

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