

# Financial Entitlements

## (Region varies)

Also see policy positions on State Pensions, housing wealth and employment

November 2018

The benefit and entitlement systems should ensure an adequate income for people in retirement and for younger people who are unable to work for reasons such as disability or caring responsibilities. Benefits designed to boost income for those in work should ensure that work pays.



Benefits make an important difference to the lives of many people although some find the process of applying difficult. Over recent years there has been a programme of 'welfare reform' with the aims of reducing spending, providing better work incentives, and making the systems fairer. So far changes have particularly affected people under State Pension age (SPA), although some commentators have argued that some types of support specifically for older people, such as winter fuel payments, should be restricted. Another change has been the devolution of some benefits to the Scottish Parliament including Attendance Allowance and the winter fuel payment.

"[Attendance Allowance] has changed my life. I no longer lie in bed at night worrying about money and how to cope. ....I feel more confident about being able to cope"  
Age UK survey

### Key statistics

## 2.4 million

people 65+ receive a disability benefit - Attendance Allowance (1.45m), DLA (0.74m) or PIP (0.2)<sup>i</sup>

## 1.7 million

people receive Pension Credit (2 million including partners)<sup>ii</sup>.

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## Universal Credit

Universal Credit replaces six means-tested working age benefits and tax credits with a single benefit. It is gradually being rolled out and it is expected that it will apply to all new claims by the end of 2018. After that, over a number of years, those claiming the old benefits will be invited to claim Universal Credit instead. There will be a system of transitional protection for those who would get less under the Universal Credit at the point of changeover.

Universal Credit has taken significantly longer to roll-out than intended. There has been criticism about some aspects of the system and the National Audit Office (NAO) has said “Universal Credit has not delivered value for money and it is uncertain that it ever will.”<sup>iii</sup>

Although Universal Credit does not currently apply to pensioners, at some point it is planned that ‘mixed age couples’ (where one has reached SPA and the other is younger) should have to claim it instead of Pension Credit, as at present. This could mean considerably lower levels of benefit than under the current system.

## Disability and carer benefits

Reforms such as the introduction of Personal Independence Payment (PIP) are affecting some older people while some problems with the benefit system are longstanding, including the limited support for older carers.

- PIP has replaced Disability Living Allowance (DLA) for new claims. DLA recipients who were under 65 on 8 April 2013 have, or will be, asked to apply for PIP.
- People disabled after the age of 65 claim Attendance Allowance. The maximum level of payment is lower than the maximum amount of DLA or PIP as Attendance Allowance does not have an element aimed at helping people get around.
- Attendance Allowance is vital to enable disabled older people remain independent and meet the costs of ill health and disability.<sup>iv</sup> In 2016 the Government considered transferring Attendance Allowance to local councils in England but decided not to go ahead with changes.
- Carer’s Allowance, a non-means-tested benefit for carers, is worth £64.60 a week – lower than other benefits such as Jobseeker’s Allowance and Employment and Support Allowance. It is also reduced by the amount of any State Pension you receive, so most pensioners who provide care get nothing. An additional payment for carers receiving the allowance in Scotland is being introduced.



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## Other benefit issues

- From April 2018 the Government stopped providing help with interest on mortgages and loans for essential repairs, as part of Pension Credit and other income-related benefits. Instead people are offered a loan secured on the property which, along with interest built up, will need to be repaid when the property is sold. There are a number of factors people need to take into account when deciding whether to agree to a loan and it is not always an easy decision.
- Annual increases to most working age benefit and tax credits were restricted to 1 per cent for three years from 2013/14 and then frozen for a further four years. This did not include disability benefits such as Attendance Allowance and PIP.

## Public Policy Proposals

- Income-related benefits are important to ensure a minimum adequate income but there is also a role for non-means-tested and contributory benefits to cover extra costs and to recognise contributions made.
- Attendance Allowance provides a flexible, highly valued national entitlement which helps with the costs of disability and promotes independence. Age UK believes it should remain a national cash entitlement.
- The Government should consider introducing a mobility component to Attendance Allowance.
- We have concerns about the impact of moving to loans for mortgage interest – it is important that people receive appropriate independent support and advice around housing and finance.
- The winter fuel payment provides valuable extra help in a straightforward way. Age UK would oppose any move to means-test the payments as a significant proportion of those eligible for means-tested benefits do not claim and this could lead to those in greatest need missing out. If the Government wanted to restrict payments in other ways – for example withdrawing them from the minority of very well off people – it would need to carefully weigh up any potential savings against the increased cost and complexity of administration.
- The plan to require mixed age couples to claim Universal Credit rather than Pension Credit penalises older people with a younger partner. If this goes ahead the Government should make the system fairer, for example by introducing an additional pensioner



“Yes I’ve got benefits and I get PIP as well which helps a lot. It’s because I am disabled. It’s really hard. I spend more time in the house but that means I’m spending more fuel.”

*Participant, Financial resilience in later life, Age UK.*

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element within Universal Credit or making changes to Pension Credit for mixed age couples.

- The benefit system needs to support better support carers:
  - Carer's Allowance should be increased substantially – a first step is to increase the level in England, Wales and Northern Ireland in line with changes in Scotland (where carers will receive an additional £221 every 6 months).
  - Earnings rules for Carer's Allowance should be reviewed so they do not serve as a disincentive to employment.
  - There should be a new 'cost of caring' allowance to help with the financial impact of caring for all carers including those over State Pension age.

## Want to find out more?

Age UK has agreed policy positions on a wide range of public policy issues. Our policies cover money matters, health and wellbeing, care and support, housing and communities. There are also some crosscutting themes, such as age equality and human rights, age-friendly government and information and advice

### Further information

You can read our policy positions here;  
[www.ageuk.org.uk/our-impact/policy-research/policypositions/](http://www.ageuk.org.uk/our-impact/policy-research/policypositions/)  
Individuals can contact us for information or advice here;  
[www.ageuk.org.uk/informationadvice/](http://www.ageuk.org.uk/informationadvice/)  
or call us on 0800 169 8787

### Further information

<sup>i</sup> <https://www.gov.uk/government/publications/benefit-expenditure-and-caseload-tables-2018>

<sup>ii</sup> <https://www.gov.uk/government/publications/benefit-expenditure-and-caseload-tables-2018>

<sup>iii</sup> <https://www.nao.org.uk/wp-content/uploads/2018/06/Rolling-Out-Universal-Credit-Press-notice.pdf>

<sup>iv</sup> [https://www.ageuk.org.uk/globalassets/age-uk/documents/reports-and-publications/reports-and-briefings/money-matters/rb\\_sept16\\_attendance\\_allowance\\_survey\\_report.pdf](https://www.ageuk.org.uk/globalassets/age-uk/documents/reports-and-publications/reports-and-briefings/money-matters/rb_sept16_attendance_allowance_survey_report.pdf)