

# Parliamentary Briefing

## Pension Credit and Mixed Aged Couples

January 2020

### What is Pension Credit?

Pension Credit was introduced in October 2003 as the main means-tested benefit for people who have reached State Pension Age (SPA). Whether someone qualifies, and how much they receive, depends on their income and savings.

Pension Credit is made up of two parts: Guarantee Credit and Savings Credit. **Guarantee Credit** tops up your weekly income to a guaranteed minimum level. The weekly rates for the standard minimum guarantee for 2019/20 are:

- Single people £167.25
- Couples £255.25
- Additional amount for severe disability £65.85
- Additional amount for carers £36.85

Income such as State Pension and savings over £10,000 are taken into account and reduce the amount of Guarantee Credit payable.

**Savings Credit** can provide a bit of extra money for people who have some savings or higher weekly incomes but is only available for those who reached SPA before 6 April 2016.

If you receive either form of Pension Credit and are aged over 75 you will be entitled to claim a free Television Licence from June 2020. If you rent your home, you can also apply for pension age Housing Benefit to help with rent and service charges, and both tenants and homeowners may get help from Council Tax Reduction.

These benefits can make a huge difference to people's lives but many are missing out. **Each year around £3.8bn of Pension Credit and Housing Benefit goes unclaimed by older people.**

### Benefit changes for mixed age couples

The law changed on 15 May 2019, so that a 'mixed age couple' (that is a couple where one partner is of SPA and the other is under SPA) are now considered to be a 'working age' couple for the purposes of means-tested benefits.

Up to then, mixed age couples were able to choose to claim either Pension Credit or working age benefits. However, **both partners in a couple now need to have reached SPA in order to claim Pension Credit and/or pension age Housing**

**Benefit.** If they have a low income, their only option until they both reach SPA is to try to claim Universal Credit instead.

At the time of the change, 115,000 mixed age couples were receiving Pension Credit and/or Housing Benefit. Those with existing claims will continue to receive these benefits, so long as their claims do not change.

If a mixed age couple loses entitlement for even just one week, they may find that they cannot claim Pension Credit or Housing Benefit until both reach SPA. This could occur due to a short hospital stay or because one partner does some work and their earnings exceed entitlement for one week. Age UK has heard from couples who were wrongly advised by local authorities about needing to claim Universal Credit and losing their Pension Credit and Housing Benefit awards, with no way back.

By 2023/24, the government has estimated that 60,000 previously eligible couples will be affected. **For new claimants, this means they stand to be up to £7000 worse off per year.** This represents the difference between the standard Universal Credit and Pension Credit rates for couples.

For households where one partner has a disability, the overall loss can be even higher. Age UK research indicates that more than 50% of affected households contain at least one person with a long-term health condition or impairment. The other partner is often their main carer.

## **Age UK's position**

In our view, this change to Pension Credit is very unfair and we think the government should reconsider their position.

- Universal Credit was designed for working age people, not pensioners.
- Pensioners should not be put in a situation where they could be better off living alone to claim Pension Credit than living as a couple receiving Universal Credit.
- Couples could lose entitlement if their circumstances change, even for one week.

## **How to support your constituents to make a benefits claim**

If you have constituents who want to know what benefits they might be entitled to and how to make a claim, Age UK can help with this. Please encourage them to use our online [benefits calculator](#), call our free national advice line on **0800 678 1602**, or to contact their local Age UK directly, the details for which can be found [here](#).

## **Get in touch with us**

If you have any questions or would like help to raise the issue in Parliament, through a PQ or Westminster Hall Debate, please contact Rob Henderson, Senior Public Affairs Manager, at [robert.henderson@ageuk.org.uk](mailto:robert.henderson@ageuk.org.uk) or 020 3033 1354.