Factsheet 48

Pension Credit

April 2019

About this factsheet

This factsheet contains information about Pension Credit, a means-tested benefit for people over State Pension age (this is continuing to rise and is 65 and 2-3 months as of April 2019 and will be 65 and 8-9 months by April 2020). It gives information about the eligibility criteria for Pension Credit, how to make a claim and what to do if you have a change of circumstance.

The information in this factsheet is correct for the period April 2019 – March 2020. 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.

Contents

1	**What is Pension Credit?**	**4**
2	**Who qualifies for PC?**	**4**
2.1	Basic requirements	4
2.2	Mixed age couples	5
2.3	Single person	5
2.4	Income-related criteria	6
2.5	Residence and immigration requirements	6
3	**Current rates**	**6**
4	**Appropriate minimum guarantee**	**7**
4.1	Severe disability	7
4.2	Carers	8
4.3	Children	9
4.4	Housing costs	10
5	**Working out amount**	**14**
6	**How to claim**	**19**
6.1	Backdating and advance claims	19
6.2	Moving to Pension Credit from working age benefits	19
6.3	If the Pension Service needs more information	20
6.4	Delays and complaints	20
7	**Decisions and payment**	**20**
7.1	If you disagree with a decision	20
7.2	Payment	20
8	**Change of circumstances and assessed income periods**	**21**
8.1	Assessed income periods	21
8.2	Change of circumstances with no set AIP	23
8.3	If you go into hospital	23
8.4	If you go into a care home	23
8.5	If you go abroad	25

8.6	If PC stops for a mixed age couple	25
8.7	Becoming a mixed-age couple when claiming PC	25
8.8	Equity release	25
9	**Other benefits if you receive Pension Credit**	**26**
Useful organisations		27
Age UK		29
Support our work		29

Glossary

AA – Attendance Allowance
CA – Carer's Allowance
DLA – Disability Living Allowance
EEA – European Economic Area
JSA – Jobseeker's Allowance
PIP – Personal Independence Payment
AIP – Assessed Income Period
CTS – Council Tax Support
DWP – Department for Work and Pensions
ESA – Employment and Support Allowance
PC – Pension Credit
UC – Universal Credit

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 State Pension age. This continues to rise and is 65 and 2-3 months in April 2019 and will be 65 and 8-9 months by April 2020. 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, have children 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 it. 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 as income. 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 qualifies for PC?

You claim PC as a single person or jointly as a couple if you have a partner. Your partner is your husband, wife, civil partner or someone you live with as though you are married/civil partners. If you have a partner, the income and capital of both of you is taken into account when your PC is calculated.

2.1 Basic requirements

To claim PC, you must:

- have reached State Pension age (if you are a couple, see section 2.2. If you are single, see section 2.3)
- meet the income-related criteria (see section 2.4)
- be habitually resident and have a right to reside (see section 2.5).

2.2 Mixed age couples

A mixed age couple is where one person is over State Pension age and the other person is under. Currently, you have a choice and can claim either PC or Universal Credit (UC). For most people, it is better to claim PC as your income is likely to be higher and you are not subject to UC work seeking conditions. The table below shows the first date you can claim PC based on you or your partner's date of birth, whichever is earlier (the older partner).

Date of Birth	Date you can claim PC
Before 6 January 1954	Can claim now
6 January 1954 to 5 February 1954	6 May 2019

From 15 May 2019, the rules change so **both** members of a couple have to reach State Pension age to claim PC. You can make a claim until 13 August as PC can be backdated by up to three months, provided you satisfied the rules of entitlement on 14 May 2019.

Existing mixed age PC couples at the date of the change can stay on PC provided there is no break in your claim. Mixed age couples making a new claim after this change must claim UC until they both reach State Pension age.

The table below shows the first date you can claim PC based on you or your partner's date of birth, whichever is later (the younger partner).

Date of Birth	Date you can claim PC
6 February 1954 to 5 March 1954	6 July 2019
6 March 1954 to 5 April 1954	6 September 2019
6 April 1954 to 5 May 1954	6 November 2019
6 May 1954 to 5 June 1954	6 January 2020
6 June 1954 to 5 July 1954	6 March 2020
6 July 1954 to 5 August 1954	6 May 2020

2.3 Single person

If you are single, the tables above also apply to you based on your date of birth. If you were born after 5 August 1954 you can find out when you can claim PC by going to www.gov.uk/state-pension-age and entering your date of birth.

2.4 Income-related criteria

Guarantee Credit is calculated by comparing your income with your appropriate minimum guarantee (see section 4). 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 section 5.

2.5 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.

3 Current rates

The weekly rates for the standard minimum guarantee of Guarantee Credit for 2019/20 are:

Single people	£167.25
Couples	£255.25

- The additional amount for severe disability is £65.85.
- The additional amount if you are a carer is £36.85.
- The additional amount if you have children depends on your circumstances, see section 4.3.

The Savings Credit maximum amounts for 2019/20 are:

Single people	£13.73
Couples	£15.35

4 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, children or housing costs. The appropriate minimum guarantee is often referred to as the '*appropriate amount*'.

The standard minimum guarantee is £167.25 a week for a single person and £255.25 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.

4.1 Severe disability

An additional amount for severe disability can 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 £65.85 a week is included in your appropriate minimum guarantee.

If you have a partner and only one of you gets AA, DLA or PIP, you only get the severe disability addition 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 £131.70 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 £65.85 is included.

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

4.2 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 entitlemen*t' to Carer's Allowance.

If you are single and qualify for the carer addition, an extra £36.85 a week is included in your appropriate minimum guarantee.

If you and your partner both qualify for the carer addition, an extra £73.70 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 £36.85 a week through the carer addition but the person they care for might lose their severe disability addition, which is worth £65.85. If you are not sure whether to claim Carer's Allowance, seek advice first.

It is possible to receive both the carer and severe disability additional amounts. For example a disabled couple who provide a substantial amount of care for each other 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 £36.85 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 an underlying entitlement only.

Their Pension Credit increases by £73.70 a week (two carers additions of £36.85 a week are payable). As Carer's Allowance is not paid to either of them, they qualify for the severe disability amount of £131.70 a week. In total, their PC increases by £205.40 a week (2 carer additions and 2 severe disability additions).

4.3 Children

An additional amount for children can be included in your appropriate minimum guarantee if you are responsible for a child (aged up to 16 or up to 20 if they are in approved training or education), they normally live with you and you do not have an existing award of Tax Credits.

The amount included in your appropriate minimum guarantee for each applicable child is:

First child (if born before 6 April 2017)	£63.84
First child (if born on or after 6 April 2017) and subsequent children	£53.34

A '*disabled child*' additional amount can also be included for each applicable child entitled to either:

DLA (low or middle rate care component) or PIP (standard rate daily living component)	£29.02
DLA (high rate care component), PIP (enhanced rate daily living component) or certified as severely sight impaired or blind	£90.23

4.4 Housing costs

If you rent your home, you can apply for pension age 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 within PC. If other adults live with you (‘*non-dependants*’), they may be expected to contribute towards 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
This is a complex area with many exceptions. You may want to seek further advice from Age UK Advice or a local advice service.

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, see below)
- home insurance if it has to be paid under the terms of the lease.

Service charges for community/emergency alarms, personal care and support services are not covered. You may be able to get help with this support from your local authority.

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 £15.60 a week unless the person works 16 hours a week or more, does not get PC and has a gross income of at least £143 a week, in which case the following rates apply:

Gross weekly income of non-dependant	**Weekly deduction from housing costs**
£143.00–£208.99	£35.85
£209.00–£271.99	£49.20
£272.00–£362.99	£80.55
£363.00–£450.99	£91.70
£451.00 or more	£100.65

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 entitlement letters.

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 circumstance.

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

No deductions are made for any non-dependant who is:

- a joint owner or joint tenant with you
- a boarder or sub-tenant
- receiving Pension Credit
- under 25 receiving Universal Credit, provided they do not have earned income
- under 25 receiving Income Support, income-based JSA or income-related ESA provided it does not include a work related activity or support component
- a full-time student, provided they are not working in the summer break, and people on some training allowances
- aged under 18; or under 20 for whom you are responsible
- employed by a charitable or voluntary organisation as a resident carer for you or your partner and who you pay for that service
- staying with you but who normally lives elsewhere
- in hospital for more than 52 weeks
- a prisoner.

Support for mortgage interest and home loans

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 previously received help whilst claiming other benefits. 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 usually 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 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. The standard interest rate is currently 2.61 per cent. It changes whenever the Bank of England publishes an average rate that differs from the standard rate by 0.5 per cent 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 x 2.61 per cent = £1,305.

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

5 Working out amount

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

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
- any additional amounts you are entitled to (see sections 4.1 to 4.4).

Example
Sarah is a single person aged 67. 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 £167.25. She is entitled to the additional amount for a carer of £36.85. This gives her an appropriate minimum guarantee of £204.10 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:

- £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 completely disregarded 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 payments (for one year after the first payment)
- local welfare payments (in Scotland, the Scottish Welfare Fund; in Wales, the Discretionary Assistance 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 or 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: Working out your capital

This is 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 £62.75 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 who is over State Pension 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 of time
- personal possessions such as jewellery, furniture or a car
- arrears of benefits are disregarded for one year after payment. PC arrears are disregarded during an assessed income period (see section 8.1). 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 £204.10 and her income for Guarantee Credit is £121.25. Deducting £121.25 from £204.10, gives her a weekly Guarantee Credit entitlement of £82.85.

Savings Credit

This part of Pension Credit can only be claimed if you (and your partner if you have one) reached State Pension age before 6 April 2016. If you are receiving this, it continues for as long as you remain eligible.

Savings Credit is worked out by looking at the level of retirement provision you have made. It can be paid as well as Guarantee Credit or on its own. There is a limit to how much Savings Credit you can receive each week – £13.73 for single people and £15.35 for couples.

Action

Working out entitlement to both parts of Pension Credit can be complicated. If you want help, call the Pension Credit Helpline on 0800 99 1234 or contact a local advice agency.

There is an online calculator at www.gov.uk/pension-credit-calculator and a general benefit calculator on the Age UK website which will show you an estimated entitlement.

6 How to claim

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 pension age Housing Benefit and Council Tax Support at the same time. The Pension Service 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.

Someone acting on your behalf

If you are unable to act for yourself, an appointee can make the claim (and receive payment) on your behalf. This includes corporate appointees, where an organisation such as a local Age UK, a solicitor or a local authority acts on behalf of clients.

For more information see factsheet 22, *Arranging for someone to make decisions on your behalf.*

6.1 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 State Pension age or are about to become entitled for another reason. This allows time for the claim to be processed.

6.2 Moving to Pension Credit from working age benefits

If you expect to be entitled to PC once you reach State Pension age, you can make an advance claim up to four months early. Your existing working age benefit (for example, UC, Income Support, income-based JSA or income-related ESA) should continue to be paid until you reach State Pension age, at which point your entitlement ceases and your PC should start. (Note the rules are different if you are part of a mixed age couple, see section 2.2).

Action
If you are approaching State Pension age and not sure what to do, contact Age UK Advice or a local advice service for a benefit check.

6.3 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.

6.4 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. 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. See factsheet 49, *The Social Fund*, *Advances of Benefit and Local Welfare Provision* for more information.

7 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 section 5. The decision letter sets out your responsibilities for reporting changes in your circumstances to the Pension Service.

7.1 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 website.

It is important to challenge a decision or get advice quickly as there are time limits meaning you must take action within one month usually. See factsheet 74, *Challenging welfare benefit decisions*, for more information.

7.2 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 any of 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 it is usually paid direct to the lender.

8 Change of circumstances and assessed income periods

8.1 Assessed income periods

An assessed income period (AIP) has the effect of limiting change of circumstances you need to report, such as changes to your capital or pensions.

No new AIPs are now being set and if you have a time limited one, it either comes to an end when you report a relevant change of circumstance (see below) or the Pension Service write to notify you of the new date it ends.

If you are over 75, you may have an indefinite AIP. These only end if you report a relevant change of circumstance (see below).

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.

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
- 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 or Council Tax Support 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 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.

8.2 Change of circumstances with no set AIP

If you do not have an AIP, all change of circumstances must be reported to the Pension Service. This includes changes in:

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

8.3 If you go into hospital

If you do not receive an additional amount for severe disability or as a carer, 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 an additional amount for severe disability, you normally lose the additional amount after 28 days in hospital when your AA, DLA or PIP is suspended.

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 is suspended.

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

If you receive additional amounts for children or 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.

8.4 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.

Additional amounts for children and housing costs for your former home are no longer included in your PC if you are a permanent resident in a care home. The additional amount for a carer can continue to be paid if you still satisfy the conditions for it (see section 4.2).

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 the local authority helps to pay your care home fees, AA, PIP daily living component and DLA care component stops 28 days after admission.

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 receive 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.

Additional amounts for children can continue to be paid as long as the absence from the child is unlikely to exceed 52 weeks.

Additional amounts for severe disability and as a carer can continue to be paid if you still satisfy the conditions for them (see sections 4.1 – 4.2). However, if payment of your AA, DLA or PIP stops because you are in a care home, the rules are the same as for a permanent care home resident and you lose the additional amount for severe disability.

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.

Action

For more information about how being in hospital or a care home can affect your entitlement to AA, PIP or DLA, see factsheet 34, *Attendance Allowance*, or factsheet 87, *PIP and DLA*.

8.5 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.

8.6 If PC stops for a mixed age couple

From 15 May 2019, if you are part of a mixed age couple (where one partner is under State Pension age) and you lose entitlement to PC even for one day, you cannot re-claim it until both of you reach State Pension age. You may have to claim Universal Credit in the meantime.

The only exception is if, during the period you were not entitled to PC, you remained entitled to pension age Housing Benefit. In which case, you can re-claim PC.

8.7 Becoming a mixed-age couple when claiming PC

From 15 May 2019, if you claim PC and become a couple with a partner who is below State Pension age, your PC claim stops and you cannot reclaim until you both reach State Pension age. You may have to claim Universal Credit instead.

8.8 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 receive 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*.

9 Other benefits if you receive Pension Credit

The age you become eligible for PC is the same for State Pension, which is based on National Insurance contributions you may have paid or been credited with during your life. If you are a couple claiming PC and one partner has not yet reached State Pension age, you must wait until then before you can claim PC. See factsheet 19, *State Pension*, for more information.

If you get PC, you may qualify for pension age 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 pension age 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 are asked if you want to claim pension age 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 pension age 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 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. Contact Age UK Advice or a local advice service for more details.

Useful organisations

Carers Trust
www.carers.org
Telephone 0300 772 9600

Offers practical help and assistance to carers.

Carers UK
www.carersuk.org
Telephone 0808 808 7777

Information and support for carers, including information about benefits.

Carers Wales
www.carerswales.org
Telephone 029 2081 1370

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

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

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

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

Attendance Allowance (AA)
Telephone 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

Official website for government information and services. Includes information about State and private pensions.

Pension Service (The)
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 to find out whether there is a local Age UK near you, and to order free copies of our information guides and factsheets.

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

In Wales contact

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

In Northern Ireland contact

Age NI
www.ageni.org
0808 808 7575

In Scotland contact

Age Scotland
www.agescotland.org.uk
0800 124 4222

Support our work

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

Our publications are available in large print and audio formats

Next update April 2020

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