Derbyshire Welfare Rights Service

Pension Credit – A Short Guide

DERBYSHIRE County Council

What is Pension Credit?

Pension Credit (PC) is a means-tested or top-up benefit which is paid to people who have reached a set age (see below for details) and who have a low income.

PC has two parts –

- Guarantee Credit, which tops your income up if is below what the law says you need to live on.
- Savings Credit, which is intended as a small extra payment for those who have provided a little extra for their retirement, such as modest savings or another pension.

Guarantee Credit and Savings Credit can be paid together; but even if your income is too high for Guarantee Credit you may get some Savings Credit.

You can now only claim Savings Credit if you reached the age to claim your State Retirement Pension on or before 6/4/16. See below for more details.

PC is different from Retirement Pension (RP) - you earn your RP on your National Insurance record. PC is 'means tested' and can be paid to top up RP and other income.

PC can help you if you are single or living with a partner, and it can be very helpful to people who are disabled, and to their carers.

PC has some special rules which allow pensioners to claim even when they have savings. Many people are not claiming PC because they think they have too much money to be allowed to claim: please read this fact sheet, as you may find that you have been missing out on your legal entitlement.

Who can claim Pension Credit?

For new claims, both you and your partner must have reached pension age - the age at which you can receive state retirement pension. If you are of pension age and your partner is of working age (you are a 'mixed-age couple'), you must usually claim Universal Credit.

If you are a mixed-age couple and you have an existing claim for pensioner benefits, see our leaflet 'Changes to benefits for pensioners' which explains changes to entitlements made in May last year.

Seek advice from our helpline if you are not sure of your entitlements.

Pension age is changing

The age at which you can claim State Retirement Pension and Pension Credit is changing.

State Pension age for women used to be 60, but this started to increase after May 2010. State Pension age for both men and women was equalised last year at 65 – and is now going up in stages to 66.

Birth date	Pension age date
6/5/1954	6 January 2020
6/6/1954	6 March 2020
6/7/1954	6 May 2020
6/8/1954	6 July 2020
6/9/1954	6 September 2020
6/10/1954	6 October 2020

From this point, everyone retires at the age of 66

Pension age then gradually increases (from 2026) to 67 for people with birthdays from 6/4/1960

You can work out when you will become eligible for State Retirement Pension or Pension Credit by using this link: https://www.gov.uk/calculate-state-pension

Changes to Savings Credit

To claim Savings Credit you (and your partner if you have one) must be at least 65 years old and you must have reached the age to receive your State Retirement Pension on or before 6th April 2016. You may still be able to claim Savings Credit if your partner reached state pension age and you were getting Savings Credit on or before 6th April 2016.

If you are affected by this change, seek advice.

There are also rules excluding from PC people who are subject to immigration control, who do not have the 'right to reside' in Great Britain, or who are regarded as not being 'habitually resident'. Seek advice if you are affected by these rules.

Do I have too much in my savings to get PC?

PC does take your capital in to account – savings, shares and other assets count, but NOT the home you live in.

The first £10,000 of your savings is ignored when PC is worked out. Unlike some other 'means-tested' benefits, there is no level of savings at which you will be refused PC.

Instead, any savings over £10,000 are assumed to earn you £1 per week for every £500 (or part of £500) that they go over the £10,000. The assumed income is a set formula, and bears no relation to what you actually get from your savings. This assumed income will be counted along with your other income when PC is worked out.

Example - Parveen is 68 and has £20,000 in savings – only £10,000 of this will affect her claim, and she will be assumed to have £20 per week income from her savings, on top of all her other income.

How is PC worked out?

Guarantee Credit is worked out by comparing your income (including assumed income from savings) to what the law says you need to live on. This level is set every year by Parliament.

Examples:

Phil is 67, and he lives alone in a rented flat. He has no savings over £10,000.

PC Guarantee Credit is payable if Phil's weekly income is below £173.75 a week. He will also get help with rent (Housing Benefit) and his Council Tax costs.

He can't get Savings Credit as he was 65 after 06.04.2016.

Eric is 68, his wife Glenda is 67. Eric works, Glenda gets a Retirement Pension. They own their home, but haven't got much in savings.

If their income is low enough, Glenda could claim Guarantee Credit: their weekly income would have to be £265.20 or less.

Even if they can't get Guarantee Credit, they may still get help with Council Tax costs.

What the law says you need to live on may be higher if you are severely disabled or you are a Carer – sometimes you and your partner may *both* be severely disabled, and perhaps even carers for each other. This will be reflected in your PC award.

Patrick lives alone. He gets a Retirement Pension and a personal pension. He is disabled and he gets Attendance Allowance. He does not have a carer.

He will get Guarantee Credit if his weekly income (not counting Attendance Allowance) is under £240.70 because he is severely disabled.

Ted and Nuala are 66 and 65. They are a couple. Ted is disabled and he gets Attendance Allowance because he has care needs. Nuala is his carer.

What the law says they need to live on each week is £302.70 because an extra amount has been added because Nuala is a carer.

They will get a top-up of Guarantee Credit if their total income is under £302.70 a week.

Hamed and Christine are both on Attendance Allowance and each is the other's carer.

Because they are both severely disabled and they are both carers, what the law says they need to live on is £474.10 a week.

They will get a top-up Guarantee Credit if their total income is under £474.10 a week.

How do I count as severely disabled?

For your PC to contain an additional amount for severe disability, you must be getting one of these benefits:

Attendance Allowance or the middle or higher rate care component of Disability Living Allowance; Personal Independence Payment (at either rate for 'daily living') or Constant Attendance Allowance paid with a War Disablement Pension or Industrial Disablement Benefit

- AND nobody must be claiming and being paid Carer's Allowance for looking after you
- AND you must live alone – living 'alone' can still apply even when you have a partner, for instance if both of you qualify as severely disabled.

If the person who looks after you receives Universal Credit, seek advice - this addition may not be payable to you if your carer receives a 'carer element' in their UC.

This can be complicated! Seek advice to make sure that your entitlement is correct.

How do I count as a Carer?

This too can be complicated and advice may be needed.

An additional amount can be paid if you claim and are paid Carer's Allowance for looking after someone who is disabled.

OR you may still get the additional amount as a carer if you satisfy all the rules but you can't be paid the benefit – for instance lots of carers are already getting the Retirement Pension. It usually isn't possible to claim RP and Carer's Allowance at the same time, but you can still make a claim for CA, and although it won't be paid, this is taken in to account when PC is worked out.

Christine and Hamed each get a Retirement Pension, and can't be paid Carer's Allowance – but each claims CA, and even though they can't be paid any of that benefit, and in this way each is recognised as a carer when Pension Credit is worked out.

£75.00 of what the law says they need to live on each week is in recognition of both being carers.

For more information about Carer's Allowance see our fact sheets about benefits for carers.

Can I get help with mortgage payments?

Help with mortgage costs is available if you qualify for Guarantee Credit.

This help now comes in the form of a repayable loan, secured upon the property.

The loan does not have to be repaid until the property is sold or there is a transfer of ownership. If there is insufficient equity in the property, the loan may not have to be paid back.

The loan pays mortgage interest only, at a rate set by Parliament, and may not cover your full mortgage costs as charged by your lender. There is also a limit on the size of mortgage.

Your award for housing costs may also be reduced if there is someone else living in your home, e.g. a grown-up member of your family.

Seek advice, as the rules concerning mortgage interest are complicated.

If you need help with rent and/or Council Tax, see below.

How is my income treated?

To decide how much PC you are entitled to, your income is compared to what the law says you need to live on.

Most of your income is counted – State Retirement Pensions, works and private pensions, take-home earnings from any work you do (although a small amount will be disregarded) and benefit income. Income from other sources such as paying boarders/lodgers is also taken partly in to account.

Some things do NOT count as income, such as – Attendance Allowance, Disability Living Allowance, Personal Independence Payment, Child Tax Credit, Child Benefit, Guardian's Allowance. Some benefits have the first £10 ignored – Widowed Parent's Allowance and War Disablement Pension or War Widow's/Widower's Pensions.

Maintenance received for a child doesn't count as income, but if you get 'spousal maintenance' for yourself, this counts in full.

Phil has an income of £150 per week. What the law says he needs to live on is £173.75.

He can get £23.75 Guarantee Credit.

Hamed and Christine have a Retirement Pension each, Christine has a works pension of £50 a week and they both get Attendance Allowance.

What the law says they need to live on is £474.10.

Their Retirement Pensions add up to £325 weekly and Christine's work pension counts as income for PC.

Their total Income for Pension Credit – is £301.90 - *Attendance Allowance does not count as income.*

They can get £149.10 Guarantee Credit.

Should I claim even if I would only get a small amount of Guarantee Credit?

Yes – this is because the Guarantee Credit provides a 'passport' to help with other costs such as:

- Maximum Housing Benefit (and unlike most HB claimants you can get HB even if your capital is over £16000)
- Council Tax Support
- Help with health costs
- Social Fund Payments

You will also have access to this extra help if you qualify for Savings Credit on top of Guarantee Credit.

How is Savings Credit worked out?

NB – you can now only claim Savings Credit if you reached State Retirement Pension age on or before 06.04.2016 or if you have a partner who reached pension age on or before 06.04.2016 and you were already getting Savings Credit. Seek advice if you are unsure what to do.

Savings Credit works differently from Guarantee Credit and involves a complicated calculation.

It is aimed at paying a small extra sum to people who have modest savings, or who have provided themselves with a modest extra retirement income.

It will be awarded where your retirement income is above a set level.

Savings Credit can never exceed £13.97 for a single person and £15.62 for a couple.

Remember – you may qualify for Savings Credit even if you don't qualify for Guarantee Credit.

If you get Savings Credit on its own, you may still qualify for some help with Housing Benefit, Council Tax Support, help with health costs and access to the Social Fund.

Hamed and Christine have Christine's works pension of £50 per week.

Instead of this counting against them, the fact that they have a retirement income over the threshold set for Savings Credit means they will get additional help.

They will get £15.62 Savings Credit on top of their Guarantee Credit.

Paul and Chris are both 80 and have a combined pension income of £270.00 a week and £19000 in the bank. They can't get Guarantee Credit but can still get £6.50 weekly Savings Credit.

Claiming for children

Before February last year, if you were responsible for a child or children (or a young person) and your claimed PC, you could claim Child Benefit and Child Tax Credit if your situation fitted the rules for each.

For new claims after 1/2/19, you can claim financial help with the costs relating to children through additional Pension Credit instead of through Child Tax Credit. No new claims for CTC can be made by pensioners.

Entitlement to Child Benefit is unchanged.

If you are already getting Child Tax Credit, this will continue until there is a change in your circumstances, and then you can claim additional PC.

The additional weekly amounts are:

- for each child or qualifying young person - £54.32
- where the eldest child was born before 6/4/17 - £63.84 for this child
- a further amount for disability - £29.52
  (child receiving Disability Living Allowance or Personal Independence Payment)
- a further amount for severe disability - £92.12
  (child receiving the highest rate of DLA for personal care, or the 'enhanced' rate of PIP for daily living or a child who is certified as severely sight impaired or blind)

How do I claim Pension Credit?

Via our Helpline – 01629 531535 11am-4.30pm Monday-Friday – we can send you a form and will send it on for you once it is complete

Contact the Pensions Service – Telephone: 0800 99 1234 or
Textphone: 0800 169 0133 - Monday to Friday, 8am to 6pm

Online - https://apply-for-pension-credit.dwp.gov.uk/start

You can ask for your claim to be backdated for up to 3 months – if you were entitled to claim throughout that period. You do not have to give a reason why your claim is late.

You will be paid into your bank account, building society account or Post Office Card account. PC is usually paid weekly.

What if my circumstances change?

Most changes of circumstances should be reported to the Pension Service – e.g. if you were a member of a couple and you are now single, or you have separated from your partner, you or your partner go into permanent residential care.

Changes in income and savings should also be reported.

Additional information about benefits can be found on our website, visit
www.derbyshire.gov.uk/welfarebenefits

To keep up-to-date with benefit changes in Derbyshire go to
www.derbyshire.gov.uk\benefitnews

Benefits Helpline – 01629 531535
Monday to Friday – 11.00am – 4.30pm

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