

## PENSION CREDIT

### What is pension credit?

Pension credit, also known as state pension credit, is a benefit for people who are on a low income and have reached a certain age.

Pension credit has two parts:

- guarantee credit - which is a basic means-tested benefit. It is intended to provide for your basic living expenses. An amount known as an '*appropriate minimum guarantee*' is calculated. If your income is below this minimum guarantee, the guarantee credit makes up the difference.
- savings credit - this was intended to give you a small amount of extra money as a 'reward' for having income from earnings, savings or pensions over the level of the basic state pension. Savings credit is being phased out. Only people who've reached pension age before 6 April 2016 may be eligible to claim the savings credit

You can get both of these parts if you satisfy the rules. If you get guarantee credit, you can be passported to other benefits (such as housing benefit, council tax support and free dental treatment). In some cases, savings credit alone will be sufficient to do this.

### Who can claim pension credit?

To claim pension credit guarantee credit, you must have reached the qualifying age. This is currently set at the same level as women's state pension age, which is being raised to align with men's state pension age of 65 by 2018. The state pension age will then increase for both men and women to age 66 by 2020.

To check the qualifying age at the time you want to claim, contact the Pension Service (0800 99 1234), see leaflet PC1L Pension Credit or use the state pension age calculator at [www.gov.uk/calculate-state-pension-age](http://www.gov.uk/calculate-state-pension-age)

To claim pension credit savings credit, you must be 65. If you have a partner (married, civil partners or living together as a couple), they can be younger than you.

If you work, there is no limit to the number of hours you can work and still receive pension credit, but your earnings will be taken into account in the assessment of how much you get.

In either case, you must satisfy the residence and presence conditions (see below).

### The guarantee credit

Guarantee credit is calculated by comparing your appropriate minimum guarantee with your income. Your minimum guarantee always includes a '*standard minimum guarantee*'. This is set at two rates: £167.25 (from April 2019) for single claimants and £255.25 (from April 2019) for couples.

Additional amounts are paid for severe disability (£65.85 from April 2019) for each qualifying claimant or partner) and for carers (£36.85 from April 2019). See below.

If you have children, you will need to claim child tax credit or universal credit. For more information see our Guide to [Child Tax Credit](#) or contact an adviser on 01736 759500.

The appropriate minimum guarantee will also include any eligible housing costs, including mortgage interest payments.

### **The carer addition**

To be entitled to this addition, you or your partner must be entitled to carer's allowance, even if you are not actually paid it because you receive another benefit. The addition is payable for each person who qualifies.

### **The severe disability addition**

To be entitled to this addition, you must satisfy all of the following:

- you must be receiving the care component of disability living allowance (middle or highest rate), attendance allowance, the daily living component of personal independence payment or armed forces independence payment;
- you must live alone (there are exceptions to this rule); *and*
- no one gets carer's allowance for looking after you.

There is a couple rate if both of you qualify. In this case your partner can also qualify, even if he or she is not on a qualifying benefit, if they are certified as severely sight impaired or blind by a consultant ophthalmologist, or have ceased to be certified in the past 28 weeks.

### **The savings credit**

Savings credit is being phased out. You can only be paid it if all of the following apply; you (and your partner, if you are part of a couple):

- are aged 65 or over;
- reached state pension age by April 2016; *and*
- have qualifying income above the savings credit threshold (see below).

You can get savings credit of up to £13.73 (from April 2019) a week if you are single, or £15.35 (from April 2019) if you are part of a couple.

All assessments are based on the amount of '*qualifying income*' (see below) that you have over a threshold figure, which is £144.38 (from April 2019) for single claimants and £229.67 (from April 2019) for couples. If your qualifying income is below these thresholds, you cannot get savings credit.

### **Qualifying income**

Qualifying income is used when assessing your savings credit. This is the total amount of income used to calculate your guarantee credit but excluding:

- contribution-based jobseeker's allowance;
- contributory employment and support allowance;
- incapacity benefit;
- maintenance payments
- maternity allowance;
- severe disablement allowance; *and*
- working tax credit.

## Capital

If you have capital of more than £10,000, this will affect your pension credit. You will be counted as having an extra £1 a week income for every £500 (or part of £500) over £10,000. This is known as '*deemed income*'. There is no upper capital limit for pension credit.

## Pension Credit and Universal Credit

If you are claiming as a couple and only one of you is over pension credit qualifying age (a '*mixed-age couple*'), you can choose to claim either pension credit or universal credit.

From 15 May 2019 couples making a new claim, where one is over the pension credit qualifying age, will have to claim universal credit instead of pension credit until the younger partner also reaches pension credit qualifying age.

There will be no work-conditionality rules for the claimant who is over pension credit qualifying age.

If you have already claimed and have an existing award, your pension credit is not affected by the mixed-age couples rule. You will stay on pension credit.

Housing benefit and child tax credit are going to be replaced by universal credit.

## How to claim

You can claim in the following ways:

- call Freephone 0800 99 1234 (text 0800 169 0133)
- print out or fill in the claim form using the internet at [www.gov.uk/government/publications/pension-credit-claim-form](http://www.gov.uk/government/publications/pension-credit-claim-form)
- at a local Pension Service office - they can arrange a home visit if you need one.

Pension credit can be backdated for up to three months if you have met the qualifying conditions throughout the whole period.

If you are going to become eligible for pension credit in the future - for instance because you are coming up to state pension age or you are about to have a drop in income - you can make a claim up to four months in advance of this change.

If you are over aged 65 or over, you may be given an award that lasts for 5 years (or indefinitely if you are aged 75 or over). This is known as the '*assessed income period*'. During this period, annual adjustments will be made automatically for increases in your state and private pensions and you will not need to report changes in such income.

## **Pension credit and universal credit**

Universal credit is a new means-tested benefit, which will be replacing the following:

- child tax credit;
- housing benefit;
- income-related ESA;
- income-based jobseeker's allowance;
- income support;
- parts of the social fund; *and*
- working tax credit.

For more information see our [guide to universal credit](#).

Once housing benefit and child tax credit have been abolished in your area, you will be able to claim for rent support or any dependent children in your pension credit instead.

If you need any further support or information please contact DIAL on 01736 759500 or you can refer directly to the link below:

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

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