



**April 2008**

**Key Points:**

- Replaces previous version dated April 2007
- Benefit amounts updated for 2008/2009
- Backdating rules to change in October 2008
- More generous provision if you go abroad – from October 2008
- Changes to Assessed Income period for people aged 75 and over

## **Pension Credit**

This factsheet is aimed at people aged 60 or over, living in England.

**Those living in Scotland, Wales or Northern Ireland may wish to contact:**

**The Scottish Helpline for Older People – Age Concern Scotland, tel: 0845 125 9732** (local call rates) Monday to Friday, 10am – 4pm; website: [www.olderpeoplescotland.co.uk](http://www.olderpeoplescotland.co.uk).

**Age Concern Cymru**, Ty John Pathy, Units 13/14 Neptune Court, Vanguard Way, Cardiff CF24 5PJ, tel: 029 2043 1555 (national call rate); website: [www.accymru.org.uk](http://www.accymru.org.uk);

**Age Concern Northern Ireland**, 3 Lower Crescent, Belfast BT7 1NR, tel: 028 9032 5055 (national call rate) Monday to Friday, 10am – 12pm and 2pm - 4pm, website: [www.ageconcernni.org](http://www.ageconcernni.org).

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## 1. An overview of Pension Credit

Pension Credit is administered by the Pension Service which is part of the Department for Work and Pensions (DWP).

Pension Credit has two parts: the 'guarantee credit' and the 'savings credit'. Pension Credit is not taxable. The guarantee credit can top up your income if it is below £124.05 for single people and £189.35 for a couple.

The savings credit provides extra money to people aged 65 and over who have income from occupational pensions, savings, or certain other sources of income over a level called the savings credit threshold (this is £91.20 for a single person and £145.80 for couples). Some people get both the guarantee credit and the savings credit and some receive either one or the other.

You are likely to be entitled to the savings credit if as a single person your income is less than £174.00 a week and if as a couple your joint income is less than around £255.00. But if you are disabled, a carer and/or have housing costs you may be entitled to savings credit if your income is higher than these levels, as explained later.

Both parts of the Pension Credit are based on your income, savings and other circumstances. If you have more than £6,000 in savings some of this is taken into account as income but there is no upper capital limit.

There is no limit to the number of hours you can work (although most earnings are taken into account as income). Some people aged 65 or over do not need to report certain changes in their income during a period of 5 years (see Section 13 for more information about this).

Changes have been made to Housing Benefit and Council Tax Benefit (paid by your local authority) to ensure that no one will lose out by claiming Pension Credit. You should be better off overall, although some people may only gain a small amount.

## **2. Who can receive Pension Credit?**

You may be entitled to Pension Credit if you satisfy the following conditions:

- you are aged 60 or over (65 for the savings credit);
- you have an income below certain levels;
- you are 'habitually resident' in the UK and not excluded from claiming because of your immigration status. Contact a local advice agency if you need further information about the position for people who have been living abroad.

You claim as a single person or as a couple. If you have a partner one of you claims on behalf of both of you. Your 'partner' is your husband, wife or civil partner or someone you live with as though you are married or civil partners. For the guarantee credit the person who applies must be at least 60 although their partner can be younger.

For the savings credit one or both of you must be aged at least 65.

### **2.1 Income Support and Jobseeker's Allowance**

Income Support is paid to people under the age of 60 who do not have to be actively seeking work - for example carers and people who cannot work due to illness and disability. People under pension age who are unemployed and actively seeking work can claim Jobseeker's Allowance.

If you receive one of these benefits and are approaching 60 you should receive a letter four months before your 60th birthday explaining that you will need to claim Pension Credit instead. Men can remain on Jobseeker's Allowance until they are 65 or choose to claim Pension Credit.

## **3. Other benefits for people receiving Pension Credit**

If you get Pension Credit you may also get Council Tax Benefit and, if you pay rent, Housing Benefit - see Section 11 'Housing Costs' for more information. If you are a home-owner you may get help, for example, towards your mortgage interest payments and service charges with your Pension Credit.

It may also help you to get a Government grant towards keeping your home warm, for example, central heating, and insulation.

If you receive the guarantee credit you can also get benefits such as free dental treatment, free travel to hospital for treatment, and help with spectacles. You can also apply for help with exceptional expenses from the Social Fund (see Age Concern Factsheet 49, *Help from the Social Fund*).

If you receive the savings credit, but not the guarantee credit, you may also be able to get help from the Social Fund and you can apply for partial help with NHS costs such as dental treatment under the NHS low income scheme.

#### **4. How entitlement to Pension Credit is calculated**

Pension credit is worked out by calculating your weekly income (looking at income from pensions etc and income from savings). This figure is then compared with the 'appropriate amount' that someone in your circumstances is expected to live on. This, together with the calculation for savings credit, is explained later.

Please note that the treatment of income and capital from home equity release schemes is complex. If you would like more information about this contact our Information Line (details at the end of this factsheet) and ask for our Information Sheet IS/7, *Equity Release and income-related benefits*.

#### **5. Capital**

The term 'capital' is used here to refer to all forms of savings, capital, investments, land and property. Capital is assessed in the same way for both the guarantee credit and the savings credit. Some forms of capital (including your home) are not counted, as explained below.

If you have savings or capital of up to £6,000 this, and any income you receive from these savings, is ignored. The **same** limit applies to a single person or the joint capital of a couple. (If you live in a care home the level of capital that is ignored is higher - £10,000).

If you have capital of more than £6,000 (£10,000 in a care home) this is assumed to produce a weekly income of £1 for every £500 (or part of £500) over the limit.

For example, if you have £7,200 savings, this will be counted as a weekly income of £3 and will be added to your other income. If, for example, you have savings of £13,600 this is counted as an assumed income of £16 a week.

Your capital is generally assessed at its present day value. If there would be expenses involved in selling your capital, 10% will be deducted.

### **Capital counted in full includes:**

- cash;
- money in bank or building society accounts, including current accounts that don't pay interest;
- National Savings accounts and certificates (there are special rules for valuing these);
- income bonds;
- stocks and shares;
- property (other than your own home);
- premium bonds.
- A share of any savings you own jointly with other people

ANY 'ACTUAL' INCOME THESE ASSETS GENERATE IS IGNORED

### **Types of capital ignored 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 aged 60 or over lives there (get advice about when, and for how long, a property which is not your home can be ignored);
- the surrender value of any life insurance policies (although if a policy is cashed in the money you receive will normally be counted as part of your savings);
- the value of a pre-paid funeral plan;

- arrears of certain benefits including Attendance Allowance, Disability Living Allowance, and Income Support will be disregarded for one year. Pension Credit arrears will be disregarded for the duration of an assessed income period (explained in section 13), if there is one in force. If these amount to £5,000 or more and are as a result of an official error they will be ignored for the length of your Pension Credit award;
- personal possessions;
- the £10,000 ex gratia payment for Far Eastern Prisoners of War which was announced in November 2000;
- compensation payments.

### **5.1 Joint capital**

Any capital you own jointly with other people will normally be divided equally by the number of joint owners to work out your share. For example, if you and your son have a joint bank account of £10,000, you will be assessed as owning £5,000 of this.

### **5.2 Deprivation of capital (notional capital)**

If you deprive yourself of capital in order to get Pension Credit or increase the amount of benefit, the Pension Service can treat you as still having that capital (they call this 'notional capital'). This might occur if you give money away to members of your family or buy expensive items in order to reduce your capital.

You will not be considered to have deprived yourself of capital if you have paid off debts or used money on 'reasonable' spending on goods and services. If you are refused benefit because of this you should seek advice and consider appealing against the decision.

## **6. Income**

This section describes the income assessment for the guarantee credit. The assessment for the savings credit is similar except that some forms of income are not taken into account as explained later in Section 10.

Most income is taken into account when working out your entitlement to the guarantee credit.

### **Income taken into account includes:**

- pensions;
- earnings;
- income from annuities;
- most social security benefits;
- working tax credit;
- assumed income from savings;
- income from boarders or sub-tenants;
- maintenance payments from a spouse or ex-spouse.

All income is assessed after deductions for tax and National Insurance contributions and half of any contribution to an occupational or personal pension scheme. If you receive income without tax deducted but are due to pay tax on this later get advice.

### **Income disregarded (ignored) altogether includes:**

- Attendance Allowance and Constant Attendance Allowance;
- Disability Living Allowance;
- Social Fund payments;
- voluntary or charitable payments (for example payments from a friend or relative);
- actual income from savings (only the assumed income is counted as described above). But interest that has been paid into an account is counted as part of your savings;
- the special war widow/widower's pension of £73.64 introduced in April 1990 for 'pre-1973 widows' (in addition to the £10 disregard for war widows and widowers outlined below);
- The £10,000 ex-gratia payments made to Japanese Prisoners of war.

### **Some parts of weekly income that are disregarded include:**

- £5 of earnings from work if you are single;
- if you have a partner, £10 of your or your partner's earnings from work;

- £20 of earnings in special circumstances, for example if you or your partner is a carer or in receipt of certain disability benefits, or are registered disabled (instead of the £5 or £10 outlined above);
- £10 war widow's or widower's pension or a war disablement pension;
- £20 of any payment from a sub-tenant or boarder (lodger) and in the case of a boarder (lodger), half of any payment made above £20.

For the guarantee credit all your weekly income after any disregarded amounts is added together. But there are a few types of income that do not count as 'qualifying income' for the savings credit. These are explained later in Section 10.2.

## 7. The 'appropriate amount'

This is the minimum weekly amount intended for your day to day living expenses. It is officially called the 'appropriate minimum guarantee' but it will normally be described as the 'appropriate amount' in letters you receive from the Pension Service and this is the term used in this factsheet.

If your income is below this amount you will receive guarantee credit to bring your income up to this level. For most people a 'standard amount' will apply (officially called the 'standard minimum guarantee') but the appropriate amount will be higher for some disabled people, carers and homeowners with certain housing costs. Pension Credit does not include any extra amounts for families with children - instead support comes from tax credits. We do not cover benefits for children at Age Concern. If you need more information, contact the Inland Revenue or a local advice agency.

The rates for the guarantee credit are below:

The standard amounts are:

Single person	£ 124.05
Couple	£ 189.35

## 7.1 Additional amount for severe disability:

Single claimant	£	50.35
Couple (one qualifying)	£	50.35
Couple (both qualifying)	£	100.70

As a single claimant you will receive this addition if:

- you receive Attendance Allowance or the middle or higher rate of the care component of Disability Living Allowance (DLA); **and**
- you live 'alone' (but there are certain groups of people that you can live with and still receive the premium as explained below); **and**
- no-one receives Carer's Allowance for looking after you.

**See Section 16 for more detail about this extra amount for severe disability.**

## 7.2 Additional amount for carers

Single person	£	27.75
Couple, one person qualifying	£	27.75
Couple both qualifying	£	55.50

The addition is available to carers who:

- receive Carer's Allowance; **or**
- are entitled to Carer's Allowance but cannot receive it because they receive another benefit instead (eg: carers of pension age may be entitled to Carer's Allowance but won't actually receive it if their state pension is more than the amount for Carer's Allowance).

**See Section 16.1 for an example and more detail.**

## 8. Housing Costs - deductions for people living with you

If you have someone living with you who is not your partner or a dependent child, the help you get towards housing costs (mortgage interest etc) may be reduced. See Section 11 for more information about help with housing costs. People such as adult children or older relatives are called 'non-dependants' and they are expected to help with your housing costs.

## **Deductions will not be made if:**

- you or your partner are blind;
- you or your partner receive Attendance Allowance or the care component of Disability Living Allowance;
- the person living with you is under 25 and on Income Support;
- the person living with you receives Pension Credit;
- the person living with you is a full time student in term time (a full time student for the whole time if you or your partner are over 65);
- the person normally lives elsewhere.

The deductions made depend on the circumstances of the person living with you. If she or he is 18 or older, works 16 hours a week or more and has a gross income of at least £116 a week the following deductions will be made.

<b>Gross income of non-dependant</b>	<b>Weekly deduction</b>
£116 - £171.99	£ 17.00
£172 - £222.99	£ 23.35
£223 - £295.99	£ 38.20
£296 - £368.99	£ 43.50
£369 or more	£ 47.75

For others aged 18 or over or people aged 25 or over who are receiving Income Support or income-based Jobseeker's Allowance, the deduction will be £7.40. If a couple is living with you only one deduction is made.

If you are 65 or over, changes due to non-dependants that would reduce your benefit should not apply until 26 weeks after the change of circumstances.

## **9. Calculating the guarantee credit**

Once you know your appropriate amount (ie the standard amount of £124.05 for a single person or £189.35 for a couple plus any additions you qualify for because you are a carer, severely disabled, or have eligible housing costs) you need to compare this with your income.

If your income (including assumed income from savings over £6,000 but ignoring any amounts to be disregarded) is less than your appropriate amount then you will receive guarantee credit to bring your income up to this level.

If your income is more than your appropriate amount you will not be entitled to the guarantee credit - but if you are aged 65 or over you may receive some savings credit if your income is more than the 'savings credit threshold' - £91.20 for a single person, £145.80 for a couple (see Section 10). You may be entitled to both the guarantee and the savings part of Pension Credit or to just one part.

### 9.1 Examples of entitlement to guarantee credit

*Mr Ahmed is 73 and has a State Pension of £70 (not a full pension as he lived abroad for a while) and an occupational pension of £10 a week and £4,000 savings. He lives in a rented flat.*

<b>Income</b>		<b>Appropriate amount</b>	
State pension	£ 80	Standard amount	£124.05
Occupational Pension	£ 10		
<b>Total income</b>	<b>£ 90</b>	<b>Total appropriate amount</b>	<b>£124.05</b>

Mr Ahmed's income of £90.00 is below the standard appropriate amount of £124.05. He will receive £34.05 guarantee credit to bring his income up to £124.05. His income is less than the savings threshold of £91.20 so he cannot get savings credit but he will get full Housing and Council Tax Benefit.

*Miss McCarthy is 64 and has a State Pension (including State Earnings-Related Pension) of £110.80 and savings of £16,200. She cares for her mother and is entitled to the Carer's Allowance but does not receive it because she gets a State pension instead.*

<b>Income</b>		<b>Appropriate amount</b>	
State pension	£ 110.80	Standard amount	£ 124.05
Assumed income from £16,200 savings	£ 21.00	Carer addition	£ 27.75
<b>Total income</b>	<b>£ 131.80</b>	<b>Total appropriate amount</b>	<b>£ 151.80</b>

Miss McCarthy's income of £131.80 is less than her appropriate amount so she will receive £20.00 guarantee credit to bring her income up to that level. Her income is over £91.20 a week but she cannot get any savings credit until she becomes 65.

## **10. Calculating the savings credit**

As mentioned in Section 1 above, the savings credit provides extra money to people aged 65 and over who have income from savings, occupational/ personal pensions or certain other sources of income (but not including the guarantee part of Pension Credit).

If you are 65 or over and your 'qualifying income' (see Section 10.2 below) is more than £91.20 for a single person and £145.80 for a couple (the 'savings credit threshold') and less than a certain maximum amount (see Section 1) you will normally be entitled to the savings credit. The information here explains the calculation and helps you get an idea of how much you might get.

The calculation is quite complicated so if you are not sure whether you qualify you may want to make a claim anyway. Alternatively the Pension Service or a local advice agency may be able to give you an idea about any possible entitlement.

### **10.1 The calculation for savings credit**

For the calculation you will need to do the following steps:

1. Work out your 'income' and 'qualifying income' (Section 10.2);
2. If you are single the 'savings credit threshold' for a single person is £91.20 and the maximum savings credit is £19.71. If you are a couple the savings threshold is £145.80 and the maximum savings credit threshold is £26.13;
3. Work out your appropriate amount as explained in Section 7;
4. Do the calculations as described below. In general the following sections will apply: If you are single and your appropriate amount is £124.05 see Section 10.3; if you are a couple and your appropriate amount is £189.35 see Section 10.4; and if your appropriate amount is higher than £124.05/£189.35 see Section 10.5.

## 10.2 'Income' and 'qualifying income'

To work out any entitlement to savings credit you need to know both your 'income' and what is known as your 'qualifying income'. 'Income' is the income used to calculate the guarantee credit (see Section 6) - namely your total income including any assumed income from savings over £6,000 but not including amounts that are disregarded such as Attendance Allowance.

Your 'qualifying income' is your income minus any: Incapacity Benefit; Severe Disablement Allowance; Working Tax Credit, contribution-based Jobseeker's Allowance, maternity allowance and maintenance payments. Most pensioners do not have these types of income which means that their 'income' and 'qualifying income' are the same.

But if you or your partner do have non-qualifying income the calculation is a little different as this does not count towards the savings credit - see Section 10.6. The Pension Service sometimes refers to qualifying income as 'rewardable income' and non-qualifying income as 'non-rewardable income'.

## 10.3 Single people with standard appropriate amount of £124.05

**If all your income is qualifying income and it is more than £91.20 and less than £124.05** your savings credit will be 60% of the difference between your income and £91.20 (this can also be described as 60p for every £1 over £91.20).

### Example

*Helen Wilson has a basic State Pension of £90.70 a week and an occupational pension of £10.50 a week - a total income of £101.20. She will receive £22.85 guarantee credit to bring her pensions up to the standard appropriate amount - £124.05*

Her savings credit is worked out like this:

Qualifying income:	£101.20
Difference between income of £101.20 and savings threshold of £91.20:	£10.00
Savings credit is 60% of £10 (the difference):	£ 6.00

Total Pension Credit = £28.85 (£22.85 guarantee and £6 savings credit).

**If all your income is qualifying income and it is exactly the same as the level of the guarantee (£124.05)** you will receive the maximum amount of savings credit of £19.71.

### **Example**

*Mr Baker has State and occupational pensions totalling £124.05. He is not entitled to any guarantee credit but will receive the maximum £19.71 from the savings credit.*

**If all your income is qualifying income and it is more than £124.05** the savings credit of £19.71 is reduced by 40% of the difference between your income and £124.05.

If your income is around £174.00 or more, 40% comes to more than £19.71 so you will not be entitled to any savings credit.

### **Example**

*Mrs Singh has an income of £144.05 from her State Pension and occupational pension.*

Qualifying income:	£144.05
Difference between her income of £144.05 and £124.05:	£ 20.00
40% of this difference:	£ 8.00

Her savings credit is the maximum savings credit of £19.71 minus £8 (40% of the difference): £11.71.

## **10.4 Couples with standard appropriate amount of £189.35**

If all your income is qualifying income and it is more than £145.80 and less than £189.35 **your savings credit will be 60% of the difference between your income and £145.80.**

**If all your income is qualifying income and it is exactly the same as the level of the guarantee (£189.35)** you will receive the maximum amount of savings credit of £26.13.

**If all your income is qualifying income and it is more than £189.35** the savings credit of £26.13 is reduced by 40% of the difference between your income and £189.35.

If your income is around £255.00 a week or more, then 40% of the difference will be more than £26.13 so you will not be entitled to savings credit.

### **10.5 If your appropriate amount is more than the standard amounts**

If you receive an addition because you are a carer, severely disabled or have eligible housing costs your savings credit is worked out as described here. The calculation is still based on the savings credit threshold of £91.20 for a single person and £145.80 for a couple and the maximum levels of savings credit will still be £19.71 for a single person and £26.13 for a couple.

**If all your income is qualifying income and it is more than £91.20 (single person) £145.80 (couple) but less than your appropriate amount** your savings credit will be 60% of the difference between your qualifying income and £91.20 (single person) or £145.80 (couple) up to the level of the maximum savings credit of £19.71 (single person) £26.13 (couples).

#### **Example**

*Mr Moore receives Attendance Allowance, lives alone and does not have a carer. He gets £103.20 State Pension (basic and SERPS). His Attendance Allowance is ignored.*

*His appropriate amount is £174.40 (the £124.05 standard amount plus £50.35 severe disability addition).*

*He will receive guarantee credit to bring his income up to £174.40. His pensions count as qualifying income for the savings credit.*

Appropriate amount:	£174.40
Qualifying income:	£103.20
Difference between qualifying income of £103.20 and savings credit threshold of £91.20	£ 12.00
Savings credit (60% of the £12 difference) =	£ 7.20

**If all your income is qualifying income and it is the same as, or more than, the standard appropriate amount (£124.05 or £189.35) but less than your appropriate amount you will get the maximum savings credit.**

### **Example**

*In the example above if Mr Moore also had £16,100 savings this would be counted as £21 assumed income making his qualifying income £124.20*

*This is more than £124.05 but less than his appropriate amount of £174.40 so he would receive the maximum savings credit for a single person of £19.71.*

**If all your income is qualifying income and it is more than your appropriate amount,** the maximum savings credit of £19.71 or £26.13 is reduced by 40% of the difference between your income and your appropriate amount. If 40% is more than £19.71/26.13 you will not receive any savings credit.

### **Example**

*Taking Mr Moore again, but this time he has £60.20 occupational pension on top of his £124.20 from his State Pension and savings.*

Appropriate amount:	£174.40
Qualifying income:	£184.40
Difference between income of £184.40 and £174.40:	£ 10.00
40% of the £10.00 difference:	£ 4.00

Savings credit = the maximum savings credit of £19.71  
minus £4.00 = £ 15.71

## **10.6 If you have non-qualifying income**

If you or your partner, if you have one, receive non-qualifying income such as Incapacity Benefit or Severe Disablement Allowance you may still receive savings credit as long as your qualifying income is over savings credit threshold (£91.20/145.80) but the calculation is done a little differently. It is summarised briefly here but get advice if you need more information about your own position.

1. Work out the amount by which your qualifying income is more than the savings credit threshold (£91.20/145.80) and then calculate 60% of the difference. Your 'gross savings credit' is this figure or the maximum savings credit of £19.71/26.13 - whichever is less;
2. If your total income is less than your appropriate minimum guarantee then the amount of savings credit you receive is the same as the 'gross savings credit' as calculated above;
3. If your total income is more than your appropriate minimum guarantee then the gross savings credit is reduced by 40% of the difference between your income (including any non-qualifying income) and your appropriate minimum guarantee.

## 11. Housing costs

Your appropriate amount may also include an additional sum for certain housing costs, such as mortgage interest, if you own your own home. (Payments towards rent and service charges for tenants can be covered by Housing Benefit).

The amount of help may be restricted if you have a loan of more than £100,000 or your housing costs are considered to be excessive. If you are getting Pension Credit or have been getting it within the last 26 weeks, you will only be able to get help with the interest on a new loan in certain specific circumstances. Seek advice before taking out a loan. Apart from the above restrictions, if you are 60 or over the housing costs which can be included are:

- mortgage interest if you are buying your home (but not the capital repayments, arrears, or life insurance premiums linked to the loan);
- the interest on loans for certain home improvements and repairs;
- ground rent for long leaseholders;
- certain service charges - but in April 2003 a new system for funding housing related support services was implemented. This is called Supporting People and it pays for such services as alarm systems and wardens in sheltered housing. (For further information see Age Concern Information Sheet IS/19, *Supporting People – Paying for supported accommodation*).

If you receive help with mortgage interest, this is normally paid directly to your lender. The amount is based on a standard interest rate. If this is less than your lender's rate you will need to make up the shortfall.

### **11.1 If you pay rent and/or council tax**

If you receive the guarantee credit this will entitle you to the maximum eligible amount of Housing and Council Tax Benefit (HB and CTB).

This will often pay all your rent and council tax payments although you may not get the full amount if certain other people share your household (non-dependants) or there are restrictions, for example because your rent is considered too high given your circumstances.

If you receive the savings credit but not the guarantee credit you may still get some help towards rent and council tax but not the full amount. This is because the savings credit is taken into account as income for the HB/CTB calculation. But you will still be better off even though the overall gain may be quite small for some people.

If you make a claim for Pension Credit you should be asked if you also want to claim HB/CTB. You will then be given a short 3 page form which means you don't have to give much of the same information to the Pension Service and the Local Authority. If you claim Pension Credit over the phone the staff will fill out the HB/CTB claim for you at the same time, then send you the form to sign and post off to your local authority.

The Government have said that from October 2008 the Pension Service will be able to send all the information about your claim directly to your local authority so that they can work out your HB/CTB.

### **11.2 If you live in someone else's home**

If you live in someone else's home, for example you live with your daughter and her family, your Pension Credit will be worked out in the normal way.

### **11.3 Boarders and hostel dwellers**

If you live in a hotel, guest house, board and lodgings accommodation or a hostel, the Pension Credit will be worked out in the normal way. You will receive Housing Benefit to cover the rental element of your charges.

You will have to pay for meals, fuel, and other items not covered by Housing Benefit from your Pension Credit. See Age Concern's Factsheet 17, *Housing Benefit and Council Tax Benefit*.

#### **11.4 Care Homes and paying for care**

People aged 60 and over living permanently in care homes may be entitled to Pension Credit.

In this situation there is a higher amount of savings ignored - £10,000 instead of £6,000. Pension Credit will be taken into account as income but up to £5.45; (£8.15 for a couple) of the savings credit will be disregarded.

If you wish to enter a care home, and you need financial support, contact your local authority. Your need for care will be assessed and a means test carried out.

You will be encouraged to claim any benefits you are entitled to including Pension Credit. For more information see Age Concern Factsheet 10, *Local authority charging procedures for care homes*.

#### **11.5 If you go into hospital**

If you are receiving the severe disability addition as part of your Pension Credit this will normally stop after 28 days in hospital when your Attendance Allowance or Disability Living Allowance stops. The Carer Premium may also stop but, otherwise, your Pension Credit will remain in payment during the entire length of your hospital stay.

#### **11.6 If you go abroad**

If you go abroad your Pension Credit stops after 4 weeks. The Government has said that it will extend this period to 13 weeks and we expect this to come into effect in October 2008.

## **12. Claiming Pension Credit**

If you want to make a claim for Pension Credit there is a special free telephone number to ring to ask for a claim form or to make a claim over the phone; the number is 0800 99 1234 (free call), textphone: 0800 169 0133 (free call). Someone will help you apply over the phone and will let you know what happens next, or if you prefer, you can ask to be sent a form to fill in. A home visit can be arranged if needed.

The line is open from 8am to 8pm Monday to Friday and 9am to 1pm Saturday. You can also download a claim form from the website: [www.dwp.gov.uk](http://www.dwp.gov.uk); or get one from a local Pension Service outlet or certain advice agencies.

For more information about making a claim for Pension Credit contact the Pension Service on 0845 60 60 265 (lo-call rate). This is a central number which routes callers to their local Pension Service office.

### **12.1 Backdating**

At the time of writing Pension Credit can be backdated for up to 12 months as long as you have satisfied the entitlement conditions during that period. The Government has said that it will reduce this period so that from October 2008 claims will only be backdated for 3 months. Normally savings credit is taken into account for Housing Benefit and Council Tax Benefit. But if you receive a backdated sum it is not taken into account, and you will not have to pay back any money.

For people over 60, whether receiving Pension Credit, or not, the 12 month backdating rules will also apply to Housing and Council Tax benefit if you fulfil the entitlement conditions. But this will also be changed to 3 months from October 2008.

You can claim Pension Credit up to 4 months before you are 60 (or 65 for savings credit).

### 13. Changes of circumstances and reassessments

When you receive a letter about your award of Pension Credit this will tell you whether an 'assessed income period' (AIP) has been set. If so this will mean that during the period stated (normally 5 years but it may more or less) you will not need to tell the Pension Service if your 'retirement provision' changes. The Government plans to change these rules so that in future people aged 75 or over will no longer need to have their Pension Credit reassessed every 5 years. By retirement provision the Pension Service means income from sources such as: pensions; annuities; and savings.

Adjustments will be made for any regular increases to your state and private pensions. In order to do this the Pension Service will ask you about increases when you apply. So, for example if your occupational pension is increased each April in line with inflation the Pension Service will make an adjustment automatically.

So you don't need to report increases in your retirement provision if you have an AIP (for example a lottery win). **But if you get help with rent (housing benefit) and/or council tax benefit and you receive only the savings part of Pension Credit you need to tell the local authority if your savings go over £16,000 – whether or not you have an AIP.**

If your income goes down you can ask the Pension Service to look at your claim again. For example if you have savings over £6,000 and spend some of this you may be entitled to more Pension Credit (although see above for information about deprivation of capital).

Even if an assessed income period has been set there are still changes that you will need to report such as: getting married; being widowed; going into hospital; or starting to receive a new social security benefit.

An assessed income period will not be set if you are under 65 or in certain other circumstances (for example, if your spouse is under 60). In this case you will need to report changes in your retirement pension income as well as the other changes. An assessed income period may be set at a later date.

An assessed income period will also end before the planned date if:

- you start to be treated as a member of a couple;
- you stop being treated as a member of a couple (for example if your partner dies or goes permanently into a care home, or you or your partner are in hospital for more than a year);
- you go permanently into a care home;
- you stop getting a pension or annuity;
- your entitlement to Pension Credit ends;
- you or your partner reach the age of 65.

## **14. How benefit is paid**

You should be given information about the different types of bank and post office accounts available. If you are not able to manage an account you will be paid by cheque.

## **15. If you disagree with a decision**

When you receive the letter explaining whether you have been awarded benefit you are also given details about what to do if you are unhappy with the decision. There are time limits for challenging decisions if you are refused benefit or disagree with the amount awarded.

You normally have one calendar month to ask for this to be revised. If you have not been given a written 'statement of reasons' for the decision ask for one and then the time limit will be extended by another 14 days.

The one month time limit can also be extended to up to 13 months in certain situations if there are 'special circumstances' for asking for a late revision. If you are asking for the decision to be revised send in as much additional information as you can.

If a decision maker in the social security office looks at the decision again but you are not satisfied with the outcome, you can appeal. You need to do this within one month of when the decision was sent or given to you although this time can be extended to up to 13 months if your appeal has a reasonable prospect of success and there are 'special circumstances' why it is late. You can also appeal straight away without asking for a revision - again this must normally be done within one month.

You appeal using the form attached to social security leaflet GL24, *If you think our decision is wrong* explaining which decision you disagree with and why. If you cannot get hold of this leaflet you can write a letter (keep a copy). The Appeals Service has the power to 'strike out' an appeal, for example if it is considered to be 'misconceived' so it is important to explain clearly why you are appealing.

Pension Credit tribunals are normally heard by one person who will be legally qualified and not connected with the DWP. There may be an officer from the Pension Service office as well.

You are sent a form asking if you wish to attend the tribunal in person or have your case decided based on the written information provided. If possible try to attend the tribunal as this is likely to give you a better opportunity to explain your position.

At the tribunal you or a representative will be able to put your case about why the decision should be changed.

If you want to challenge a decision or make an appeal it may be a good idea to seek help from a local advice agency. An adviser may be able to help you prepare your case or represent you at a tribunal. For more information about challenging a decision see social security guide N1260 DMA.

## **16. Additional amounts for severe disability**

If you have a partner and you receive Attendance Allowance (or the middle or higher rate of the care component of DLA) you will not normally receive this addition as you will not be living alone.

But you can still receive it if:

- your partner also gets Attendance Allowance (or the middle or higher rate of the care component of DLA) *or* he or she is registered blind; **and**
- you 'live alone' as described below; **and**
- no-one receives Carer's Allowance for looking after you.

If your partner also receives Attendance Allowance (or the middle or higher level of the care component of DLA) and neither of you has a carer receiving Carer's Allowance you will receive the double rate. If only one of you has a carer being paid Carer's Allowance you will receive the single rate.

### **Living alone**

As mentioned above you count as 'living alone' if you live with someone else also receiving Attendance Allowance or the middle or higher care component of DLA, someone who is registered blind.

You will also count as living alone if you live with a voluntary worker paid for by a charity, a boarder, or someone under 18.

You may also count as 'living alone' if you jointly occupy your home with someone who is either the co-owner with you or your partner, or jointly liable with you or your partner to make payments to a landlord. But if this person is a close relative this rule will **not** usually apply. This is a complex area of law so if you need further information about whether you should be considered to be living alone, contact a local advice agency.

### **16.1 Additional amount for carers**

*Example: Mrs Jones is 70 and looks after her husband who gets Attendance Allowance. She applied for Carer's Allowance in May 2004 and was sent a letter saying she fulfilled the conditions but she could not receive it on top of her pension. She showed this to the social security office and now gets the extra amount for carers within the Pension Credit.*

**Warning:** If the person you care for receives the extra amount for severe disability they will lose this if you start to receive Carer's Allowance (but not if you are entitled to but are not paid the Carer's Allowance because you receive a State pension or other benefit instead).

In some circumstances a carer could receive an extra £27.75 a week through the carer addition while the person they care for would lose the severe disability addition (described above) which is worth £50.35. If you are not sure whether to claim Carer's Allowance seek advice first.

The carer addition will continue for eight weeks after you cease caring, for example if the person you cared for has died or has moved into a care home. See Age Concern Information Sheet IS/15, *Carer's Allowance (CA)*.

## 17. Further information from Age Concern

The following factsheets/information sheets may be relevant:

Factsheet 10	<i>Local authority charging procedures for care homes</i>
Factsheet 17	<i>Housing Benefit and Council Tax Benefit</i>
Factsheet 49	<i>The Social Fund and other sources of financial help</i>
Info Sheet IS/7	<i>Equity Release and income-related benefits</i>
Info Sheet IS/15	<i>Carer's Allowance (CA)</i>
Info Sheet IS/19	<i>Supporting People – Paying for supported accommodation</i>

Age Concern England's annual publication *Your rights to money benefits* gives more information about pensions, benefits and other kinds of financial help. Price £5.99,

To order please telephone our hotline (9am-7pm Monday to Friday, 10am-5pm Saturday): **0870 44 22 120** (national call rate), or visit our **website: [www.ageconcern.org.uk/bookshop](http://www.ageconcern.org.uk/bookshop)** (secure online bookshop).

If ordering by post, please send a cheque or money order, payable to Age Concern England, for the appropriate amount plus p&p to Age Concern Books, Units 5 & 6, Industrial Estate, Brecon, Powys LD3 8LA.

**(Postage and packing:** mainland UK and Northern Ireland: £1.99 for the first book, 75p for each additional book up to a maximum of £7.50. Free on orders over £250. For customers ordering from outside the mainland UK & NI: credit card payments only; please telephone the hotline for international postage rates or **email: [sales@ageconcernbooks.co.uk](mailto:sales@ageconcernbooks.co.uk)**).

If you would like

- to find your nearest Age Concern
- any additional factsheets mentioned (up to a maximum of 5 will be sent free of charge)
- a full list of factsheets and/or a book catalogue

- to receive this information in large print

phone 0800 00 99 66 (free call) or write to Age Concern FREEPOST (SWB 30375), Ashburton, Devon TQ13 7ZZ. For people with hearing loss who have access to a textphone, calls can be made by Typetalk, which relays conversations between text and voice via an operator. Age Concern factsheets and other information materials can be downloaded free from our website at: [www.ageconcern.org.uk](http://www.ageconcern.org.uk). To receive a free e-mail notification when new and updated factsheets are published, please either contact the Factsheet Subscription Service on tel: 020 8765 7200 by email: [factsheet.subscriptions@ace.org.uk](mailto:factsheet.subscriptions@ace.org.uk), or sign up on-line.

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No factsheet can ever be a complete guide to the law, which also changes from time to time. Therefore please ensure that you have an up to date factsheet and that it clearly applies to your situation. Legal advice should always be taken if you are in doubt. (*Age Concern England does not give legal or financial advice*).

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