



Payment of Pensions and Benefits into Bank Accounts (March 2006)

Ref IS/16

This information sheet is aimed at people over 60 and refers to the situation in England. If you live in Scotland, Wales or Northern Ireland you may wish to contact:

Age Concern Scotland, Causewayside House, 160 Causewayside, Edinburgh EH9 1PR, tel: 0845 125 9732 (local call rate), website: www.ageconcernscotland.org.uk;

Age Concern Cymru, Units 13 & 14 Neptune Court, Vanguard Way, Cardiff CF24 5PJ, tel: 029 2043 1555 (national call rate); website: www.accymru.org.uk;

Age Concern Northern Ireland, 3 Lower Crescent, Belfast BT7 1NR, tel: 028 9032 5055 (national call rate) Monday to Friday 9.30am - 1pm.

Direct Payment into Accounts

Most payments of state pension and other social security benefits are now made directly into a bank account or other sort of account. Having your pension or benefits paid into an account is known as 'Direct Payment'.

The last benefit and pension order books expired at the end of February 2005. Some people who have not given details of a bank account to the Department of Work & Pensions (DWP) are paid by weekly cheque.

This information sheet highlights the various options available to receive your payments in the future.

Payments of State Pension and Other Benefits

State Retirement Pension may be paid weekly in advance or every four weeks in arrears. If it is less than £5 per week it will normally be paid in an annual lump sum with your £10 Christmas bonus. Pension Credit is normally paid weekly in advance, but if you are entitled to less than £1 per week it can be paid 13 weeks in arrears. Attendance Allowance is paid four-weekly in arrears. Other benefits may be paid at different frequencies

How can I receive my payments?

You will have to make separate arrangements for your state pension and any other benefits you receive. You do not have to pay them all into the same account. You can use a bank or building society account you already have, open a new account or get a Post Office Card Account (but you will not be able to use a Post Office card account after 2010 see below).

If you do not think you will be able to manage any sort of bank or building society account or none of them are suitable given your circumstances you will be able to continue to receive your payments by cheque (This is described in more detail later).

It is important that you are not rushed into making a decision about your options - you need to give it some thought to ensure that you make the choice that is right for you.

Paying pensions or benefits into an existing account

If you already have a current account you can have your pension or benefits paid into it. If you have a savings account you may not be able to have your pension paid directly into it. You would need to check with your bank.

You may choose to open up a new account to receive your pension or benefit payments. This may be because you prefer to keep your savings separate, or you may be worried that if your account becomes overdrawn the bank may recover this amount from your benefits as soon as they are paid in.

Getting money out from the Post Office

Whether you can use your account at the Post Office depends on what sort of account you have. At the time of writing there are around 25 bank or building society accounts that allow you to withdraw your money and check your balance at the Post Office. Ask the Post Office or your bank for details.

To get money out at a Post Office you will normally put your account card into a machine and enter your PIN number if you cannot use one of these machines you can ask for a chip & signature card instead (see page 4).

If you cannot use your existing account at the Post Office you may want to consider opening another account which you can use there.

There are a lot of bank accounts to choose from. How do I know which one is best for me?

What is a Post Office Card Account?

This account is operated by the Post Office. It is designed to receive payments of state pensions and other benefits, and you can to draw cash out over the counter at any Post Office. You can not make any other sorts of payments into this account, and you will not get a cheque book. There are no charges and you cannot go overdrawn.

You can get details about this account from your local Post Office or by contacting the office who pays your benefit. If you choose to open one of these accounts ask the office who pays your benefit to send you an invitation letter. You then take this letter to the Post Office and complete an application form, which the postmaster will send to the DWP. When the account is ready the DWP will send a pre-printed Direct Payment mandate form back to the Post Office

which you sign to authorize payment into your new Post Office card account.

Once you open an account you will get a card and a Personal Identification Number (PIN). You can get money at any Post Office. You will need to take your card with you and enter the PIN into a keypad on the Post Office counter. But you can **only** have state pension, war pensions, benefits and tax credits paid into the account - not any other money.

The contract between the DWP and the Post Office to run Post Office card accounts runs out during 2010. The DWP are considering ways to encourage people with Post Office card accounts to switch to receiving their pensions or benefits into other accounts instead. Some other bank or building society accounts allow you to get money out from the Post Office.

A Basic Bank Account

Many banks and building societies are now offering an easy to use basic bank account or introductory account. Your pension or benefits can be paid into these accounts and you can also deposit other money in them (eg if someone gives you a cheque). You will not get a cheque book, but you can set up direct debits (eg to pay regular bills). If you do not have enough in your account to pay the direct debit it will not be paid so you can't go overdrawn, but the bank may charge you for non-payment of a direct debit. Most basic or introductory accounts allow you to get cash out at the Post Office. This could be important if you have less than £10 in your account and the bank's cash dispenser only gives £10 notes - you could get the exact money from the Post Office so you would not go overdrawn.

A basic or introductory account does not offer you credit or allow you to go overdrawn, because of this the bank or building society will not ask for as much information when you open an account as it does for other sorts of account.

A Current Account

An 'ordinary' current account may be suitable for you but you should ask about things like the proof of identity you need to show to open

an account, and the charges the bank will make for running the account. Some current accounts will allow you draw money out from the Post Office.

I'm registered blind and can't use a PIN - what can I do?

The PIN pads at Post Offices have been adapted to include 'beep' sounds and tactile markers to help customers with visual impairments identify the keys by touch. The Royal National Institute of the Blind (RNIB) have said that many visually impaired people still find the PIN pads difficult to use. You may prefer to choose cheque based payments.

Most payment cards issued by banks and building societies are now 'chip and pin' cards, which means that when you use your card in shops you will need to enter your PIN. If you prefer you can ask your bank or card issuer to supply you with a 'chip and signature' card. When you use this card in shops or in the Post Office you will be asked to sign a receipt rather than enter a PIN.

My carer collects my benefits each week. Can s/he get my payments from bank accounts or the Post Office card account?

Yes, but the precise arrangements will depend on what sort of account you have. Each bank or building society will have its own procedures to enable other nominated people to access the account. You will need to check these details. With these types of account your carer can **only** collect your pension from a branch of the bank and **not** from the Post Office.

With a Post Office card account your regular carer, or someone you trust can get their own card and PIN to access your account at any Post Office. But this will not be suitable if you need someone to collect your pension on an occasional basis – because, for example, you are sick and cannot get out for a few weeks or if you have different carers, home helps etc; you may prefer to receive your pension by cheque as described below.

Cheque payments

The Government has set up a system of cheque based payments for those for whom an account is not suitable. You may not be able to

manage an account and may need payment by cheque, eg; if you have severe illness or disability, if you would be unable to remember a PIN number or use a cash point. You may also need to have cheques if for example you have different people collecting your pension.

A cheque payment should normally be sent to your home address 2 days before payday. The cheques will be cashable at Post Offices or payable into bank accounts. When you cash your cheque at the Post Office you will need to take proof of your identity with you (eg rent book, council tax bill, fuel bill). If you want another person (eg a home help) to cash your cheque you will need to sign it on the back and they will also sign a declaration. They will also need to take proof of identity for you and for themselves.

If your cheque payment does not arrive you should contact the Pension Service on 0845 60 60 265 and arrangements will be made to get your money to you. You should not be left without your payment because of these new arrangements.

It will be possible to swap from cheque payments to Direct Payment and from Direct Payment to cheque payments.

How will I apply for cheque payments?

You don't need to apply for cheque payments. The DWP or Pension Service will not stop paying your pension or other benefit just because you have not given them account details.

If you do not reply to the letter from the DWP asking for account details you will usually get another letter repeating the request or you may get a telephone call or a visit at home. If you need cheque payments because you cannot manage an account or because you have different carers collecting your money then you should explain this to the DWP so that they know why you have not chosen to have your money paid into an account. People who have not given account details will be automatically moved to cheque payments.

If you would like 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.

Find out more about Age Concern England online at
www.ageconcern.org.uk

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