

## Fact sheet

# Pension Credit

## Introduction

If you, or someone you provide care for, has sight loss there are a number of welfare benefits you may be entitled to. Some of these benefits can help provide you with an income if you are not able to work, while others can help towards the extra costs that often make life more expensive if you have a disability.

Pension Credit, is a means-tested benefit for older people who have a relatively low income and have reached the qualifying age. Because it is means-tested, your personal circumstances and the level of your income, savings and any other capital determine if you qualify for it, and how much you will get. It is not taxable.

If you live with a partner, their financial circumstances are also taken into account. Pension Credit is administered by the Pension Service, part of the Department for Work and Pensions (DWP).

This factsheet explains:

- Who can apply
- How much you can expect to receive
- How to claim and what steps are involved in making an application
- What to do if you are not happy with the outcome of your claim

## The elements of Pension Credit

The **Guarantee Credit** is for people who have reached the qualifying age and is designed to top up your income to a minimum level. It is intended to provide for your basic living expenses.



**rnib.org.uk**



**Helpline 0303 123 9999**

RNIB registered charity in England and Wales (226227), Scotland (SC039316), Isle of Man (1226). Also operating in Northern Ireland.

It ensures that you receive a total income (not including disability benefit) of at least **£177.10** a week if you are single or **£270.30** a week if you have a partner.

**Savings Credit** is available to qualifying claimants aged 65 or over. However, following a change to the law in 2016, it is being phased out and is only available to existing recipients, and to people who reached state pension age on or before 6 April 2016.

Savings Credit is designed to reward people who have saved some money for their retirement. It provides an extra amount based on the level of your other income or savings. It can be worth up to **£14.04** a week if you are single or **£15.71** a week if you have a partner.

## **The Pension Credit qualifying age**

This determines at what age you can first claim the **Guarantee Credit** element.

### **If you were under 60 on 5 April 2010**

The Pension Credit qualifying age for men **and** women is based on the State Retirement Pension age for women – the age at which a woman can first claim her State Retirement Pension. Since 6 April 2010, the women's state pension age has been increasing in stages, so that by 2020 the state pension age will be 66 for both men and women. As a result, the Pension Credit qualifying age is also increasing in stages.

If you were born between 6 April 1950 and 5 April 1955, your Pension Credit qualifying age depends on your date of birth.

- If you are a **woman**, you can claim the guarantee element of Pension Credit once you have reached your State Retirement Pension age
- If you are a **man**, you can claim the guarantee element of Pension Credit once you have reached the age at which a woman born on the same day as you would reach her state pension age.

If you were born between 6 October 1954 and 5 April 1960 your Pension Credit qualifying age is 66 years old.

To find out your exact Pension Credit qualifying age, call the Pension Service on **0800 991 234** or check the state pension age calculator at [gov.uk/state-pension-age](http://gov.uk/state-pension-age).

## **How low does my income have to be to qualify for the Guarantee Credit?**

You will qualify for the **Guarantee Credit** if your weekly income is less than:

- **£177.10** if you are single
- **£270.30** if you have a partner.

You may still qualify if your weekly income is more than the amounts above if you or your partner receive Attendance Allowance, Personal Independence Payment (PIP), the care component of Disability Living Allowance (DLA), or if you care for someone who receives one of these disability benefits.

You may also qualify if you have extra housing costs, such as mortgage interest payments or service charges.

## **How much other income do I have to receive to qualify for the Savings Credit?**

If you are eligible to claim the Savings Credit you can only qualify for it if you have pensions or other income (including income from savings) above the **Savings Credit threshold**. This threshold is:

- **£153.70** a week if you are single
- **£244.12** a week if you are a couple.

If you or your partner have recently been awarded a disability benefit, it is worth checking whether you might be entitled to claim Pension Credit, or whether you may be entitled to more Pension Credit in light of your new circumstances. The calculation for Pension Credit, especially the Savings Credit, can be complicated. Call our Helpline on **0303 123 99 99**

to check if you are entitled. You can call us between 8am and 8pm on weekdays and 9am to 1pm on Saturdays.

## **Additional amounts that you may be able to receive**

The Pension Service may include additional amounts in your Pension Credit award in the following circumstances.

### **Severe disability additional amount**

You are entitled to an additional amount for severe disability if:

- you get Attendance Allowance, either rate of PIP daily living component or the middle or highest rate of the DLA care component
- **and** no one gets Carer's Allowance for looking after you
- **and** you live alone **or** can be treated as living alone. The Pension Service will treat you as living alone if the person you live with is registered blind, **or** if they receive one of the disability benefits mentioned above.

If you are claiming Pension Credit as part of a couple you cannot get the additional amount for severe disability unless you can be treated as living alone. If you are part of a couple and you both meet the first two conditions above, your Pension Credit will include **two** additional amounts for severe disability.

The severe disability additional amount is worth:

- **£67.30** a week for a single person or for a couple when only one person qualifies
- **£134.60** a week for a couple when both qualify.

### **Carer additional amount**

You may be entitled to an additional amount for carers, worth **£37.70** a week. You have to apply for Carer's Allowance first in order to get this. If you are already receiving your State Retirement Pension you may not be paid Carer's Allowance. However you can still get the extra amount for carers included in your Pension Credit whether you are paid Carer's Allowance or not.

If you are claiming Pension Credit as part of a couple you can both qualify for an additional amount for carers if you both meet the conditions for Carer's Allowance. For further information about Carer's Allowance please see our Carer's Allowance factsheet.

## **Child Additions**

You might get more Pension Credit if you're responsible for a child or young person, this is called the "child addition". The child or young person must normally live with you and be under the age of 20. If they are aged between 16 and 19, they must be in education for more than 12 hours per week, or in certain types of training.

You must not be claiming tax credits or have been claiming tax credits in the previous year. If you are claiming support for children through Child Tax Credit, this will continue.

The Childcare amounts are:

- **£65.10** for first child born before April 6 2017
- **£54.60** for subsequent children

For disabled children:

- **£29.66** lower rate
- **£92.54** higher rate

## **Housing costs**

If you own your home your Pension Credit may include an extra amount for housing costs such as mortgage interest, interest on a loan for repairs or improvements, ground rent and certain service charges.

Since April 2018 help with housing costs is only available via a loan from DWP, whether you are a new or an existing Pension Credit claimant. If you accept the loan you will eventually have to pay back what you have borrowed (plus interest) if you have enough equity in your property. This will happen when the property is sold, when the property's ownership is

transferred, or when you and/or your partner dies and the relevant property is a part of your estate.

The loan from the DWP can usually be given only to help to pay the interest on a mortgage worth up to £100,000. However, if you received Jobseeker's Allowance, Employment and Support Allowance or Income Support before receiving Pension Credit then this limit may be up to £200,000. The loan can only help with payments towards mortgage interest; it does **not** cover any payments towards arrears, capital or endowment policies. The Pension Service usually pays the housing costs element of Pension Credit direct to your lender.

If you are a tenant, your rent and service charges may be covered by Housing Benefit. Please see the "Help with your rent and Council Tax" section of this factsheet for more information.

If you take out a new loan while receiving Pension Credit you may not receive any help with the interest on that loan.

## **Deductions for people living in your home**

The Pension Service can reduce the loan paid towards your housing costs if there is someone else living in your home apart from your partner or a dependent child. This is because people, such as adult sons and daughters, known as "non-dependants", are expected to contribute to your housing costs. The amount of the reduction depends on the age, circumstances and income of the non-dependant.

However the loan towards your housing costs are not reduced if you or your partner:

- are registered blind/severely sight impaired
- **or** receive Attendance Allowance
- **or** receive any rate of the care component of DLA
- **or** receive either rate of the daily living component of PIP.

## How will the Pension Service calculate my Pension Credit?

The **Guarantee Credit** element is worked out by taking an “appropriate amount” for your circumstances and comparing it with your income. Your appropriate amount is the single or couple rate of Guarantee Credit, plus any extra amounts or housing costs you are entitled to. If your income is less than your total appropriate amount you will receive some Guarantee Credit.

## How your income and savings affect your Pension Credit

Most of your income is included in the calculation of how much Pension Credit you should receive. If you have a partner your joint income and capital are added together. This includes your State Retirement Pension, any occupational pension or personal pension you and your partner may receive.

Attendance Allowance, DLA, PIP and Housing Benefit are ignored as income. Entitlement to a disability benefit can also make it more likely that you will qualify for Pension Credit. If you receive income from a trust fund, the Pension Service will normally take it into account, unless the trust fund was set up with money you received for a personal injury. Please seek expert advice on this issue if required.

When assessing your capital and savings, the Pension Service ignores:

- the first £10,000 of your savings and capital. This includes ISAs, shares or unit trusts, premium bonds, and income or capital bonds. There is no upper savings limit that stops you making a claim for Pension Credit
- the property that you live in, but the value of any other property and land you own **is** usually counted
- some amounts of capital such as lump-sum payments for personal injury
- arrears of some state benefits (for up to a year).

## “Tariff income” from capital

If your capital is above £10,000 it is assumed that this generates an amount of “tariff income” each week. The assumed rate of tariff income is £1 a week for every £500, or part of £500, over £10,000. This is regardless of how much income, if any, your capital actually generates. Therefore you do not need to tell the Pension Service about any interest or dividends you receive from savings.

## Examples of Pension Credit entitlement

### Example one

Mr and Mrs Morgan are both over 65. They have income from their state retirement pensions of £110.50 and £69.40 respectively. They have a cash ISA of £3,000 and a building society savings account with £2,000 in it. However their savings are ignored as they are not over £10,000. Mr Morgan is registered blind and gets lower rate Attendance Allowance. As Mrs Morgan has applied for Carer’s Allowance, she is eligible to receive the additional amount for a carer in their Pension Credit entitlement.

- The Morgans’ appropriate amount is **£308.00** (£270.30 for a couple plus £37.70 for a carer)
- Take away their income of **£201.45**
- This gives a weekly Guarantee Credit entitlement of **£106.55**.

### Example two

Mr Singh is 75. He has a weekly state pension of £125.95 and an occupational pension of £70. He has savings and shares worth £11,850. The first £10,000 is ignored; income of £4 a week is assumed from the £1,850 of capital over £10,000. He lives alone, gets Attendance Allowance and no one claims Carer’s Allowance for looking after him, so the severe disability extra amount is included in the calculation.

- Mr Singh’s appropriate amount is **£244.40** (£177.10 as a single person plus £67.30 for severe disability)
- Take away his income of **£199.95**
- This gives a weekly Guarantee Credit entitlement of **£44.45**.



## How to claim Pension Credit

The DWP have extended the ways Pension Credit can be claimed, due to the impact of the coronavirus outbreak. If you live in England, Wales or Scotland, you can call the Pension Credit claim line on **0800 99 1234** from 8am to 6pm Monday to Friday (text phone number **0800 169 0133**). Pension Service staff can help you make an application over the phone.

Claims can also be made by downloading and application form and sending by post to:

The Pension Service 8  
Post Handling Site B  
Wolverhampton  
WV99 1AN

Claims can now also be made online by visiting:

**<https://www.gov.uk/pension-credit/how-to-claim>**

For Northern Ireland call the Pension Centre Application Line on **0808 100 6165** or download a form from **nidirect.gov.uk**.

To make a claim for Pension Credit you will need to provide the following information about yourself (and your partner if you have one):

- your National Insurance number
- information about your pensions and other income
- details of your capital, savings and investments.

Before starting this process remember that to make a claim for Pension Credit you must:

- Be habitually resident in the UK – this is decided by looking at a number of factors including reasons for coming to the UK, the length of your stay, future intentions, and previous links with the country
- Satisfy the past presence test – you will have had to be present in the UK for 104 out of the previous 156 weeks (two out of the last three

years). You do not have to satisfy the past presence test if you have a terminal illness.

These rules are complicated and there are some exceptions, for instance if you are living in an EEA country, so contact our Helpline if you think you may have difficulty passing these tests.

## **Help with your rent and Council Tax**

You can also apply for help with your rent and Council Tax at the same time as applying for Pension Credit. If you claim Pension Credit over the phone, the Pension Service can forward your information to your local council, so that they can assess your entitlement to Housing Benefit and/or Council Tax Support.

Pension Credit, Housing Benefit and Council Tax Support can be backdated for up to three months from the date of your claim, provided that you would have qualified for the benefit during that period. You should make a claim for these benefits immediately if you think that you are entitled.

If you are entitled to the Guarantee Credit element of Pension Credit you will also qualify for Housing Benefit and Council Tax Support regardless of the level of your savings. If you receive Savings Credit **only**, you will have to make a separate application for these two benefits.

## **Help with health costs**

If you get the Guarantee Credit element of Pension Credit, you and your partner will qualify for help with **health costs**. This includes help with NHS dental costs, vouchers towards the cost of glasses and free NHS sight tests.

If you get the savings credit only you may still be able to get help with NHS costs through the NHS Health Benefits Low Income Scheme. Contact the Health Cost advice line on **0300 330 1343** to obtain a claim form.

## **Future changes - Universal Credit and Pension Credit**

There will be some changes to Pension Credit as a result of the Welfare Reform Act 2012. There are a couple of significant changes relating to Pension Credit that you should be aware of:

### **Universal Credit**

Universal Credit (UC) is a benefit currently being introduced across the UK to replace all the main means-tested benefits for people of working age. Mixed aged couples making a new benefit claim will be able to claim UC but will **not** be able to claim Pension Credit until the younger partner reaches Pension Credit qualifying age.

If you start living with a partner who has not yet reached the qualifying age, your Pension Credit will stop. If you're also getting Housing Benefit, this will stop as well. The new rules that apply from that date mean that both partners must have reached the qualifying age before a couple can get Pension Credit. These rules also apply to Housing Benefit for people who have reached the qualifying age.

### **Housing Benefit**

Housing Benefit is being abolished for people of working age and replaced by a housing element within Universal Credit. Eventually the DWP intend to introduce a housing element to Pension Credit. Until this happens the Housing Benefit scheme will remain in place for Pension Credit claimants.

### **How we can help**

If you would like any more information about Pension Credit you can speak to our Sight Loss Advice team by calling our Helpline. Our advisors can also carry out a full benefit check with you, and give advice about applying for other benefits you may be missing out on.

Our Legal Rights Service is available to offer you help with more complex benefit cases. If you would like to challenge a benefit decision,

or think you should be awarded more than you have been, we may be able to help you with the appeals process.

To access any of our services, call our Helpline on **0303 123 9999**. You can also say, “Alexa, call RNIB Helpline” to an Alexa-enabled device. We’re ready to answer your call Monday to Friday 8am to 8pm and Saturday 9am to 1pm. Alternatively, email **helpline@rnib.org.uk** or visit **rnib.org.uk**.

The factsheet gives general guidance only and is not an authoritative statement of the law.

**RNIB Legal Rights Service**  
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