

# Pension Credit

## For Blind and Partially Sighted Pensioners

### 2009/2010

**This fact sheet tells you how to claim Pension Credit. It is useful for severely sight impaired (blind) and sight impaired (partially sighted) people, and those individuals and organisations which support them.**

#### **Basic rules**

Claim this benefit if:

- you are 60 years old or over; **and**
- you have a low income

#### **What is Pension Credit?**

Pension Credit is a social security benefit that is paid to ensure you get a guaranteed minimum level of income each week. It can also give you extra cash if you are aged 65 or over and have savings or income other than your basic state pension.

It is made up of two parts:

- the 'guarantee credit' for people aged 60 or over; **and**
- the 'savings credit' paid to you or your partner from age 65

Some people will be entitled to both the guarantee credit and the savings credit, while others will be able to get one or the other.



## Savings

There is an upper savings limit of £16,000 for the savings credit. There is no upper limit for the guarantee credit but the Department for Work and Pensions (DWP) treats you as having £1 of income each week for every £500 you have over £10,000 in savings. This is called 'deemed income'.

## How much is Pension Credit?

The **guarantee credit** ensures you get the minimum income shown by your 'appropriate amount' below:

If you are **single** it is:

- £130.00 per week; **or**
- £182.85 per week if you qualify for the severe disability premium (see below); **or**
- £159.50 per week if you qualify for the carer premium.

For **couples** it is:

- £198.45 per week; **or**
- £227.95 if one of you qualifies for the carer premium; **or**
- £251.30 if one of you qualifies for the severe disability premium; **or**
- £304.15 if you both qualify for the severe disability premium.

**Severe disability premium** - you are eligible for this if:

- you are getting either rate of Attendance Allowance, or the middle or higher rate care component of Disability Living Allowance (DLA); **and**
- nobody gets Carer's Allowance for looking after you; **and**
- you live alone.

You are still classed as living alone if the person(s) you live with is/are:

- registered severely sight impaired (blind); **or**
- on either rate of Attendance Allowance; **or**
- on the middle or higher rate care component of DLA; **or**
- aged under 18; **or**
- a temporary resident or a landlord, tenant, lodger, joint tenant or co-owner; **or**
- a member of your family aged 18 or 19 for whom you are still eligible to receive Child Benefit.

If you are one of a couple, you need to check with a Welfare Rights Adviser if each individual qualifies for the severe disability premium.

**Carer premium** - you are eligible for this if:

- you receive Carer's Allowance; **or**

- you have an underlying entitlement to Carer's Allowance but cannot get it because you receive an overlapping benefit, such as the State Retirement Pension. See our **Carer's Allowance** fact sheet for more about this.

For more information on Disability Living Allowance and Attendance Allowance, see our fact sheets **Disability Living Allowance** and **Attendance Allowance**.

## How to calculate Pension Credit

In order to calculate your Pension Credit you should break the calculation down into two parts. Firstly, you need to work out if you can get the guarantee credit, and then the savings credit. Remember that you can only get the savings credit if you are aged 65 or over.

### The guarantee credit

You should claim Pension Credit if your income is less than your guarantee credit 'appropriate amount' (shown in the previous section, '**How much is Pension Credit?**').

Your actual income is probably obvious to you. However, when you compare it to your 'appropriate amount' you need to do the following:

- ignore any Attendance Allowance or DLA you get;
- ignore £20 of your weekly earnings from work if you or your partner are registered severely sight impaired (blind) or getting a disability benefit such as Attendance Allowance;
- if you have savings or capital of more than £10,000 you have 'deemed income'. You need to add £1 to your income for every £500 above £10,000 that you have in savings or as capital.

If your qualifying income is less than your 'appropriate amount', you will receive guarantee credit to bring your income up to your 'appropriate amount' level.

Here are some examples of people who qualify for the guarantee credit:

**Mrs Smith** is single, aged 62 and registered severely sight impaired (blind). Her only income is a State Retirement Pension of £95.25.

Her appropriate amount is £130.00

Her qualifying income is £95.25

She therefore gets a guarantee credit amount of £34.75

**Mr Brown** is single, aged 65 and registered severely sight impaired (blind). His income is made up of a State Retirement Pension of £95.25 and the middle rate care component of DLA. As he gets DLA middle rate care and he lives alone, Mr Brown gets the severe disability premium within his 'appropriate amount'.

His appropriate amount is £182.85

His income is £95.25

He therefore gets a guarantee credit amount of £87.60

**Mr and Mrs Jones** are both aged 65 and their income is a State Retirement Pension of £95.25 (for Mr Jones) and £57.05 (for Mrs Jones), and DLA (lower rate care and lower rate mobility) for Mrs Jones. Mr and Mrs Jones also have £12,000 in savings, so a 'deemed income' of £4 per week will be added to their income amount (being £1 for every £500 over £10,000).

Their appropriate amount is £198.45

Their qualifying income is £156.30 (this includes deemed income of £4)

They therefore get a guarantee credit amount of £42.15

### **The savings credit**

The maximum amount of **savings credit** you can get is £20.40 a week if you are single or £27.03 per week if you are part of a couple.

How to calculate savings credit:

#### **Step 1. Work out your 'qualifying income'**

Your 'qualifying income' amount is your total income, including any 'deemed income' from savings over £10,000, but disregarding Attendance Allowance and DLA.

If you also get other social security benefits, such as Incapacity Benefit, Severe Disablement Allowance or Working Tax Credit, the calculation is slightly different, so seek further advice. However, if you are 65 or over, it is unlikely that you will be receiving these benefits.

To give an example, Mr Taylor is 65 years old, living alone and is registered sight impaired (partially sighted). He gets a State Retirement Pension of £95.25 per week and an Occupational Pension of £15 per week. His total 'qualifying income' is therefore £110.25 per week.

#### **Step 2. Find your 'appropriate amount'**

These are the same as the guarantee credit 'appropriate amounts' as shown in the previous section '**How much is Pension Credit?**'.

In Mr Taylor's case his 'appropriate amount' is £130.00.

#### **Step 3. Compare your income with the savings credit 'thresholds' which are as follows:**

- £96.00 if you are single
- £153.40 if you are part of a couple

If your income is the same or less than the savings credit 'threshold' you do not get

the savings credit. If your income is more than the savings credit threshold, make a note of the difference and go to **step 4**.

#### **Step 4. Work out 60% of the difference between your income and the savings credit 'threshold'**

If the result is more than the 'maximum savings credit' figure (£20.40 for a single person or £27.03 for a couple) you use the 'maximum savings credit' figure instead.

#### **Step 5. Savings credit amount**

If your income is the same as, or less than your 'appropriate amount', your savings credit amount is the figure you arrived at in **step 4**. If your total income is more than your 'appropriate amount', go to **step 6**.

#### **Step 6. Work out 40% of the difference between your income and your 'appropriate amount'**

If your income is more than your 'appropriate amount', you work out 40% of the difference between your income and the 'appropriate amount'. You then deduct this figure from the result you arrived at in **step 4**. This gives you your savings credit amount.

So, in Mr Taylor's case, his income (£110.25) is £14.25 more than the savings 'threshold' (£96.00), but less than his 'appropriate amount' (£130.00). The difference (£110.25 - £96.00 = £14.25) is multiplied by 60% giving a figure of £8.55. This is the amount of savings credit Mr Taylor receives.

Here are two more examples of people who qualify for the savings credit:

#### **Mrs Woods**

Mrs Woods is aged 70, registered severely sight impaired (blind) and lives alone. She gets Attendance Allowance at the lower rate, and has a State Retirement Pension of £95.25 per week and an Occupational Pension of £20 per week. She also has £19,000 in savings, so £18.00 'deemed income' is included.

|                             |         |
|-----------------------------|---------|
| Qualifying income           | £133.25 |
| Income exceeds threshold by | £37.25  |
| Multiply by 60%             | £22.35  |

This figure is more than her relevant 'maximum savings credit' (£20.40) so use the maximum savings credit figure instead.

|                                      |               |
|--------------------------------------|---------------|
| Income exceeds appropriate amount by | £0            |
| Multiply by 40%                      | £0            |
| <u>Mrs Woods' savings credit</u>     | <u>£20.40</u> |

#### **Mr and Mrs Robinson**

Mr and Mrs Robinson are both aged 75. Mr Robinson is registered severely sight impaired (blind) and receives middle rate care of DLA. They get a State

Retirement Pension of £152.30 per week (£95.25 for Mr Robinson and £57.05 for Mrs Robinson), and Mr Robinson gets an Occupational Pension of £75 per week. They have £16,000 in savings, so £12.00 'deemed income' is included. Mrs Robinson cannot get Carer's Allowance because of her pension; however she is eligible for the carer premium due to the 'underlying entitlement' rule. Please see our **Carer's Allowance** fact sheet for further information.

Qualifying income £239.30

Income exceeds savings credit threshold by £85.90

Multiply by 60% £51.54

This figure is more than their relevant 'maximum savings credit' (£27.03) so use the maximum savings credit instead.

Income exceeds appropriate amount by £11.35

£11.35 X 40% £4.54

£27.03 - £4.54 = Mr & Mrs Robinson's savings credit £22.49

## Calculating your total Pension Credit

To work out the total Pension Credit you will get each week, simply add together your guarantee credit and savings credit.

For example, Mr Taylor gets £19.75 guarantee credit plus £8.55 savings credit, making a total of £28.30 Pension Credit per week.

## Housing Costs

If you have a mortgage, you can apply for help with the interest. This will be included in your Pension Credit applicable appropriate amount, but will be paid direct to your lender. You can also apply for help with other housing costs such as loans for repairs and improvements. The rules on what loans are eligible, and how the assistance is calculated, are complicated, so you should seek further advice.

## Housing Benefit

If you get the guarantee credit, you qualify for full Housing Benefit, which is normally enough to pay all of your rent. Otherwise, you may be able to get Housing Benefit that pays something towards your rent. See our '**Housing Benefit and Council Tax Benefit**' fact sheet for more about this.

## Council Tax Benefit

If you get guarantee credit, you qualify for full Council Tax Benefit that should cover all or part of your council tax bill. Many people are surprised that they can get Council Tax Benefit, so it is well worth checking to see if you qualify. See our '**Housing Benefit and Council Tax Benefit**' fact sheet for more about this.

If you do not qualify for Pension Credit, you may still be able to claim Housing Benefit and/or Council Tax Benefit.

When you make a claim for Pension Credit, the Pension Service will also invite you

to make a claim for Council Tax Benefit and, if appropriate, Housing Benefit. They will complete a form over the phone and send it to you to check, sign and send on to your local authority. The income and savings details used for the Pension Credit claim will also be used for the Council Tax and Housing Benefit claims.

## Non-dependant deductions

Non-dependant deductions reduce Pension Credit mortgage interest payments, Housing Benefit and Council Tax Benefit by as much as £47.75 a week. The most common reason for a non-dependant deduction is having a grown up son or daughter in your household. However, if you are registered severely sight impaired (blind), getting Attendance Allowance or the care component of DLA, you are exempt from non-dependant deductions.

## How to claim

To claim Pension Credit you can call the Pension Credit application line on 0800 99 1234. They can arrange for someone to visit you at home or they will complete a form over the telephone for you and then send it to you for you to sign. Alternatively, you can get an application form from the Pension Service website. Simply visit [www.pensionservice.gov.uk/pensioncredit](http://www.pensionservice.gov.uk/pensioncredit) and either print an application form and fill it in by hand or fill out the application form on screen and then print it. If you prefer, you can complete the tear-off slip on the Pension Credit leaflet (PC1L), which is available from post offices.

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## Further Information

If you want information on the separate rules for residential care you should ring Help the Aged's Senior Line service on 0808 800 6565 and ask for their 'Paying for your care home' information sheet.

To find out more about Pension Credit and other benefits, visit [www.direct.gov.uk/disability](http://www.direct.gov.uk/disability), contact your local advice centre, Citizens Advice Bureau or Action for Blind People's Welfare Rights Service:

Action for Blind People  
Welfare Rights Service  
14 - 16 Verney Road  
London SE16 3DZ  
National Freephone Helpline: 0800 915 4666  
Email: [benefit.check@actionforblindpeople.org.uk](mailto:benefit.check@actionforblindpeople.org.uk)

You can find all of Action's fact sheets, briefings and checklists on our website at: [www.actionforblindpeople.org.uk/welfare-rights](http://www.actionforblindpeople.org.uk/welfare-rights)

This is only a brief guide about how blind and partially sighted people and their carers can benefit from Pension Credit. It is not a complete or exhaustive statement of law.

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