



advice and support for older age

**Independent  
Age**

## Factsheet

# Pension Credit

About four million older people are entitled to receive Pension Credit to top up their retirement income, yet around a third of those eligible are not claiming it.

If you think you might be missing out, this factsheet explains how Pension Credit is worked out and how to make a claim.

Call FREE on **0800 319 6789** Visit **[www.independentage.org](http://www.independentage.org)**

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## **About Independent Age**

Whatever happens as we get older, we all want to remain independent and live life on our own terms. That's why, as well as offering regular friendly contact and a strong campaigning voice, Independent Age can provide you and your family with clear, free and impartial advice on the issues that matter: care and support, money and benefits, health and mobility.

A charity founded over 150 years ago,  
we're independent so you can be.

The information in this factsheet applies to England only.

If you're in Wales, contact Age Cymru  
(0800 022 3444, [agecymru.org.uk](http://agecymru.org.uk))  
for information and advice.

In Scotland, contact Age Scotland  
(0800 12 44 222, [agescotland.org.uk](http://agescotland.org.uk)).

In Northern Ireland, contact Age NI  
(0808 808 7575, [ageni.org](http://ageni.org)).

In this factsheet, you'll find reference to our other publications. You can order them by calling **0800 319 6789**, or by visiting [independentage.org/publications](http://independentage.org/publications)

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# 1. What is Pension Credit?

## **Means testing**

Looking at your finances, including your level of income and capital, to work out whether you qualify for financial help from the government.

Pension Credit is a means-tested benefit. It may give you extra money to top up your income once you've reached the qualifying age. It is paid by the Pension Service (part of the Department for Work and Pensions (DWP)).

You may be able to claim Pension Credit whether or not you're still working, although any earnings you have will be taken into account. You don't need to have paid any National Insurance contributions.

Pension Credit has two parts: Guarantee Credit and Savings Credit.

## **Guarantee Credit**

Extra money to make up your weekly income to a minimum level decided by the government, known as the appropriate minimum guarantee. It is available to people who have reached Pension Credit age (see chapter 2)

## **Savings Credit**

Extra money paid to eligible people aged 65 and over to reward them for making modest provision for their retirement by having savings or income. However, Savings Credit is being phased out and has been closed to claimants who reached State Pension age on or after 6 April 2016 (see chapter 4).

## 2. Guarantee Credit

### Who can claim Guarantee Credit?

To qualify for Guarantee Credit, you must:

- have reached the qualifying age. This is linked to women's State Pension age, which is gradually increasing (it will be 65 by November 2018). To find out when you'll reach the qualifying age, visit [gov.uk/calculate-state-pension](http://gov.uk/calculate-state-pension) or call the Pension Service on **0800 99 1234**
- have an income lower than the minimum amount the government says you need – see page 6 for more information.

<b>Your date of birth</b>	<b>Date you qualify for Guarantee Pension Credit</b>
5 October 1953 and earlier	You've already reached the qualifying age for Guarantee Credit
6 October 1953 to 5 November 1953	6 July 2018
6 November 1953 to 5 December 1953	6 November 2018
6 December 1953 and later	Check when you'll qualify by visiting <a href="http://gov.uk/calculate-state-pension">gov.uk/calculate-state-pension</a> or calling the Pension Service on <b>0800 99 1234</b>

## **Your appropriate minimum guarantee**

Your appropriate minimum guarantee is the minimum amount of money the government says you need to live on each week. The standard amount for a single person is £163.00 and for a couple (married, in a civil partnership or cohabiting) is £248.80 a week. You might be entitled to more than this if you're disabled, a carer, or have certain housing costs – see chapter 3.

Income taken into account for Guarantee Credit includes your State Pension, occupational and private pensions, income from certain benefits, earnings, and assumed income from savings. Some types of income are partially or fully disregarded.

There is no upper savings limit for Pension Credit. However, any savings or investments you have over £10,000 will affect how much Pension Credit you can receive. For every £500 you have over £10,000, it's assumed you have an extra £1 of weekly income. This is called deemed income.

### 3. How your Guarantee Credit is calculated

To work out how much Guarantee Credit you should receive, you need to take away your income figure from your appropriate minimum guarantee.

#### An example

Mr Smith is single and has a State Pension of £125.95 a week and an occupational pension of £25 a week. He also has savings of £11,000. The first £10,000 are ignored, and an extra £1 of income is counted for every £500 above this. This means he has a deemed income from savings of £2 a week. So, his income is calculated as:

£125.95 State Pension  
+ £25.00 occupational pension  
+ £2.00 deemed income  
= £152.95 total income

Mr Smith's appropriate amount is:  
£163.00

£163.00 appropriate amount  
- £152.95 income = £10.05

£10.05 a week = Mr Smith's Guarantee Credit

## **Additional amounts**

In certain circumstances, additional amounts of money may be added to your appropriate amount. The rest of this chapter looks at these additional amounts.

### **Severe Disability Addition**

A Severe Disability Addition is included in the Pension Credit calculation if all of the following apply:

- you're getting one of the following disability benefits: Attendance Allowance, the daily living component of Personal Independence Payment, the middle or high rate care components of Disability Living Allowance, Armed Forces Independence Payment
- no one is receiving Carer's Allowance for looking after you
- you live alone, or live with someone who isn't counted for these calculations (see below).

You can be treated as living alone even if someone else lives in the property and there are also complex rules if another adult lives in the property who is not your partner but is a joint owner or tenant. For more information, call our Helpline on [0800 319 6789](tel:08003196789).

For example, someone who receives a qualifying benefit for the Severe Disability Addition wouldn't be included when looking at who you live with. This means if you're a couple and both of you receive qualifying benefits, it is possible for you both to qualify for the Severe Disability Addition, as long as:

- no one else counts as living with you
- no one is receiving Carer's Allowance for looking after either one of you.

## **What you'll get**

If you qualify for the Severe Disability Addition as a single person, the rate is £64.30 a week

If you're a couple and you both qualify, the rate is £128.60 a week.

It isn't possible for one person in a couple to qualify if their partner doesn't also receive a qualifying benefit, unless their partner is registered as blind or severely sight-impaired. If this is the case, the rate for the partner who qualifies will be £64.30 a week. The Severe Disability Addition is added to your appropriate minimum guarantee. This could make you eligible to claim Guarantee Credit if you were not eligible before, or give you a higher amount if you're already receiving Guarantee Credit.

## **The Severe Disability Addition and Carer's Allowance**

If someone receives Carer's Allowance for looking after you, you won't be entitled to receive this increase in the Pension Credit calculation. Sometimes, someone is entitled to Carer's Allowance for looking after you but can't be paid it because they receive another benefit that overlaps with it (overlapping benefit rules prevent some benefits from being paid together). This is called having an 'underlying entitlement' to Carer's Allowance. If this is the case, you can still receive a Severe Disability Addition as part of your Pension Credit calculation.

If someone is about to claim Carer's Allowance for looking after you, it may affect your Pension Credit, so get advice before they go ahead with their claim. You may want to contact Independent Age ([0800 319 6789](tel:08003196789), [independentage.org](http://independentage.org)), your local Citizens Advice ([08444 111 444](tel:08444111444), [citizensadvice.org.uk](http://citizensadvice.org.uk)) or Age UK ([0800 169 6565](tel:08001696565), [ageuk.org.uk](http://ageuk.org.uk)) for more information.

## **Carer's Addition**

A Carer's Addition of £36.00 a week is added to your appropriate minimum guarantee in your Pension Credit

calculation if you or your partner are paid Carer's Allowance or have an underlying entitlement to it. This could make you eligible for Guarantee Credit if you weren't eligible before, or give you a higher amount if you are already receiving Guarantee Credit.

### **An example**

Mrs Bilam lives alone. She has a State Pension of £164.35 and no other income. She thinks this means that she won't qualify for Pension Credit as her income is higher than her appropriate amount of £163.00. However, Mrs Bilam receives Carer's Allowance for looking after her sister. This means a Carer's Addition of £36.00 a week is added to her appropriate amount, bringing it to £199.00, so she is £34.65 a week better off for claiming Pension Credit.

If both you and your partner receive (or have an underlying entitlement to) Carer's Allowance, two £36.00 Carer's Additions will be included in your Pension Credit calculation.

### **Housing costs addition**

If you get Guarantee Pension Credit and own your own home, you may be able to get a loan towards the interest payments on your mortgage, loans for repairs and improvements, or help with some service charges. This would be added to your appropriate minimum guarantee. Contact your local Citizens Advice or Age UK for advice. You can also use our online benefits calculator at [independentage.org/benefit-calculator](https://independentage.org/benefit-calculator).

## Good to know



If you're receiving either type of Pension Credit, you may also be eligible for grants to help with insulation and energy efficiency. Contact your energy providers to see if they offer such a scheme and what the criteria are.

## To do



Gov.uk has an online Pension Credit calculator to help you work out how much you might be able to get ([gov.uk/pension-credit-calculator](https://www.gov.uk/pension-credit-calculator)) or you can call the Pension Service for information ([0800 731 0469](tel:08007310469)).

## 4. Savings Credit

Savings Credit is being phased out, so you won't be eligible if you're single and reached State Pension age on or after 6 April 2016. If you reached State Pension age before 6 April 2016, or you have a partner who reached State Pension age before this date and was already receiving it, you may still be entitled to it.

Savings Credit is extra money for people aged 65 and over who have made modest provision for their retirement. However, the government has brought in changes to limit new claims for Savings Credit. How you're affected depends on whether you're single or a couple, and how old you are. If you're already getting Savings Credit, this won't affect you – you'll continue to get it while you remain eligible. However, if for any reason you are no longer eligible, you won't be able to claim it again.

- If you're single and reached State Pension age before 6 April 2016, you can still make a claim for Savings Credit once you reach 65.
- If you're single and reached State Pension age on or after 6 April 2016, you can't claim Savings Credit.
- If you're a couple and one of you reached State Pension age on or after 6 April 2016, and the other before 6 April 2016, the rules are more complicated. You can only get Savings Credit if one of you is aged 65 or over and was already getting Savings Credit before 6 April 2016, and has been entitled to it continuously since 6 April 2016.
- If you're a couple and both of you reached State Pension age before 6 April 2016, you can make a claim for Savings Credit when the eldest reaches age 65.

If you're eligible to make a claim for Savings Credit, you may qualify if your qualifying income is over £140.67 a week as a single person or over £223.82 a week as a couple. If your

qualifying income is too high (see chapter 5) you may be above the level for Savings Credit.

## 5. How your Savings Credit is calculated

Savings Credit rewards you with 60p for every £1 of qualifying income that is above the Pension Savings Credit starting point.

The starting points are:

- Single person: £140.67 a week
- Couple: £223.82 a week.

If your qualifying income is higher than these weekly starting points, you will be rewarded with 60p for every £1 until you reach the maximum amount of Savings Credit.

The maximum amount of Savings Credit that can be awarded is:

- Single person: £13.40 a week
- Couple: £14.99 a week.

### **What counts as your qualifying income for Savings Credit?**

Not all of your income is considered in the calculation for Savings Credit. Qualifying income includes:

- State Pension
- occupational/work pension
- private pension
- income from annuities
- earnings
- deemed income from capital over £10,000.

Income not counted may include:

- Attendance Allowance
- Disability Living Allowance
- Personal Independence Payment
- Incapacity Benefit
- Housing Benefit and Council Tax Support.

## **Savings Credit reduction**

If your qualifying income is more than your appropriate minimum guarantee (the same as for Guarantee Credit), you may still be eligible for Savings Credit. However, the maximum Savings Credit you can receive is reduced by 40p for every pound of qualifying income you have above your appropriate minimum guarantee. So, if your qualifying income is considerably higher than your appropriate amount, the reduction may cancel out any Savings Credit you might get.

As the calculations are complicated, it's best to check if you're likely to be entitled to it before taking time to complete the application form. You can either do this by contacting the Pension Credit helpline ([0800 99 1234](tel:0800991234)) or by using the Pension Credit calculator online at [gov.uk/pension-credit-calculator](https://gov.uk/pension-credit-calculator). Or call our Helpline for further advice on [0800 319 6789](tel:08003196789).

## 6. Housing Benefit and Council Tax Support

If you receive Guarantee Credit, you may qualify for full Housing Benefit. This could mean your rent is paid in full except in certain circumstances.

A deduction may be made from your Housing Benefit if:

- there are other adults living with you, apart from your partner, carer (in certain circumstances), landlord or lodger
- the rent for your property is higher than the council would normally pay for someone in your circumstances.

If you receive Savings Credit, you may qualify for Housing Benefit and Council Tax Support. You must have less than £16,000 in savings and investments.

### Good to know



There are plans to introduce a new element to Pension Credit, called a housing credit. This will help with rent payments, instead of Housing Benefit. The government hasn't decided when this will happen.

If you receive Guarantee Credit, you may get your Council Tax paid in full. You may get a reduction of your Council Tax bill if another adult lives with you who isn't your partner.

For more information, read our factsheet **Council Tax Support and Housing Benefit**.

## **7. Entitlement to Pension Credit in a care home**

If you live in a care home, your entitlement to Pension Credit is calculated in the same way as if you lived at home. The first £10,000 of your savings and investments will be ignored.

The local council must use the Pension Service assessment of your income when they work out how much you need to contribute towards your care home fees. The council should seek your permission to contact the Pension Service for this information or will ask to see evidence of this information sent to you by the Pension Service.

### **Savings Disregard**

If you're living in a care home and receive Savings Credit, the local council should apply a savings disregard during the financial assessment. It is worth up to a maximum of £5.75 a week for a single person and £8.60 for couples. This is paid in addition to your Personal Expenses Allowance of £24.90.

## 8. Other entitlements if you get Pension Credit

### Healthcare

If you receive Guarantee Credit, you are entitled to claim other benefits including:

- free NHS dental treatment, including check-ups
- free sight tests
- vouchers towards the cost of glasses or contact lenses
- travel costs to and from hospital for NHS treatment.

### Good to know



If you're not receiving Guarantee Credit, you could apply for full or partial help under the NHS Low Income Scheme. You will need to fill in an HC1 form. This is available from your local GP surgery, dentists, pharmacists or opticians, or by calling the NHS Business Services Authority on [0300 330 1343](tel:03003301343). Read our factsheet **Help with health costs** to find out more.

### Cold Weather Payment

If you get Guarantee or Savings Pension Credit, you'll usually get a Cold Weather Payment of £25 each time the temperature in your area is recorded or forecast as 0°C (32°F) or below for seven days in a row.

## 9. How to claim Pension Credit

It's quickest to claim by phone. You can call the Pension Service claim line free (0800 99 1234). Staff will take all of the information relevant to your claim. If English isn't your first language, the Pension Service can arrange an interpreter. Someone else – such as a relative – can make the phone call for you, but you must be with them when they call.

You will need to have the following information to hand:

- your National Insurance number
- details of all income
- details of all savings and investments
- your bank account details.

The Pension Service can help you apply for Housing Benefit and Council Tax Support at the same time as you make a claim for Pension Credit.

The Pension Credit application form will be sent to you to check, sign and return. Alternatively, if you can't make an application by phone, ask a voluntary organisation such as a local Citizens Advice to request a paper application form for you.

You can apply for Pension Credit up to four months before you reach the Pension Credit qualifying age.

### **Backdating**

Claims for Pension Credit can be backdated by up to three months if you met the conditions for the whole of that period.

## Good to know



If you're waiting for your first payment of Pension Credit and you're in urgent financial need, you can apply for a short-term benefit advance. If you're eligible, you'll usually get the advance payment the next working day. You will have to pay this back in small amounts deducted from your benefit each time you receive a payment. Call [0345 606 0265](tel:03456060265) to apply. Read our factsheet **Extra help with essential costs if you're on a low income** to find out more.

## 10. Change of circumstances

Assessed Income Periods (AIPs) are periods of time when you won't be reassessed for your claim for Pension Credit and you don't have to tell the Department for Work and Pensions (DWP) about any changes to your pensions, savings or investments. Your Pension Credit award letter will tell you if you have one of these.

No new AIPs have been set since April 2016. How this change affects you depends on the sort of AIP you have. Check the letter you received about your Pension Credit to find this out. It will have a paragraph about your AIP.

- If you have an AIP which is set to end before 31 March 2019, it will end either on the original date or earlier if your circumstances change (for example, if you move into a care home).
- If you have an AIP which is set to end on or after 1 April 2019, it will end sooner and you won't be given a new AIP. You'll be told six months in advance when it will end.
- If you have an AIP with no end date, it will remain in place unless your circumstances change.

New claims for Pension Credit won't have an AIP. This means you'll have to inform the Pension Service of any changes to your circumstances, such as changes to your income, savings or travelling abroad.

### Good to know



If you go abroad temporarily, you may be able to keep receiving Pension Credit for up to four weeks. If you're going abroad for medical treatment through the NHS that began before you left, you may be able to keep receiving it for up to 26 weeks. You can't keep receiving

Pension Credit if you move abroad permanently. Read our factsheet **Moving abroad** to find out more.

## **11. Receiving the payments**

The Pension Service will pay your Pension Credit directly into your chosen account. You can use a bank, post office card account, building society or credit union.

When the Pension Service first processes your claim, they'll send you a statement to tell you how they have calculated your Pension Credit, when you will receive it and how much you should receive. Keep this statement in a safe place, as the Pension Service only sends a new statement when your payments change, or when you request a replacement.

Pension Credit is usually paid every four weeks.

## 12. Future changes

### Couples

Universal Credit is a benefit that is replacing means-tested benefits for people of working age. If you've reached Pension Credit qualifying age, this probably won't affect you unless you are part of a couple and your partner is under Pension Credit qualifying age. When Universal Credit is fully rolled out, the person under Pension Credit qualifying age will have to apply for Universal Credit instead, which will be paid at a significantly lower rate than Pension Credit. If you think this might affect you, call us on [0800 319 6789](tel:08003196789) to arrange to speak to an adviser.

### If you have responsibility for children

Child Tax Credit is to be replaced with the introduction of Universal Credit, and additional amounts for dependent children will eventually be introduced as part of Pension Credit. At present, you still make a claim for Child Tax Credit if you've reached the qualifying age for Pension Credit.

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The sources used to create this publication are available on request. Contact us using the details below.

## **Thank you**

Independent Age would like to thank those who shared their experiences as this information was being developed, and those who reviewed the information for us.

## **How did we do?**

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