

Factsheet

Pension Credit

About 2.58 million older people are entitled to Pension Credit to top up their retirement income. Yet around 4 in 10 of those who qualify aren't 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 **[independentage.org](https://www.independentage.org)**

About Independent Age

No one should face financial hardship in later life.

Independent Age is a national charity providing support for older people facing financial hardship. We offer free impartial advice and information on what matters most: money, housing and care.

We financially support local community organisations across the UK through our grants programme. We campaign for change for older people struggling with their finances.

You can call us on freephone **0800 319 6789** (Monday to Friday, 8.30am to 5.30pm) or email helpline@independentage.org to arrange to speak to one of our advisers.

To donate or help support our work, please visit independentage.org/support-us.

In this factsheet, you'll find references to our other free publications. You can order them by calling **0800 319 6789** or by visiting independentage.org/publications.

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1. What is Pension Credit?

Means testing

Looking at your finances, including your 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 State Pension age. It's paid by the Pension Service, which is part of the Department for Work and Pensions.

You may be able to claim Pension Credit whether or not you're still working, although most of your earnings are likely to be considered when working out if you qualify for Pension Credit. You don't need to have paid any National Insurance contributions. Pension Credit is tax free.

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

Guarantee Credit

Extra money to top up your weekly income to a minimum level decided by the government. This is known as the appropriate minimum guarantee. It's available to people who have reached State Pension age – if you're part of a couple, you both need to have reached State Pension age (see [chapter 2](#)). Receiving Guarantee Credit also opens up other entitlements (see [chapters 6](#) and [7](#)).

Savings Credit

Extra money for people who have some savings or income. Savings Credit is being phased out and you can only claim if you reached State Pension age before 6 April 2016 (see [chapter 4](#)).

2. Guarantee Credit

Who can claim Guarantee Credit?

To qualify for Guarantee Credit, you must:

- have reached State Pension age. To find out when you'll reach the qualifying age, visit gov.uk/state-pension-age or call the Pension Service on **0800 731 0469**
- have an income lower than the minimum amount the government says you need to live on.



Good to know

There are different rules for couples where one of you is over State Pension age and one is under who want to make a new claim. See [chapter 12](#) for more information.

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 amounts for 2024/25 are:

- single person – £218.15 a week
- couple – £332.95 a week.

You count as a couple if:

- you're married or in a civil partnership and you're members of the same household, or
- you're not married or in a civil partnership, but you're living together as if you are.

You might be entitled to a higher amount if you're disabled, a carer or have certain housing costs – see [chapter 3](#).

What counts as income

The income counted when working out Guarantee Credit includes:

- your State Pension
- occupational and private pensions
- certain benefits
- assumed income from savings or investments
- earnings.

Some types of income are partly or fully ignored when calculating your income. If you're applying for Pension Credit as a couple, both your and your partner's income and savings are taken into account.

If you have savings or investments, the first £10,000 is ignored. For every £500 (or part of £500) you have over £10,000, it's assumed you have an extra £1 of weekly income. This is called **deemed income** and affects how much Pension Credit you can get.

If you'd like more advice for your situation, call our Helpline on **0800 319 6789** to arrange to speak to an adviser.



Good to know

If you've decided not to touch your occupational or private pension pot, or you've taken a lump sum from it, this may affect the way your Pension Credit is calculated. Contact Pension Wise for more information (**0800 011 3797**, moneyhelper.org.uk/en/pensions-and-retirement/pension-wise). You can also call our Helpline on **0800 319 6789** for more information.

3. How your Guarantee Credit is calculated

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

An example

Mr Smith is 76 years old. He is single, rents his home and has a State Pension of £140.18 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:

£140.18 State Pension
+ £25.00 occupational pension
+ £2.00 deemed income
= £167.18 total income

Mr Smith's appropriate minimum guarantee is £218.15.

£218.15 appropriate minimum guarantee – £167.18 income = £50.97. This gives him Guarantee Credit of £50.97 a week.

Because he'll get some Guarantee Pension Credit, Mr Smith is also entitled to other benefits, like Cold Weather Payments and free NHS dental treatment. Because he is over 75 years old, he can apply for a free TV licence, too.

And because he rents his home from a registered social landlord and lives alone, he also gets Housing Benefit to cover his rent in full. His Council Tax bill is also paid for him in full (see [chapters 6](#) and [7](#)).

Additional amounts

In some circumstances, extra amounts of money may be added to your appropriate minimum guarantee. The rest of this chapter looks at these additional amounts.

1. Severe Disability Addition

You'd be able to add a Severe Disability Addition to your calculation if all of the following apply:

- you're getting one of these qualifying benefits:
 - Attendance Allowance
 - the daily living component of Personal Independence Payment
 - the middle or high rate care components of Disability Living Allowance
 - Adult Disability Payment in Scotland
 - Armed Forces Independence Payment
 - Exceptionally Severe Disablement Allowance
 - Constant Attendance Allowance
- no one is getting Carer's Allowance, Carer Support Payment in Scotland or the carer element of Universal Credit for looking after you
- you live alone, or are treated as if you live alone.

You can be treated as living alone even if you live with someone else. For example, if you live with someone who gets one of the qualifying benefits for the Severe Disability Addition (listed above), you would be considered as living alone. There are also complex rules if another adult lives in the property who is not your partner. For more information, call our Helpline on **0800 319 6789**.

If you're a couple and you both receive qualifying benefits, you'd be able to get the Severe Disability Addition if:

- no one else counts as living with you
- no one is receiving Carer's Allowance, Carer Support Payment or the carer element of Universal Credit for looking after either one of you.

For couples where only one of you gets a qualifying benefit, you'd only get the Severe Disability Addition if the other person is registered blind or severely sight impaired.

Underlying entitlement to carers' benefits

Usually, you can't get the Severe Disability Addition if someone else gets Carer's Allowance or Carer Support Payment for looking after you. However, if they have an underlying entitlement to Carer's Allowance or Carer Support Payment – where they're entitled to a carer's benefit for looking after you, but aren't paid it because of another benefit they get – you can still get a Severe Disability Addition. For more information, see our factsheet [Underlying entitlement to carers' benefits](#).



Good to know

If someone is about to claim Carer's Allowance or Carer Support Payment for looking after you, it may affect your Pension Credit. It's best to get advice before they go ahead with their claim. Contact our Helpline ([0800 319 6789](tel:08003196789)) to arrange to speak to an adviser.

What you'll get

If you qualify for the Severe Disability Addition, the rates for 2024/25 are:

- single person – £81.50 a week
- couple (where both qualify) – £163.00 a week
- couple (where one qualifies) – £81.50 a week.

The Severe Disability Addition is added to your appropriate minimum guarantee. This might mean you can claim Guarantee Credit if you didn't qualify before, or get a higher amount if you're already receiving Guarantee Credit.

2. Carer's Addition

Carer's Addition adds £45.60 a week (2024/25 rate) to your Pension Credit calculation.

You might be able to get it if you or your partner are paid Carer's Allowance or Carer Support Payment, or have an underlying entitlement to it. This could mean you'll now qualify for Guarantee Credit if you didn't before, or give you a higher amount if you're already getting it.

An example

Mrs Bilam lives alone. She gets a State Pension of £222.59 and no other income. She thinks this means that she won't qualify for Pension Credit as her income is higher than her appropriate minimum guarantee of £218.15.

However, Mrs Bilam claimed Carer's Allowance for looking after her sister and she has been awarded an underlying entitlement to it. This means a Carer's Addition of £45.60 a week is added to her appropriate minimum guarantee, bringing it to £263.75 – so, she is £41.16 a week better off for claiming Pension Credit.



Good to know

If both you and your partner receive (or have an underlying entitlement to) Carer's Allowance or Carer Support Payment, you'll each receive £45.60 Carer's Addition in your Pension Credit calculation.

3. Help with housing costs

If you get Guarantee Credit, you may be able to get help with some service charges and ground rent, for example. This would be added to your appropriate minimum guarantee when your Pension Credit is calculated. Call our Helpline on **0800 319 6789** for more information.



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 Credit claim line on **0800 99 1234**.

4. Savings Credit

Savings Credit gives you some extra money if you've saved a small amount for retirement. You can only get it 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 getting it. You might still get some Savings Credit even if you do not get the Guarantee Credit part of Pension Credit.

How Savings Credit is calculated

If you qualify, you'll get 60p for every £1 of qualifying income above the Savings Credit thresholds. For 2024/25, these thresholds are:

- single person – £189.80 a week
- couple – £301.22 a week.

This means you'll be rewarded for any qualifying income you have over these weekly starting points, until you reach the maximum amount of Savings Credit.

For 2024/25 the maximum you can get is:

- single person – £17.01 a week
- couple – £19.04 a week.



To do

The calculations for Savings Credit are complicated, so it's best to check if you're likely to be entitled to it before taking time to complete the application form. You can do this by using our online benefits calculator at independentage.org/benefits-calculator or call our Helpline for more advice on **0800 319 6789**. Or you can call the Pension Credit claim line on **0800 99 1234**.

5. 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.

If you're a couple and one or both of you live in a care home permanently, your entitlement may be looked at separately – as if you were both single. You will have to seek benefits advice and claim individually.

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 ask 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 moving into a care home and receive Savings Credit, the local council should apply a savings disregard during your financial assessment. This assessment will happen before you move into a care home. Your Pension Credit claim will mean that you will be left with a bit of extra money – the amount depends on whether you live in England, Scotland or Wales.

For more information, read our guides:

- [Paying care home fees in England and Wales](#)
- [Paying care home fees in Scotland](#).

6. Housing Benefit and Council Tax Reduction

If you get Guarantee Credit, you may qualify for full Housing Benefit. This could mean your rent is paid in full except in some 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
- your rent includes service charges, such as heating or hot water.

If you get Guarantee Credit, you may also 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.

If you get Savings Credit, you may qualify for Housing Benefit and Council Tax Reduction/Support. You must have less than £16,000 in savings and investments. For advice, call our free Helpline on **0800 319 6789** to arrange to speak to an adviser.

Support for Mortgage Interest

If you get Pension Credit and own your own home, you may be able to get a Support for Mortgage Interest loan. This can help towards interest payments on your mortgage, or on certain loans for repairs and improvements. If you qualify, the loan is paid directly to your lender. For more information, call the Pension Service (**0800 731 0469**).



Good to know

If you're getting Guarantee Pension Credit, you may be able to get grants to help with insulation and energy efficiency, such as window glazing. Contact your energy supplier and local council to see if they offer such a scheme and what the criteria are.

For more information on financial support and how to save energy in your home, visit [gov.uk/improve-energy-efficiency](https://www.gov.uk/improve-energy-efficiency) if you live in England or Wales, or Home Energy Scotland (**0808 808 2282**, homeenergyscotland.org) if you live in Scotland.

For more on the options available, read our factsheet [Extra help with essential costs if you're on a low income](#).

7. Other entitlements if you get Pension Credit

Healthcare

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

- free NHS dental treatment
- vouchers towards glasses or contact lenses
- travel costs to and from hospital for NHS treatment.



Good to know

If you're not getting Guarantee Credit, you could apply for help under the NHS Low Income Scheme.

You'll need to fill in an HC1 form. This is available online or from your local GP surgery, dentists, pharmacists or opticians, or by calling the NHS Business Services Authority on **0300 330 1343**. Find out more on the NHS website (nhs.uk/nhs-services/help-with-health-costs/nhs-low-income-scheme-lis).

Winter payments

Depending on where you live, if you get Guarantee or Savings Pension Credit, you may receive a winter payment.

If you live in England or Wales, you'll usually get a Cold Weather Payment if the average temperature in your area is recorded or forecast as 0°C (32°F) or below for seven days in a row. You'll get £25 for each seven-day period between 1 November and 31 March.

In Scotland, the Winter Heating Payment has replaced the Cold Weather Payment. The Winter Heating Payment is a yearly payment that is paid no matter the temperature. This was £55.05 in January 2024. Social Security Scotland will send you a letter before you receive the payment.

Warm Home Discount

You may be able to get a discount on your electricity bill under the Warm Home Discount scheme if your supplier offers one. You can see a list of suppliers taking part in the scheme at gov.uk/the-warm-home-discount-scheme/energy-suppliers, or contact your supplier directly.

You should receive a letter telling you if you qualify. Contact the Warm Home Discount Scheme helpline on **0800 030 9322** if you didn't receive one and think you might qualify.

TV licence for people aged 75 and over

If you're 75 or over, you'll be able to get a free TV licence if you (or your partner) are receiving Pension Credit. You'll need to apply for your free licence – you won't receive it automatically.

To apply for your new TV licence, contact TV Licensing (**0300 790 6117**, tvlicensing.co.uk).

8. How to claim Pension Credit

Claim by phone

You can call the free Pension Credit claim line (**0800 99 1234**). Staff will take all 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'll need to have the following information to hand:

- your National Insurance number
- details of all income
- details of all savings and investments
- information on your housing costs (for example, service charges)
- your bank account details
- the same details for your partner, if you have one.

The Pension Service can help you apply for other benefits, such as help with housing costs, at the same time as you make a claim for Pension Credit.

Claim online or by post

You can make a claim online by visiting [gov.uk/pension-credit/how-to-claim](https://www.gov.uk/pension-credit/how-to-claim). You can only make an online claim if you're already claiming your State Pension and there are no children or young people involved in your claim.

If you can't make an application by phone or online, you can apply by post. Download and print out the claim form at [gov.uk/government/publications/pension-credit-claim-form--2](https://www.gov.uk/government/publications/pension-credit-claim-form--2), or call the claim line to ask for a copy. If you need help filling it in, call our Helpline on **0800 319 6789** to arrange to speak to an adviser.

When you can apply

You can apply for Pension Credit up to four months before you reach State Pension age, and anytime after. Claims for Pension Credit can be backdated by up to three months if you qualified for it 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 qualify, you'll usually get the advance payment the next working day. You'll pay this back in small amounts deducted from your benefit each time you receive a payment. Call the Pension Service on **0800 731 0469** to apply.

9. Challenging a decision about your Pension Credit claim

You may want to challenge a decision made by the Pension Service about your Pension Credit claim for lots of reasons, such as:

- your Pension Credit claim has been refused, but you think the Pension Service has made a mistake and you can prove you're entitled to it
- the Pension Service has told you that you've been overpaid, but you can show you were paid the right amount.

Asking the Pension Service to change their decision about your Pension Credit is called a 'mandatory reconsideration'. It is free to do. You don't have to get help from a solicitor to do it. Because it is a separate benefit to your State Pension, challenging this decision won't affect the amount of money you receive from your pension, but it may mean you get the Pension Credit that you are entitled to.

How to apply for a mandatory reconsideration

If you want to ask for a mandatory reconsideration, you must do this within one month of the date of the decision. This date is at the top of your decision letter.

You can still apply for a mandatory reconsideration within 13 months, but you will have to give a good reason why your request is late – for example, because you've been in hospital. It might be useful to call the Pension Service (**0800 731 7898**) before you apply to explain why your application is late.

To ask for a mandatory reconsideration, you can call the Pension Service or write to them. The letter should include:

- the date of the Pension Service's original decision
- your name and address
- your date of birth
- your National Insurance number
- a way to contact you, like a telephone number or email address.

It will also be useful to have evidence like bank or private pension statements to show your income. Payslips showing that you're working in this country will be important if you're an EEA national and your decision letter claims you don't have a 'right to reside' in the UK. Travel tickets showing that you weren't outside the UK for more than four weeks could also be useful.

If you think the Pension Service has misunderstood the law, you will need to tell them why you think they're wrong.

In your letter, you will need to explain why you disagree with the original decision and give examples to support your reasons. The original letter may include reasons why the Pension Service came to their decision. If it did, you should make it clear in your letter which reasons you are challenging and why.



Good to know

If you would like support to write your letter challenging a decision about your Pension Credit, call our Helpline on **0800 319 6789**.

If you want to find out more about challenging a benefit decision, read our factsheet

[What to do if you disagree with a benefits decision.](#)

10. Change of circumstances

If your personal circumstances or your pensions, savings or investments change, you must report this. It could affect whether you qualify for Pension Credit.

You need to inform the Pension Service of any changes to your circumstances, such as changes to your income, housing costs, savings or travelling abroad. A change of personal circumstances can include:

- going into hospital or a care home
- moving house
- someone moving into or out of your home
- changing your name
- changing your bank account.

To report a change, call the Pension Credit helpline on **0800 731 0469**. If you do not report a change, your claim could be reduced or stopped, or you may have to pay a penalty.



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 or medically approved convalescence or care, 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. Visit [gov.uk/claim-benefits-abroad](https://www.gov.uk/claim-benefits-abroad) to find out more.

Assessed Income Periods

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 Pension Service 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 2016. This means that 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.

11. Receiving the payments

The Pension Service will pay your Pension Credit directly into your chosen account. You can use a bank, building society or some credit unions.

When the Pension Service first processes your claim, they'll send you a statement to tell you:

- how they've calculated your Pension Credit
- when you'll receive it
- how much you should receive.

Keep this statement in a safe place, because the Pension Service only sends a new statement when your payments change, or when you request a replacement.

If you reached State Pension age on or after 6 April 2010, you will usually receive your Pension Credit payment every four weeks. The day you are paid will depend on your National Insurance number.

If you reached State Pension age before 6 April 2010, you will be paid weekly on the same day that you receive your retirement pension.

12. Changes to Pension Credit

Couples

As of May 2019, you can only claim Pension Credit if either:

- you have both reached State Pension age, or
- one of you has reached State Pension age and is claiming Housing Benefit for you as a couple.

If you already get Pension Credit, your payments will continue. However, if your entitlement to either Pension Credit or Housing Benefit stops for any reason, you won't start getting Pension Credit again, unless you both qualify under the new rules.

If you don't qualify because one of you is under State Pension age, you may be able to get Universal Credit instead. If you think this might affect you, call our Helpline on **0800 319 6789** to arrange to speak to an adviser.

If you have responsibility for children

You might get more Pension Credit if you're responsible for a child. This is called the 'child addition'. This is usually £76.79 for the first child born before 6 April 2017 and £66.29 for any children born after then. If your dependent children are disabled, you may get more.

You must not be claiming tax credits, or have been awarded tax credits in the previous year. If you're already getting Child Tax Credit, this should continue. Contact HMRC on **0345 300 3900** if you're unsure how this affects you.

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