



What is pension credit?

Pension credit (PC), also known as state pension credit, is a benefit for people who are over age 60, who are on a low income.

Pension credit has two parts:

- guarantee credit - is for people aged 60 and over and is calculated in a similar way to income support. An amount known as an 'appropriate minimum guarantee' is calculated. If your income is below this minimum guarantee, the guarantee credit makes up the difference.
- savings credit - gives you extra money if you have saved for retirement. It will only be paid if you or your partner are over 65. It is intended to 'reward' you for having income from earnings, savings or pensions over the level of the basic pension.

You can get both of these parts if you satisfy the rules. If you get guarantee credit you can be passported to other benefits in a similar way to income support (IS). In some cases savings credit alone will be sufficient to do this.

Who can claim pension credit?

To claim PC you must be aged over 60 (or 65 for savings credit). If you have a partner (married, civil partners or living together as a couple), they can be younger than you.

You must also have the right to reside and pass the habitual residence test.

Unlike IS, PC claimants can work more than 16 hours a week.

The habitual residence test and the right to reside

The term "right to reside" is not defined but is dependent on your immigration status and nationality. You might have a right to reside under United Kingdom rules, EC law or because you are a British citizen.

The habitual residence test is a test to see if you normally live in the United Kingdom, the Channel Islands, the Republic of Ireland or the Isle of Man). The test will be applied if you have been living abroad.

There is no legal definition of 'habitual residence'. Relevant factors are where you normally live, where you expect to live in future, your reasons for coming to this country, the length of time spent abroad before you came here, and any ties you still have with the country where you have come from.

However, the test should not be applied if someone:

- is an EC national with 'worker status', or the 'right to reside' (under EC worker legislation); or



- has refugee status; or
- has exceptional leave to remain or enter.

If these do not apply, a Decision Maker (DM) will decide whether you are habitually resident or not. Get advice if you fail this test.

PC can be paid for the first 4 or 8 weeks of a temporary absence from Britain.

Guarantee credit

Guarantee credit is calculated by comparing your appropriate minimum guarantee with your income. Your minimum guarantee always includes a 'standard minimum guarantee'. This is set at two rates: £130.00 for single claimants and £198.45 for couples. These figures are the same as the IS personal allowance and pensioner premium combined.

Additional amounts are paid for severe disability (£52.85 for each qualifying claimant or partner) and for carers (£29.50). You qualify for these in the same way as for the severe disability and carer premiums in IS. If you have children you will need to claim [child tax credit](#) (CTC).

The appropriate minimum guarantee will also include any eligible housing costs, calculated in the same way as for IS.

Savings credit

You can get savings credit of up to £20.40 a week if you are single or £27.03 if you are part of a couple.

All assessments are based on the amount of [qualifying income](#) that you have over a threshold figure which is £96.00 for single claimants and £153.40 for couples. If your qualifying income is below these thresholds you cannot get savings credit.

Income

Income is used to work out your guarantee credit.

Income counted in full for guarantee credit purposes includes:

- state, occupational and private pensions
- retirement annuity contracts annuities and
- regular payments from an equity release scheme
- war disablement and war widow's/widower's pensions ([but see below for disregards](#))
- other types of pensions including civil list pensions and those paid to victims of Nazi persecution ([but see below for partial disregards](#))



- most social security benefits (except those listed below)
- earnings ([but see below for partial disregards](#))
- working tax credit
- payments from boarders, lodgers or sub-tenants ([but see below for partial disregards](#))
- regular payments from trust funds in most circumstances – [but see below](#)
- maintenance payments from a spouse/civil partner or former spouse/civil partner
- ‘deemed income’ from capital over £6,000 ([see below](#))
- income from the Financial Assistance scheme and Pension Protection Fund

Fully disregarded income includes:

- attendance allowance, disability living allowance, constant attendance allowance and war pensioner’s mobility supplement
- housing benefit and council tax benefit
- Christmas bonus
- social fund payments including the winter fuel payment
- bereavement payment
- child benefit, child tax credit, guardian’s allowance and child special allowance
- increases for dependent children paid with certain other benefits
- exceptionally severe disablement allowance (paid in the war pensions and Industrial Injuries schemes) and war pensions’ severe disablement occupational allowance
- war widow’s/widower’/surviving civil partner’s supplementary pension
- payments, other than social security benefits or war pensions, paid as a result of a personal injury that you or your partner receive
- actual income from capital
- payments from your local authority social services department for personal care
- charitable and voluntary payments (except for voluntary payments from a spouse/civil partner or former spouse/civil partner, which are counted in full)



- any other types of income that are not specified in the legislation as being counted

Partially disregarded income includes:

- £5 of your earnings from work if you are single or £10 if you are a couple. A higher £20 disregard applies in some situations - for example for some disabled people or carers. The rules are similar to those for income support but there are minor differences
- £10 of the total of any income from a war widow's/widower's/surviving civil partner's pension, war disablement pension, a guaranteed income payment made under the new Armed Forces and Reserve Forces Compensation scheme, or pension paid for victims of Nazi persecution or widowed parents/mother's allowance
- £20 payment from a tenant, sub-tenant or boarder and, in the case of a boarder half of any payment above £20 is also ignored. The disregard applies to each tenant and/or boarder making payments
- If you have used the equity in your home to buy an annuity, any part of the income that is being used to pay the interest on the loan is ignored.

Income from trust funds will be ignored if the trust fund was set up from a lump sum received for a personal injury. In other situations trust fund income is generally taken into account but there are some exceptions for discretionary payments.

Qualifying income

Qualifying income is used when assessing your savings credit. For the most part the income that counts or is disregarded is the same as that used to calculate guarantee credit. However qualifying income also does not include contributory employment and support allowance, incapacity benefit, severe disablement allowance, working tax credit, contribution-based jobseeker's allowance, maternity allowance and maintenance payments.

Capital

If you have capital of more than £6,000 (£10,000 if you are in a care home) this will affect your pension credit. You will be counted as having an extra £1 a week income for every £500 (or part of £500) over £6,000/£10,000. This is known as deemed income. There is no upper capital limit for pension credit.

Capital includes cash, bank and building society savings, National Savings accounts and certificates stocks and shares, premium bonds, income bonds and property (other than your home). It is usually valued at its current market or surrender value less 10% if there would be costs involved in selling and less any debt secured on the property. If you own capital jointly with other people you will normally all be assessed



as having an equal share. Some capital is disregarded. See the Disability Rights Handbook for more details.

How to claim

You can claim in the following ways:

- call Freephone 0800 99 1234 (text 0800 169 0133)
- complete and send in the tear-off coupon in leaflet PC1L available from post offices
- print out or fill in the claim form using the internet at www.thepensionservice.gov.uk
- at a local Pension Service office - they can arrange a home visit if you need one
- at DIAL Great Yarmouth

Backdating and advance claims

Pension credit can be backdated for up to 3 months if you have met the qualifying conditions throughout the whole period.

If you are going to become eligible for PC in the future - for instance because your 60th or 65th birthday is coming up or you are about to have a drop in income - you can make a claim up to 4 months in advance of this change.

The assessed income period and change of circumstances

If you are over the age of 65 you may be given an award that lasts for 5 years. This is known as the assessed income period. During this period annual adjustments will be made automatically for increases in your state and private pensions but you do not need to report changes such as increases in your savings or pension income. If your income goes down you will be able to ask for your benefit to be reassessed. You also need to report certain changes such as if you move home, marry, are widowed, your earnings change or you go into hospital.

In residential care

If you are in residential care the capital limit, at which your pension credit is affected, increases from £6,000 to £10,000. Pension credit counts as income when a local authority assesses the charges you have to pay but some of your savings credit will be disregarded.

How is PC paid?



PC is normally paid weekly in advance unless the weekly amount of PC you are paid is less than £1, in which case payments will be made at intervals of anything up to 13 weeks in arrears. If the weekly amount is less than 10p no PC will be paid unless it can be paid with another benefit.

If you disagree with a PC decision

You will be notified in writing when a PC decision is made. If you disagree with the decision you have one calendar month from the date of the decision to ask the decision maker to reconsider the decision. You can do this by telephoning or in writing. If, after the decision maker has reconsidered your case, you are still not satisfied you can appeal in writing, using form GL24. You will have one calendar month from the date of the reconsidered decision.

Where can I get help with claiming?

You can get help with filling out your pension credit form at a local advice centre, such as a citizen's advice bureau. You can get more information about this from our factsheet F15, Finding a local advice centre, which is available at www.disabilityalliance.org/f15.htm.

Where can I find out more?

DIAL Great Yarmouth

12a George Street

Great Yarmouth

Norfolk

NR30 1HR

01493 856900

Monday to Friday 10am to 4pm