

Welfare

R I G H T S

State Pension Credit



**Leicestershire
County Council**

July 2009

The information contained in this booklet is intended to make you aware of some of the complex issues concerning State Pension Credit. It is not a statement of the law on these issues.

WARNING:

The information in this guide is as accurate as possible at the time of printing. However, it is only a guide, and therefore cannot be completely accurate in every respect and cover every possible situation.

We therefore always recommend that you seek advice as soon as possible from a competent person in cases of doubt.

This booklet is available in other languages. If you would like a translated copy please contact:

Welfare Rights Training & Information Officer,
Tel: 0116 2787111.

The Adult Social Care Services is constantly working to improve its services. If you would like to make a comment, suggestion or complaint, please contact:

- **Corporate Complaints Manager**
Social Care Service
FREEPOST LE17795
County Hall (Eastern Annex)
Glenfield
Leicester
LE3 8XR

Tel: 0116 305 5875

Email: social-services-tell-us@leics.gov.uk

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What is State Pension Credit?

State Pension Credit or Pension Credit is a means tested benefit for people aged 60 or over. It is made up of two elements Guarantee Pension Credit and Savings Pension Credit.

What is Guarantee Pension Credit?

Guarantee Pension Credit is the amount that the law says that you need to live on. It is made up of Personal Allowances and Additional Amounts for people who have a disability, caring responsibilities and/or housing costs (ie mortgage interest). The amount you receive depends on whether you are single or a couple and whether you are entitled to certain other benefits.

What is Savings Pension Credit

Savings Credit is the second part of Pension Credit that rewards people who have income from private or occupational pensions or have savings or certain other sources of income. You may be entitled to both Guarantee Credit and Savings Credit or just Savings Credit depending on your level of income and other circumstances.

Can I claim Pension Credit?

To claim Guarantee Credit you must:

- Be aged 60 years old or more
- Have income below certain thresholds
- Be habitually resident and not subject to immigration control

To claim Savings Credit you must:

- Be aged 65 years old or more
- Have income within certain levels
- Be habitually resident and not subject to immigration control

You must claim as a single person or as a couple. If you have a partner only one of you can claim. If you have a partner under 60 you can still claim Pension Credit. To claim Savings Credit one or both of you must be at least 65 years old.

NB. The qualifying age for Pension Credit is linked to the age that women can apply for State Retirement Pension. This is being raised to 65 between 2010 and 2020 and the qualifying age for Pension Credit will rise accordingly.

I am nearly 60 what should I do?

If you are nearly 60 and in receipt of Income Support or Income-Based Job Seekers Allowance you should receive a letter 4 months before your 60th birthday explaining that you should claim Pension Credit instead. If you are a man who is claiming Job Seekers Allowance you can continue to claim this until your 65th birthday or choose to claim Pension Credit.

If you are not on these benefits you can still claim Pension Credit but any income from earnings will be taken into account and you may not be entitled.

How much is Guarantee Pension Credit?

Guarantee Pension Credit is calculated by looking at your weekly income and then comparing this to your APPROPRIATE MINIMUM GUARANTEE (the amount that the law says someone in your particular circumstances needs to live on).

The basic amounts are:

Single person	£130.00
Couple	£198.45

This means that if your income is below £130.00 (£198.45 for a couple) it will be topped up to this amount by Pension Credit.

What if I have a disability or caring responsibility?

If you are in receipt of certain benefits (or would be if not for the payment of another benefit) you may be entitled to ADDITIONAL AMOUNTS on your AMG.

Severe Disability Additional Amount

Single Claimant	£52.85
Couple (One qualifies)	£52.85
Couple (both qualify)	£105.70

To qualify as a single person you must:

- Receive Attendance Allowance or Disability Living Allowance Middle or High Care Component **AND**
- Be classed as living alone (no non dependants living with you) **AND**
- Have no one in receiving Carers Allowance for looking after you

To qualify for single rate as a couple you must:

- Receive Attendance Allowance or DLA Middle or High Care Component **AND**
- Your partner must be registered as blind **OR**
- Your partner receives AA or DLA Middle or High Rate Care Component and someone receives Carers Allowance for looking after them **AND**
- No one receives Carer's Allowance for looking after you.

To qualify for the couple rate:

- Both of you must receive Attendance Allowance or DLA Middle or High Care Component **AND**
- No one can receive Carer's Allowance for looking after either of you

Carers Additional Amount

Single Person	£29.50
Couple (one qualifies)	£29.50
Couple (both qualify)	£59.00

To qualify for the single rate you must:

- Receive Carer's Allowance for looking after someone **OR**
- Be entitled to Carer's Allowance but do not receive it because you receive another benefit that overlaps with it (State Retirement Pension, Incapacity Benefit, Contribution Based JSA, Maternity Allowance, Severe Disablement Allowance, Bereavement Allowance or Widowed Parents Allowance)

To qualify for the single rate as a couple:

- You **or** your partner must receive Carer's Allowance for looking after someone **OR**
- You **or** your partner must be entitled to Carer's Allowance but do not receive it because you receive another benefit that means it cannot be paid (see above)

-

To qualify for the couple rate

- You **and** your partner must both receive Carer's Allowance for looking after someone **OR**
- You **and** your partner must both be entitled to Carer's Allowance but do not receive it because you receive another benefit that means it cannot be paid **OR**
- A combination of these

Table 1: Appropriate Minimum Guarantee Pension Credit

Status	Appropriate Amount
Single	£130.00
Single Carer	£159.50
Single with disability	£182.85
Couple	£198.45
Couple one with disability	£251.30
Couple one with disability one carer	£280.80
Couple both with disability	£304.15
Couple both with disability both carers	£363.15

These amounts are what the law states people in the circumstances above need to live on. This means that income below this amount will be topped up to the appropriate level. See page 5 for what counts as income

I have a mortgage, will I get help?

An Additional Amount can be added to your Appropriate Amount if you have to pay interest on a loan to purchase your home. If you live in rented accommodation see page 15 Housing Benefit.

There is no waiting period before these housing costs can be claimed for claimants of Pension Credit.

The following housing costs can be met by the additional amount:

- **Interest** on a mortgage or other loan for buying a house
- **Interest** on a loan to pay for certain repairs/improvements OR service charges to pay for loans that are for repairs /improvements
- Certain other housing related costs:
 - Rent/ground rent for long tenants
 - Service charges
 - Rent charge payments
 - Rent charged to Crown Tenants
 - Payment for a tent or a pitch if it is the claimant's home.

If you receive help with housing costs it will be paid at a standard rate set by the Pension Service or your interest rate whichever is LOWEST. You will have to make up any shortfall.

Non Dependant deductions

Payments of housing costs may be reduced if you have someone living with you who is not your partner or a dependant child, eg an adult son or daughter. These deductions are based on the gross income of the non dependant.

Non dependant deductions will **not** be made if:

- You or your partner receive Attendance Allowance
- You or your partner receive the Care Component of Disability Living Allowance
- You or your partner are blind or treated as blind
- The person living with you is under 25 and receives Income Support
- The person living with you is 16 or 17 years old
- The person living with you receives Pension Credit in their own right
- The person living with you is a full time student in term time (if you or your partner are 65 or over, the whole time)
- The person normally lives elsewhere

I have savings will they affect my Guarantee Credit?

There are rules for the treatment of savings. Any savings below £6,000 (£10,000 for those in permanent residential care) are ignored in the calculation for Guarantee Credit. Any savings over £6,000 (£10,000 in residential care) create a tariff income of £1.00 per week for every £500 or part of £500. For example if you are not in residential care and you have £8,650 in savings you are treated as having £6.00 per week income from your savings.

NB:- From November 2009 the lower limit for disregarded capital will increase for those over 60 to £10,000 for everyone whether in the community or in residential care.

What counts as income?

Income is retirement pensions and annuities, earnings, social security benefits (some are fully or partly disregarded), savings, notional income and miscellaneous income.

Retirement Income

- Any State Retirement Pension
- Retirement income from overseas
- Income from retirement annuity payment
- Occupational and personal pensions

Earnings

A disregard applies to any earnings you have depending on your circumstances.

£20 of earnings are disregarded if you are:

- A lone parent
- You or your partner have earnings as a
- Part time firefighter, auxiliary coastguard or from lifeboat duties
- You or your partner receive the carer's Additional Amount
- You or your partner gets
 - Incapacity Benefit long term rate
 - SDA
 - Attendance Allowance
 - Disability Living Allowance
 - Mobility Supplement or
 - Is registered blind
- You or your partner had within 8 weeks of claiming Pension Credit been entitled to a £20 disregard with Income Support or Income Based JSA
- You or your partner receive Working Tax Credit with a Disability or Severe Disability Element
-

£10 of earnings are disregarded if you have a partner

£5 of earnings are disregarded if you do not qualify for a higher earnings disregard listed above.

Social Security Benefits

The following benefits are totally disregarded for the purposes of Pension Credit:

- Attendance Allowance
- Disability Living Allowance
- Guardians Allowance
- Childs Special Allowance
- Social Fund Payments
- Child Tax Credits
- Child Benefit
- Any child dependency increases paid with another benefit
- Christmas bonus
- Housing/Council Tax Benefit
- Any similar payment made under Northern Ireland legislation
- Any similar foreign Social Security benefits

The following benefits have £10 disregarded when calculating income:

- War Disablement, War Widow's or Widower's pension and any foreign equivalent
- Widowed Parents Allowance

Miscellaneous Income

The following income is disregarded:

- £20 and half of any excess amount paid to you by a boarder
- Up to £20 if you let out part of your home
- Personal injury payments
- Any income you cannot transfer to the United Kingdom
- All payments from a discretionary trust unless they are for:
 - Ordinary clothes and footwear
 - Fuel
 - Rent, council tax or water charges
 - Eligible housing costs
 - Meeting care home costs

Savings

See above how savings are treated as tariff income.

The following are counted in full as capital

- Cash
- Money in bank or building society accounts
- National Savings accounts and certificates (special rules apply to value these)
- Income bonds
- Stocks and shares
- Property (other than the home you live in)
- Premium bonds

Capital that is ignored

- The value of your home if you live in it
- The value of property you do not live in in certain circumstances (seek advice for the circumstances when this applies)
- The surrender value of life insurance policies. If the policy is cashed in the money you receive then becomes part of your savings
- The value of a pre-paid funeral plan
- Arrears of certain benefits for a 12 month period
- Arrears of Pension Credit for the Assessed Income Period (see below)
- If benefit arrears exceed £5000 and are due to “official error” they will be ignored for the duration of your Pension Credit claim
- Compensation payments
- Personal possessions
- The £10,000 ex gratia Far Eastern POW payment
- Joint capital – any capital you own jointly with other people will normally divide equally between the joint owners eg if you have a joint bank account worth £10,000 with your daughter, you will be assessed as owning £5,000.

If you are considered to have deprived yourself of capital in order to claim Pension Credit you can still be treated as still possessing the money (notional capital) – this may be that you give large sums of money to members of your family or buy expensive items that are not deemed necessary.

If you have paid off debts or spent your money on things that are “reasonable” you should **not** be treated as having deprived yourself of capital. If you are denied benefit because of notional income seek specialist advice.

What is the Assessed Income Period?

An Assessed Income Period (AIP) may be set when you make a claim for Pension Credit.

The Assessed Income Period is the period during which you do not have to inform the Pension Service of any changes in your retirement provision.

Retirement provision usually means pensions, annuities and savings. Changes will be made automatically as the Pension Service will ask about occupational pension changes etc when you claim (see page 10 How do I claim?)

Even if an AIP is set there are certain changes you must inform the Pension Service about:

- Getting married
- Living together as a couple
- Become widowed
- Entering hospital
- Receiving another Social Security benefit

You will not usually be given an AIP if you are under 65 or your partner is under 60. If this is the case you must inform the Pension service of any changes of retirement provision.

The AIP will also end before the planned date if:

- You start being treated as a member of a couple
- You stop being treated as a member of a couple (eg your partner dies or goes permanently into a care home)
- You go into a care home permanently
- You stop getting a pension or annuity
- Your entitlement to Pension Credit ends
- You or your partner reach the age of 65

At present the Pension Service are extending AIP's for many claimants whose circumstances are unlikely to change automatically and for some claimants aged over 80 the Pension Service are setting an indefinite AIP on renewal.

What is Savings Pension Credit?

Savings Credit is a means tested benefit awarded to people who have saved for their retirement or paid into a pension scheme whether occupational or private. It is aimed at rewarding “middle income” pensioners rather than those on low or high incomes.

Do I qualify for Savings Credit?

To qualify for Savings Credit you or your partner (if you have one) must be 65 years old or over and your **Qualifying Income** must exceed the basic State Retirement Pension level. As with Guarantee Credit there is no upper capital limit (savings are treated in the same way as for Guarantee Credit ie. £1.00 income for every £500 or part of over £6000/£10000 {£10,000 from November 2009}), and if you work there is no limit to how many hours you can work.

This effectively means that single pensioners with qualifying income between £96 and £180, and couples with income between £154 and £266 should receive some Savings Credit. As with Guarantee Credit those claimants with a disability or caring responsibilities should benefit even more.

The actual calculation for Savings Credit is quite complex, it compares Qualifying Income with the **Savings Credit Threshold** and then the resulting figure is subject to a taper. This amount may be subject to further reduction if your **total** income exceeds your Appropriate Minimum Guarantee.

What is the Savings Credit Threshold?

The Savings Credit Threshold is an amount over which any income above this figure counts towards the calculation for Savings Credit. The amounts are:

- £96.00 – for a single person
- £153.40 – for a couple

What counts as Qualifying Income?

Qualifying Income for Savings Credit is the same as for Guarantee Credit, with the following exceptions:

- Working Tax Credit
- Incapacity Benefit
- Contribution Based JSA
- Severe Disablement Allowance
- Maternity Allowance

Maintenance payments for you, or your partner, from a spouse or former spouse

How much is Savings Credit?

Savings Credit is means tested and therefore depends on your income. However there is a maximum amount of Savings Credit that can be paid.

Maximum Savings Credit

- Single Person – £20.40
- Couple - £27.03

How do I claim Pension Credit?

To claim Pension Credit you can call the Pension Service to request a claim form or make a claim over the telephone:

Telephone – (free) 0800 99 1234

Textphone – (free) 0800 169 0133

Lines are open from 8am – 8pm Monday to Friday and 9am – 1pm on Saturday.

Local Pension Service staff should be available to help complete the claim form and arrange a home visit if you would like one.

Local office – 0845 60 60 265

Claim forms are also available in a downloadable version online at:

www.thepensionservice.gov.uk/pensioncredit/form.asp

There are some stocks of Pension Credit claim forms at Welfare Rights offices.

Can I backdate my claim?

Pension Credit can be backdated for up to 3 months as long as you satisfy the qualifying conditions for that period.

What information do I need?

You will need your (and your partners if you have one) National Insurance number.

When you make your claim for Pension Credit you will need to provide extensive financial information concerning savings over £6,000 and occupational pensions etc. Also proof of any service charges for the place where you live. If you have a mortgage you will be sent form MI12(PC) to complete and forward to your mortgage lender.

To enable the Pension Service to calculate an Assessed Income Period they will need information to determine if and when any occupational pension increases occur, or whether other regular payments are increased.

How is Pension Credit paid?

Pension Credit is normally paid weekly in advance into a bank account/Post Office account with any other benefit you receive (eg Retirement Pension or Incapacity Benefit). If you are unable to operate an account you should be able to receive cashable girocheques (cashable at Post Offices).

Can I be paid Pension Credit abroad

Pension Credit can be paid if you are absent from the UK to receive treatment provided by the NHS. You can also receive Pension Credit for up to **13 weeks** if you are abroad and the stay is not likely to exceed 52 weeks.

If you are moving to an EC country seek specialist advice as Pension Credit can arguably be paid in another European Economic Area country

What happens if I go into hospital?

Pension Credit should continue to be paid for any stay in hospital. There is no longer hospital downrating after 52 weeks in hospital. However if you receive additional amounts because of receipt of a qualifying benefit:

- Attendance Allowance/DLA stops after 4 weeks in hospital and therefore any Severe Disability Additional Amount will also stop
- If you receive Carers Allowance for looking after someone else and you go into hospital your entitlement to Carers Allowance stops after 12 weeks in hospital and your entitlement to the Carers Additional Amount will stop at the same time
- If you receive Carers Allowance for looking after someone else and the person you are looking after goes into hospital your Carers Allowance will normally stop after 4 weeks of their stay in hospital. As your entitlement to Carers Allowance depends on the receipt of a qualifying benefit such as Attendance Allowance or DLA when these benefits stop after 4 weeks your entitlement to Carers Allowance and any Carers Additional Amount will also stop.

NB: Successive stays in hospital of less than 28 days linked by a period of less than 28 days are considered a continuous stay

If you claim as a couple and you or your partner are in hospital for 52 weeks you must both claim Pension Credit as a single person. Any capital you have over £6,000 (£10,000 from November 2009) and any other joint income will be split equally between you.

If you are claiming as a single person and you have been in hospital for 52 weeks and you have no dependants living in your home you will no longer be paid any Housing Costs.

What happens if I go into Residential Care?

Respite Care

If you go into residential care for a respite period the same rules apply as for a stay in hospital except that you will continue to receive any DLA Mobility Component throughout your stay.

Any periods of staying in hospital and/or residential care will be linked in the same way ie. Successive stays linked by a period of less than 28 days will be treated as a continuous stay.

Permanent Residential Care

If your stay in residential care is funded by a local authority your Pension Credit will be affected in the following way.

There may be an increase in Guarantee Credit because the threshold for tariff income rises from £6,000 to £10,000.

Payments of Attendance Allowance/DLA Care Component will stop after 4 weeks and any Additional Amount will stop at the same time. As with a stay in hospital your entitlement to Carers Allowance/Carers Additional Amount will stop after 12 weeks or someone who is looking after you will have their entitlement to these benefits affected after 4 weeks. However you will continue to receive any DLA Mobility Component during your stay in residential care.

You will be assessed and charged for your stay and will be entitled to a Personal Needs Allowance (PNA) for personal items. If you are in receipt of Guarantee Credit only your PNA is £20.45. If you receive Savings Credit the local authority must disregard up to a maximum of £5.25 (£7.85 if you are a couple) and your PNA will be increased by this amount.

If you are funding your own stay in residential care you should continue to receive Retirement Pension, Attendance Allowance/DLA and Pension Credit and any Additional Amounts you are entitled to. For a more detailed explanation see the companion guide “**Funding Your Permanent Residential and Nursing Care**” available from Welfare Rights Offices and online at:

www.leics.gov.uk/welfare_rights.htm

If you are a claiming as a couple and one of you go into permanent residential care you will both have to claim Pension Credit as single people and any joint capital or income will be split equally between you. If you both enter permanent residential care you should both make a claim as single people, if you go into the same care home the Pension Service may try to treat you as a couple . You should seek advice if this is the case.

I disagree with the decision about Pension Credit. What can I do?

If you do not agree with the decision on your Pension credit claim you have the right to appeal.

The first stage is to ask for a **revision** of the decision. You must ask for a revision within one calendar month of the date of the decision for any reason. You can ask for written reasons for the decision and this extends the time to request a revision by two weeks.

If the revision is unsuccessful you can ask for an **appeal** by an **independent tribunal**. You must appeal within a calendar month of the date of the revision decision. You must appeal in writing on form GL24 giving the reasons for your appeal. You should provide any extra evidence to support you appeal. Your appeal will be heard by an independent tribunal, you will have the choice of an oral hearing that you attend or a paper hearing. It is advisable to opt for the oral hearing as statistically these are more likely to be successful.

Sometimes you can make an appeal outside of the month deadline if it is “in the interest of justice” for the appeal to go ahead and there were special circumstances preventing you from appealing within the deadline. These are:

- You, your partner or a dependant has died or suffered a serious illness **or**
- You live outside the UK **or**
- Normal postal services were disrupted **or**
- Some other, wholly exceptional circumstances occurred

If you wish to appeal a decision it is recommended that you get specialist advice

If your circumstances have changed since the decision, for example the award of a qualifying benefit that means you are entitled to an Additional Amount or your income has changed you can ask for a **supersession** or **review** of the decision. If the original decision was NOT to award Pension Credit then this decision cannot be superseded, a fresh claim must be made

A decision can also be superseded if it was based on a mistake about the law.

Will Pension Credit affect any other benefits I receive?

An award of Pension credit can affect other benefits.

Housing Benefit (HB) and Council Tax Benefit (CTB)

If you are in receipt of Guarantee Pension Credit (or Guarantee Credit and Savings Credit) you will be entitled to maximum eligible HB and full CTB. If you live in privately rented accommodation the amount of HB you receive may not cover all of your rent and you may have to top up your payments. There may be deductions in the amount of HB and CTB if you have non-dependants living with you. As with Pension credit Housing Costs if you receive Attendance Allowance or the Care Component of DLA no non-dependant deductions will be made.

If you are only in receipt of Savings Credit you may be entitled to some HB and CTB. Savings Credit payments will be taken into account as income when calculating your entitlement to HB and CTB.

There is a shorter version of the HB/CTB1(PC) form for claimants of Pension Credit, when registering a claim for Pension Credit you should indicate that you wish to claim HB or CTB or both and the form should be sent to you.

HB/CTB claim forms are also available from your local authority.

If you live in someone else's house, for example a son or daughter your Pension Credit claim is treated in the normal way.

Health Benefits

If you receive Guarantee Pension Credit you and your partner are entitled to:

- Free prescriptions
- Free dental treatment & dentures
- Free sight tests
- Vouchers towards glasses
- Fares to hospital for appointments
- Free milk tokens & vitamins
- Free school meals

Social Fund

If you receive Guarantee Pension Credit you are entitled to claim:

- Community Care Grant
- Budgeting Loan
- Cold weather payment

Further Local Information

Welfare Rights Service

This department's Welfare Rights Service publishes a range of briefing notes. All these are available at no cost from your local Social Services office or from Leicestershire County Council Website:

www.leics.gov.uk/welfare_rights.htm

If you have difficulty in obtaining these please contact your local Social Care Services Office.

The Welfare and Employment Rights Advice Service

The **City Council** has its own Welfare Rights team for residents of the City, who publish a wide range of free leaflets, posters and booklets about benefits. For more details of these, contact the City Council Offices, New Walk Centre, Welford Place, Leicester.

Tel: Tel: (0116) 225 4888 (voice and minicom)
Monday, Tuesday & Thursday between 1pm and 4pm
Email: welfare.rights@leicester.gov.uk

The Pension Service

The Pensions Service, which can assist people over 60 with matters including Pension Credit, Retirement Pension, and in some cases regarding Attendance Allowance and Disability Living Allowance

The Pensions Service,
PO Box 6773,
Leicester. LE1 1XE

Customer Contact Centre - Tel: 0845 6060265

For new claims – Tel: 0800 991234

If you would like an estimate of your entitlement to Pension Credit see the website –

www.thepensionservice.gov.uk/pensioncredit/home.asp

Independent Advice Services

Age Concern

Independent Advice about your rights

Age Concern Leicestershire and Rutland
Website

0116 2992233

www.ageconcern.org.uk

Help the Aged

A national Care Fees Advisory Service.

Telephone:

0808 800 65 65

Website:

www.helptheaged.org.uk