

Pension Credit

What is Pension Credit?

Pension Credit is a tax-free payment for those who have reached the qualifying age (60 years plus). You may be able to get Pension Credit whether or not you have paid National Insurance contributions.

Do you qualify and how much could you get?

There are two different types of Pension Credit.

- ◆ Guarantee Credit is for those who have reached the minimum qualifying age
- ◆ Savings Credit is for those aged 65 or over.

Guarantee Credit

If you have reached the minimum qualifying age, you may be entitled to the Guarantee Credit. This guarantees a minimum income by topping up your weekly income to:

- ◆ £137.35 if you are single
- ◆ £209.70 if you have a partner

These amounts may be more if you are disabled, have caring responsibilities or certain housing costs, such as mortgage interest payments.

The age from which you can get the Guarantee Credit – the qualifying age – is gradually increasing from 60 to 65 in line with women's State Pension age.

Age 65 or over - Savings Credit

You may get the Savings Credit on its own or with the Guarantee Credit. You may be entitled to Savings Credit if you:

- ◆ are aged 65 or over
- ◆ have made some provision towards your retirement such as savings or a second pension

If you have a partner, at least one of you must be 65 or over to get the Savings Credit.

The Savings Credit can be up to:

- ◆ £20.52 a week if you are single
- ◆ £27.09 a week if you have a partner

You may still get the Savings Credit even if the money you have coming in is up to about:

- ◆ £184 a week if you are single
- ◆ £270 a week if you have a partner

These amounts may be more if you are disabled, have caring responsibilities or certain housing costs, such as mortgage interest payments.

Apply for Pension Credit by telephone

You can call The Pension Service on 0800 99 1234 or text phone 0800 169 0133. Lines are open 8.00 am to 8.00 pm Monday to Friday and 9.00 am to 1.00 pm on Saturdays.

When to apply for Pension Credit

You can apply up to four months before the date from which you want to start getting Pension Credit.

From 6 April 2010 the State Pension age for women has started to rise gradually from 60 to 65 in line with women's State Pension age.

This would mean that from December 2018 the State Pension age for both men and women would start to increase to reach 66 by April 2020.

The maximum period that your Pension Credit claim can be backdated is 3 months. If you want Pension Credit to start from a past or future date, you need to tell The Pension Service when you apply.

Examples of Pension Credit

Pension Credit rates used in examples is for year 2010 – 2011:

The following examples show how much Pension Credit different people might get.

The rates used in the examples are:

Standard amount - this is the amount that Guarantee Credit will top your income up to (This amount may be more if you are severely disabled, are a career).

The current rates for the standard amount of Guarantee Credit are:

- ◆ single person £132.60
- ◆ couple £202.40

Savings Credit starting point – this is the point at which you start to build up Savings Credit.

The current Savings Credit starting points are:

- ◆ single person £98.40
- ◆ couple £157.25

Savings Credit rates – this is the maximum amount of Savings Credit

The current Savings Credit rates are:

- ◆ single person – up to £20.52
- ◆ couple – up to £27.09

Example No 1

Mrs Mehta – single, age 62

Mrs Mehta is 62 and owns her own home. She has a State Pension of £105 a week and no other income. Her savings are £5,000.

Mrs Mehta will get Guarantee Credit of £27.60 a week, bringing her total weekly income up to £132.60.

We ignore her savings of £5,000 because they are below £10,000.

Because Mrs Mehta is 62, she can only get Guarantee Credit. When she is 65, she may also get Savings Credit.

Because Mrs Mehta gets Guarantee Credit, she will get full Council Tax benefit and help with other things like rent.

Example No 2

Couple A & B, both 75

Mrs B and Mr A are both 75 and have £210.25 a week as follows:

- ◆ basic State Pension (Mrs B) £97.65
- ◆ basic State Pension (Mr A) £58.60
- ◆ personal pension (Mrs B) £50.00
- ◆ savings of £12,000 (We count £1 of income for every £500 of savings they have over £10,000, which for £12,000 totals £4.00)

As Mr A and Mrs B's income is over £202.40, they cannot get Guarantee Credit, but they are entitled to £23.95 Savings Credit.

Mr A and Mrs B will get Pension Credit of £23.95, bringing their weekly income to £234.20

Example No 3

Pravinbhai - single, age 63

Pravinbhai is 63 and gave up full time work eight months ago. He lives alone in his own home and earns £85 a week from a part time job.

As we ignore £5 of Pravinbhai's earnings, we count the remaining £80 as income for Pension Credit purposes.

Pravinbhai will get Guarantee Credit of £52.60, bringing his total income up to £137.60. Pravinbhai cannot get Savings Credit as he is only 63.

Example No 4

Maniben – single, age 75

Maniben is 75, severely disabled and lives alone. She has savings of £9,000 and gets £169.05 from the following:

- ◆ Basic State Pension £97.65
- ◆ Attendance Allowance £71.40

When working out her Pension Credit, we ignore her savings as they are less than £10,000, and we also ignore her Attendance Allowance.

Maniben will get Pension Credit of £88.60 a week (this includes an extra £53.65 a week because she is severely disabled). This brings her total weekly income up to £257.65.

Maniben cannot get Savings Credit because her qualifying income (£97.65) is lower than the Savings Credit starting point of £98.40 for a single person.

Her Attendance Allowance does not count as qualifying income towards Savings Credit.

Example No 5

Kishore – age 60

Kishore was born on 21 June 1950. He will reach the minimum Pension Credit qualifying age on 6 September 2010 at the age of 60 and two months.

He is currently receiving Income Support of £65.45 per week and has no other income.

Kishore will continue to receive income support until he reaches the minimum qualifying age for Pension Credit on 6 September 2010. If his circumstances remain the same, his total weekly income from Pension Credit will then be £132.60.

Important information about this Pension Credit guide, which outline information and does not cover every circumstance.