Benefits factsheet
Pension Credit – April 2020

Pension Credit has two parts; **Guarantee Credit** and the **Savings Credit**. The Guarantee Credit replaced Income Support for older people. The Savings Credit is a way some people can get extra help if they have saved for their retirement.

There is no capital cut off for Pension Credit. If people have capital above £10,000 the Pension Service treats them as having a 'notional' weekly income. The calculation of Pension Credit depends on whether the claim is for a single person, for a couple, and if they have dependent children.

The Guarantee Credit can be claimed if the claimant or their partner is of Qualifying Pension Age. This is the age at which someone would be able to retire and qualify for their State Retirement Pension.

To find out someone’s ‘retirement age’ the Pension Service have a calculator: https://www.gov.uk/calculate-state-pension

The Savings Credit can only be payable if the claimant or their partner is aged 65 or over.

The Savings Credit will no longer be paid to anyone who reaches Qualifying Pension Age (then 65) after 6/4/16. For those claims where Savings Credit is paid it will continue to be paid. For mixed-age couples where one of them is under 65 and Savings Credit is in payment before 6/4/16; this will continue as long as they remain entitled to Savings Credit.

Universal Credit and Pension Credit

From 15/5/19 both partners will have to have reached State Pension Age to be able to claim Pension Credit. Existing ‘mixed age’ claims where one couple is working age and the other pension age, will continue to receive Pension Credit as long as there is no change in circumstances which would mean they weren’t entitled to the benefit.

New claims from mixed age couples from 15/5/19 will need to claim Universal Credit instead. The working age partner will need to meet the conditions of this benefit. The pension age partner will not have to meet any work-related requirements.

Child Additions

From 1 February 2019 any new claim for Pension Credit can include an amount for a child or qualifying young person that the claimant/partner is responsible for and the child mainly lives with. Families that are claiming Child Tax Credits, or are treated as having an ongoing award of tax credits will continue until they have a change in circumstances that ends their award, or they are migrated on to Pension Credit as part of the phased process ahead of the abolition of tax credits.
A child is generally a person under 16. A qualifying young person is someone under 19 who is attending or enrolled in approved training or education of at least 12 hours a week. They can continue to be a qualifying young person, up to their 20th birthday. To meet this requirement they must have enrolled on the course before their 19th birthday.

Children who are looked after by the local authority, in prison, or absent from the UK for more than 4 weeks, or absent from the home for more than 52 weeks will not have this addition paid in respect of them.

The additional amount is paid for 8 weeks following the death of the child, or their 20th birthday if that is sooner. There is a standard amount paid for each child. At present there is no ‘cap’ on the number of children that are included in the assessment. However there is a higher amount for children born before 6/4/17.

Children who are entitled to DLA or PIP will receive an additional amount. Those who are entitled to the higher rate care component of DLA or enhanced rate daily living component of PIP will get the higher amount.

**Guarantee Credit**

The first step is to work out the ‘Appropriate Minimum Guarantee’ or ‘needs level’ for the household. This is the amount the Government thinks the household needs to live on.

<table>
<thead>
<tr>
<th>Single Person</th>
<th>Amount</th>
<th>Couple</th>
<th>Amount</th>
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<tbody>
<tr>
<td><strong>Standard Minimum Guarantee</strong>&lt;br&gt;For many single people this will be their ‘Appropriate Minimum Guarantee’ figure. But if the person is severely disabled, or a carer, the following amounts may be added:</td>
<td>£173.75</td>
<td><strong>Severe Disability Amount</strong>&lt;br&gt;If the person receives Attendance Allowance or high or middle rate care component of DLA, or either rate of the daily living component of PIP, lives alone, and has no carer getting Carers Allowance</td>
<td>£66.95</td>
</tr>
<tr>
<td><strong>Severe Disability Amount</strong>&lt;br&gt;If the person receives Attendance Allowance or high or middle rate care component of DLA, or either rate of the daily living component of PIP, lives alone, and has no carer getting Carers Allowance</td>
<td>£66.95</td>
<td><strong>Severe Disability Amount</strong>&lt;br&gt;Both members of the couple must be severely disabled in order for the Severe Disability Amount to apply. So both must get a disability benefit, or one gets one of these benefits and the other is registered blind. They must live alone. If somebody gets Carers Allowance this can reduce or remove the amount.</td>
<td>£66.95&lt;br&gt;£133.90</td>
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<td><strong>Carer Amount</strong>&lt;br&gt;If the person receives Carers Allowance or only fails to get it because of an ‘overlapping benefit’</td>
<td>£37.50</td>
<td><strong>Carer Amount</strong>&lt;br&gt;See left for the qualifying condition. If both members of a couple qualify then two Carer Amounts are included</td>
<td>£37.50</td>
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<td><strong>CHILDREN</strong>&lt;br&gt;First child born before 6/4/17&lt;br&gt;Subsequent children</td>
<td>£64.82&lt;br&gt;£54.32</td>
<td><strong>Disabled Child (paid as well as child addition)</strong>&lt;br&gt;Lower rate&lt;br&gt;Higher rate</td>
<td>£29.52&lt;br&gt;£92.12</td>
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<tr>
<td>Single Person</td>
<td>Amount</td>
<td>Couple</td>
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<td>(higher rate DLA care component, or enhanced rate daily living component of PIP)</td>
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**Owner-occupiers** with a mortgage may be able to get a loan from the DWP to help pay the interest. This is known as a Support for Mortgage Interest Loan. The loan is repaid when the property is sold. The Pensions Service uses a standard interest rate.

**Income**

When calculating Pension Credit some incomes are completely ignored, some are partly counted, while others are taken into account if full.

Incomes that are **completely ignored** include Attendance Allowance, Disability Living Allowance, Personal Independence Payment, charitable and voluntary payments. The special payments that are part of some War Widows Pensions are also ignored.

Incomes that are **partially ignored** include War Disablements Pensions and ‘ordinary’ War Widow’s Pensions. Up to £10 per week can be ‘disregarded’. Up to £20 per week of earnings can be ignored.

Most incomes are taken **fully into account**, including Retirement Pension and occupational or private pensions.

**Income from capital**

If a claimant has capital above a certain level the Pension Service assesses them as having ‘notional’ income. The threshold is £10,000 for single people or couples.

If the capital is below the threshold it is ignored in the calculation.

If the capital is above the threshold they are seen as having notional income. The rules say that for every £500, or part of £500, over the threshold a person is seen as having £1 per week notional income. So a person who has capital of £11,200 has ‘notional’ income of £3 per week.

**Calculation of Guarantee Credit**

If the income is less than the 'needs level', Guarantee Credit makes up the difference.

**The Savings Credit**

Savings Credit can give some extra money to some people over 65. They have to have income above a basic threshold. Any income that people have above the Guarantee Credit level reduces any entitlement to Savings Credit.

For a single person the Savings Credit threshold is £150.47 per week. For a couple it is £239.17. If people have income below these levels they can’t get Savings Credit.

The maximum Savings Credit that a single person can get is £13.97 per week. The maximum for a couple is £15.62 per week.

**This factsheet is a general guide. It is not a full statement of the law.**

Last updated July 2020