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Glossary

AA	Attendance Allowance	DWP	Department for Work and Pensions
ADP	Adult Disability Payment (Scotland)	EEA	European Economic Area
AIP	Assessed Income Period	ESA	Employment and Support Allowance
CA		HB	Housing Benefit
CDP	Child Disability Payment (Scotland)	JSA	
CHB	Child Benefit	PC	Pension Credit
CSP	Carer Support Payment (Scotland)	PIP	Personal Independence Payment
CTC	Child Tax Credit	QYP	Qualifying young person
CTR	Council Tax Reduction/Support	SCP	Scottish Child Payment
DLA	Disability Living Allowance	UC	Universal Credit

1 What is Pension Credit?

Pension Credit (PC) is made up of two parts:

2.2 Mixed age couples

A mixed age couple is where one person is over State Pension age (66 years) and the other person is under. A mixed age couple cannot usually claim PC until both partners have reached State Pension age. You can usually claim Universal Credit instead until this happens.

State Pension age increases

2.4 Residence and immigration requirements

You must be present in Great Britain, habitually resident with a right to reside and not subject to immigration control. See section 2.1

If you are a single person and you qualify for the severe d

Example for single carer

Elsa is 70 and looks after her husband who gets AA. She applies for
s a decision saying she fulfils the
conditions but it

4.5 Housing costs

If you rent your home, you can apply for Housing Benefit to help with rent and service charges, see factsheet 17, *Housing Benefit*.

If you own your home and pay other housing-related charges, you may be eligible for extra amounts within PC. If other adults live with you (*non-dependants*), they may be expected to contribute towards costs, even if they do not pay you any money. Deductions from your benefit may be made. If you jointly own the property with someone other than your partner, you only get help with your share of the costs.

Action

This is a complex area with many exceptions. You may want to seek further advice from Age UK Advice, Age Cymru Advice, Age Scotland or a local advice service. For more information, see DWP guidance in section 10.

Service charges

If you must pay service charges as a condition of living in your home, your appropriate minimum guarantee can include help towards some of these. Reasonable charges for the following are eligible:

services for the provision of adequate accommodation including some warden and caretaker services, gardens, lifts, entry phones, portering, rubbish removal, TV and radio relay charges

laundry facilities like a laundry room in a sheltered housing scheme but not personal laundry services

cleaning of communal areas and windows

minor repairs and maintenance (not major repairs and improvements - you may get help with interest on a loan to pay for these, see below)

home insurance if it must be paid under the terms of the lease.

Service charges for community or emergency alarms, personal care and support services are not covered. You may be able to get help with this support from your local authority.

If you apply for help with service charges, you may be asked to supply documentary evidence, for example accounts, invoices and a breakdown of the charges. The total eligible service charges are converted into a weekly amount and added to your appropriate minimum guarantee.

Example

Phyllis pays £590 a year in service charges, all for eligible services, apart from £70 for an alarm system. The remaining £520 is divided by 52. £10 a week is added to her appropriate minimum guarantee.

Ground rent and other housing costs

You can get help with other housing costs through PC including:

ground rent if you have a lease of more than 21 years

payments under a co-ownership scheme

rent if you are a Crown tenant (minus any water charges)

payments for a tent and its pitch, if that is your home.

The normal weekly charge for these costs is added to your appropriate minimum guarantee. If the charges are payable annually, the weekly amount is worked out by dividing the annual amount by 52.

Non-dependant deductions

The housing costs included in your appropriate minimum guarantee may be reduced if someone else lives with you other than your partner or dependent children. This is called *non-dependant*

Deductions are made because it is assumed someone living with you,

If you apply for housing costs and have a non-dependant, you must produce evidence of their income, for example, pay slips or benefit entitlement letters.

If a non

5 Working out amount

Guarantee Credit is worked out by comparing your income with your appropriate minimum guarantee. Your income is added up and deducted from your appropriate minimum guarantee. The difference is the amount of Guarantee Credit you are entitled to.

Step 1: Working out your appropriate minimum guarantee

Your appropriate minimum guarantee is made up of:
standard minimum guarantee for you (and your partner), plus
any additional amounts you are entitled to (see sections 4.2 to 4.5).

Example

Sarah is single and aged 67. She has underlying entitlement to AA and looks after her disabled mother who gets AA.

Her standard minimum guarantee is £218.15. She is entitled to the additional amount of £45.60. Her total appropriate minimum guarantee is £263.75 a week.

Step 2: Working out your income

Income for PC is assessed after deductions for tax and National Insurance contributions. If you contribute to an occupational or personal pension scheme, half of your contributions are disregarded as income.

Only defined income (see DWP Guidance in section 10), less any disregarded amounts, is used to calculate your total weekly income. Any income not defined is disregarded. Types of defined income include:

pensions (state, private, and occupational)

earnings (see below for partial disregards)

income from annuities

most DWP benefits (with some exceptions)

Working Tax Credit

deemed income from capital

payments from boarders, sub-tenants or sub-holders

maintenance payments from a current or former spouse or civil partner

income from property held in trust (with some exceptions)

payments under an equity release scheme

War Disablement or War Widow's pension

income from the Financial Assistance Scheme

income from the Pension Protection Fund.

Income that is partly disregarded

Some types of weekly income are partially disregarded:

£5 of earnings from work if you are single (£10 if you have a partner), or

Deprivation of income (notional income)

You can be treated as having income that you do not actually have. This is called *notional income*.

This happens if you fail to apply for income you are entitled to, for example, you have not claimed your State Pension, occupational or private pension, or have deliberately got rid of income with the intention of increasing your benefit entitlement. Seek advice if this applies to you.

Step 3: Working out your capital

This is all forms of savings and investments, including money saved from your benefits, lump sum payments, investments, land and property. Some forms of capital (including your home if you live in it) are not counted. Capital does not affect PC unless you have more than £10,000.

Every £500 or part of £500 of capital over £10,000 is assumed to give you a weekly income of £1 a week. This is called *notional income*. The same limits apply for both single people and couples. If you have a partner, their capital is added to yours.

Capital taken into account

Capital counted in full includes:

cash

money in bank or building society accounts, including current accounts

fixed-term investments like National Savings accounts and certificates

income bonds

stocks and shares

the value of any property you own (but not the property you live in)

premium bonds

your share of capital jointly owned with someone who is not your partner

any savings or capital held by another person for you.

Deprivation of capital and notional capital

If you deprive yourself of capital in order to qualify for PC or increase the amount of benefit you are paid, the Pension Service can treat you as still having that capital. This is known as *notional capital*. This can occur if you give money away to members of your family or buy expensive items to qualify for PC.

You have not deprived yourself of capital if you have paid off debts or *reasonable*

Pension Service decides you have notional capital, seek advice and consider challenging the decision.

For more information about treatment of private pensions, see factsheet 12, *Planning for retirement: money and tax* and factsheet 91, *Pension Freedom and benefits*.

For more information, see the DWP Guidance in section 10.

Step 4: Working out your Guarantee Credit

Deduct your total income (step 2), from your appropriate minimum guarantee (total income

7.2 Payment

PC is normally paid directly into your bank or building society account. When you claim, you can choose weekly, fortnightly or four-weekly payments in arrears. If your PC is less than £1 a week, you may be paid up to 13 weeks in arrears and if it is less than 10p a week, you may not receive it at all, although you have an underlying entitlement.

It can be paid to someone with power of attorney or an appointee if you are not able to act for yourself. If unable to open or manage an account, you can use the Payment Exception Service to access PayPoint outlets. If you are unable to use any of these, contact the Pension Service.

7.3 If you disagree with a decision

You must first ask the DWP for a mandatory reconsideration of the decision. If you still disagree, you can lodge an appeal with HM Courts and Tribunals Service. It is important to challenge a decision or get advice quickly as there are time limits, you must usually act within one month. Use form SSCS1 or appeal online at www.gov.uk/appeal-benefit-decision

See factsheet 74, *Challenging welfare benefit decisions*, for more information.

8 Change of circumstances and assessed income periods

8.1 Assessed income periods

An assessed income period (AIP) limits the change of circumstances you need to report, such as changes to your capital or pensions. New AIPs are no longer being set. If you have an indefinite AIP, this only ends if you report a relevant change of circumstance (see below).

Once an AIP has ended, you are expected to report all change of circumstances, for example, increases to your capital or your private pension, if applicable.

Changes that cause an AIP to end early

An indefinite AIP ends if the following changes occur:

you become a member of a couple

you stop being treated as a member of a couple (for example, your partner dies, moves permanently into a care home, or into hospital for more than one year)

you are no longer entitled to PC

your PC is reassessed because a pension or annuity you were getting stops temporarily or is paid at a lower rate than you are entitled to.

Changes you do not have to report in an AIP

During an AIP, you do not have to tell the Pension Service about . This is defined as:

capital

occupational, personal, private, stakeholder and overseas pensions

payments from an equity release scheme

annuities

Financial Assistance Scheme or Pension Protection Fund payments.

Increases in your income and capital in an AIP

During an AIP, adjustments are made for regular increases to State Pension and private pensions. If your occupational pension increases annually, the Pension Service adjusts this automatically. Other increases in your retirecome a

8.3 If you go into hospital

Your PC entitlement is not affected if you are admitted to hospital, provided you return home within 52 weeks, and you do not receive an additional amount for severe disability or as a carer.

If you are a single person and you receive an additional amount for severe disability, you normally lose the additional amount after 28 days in hospital, when your AA, ADP, DLA, or PIP award is suspended.

If you are a couple and receive two amounts for severe disability, you lose one additional amount when one of you has been in hospital for 28 days and payment of their AA, ADP, DLA, or PIP award is suspended.

If you receive the additional amount for a carer, this can continue for up to 12 weeks, depending on your circumstances.

If you receive additional amounts for children or housing costs, you are no longer entitled to these after 51 0 0 1 0 g0 G[a]-3(re)]TJETQq0.00000887112 Tf1 0 0 1 120.74 593

PC is taken into account as income when your contribution towards the care home fees is calculated but up to £6.95 a week (£10.40 for a couple) of your income is disregarded if you receive Savings Credit. It is not always necessary to receive PC to qualify for this disregard – contact Age UK or Age Cymru Advice for more information. The disregards are different in Scotland, contact Age Scotland for advice.

For information on how PC is treated in the financial assessment, see factsheet 10, *Paying for permanent residential care*. or Age Cymru (*Paying for a permanent care home placement in Wales*) or Age Scotland (*Care Home Guide: Funding*).

Temporary care home residence

If you are a temporary resident in a care home, for respite or a trial period, and your PC includes housing costs, these can usually continue to be paid for up to 13 weeks and sometimes for up to 52 weeks.

Additional amounts for severe disability and as a carer can continue to be paid if you still satisfy the conditions for them (see sections 4.2–4.3). However, if payment of AA, ADP, DLA or PIP stops because you are in a care home, the rules are the same as for a permanent care home resident and you lose any additional amount for severe disability.

If you are in a couple, you continue to be treated as a couple if you are unlikely to be apart for more than 52 weeks. See factsheet 58, *Paying for short-term and temporary care in a care home* for more information.

8.5 If you go abroad

If you leave Great Britain temporarily, your PC can continue to be paid as normal, but not for longer than:

four weeks where the absence is not expected to exceed four weeks

eight weeks where the absence is not expected to exceed eight weeks and is in connection with the death of your partner or another close relative you normally live with

26 weeks where the absence is not expected to exceed 26 weeks and is solely in connection with you, your partner or your child receiving medical treatment.

You must intend to return within these periods at the date of departure. If you know you are likely to be away for longer than these periods when you depart, your PC award stops on the day you leave.

8.6 If PC stops for a mixed age couple

If you are part of a mixed age couple (where one partner is under State Pension age) and you lose entitlement to PC, you cannot usually reclaim PC until both of you reach State Pension age. You may have to claim Universal Credit in the meantime.

The only exception is if you remain entitled to pension age Housing Benefit (HB) while not entitled to PC. If this is the case, you can re-claim PC because you are protected by the .

8.7 Becoming a mixed-age couple when claiming PC

If you are entitled to PC and you form a couple with a new partner who is below State Pension age, your PC award stops and you cannot reclaim until you both reach State Pension age. You may have to claim Universal Credit instead.

8.8 Equity release

Equity release describes the various ways that homeowners can use their homes to generate income or capital lump sums while continuing to live there. There are a range of issues you need to take into account and

If you receive PC Guarantee Credit, you may be entitled to the maximum eligible amount of HB and CTR. You may not get the full amount if you live with non-dependants or there are restrictions, for example your rent is considered too high.

If you receive Savings Credit without Guarantee Credit, you may still get some help towards rent and Council Tax. See factsheet 17, *Housing Benefit* and factsheet 21, *Council Tax*, for more information (in Wales see *Council Tax in Wales*; in Scotland see *Age Council Tax and Council Tax Reduction* guide).

Health costs

If you receive PC, you may be entitled to help with health costs, such as dental charges, cost of glasses and hospital travel. If you get Guarantee Credit, you are automatically entitled to the maximum help available.

If you only get Savings Credit, you may be entitled to some help but you must apply for it – see factsheet 61, *Help with health costs*. In Wales see Age Cymru factsheet 61w, *Help with health costs in Wales*. In Scotland, see NHS Inform.

If you receive PC, you may be entitled to grants or loans from your local authority or Jobcentre Plus to help with some expenses. Contact Age UK Advice, Age Cymru Advice, Age Scotland or a local advice service for more details.

9.1 TV licence concessions

You can get a free TV licence if:

you, as the licence holder, are 75 years or older,

Pre-settled status If you are an EEA citizen (except Irish citizens) and have *pre-* (for example, you have not lived in the UK for at least five years), you can stay in the UK but are not automatically eligible for certain benefits. In order to be eligible, you must normally demonstrate you are exercising a qualifying *right to reside* under the *Immigration (European Economic Area) Regulations 2016*.

Guidance on *right to reside* can be found within *DMG Vol 2 Ch 7 Part 3: Habitual residence and right to reside*, from paragraph 073492 and for further information see:

<https://cpag.org.uk/welfare-rights/legal-test-cases/current-test-cases/eu-pre-settled-status>

If you have *pre-*, you can stay in the UK for up to five years from the date you got your status, but you should apply for *settled* before your pre-settled status expires. For more information, see:

www.gov.uk/settled-status-eu-citizens-families/switch-from-presettled-status-to-settled-status

Started living in the UK after 31 December 2020 If you moved to the UK after 31 December 2020, the only way you can be eligible for the EU Settlement Scheme is if you are a family member of an EEA or Swiss citizen and that person was living in the UK by 31 December 2020. For more information see:

www.gov.uk/settled-status-eu-citizens-families/join-EU-EEA-Swiss-family-member

If the above is not applicable, you are subject to immigration control (and are not eligible for certain benefits like PC) until you have the necessary immigration leave to remain in the UK. For more information see:

www.gov.uk/check-uk-visa

Housing costs (section 4.5) *DMG Vol 13 Ch 78: additional amounts and special groups*, from paragraph 78170

Defined income (page 13) *DMG Vol 14 Ch 85: Income other than earnings*, from paragraph 85004

Earnings and disregards (pages 13

Useful organisations

Carers Trust

www.carers.org

Telephone 0300 772 9600

Offers practical help and assistance to carers.

Carers UK

www.carersuk.org

Telephone 0808 808 7777

Information and support for carers, including information about benefits.

Citizens Advice

England or Wales go to www.citizensadvice.org.uk

Scotland go to www.cas.org.uk

In England telephone 0800 144 8848

In Wales telephone 0800 702 2020

In Scotland telephone 0800 028 1456

National network of advice centres offering free, confidential, independent advice, face to face or by telephone.

Department for Work and Pensions

www.gov.uk/government/organisations/department-for-work-pensions

Government department responsible for administering social security.

Disability Benefits Helpline

www.gov.uk/disability-benefits-helpline

Provides advice or information about claims for Disability Living Allowance, Personal Independence Payment or Attendance Allowance.

- **Attendance Allowance (AA)**
Telephone 0800 731 0122
- **Disability Living Allowance (DLA)**
If you were born on or before 8 April 1948
Telephone 0800 731 0122
If you were born after 8 April 1948
Telephone 0800 121 4600
- **Personal Independence Payment helpline**
Telephone 0800 121 4433
- **Adult Disability Payment (Scotland)**
Telephone 0800 182 2222

Gov.uk

www.gov.uk

Official website for government information and services. Includes information about State and private pensions.

Pension Service (The)

www.gov.uk/contact-

Our publications are available in large print and audio formats

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The evidence sources used to create this factsheet are available on request. Contact resources@ageuk.org.uk

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