AGE Concern Action.Help.Advice	October 2003

Key Points:
• Pension Credit has now replaced Income Support (MIG) for people over 60 • Replaces previous version dated February 2003

Pension Credit

Those living in Scotland, Wales or Northern Ireland may wish to contact:
Age Concern Scotland, 113 Rose Street, Edinburgh EH2 3DT, tel: 0131 220 3345 (charged at national rate), website: www.ageconcernscotland.org.uk;
Age Concern Cymru, 4th Floor, 1 Cathedral Road, Cardiff CF11 9SD, tel: 029 2037 1566 (charged at national rate); website: www.accymru.org.uk;
Age Concern Northern Ireland, 3 Lower Crescent, Belfast BT7 1NR, tel: 028 9032 5055 (charged at national rate) Monday to Friday 9.30am - 1pm.

Contents

1. An overview of Pension Credit

Pension Credit is administered by the Pension Service which is part of the Department for Work and Pensions (DWP) - formerly the Department of Social Security (DSS).

Pension Credit has two parts: the 'guarantee credit' and the 'savings credit'. Pension Credit is not taxable. The guarantee credit is very similar to the previous Income Support (Minimum Income Guarantee) system for people aged 60 and over and, generally, it is paid at the same rates.

People who were already receiving Income Support in October 2003 should have been transferred automatically to Pension Credit without having to make a new claim. Overall nobody should be worse off as a result of the change from Income Support to Pension Credit and many older people will gain.

The savings credit provides extra money to many people aged 65 and over who have income from pensions, savings, or certain other sources of income over a level called the savings credit threshold (this is £77.45 for a single person and £123.80 for couples). Some people will get both the guarantee and the savings credit and some will receive either one or the other.

More people will qualify for Pension Credit than they did for Income Support - the Government expects that around a million extra older people will claim in the first year.

You are likely to be entitled to the savings credit if as a single person your income is less than around £139 a week and if as a couple your joint income is less than around £204. However some disabled people, carers and homeowners with housing costs will be entitled to savings credit if their incomes are higher than these levels as explained later.

Both parts of the Pension Credit are based on people's income, savings and other circumstances. Unlike the old Income Support system for people of 60 and over, Pension Credit has no upper capital limit and the rules for assessing savings of over £6,000 are more generous. In many other respects the assessment of income and capital is similar although some forms of income and capital formerly taken into account are ignored. Unlike with Income Support there is no limit to the number of hours someone is in paid work (although most earnings are taken into account as income). There have also been some administrative changes - for example some people aged 65 or over will not need to report certain changes in their income during a period of up to 5 years.

Changes have also been made to Housing Benefit and Council Tax Benefit to ensure that everyone gets the full benefit of the savings credit and to bring some of the rules and administrative procedures into line with those for Pension Credit.

2. Who can receive Pension Credit?

You may be entitled to Pension Credit if you satisfy the following conditions:

- you are aged 60 or over (65 for the savings credit);
- you have an income below certain levels;
- you are 'habitually resident' in the UK and not excluded from claiming because of your immigration status. Contact a local advice agency if you need further information about the position for people who have been living abroad.

For a couple, one of you applies on behalf of both partners. Your 'partner' is your husband or wife or someone of the opposite sex whom you live with as though you are married. For the guarantee credit the person who applies must be at least 60 although their partner can be younger.

For the savings credit one or both of you must be aged at least 65.

2.1 Income Support and Jobseeker's Allowance

Income Support will continue to be paid to people under the age of 60 who do not have to be actively seeking work - for example carers and people who cannot work due to illness and disability. People under pension age who are unemployed and actively seeking work can claim Jobseeker's Allowance.

3. Other benefits for people receiving Pension Credit

If you get Pension Credit you may also get Council Tax Benefit and, if you pay rent, Housing Benefit - see section 11 'Where you live' for more information.

If you receive the guarantee credit you can also get benefits such as free dental treatment, free travel to hospital for treatment, and help with spectacles. You can also apply for help with exceptional expenses from the Social Fund (see Age Concern Factsheet 49, The Social Fund).

If you receive the savings credit, but not the guarantee credit, you may also be able to get help from the Social Fund and you can apply for partial help with NHS costs such as dental treatment under the NHS low income scheme.

4. How to work out if you are entitled to Pension Credit

The steps for working out how much Pension Credit you could receive are summarised here and then explained in more detail in the sections below:

1. Add up the value of your capital (savings) and if you have more than £6,000 work out the 'assumed income' (section 5);
2. Work out your weekly income for the guarantee credit taking into account any parts that are ignored (section 6);
3. Check the 'appropriate amount' for someone in your situation - this is the minimum level of income you are expected to live on (section 7);
4. Work out the difference between your income and your appropriate amount to see if you are entitled to guarantee credit (section 9);
5. If you (or your partner if you have one) are aged 65 or over check your entitlement to savings credit by working out your 'qualifying income' and following the calculation set out later in this factsheet (section 10).

5. Capital

The term 'capital' is used here to refer to all forms of savings, capital, investments, land and property. Capital is assessed in the same way for both the guarantee credit and the savings credit. Some forms of capital (including your home) are not counted as explained below.

If you have savings or capital of up to £6,000 this, and any income you receive from these savings, is ignored. The **same** limit applies to a single person or the joint capital of a couple. (If you live in a care home the level of capital that is ignored is higher - £10,000).

If you have capital of more than £6,000 (£10,000 in a care home) this will be assumed to produce a weekly income of £1 for every £500 (or part of £500) over the limit. For example, if you have £7,200 savings, this will be counted as a weekly income of £3 and will be added to your other income. If, for example, you have savings of £13,600 this will be counted as an assumed income of £16 a week.

Your capital is generally assessed at its present day value. If there would be expenses involved in selling your capital, 10% will be deducted.

Capital counted in full includes:

- cash;
- money in bank or building society accounts;
- National Savings accounts and certificates (there are special rules for valuing these);
- income bonds;
- stocks and shares;
- property (other than your own home);
- premium bonds;
- however, any 'actual' income these assets generate will be ignored.

Types of capital ignored include:

- the value of the home where you live if you own it;
- the value of a property you own that is not your home in certain specific circumstances - for example if you are taking steps to sell it or a close relative aged 60 or over lives there (get advice for more about when, and for how long, a property which is not your home can be ignored);
- the surrender value of any life insurance policies (although if a policy is cashed in the money you receive will normally be counted as part of your savings);
- the value of a pre-paid funeral plan (this is a change from the Income Support rules where a funeral plan was counted as part of your capital);
- arrears of certain benefits including Attendance Allowance, Disability Living Allowance, or Income Support for one year or Pension Credit for the duration of an assessed income period (explained in section 13), if there is one in force. If these amount to £5,000 or more and are as a result of an official error they will be ignored for the length of your Pension Credit award;
- personal possessions - unless these were bought in order to reduce your savings;

- the £10,000 ex gratia payment for Far Eastern Prisoners of War which was announced in November 2000.

5.1 Joint capital

Any capital you own jointly with other people will normally be divided equally by the number of joint owners to work out your share. For example, if you and your son have a joint bank account of £10,000, you will be assessed as owning £5,000 of this.

5.2 Deprivation of capital (notional capital)

If you deprive yourself of capital in order to get Pension Credit or increase the amount of benefit, the Pension Service can treat you as still having that capital (called 'notional capital'). This might occur if you give money away to members of your family or buy expensive items in order to reduce your capital.

You will not be considered to have deprived yourself of capital if you have paid off debts or used money on 'reasonable' spending on goods and services. If you are refused benefit because of this you should seek advice.

6. Income

This section describes the income assessment for the guarantee credit. The assessment for the savings credit is similar except that some forms of income are not taken into account as explained later in section 10.

Most income is taken into account when working out your entitlement to the guarantee credit. This includes:

- pensions;
- earnings;
- income from annuities;
- most social security benefits;
- working tax credit;
- assumed income from savings;
- income from boarders or sub-tenants;

- maintenance payments from a spouse or ex-spouse.
- All income is assessed after deductions for tax and National Insurance contributions and half of any contribution to an occupational or personal pension scheme.
- However, some income is disregarded (ignored) altogether including:
- Attendance Allowance;
- Disability Living Allowance;
- Social Fund payments;
- voluntary or charitable payments (for example payments from a friend or relative - this is a change from the Income Support rules where these were counted in some circumstances);
- actual income from savings (only the assumed income will be counted as described above). However interest that has been paid into an account will be counted as part of your savings;
- the special war widow/widower's pension of £60.97 introduced in April 1990 for 'pre-1973 widows' (in addition to the £10 disregard for war widows and widowers outlined below).
- In addition some types of income are assessed but an amount is disregarded (ignored). The following are examples of parts of weekly income that are ignored:
- £5 of earnings from work if you are single;
- if you have a partner, £10 of your or your partner's earnings from work;
- £20 of earnings in special circumstances, for example if you or your partner is a carer who satisfies the conditions for the carer addition described in section 7.2 below, in receipt of certain disability benefits, or are registered disabled (instead of the £5 or £10 outlined above);
- £10 war widow's or widower's pension or a war disablement pension;
- £20 of any payment from a sub-tenant or boarder and in the case of a boarder, half of any payment made above £20.
- For the **guarantee credit** all your weekly income after any disregarded amounts is added together. However there are a few

types of income that do not count as 'qualifying income' for the **savings credit**. These are: working tax credit; Incapacity Benefit; Severe Disablement Allowance; contribution based Jobseeker's Allowance; maternity allowance and maintenance payments from a spouse or ex-spouse.

7. The 'appropriate amount'

This is the minimum weekly amount intended for your day to day living expenses. It is officially called the 'appropriate minimum guarantee' but it will normally be described as the 'appropriate amount' in letters you receive from the Pension Service and this is the term used in this factsheet.

If your income is below this amount you will receive guarantee credit to bring your income up to this level. For most people a 'standard amount' will apply (officially called the 'standard minimum guarantee') but the appropriate amount will be higher for some disabled people, carers and homeowners with certain housing costs. Pension Credit does not include any extra amounts for families with children - instead support comes from tax credits. We do not cover benefits for children at Age Concern. If you need more information, contact the Inland Revenue or a local advice agency.

The rates for the guarantee credit are the same as the Income Support rates were from April 2003.

The standard amounts are:

Single person	£ 102.10
Couple	£ 155.80

7.1 Additional amount for severe disability

The rules for this extra amount are the same as they were for the severe disability premium in Income Support. The levels are:

Single claimant	£42.95
Couple (one qualifying)	£42.95
Couple (both qualifying)	£85.90

As a single claimant you will receive this addition if:

- you receive Attendance Allowance or the middle or higher rate of the care component of Disability Living Allowance (DLA); *and*
- you live 'alone' (but there are certain groups of people that you can live with and still receive the premium as explained below); *and*
- no-one receives Carer's Allowance (the new name for Invalid Care Allowance since April 2003) for looking after you.

If you have a partner and you receive Attendance Allowance (or the middle or higher rate of the care component of DLA) you will not normally receive this addition as you will not be living alone. However you can still receive it if:

- your partner also gets Attendance Allowance (or the middle or higher rate of the care component of DLA) *or* he or she is registered blind; *and*
- you 'live alone' as described below; *and*
- no-one receives Carer's Allowance for looking after you.

If your partner also receives Attendance Allowance (or the middle or higher level of the care component of DLA) and neither of you has a carer receiving Carer's Allowance you will receive the double rate. If only one of you has a carer receiving Carer's Allowance you will receive the single rate.

Living alone

You will still be counted as 'living alone' if you live with certain people such as someone else also receiving Attendance Allowance or the middle or higher care component of DLA, someone who is registered blind, a voluntary worker paid for by a charity, a boarder, someone under 18 or, in some circumstances, if you are a joint tenant or joint owner and share the housing costs. If you need further information about whether you should be considered to be living alone, contact our information team on 0800 00 99 66 (free call - see section 16).

7.2 Additional amount for carers

The rules for this extra amount are the same as they were for Income Support. The levels are:

Single person	£25.10
Couple, one person qualifying	£25.10
Couple both entitled to Carer's Allowance	£50.20

The addition is available to carers who:

- receive Carer's Allowance; *or*
- are entitled to Carer's Allowance but cannot receive it because they receive another benefit instead (since changes to the rule in October 2002 carers over 65 can now apply for Carer's Allowance).

Example: Mrs Jones is 70 and looks after her husband who gets Attendance Allowance. She applied for Carer's Allowance in May 2003 and was sent a letter saying she fulfilled the conditions but she could not receive it on top of her pension. She showed this to the social security office and now gets the extra amount for carers within the Pension Credit.

Warning: If the person you care for receives the extra amount for severe disability they will lose this if you start to receive Carer's Allowance (but not if you are entitled to but are not paid the Carer's Allowance because you receive a State pension or other benefit instead).

In some circumstances a carer could receive an extra £25.10 a week through the carer addition while the person they care for would lose the severe disability addition (described above) which is worth £42.95. If you are not sure whether to claim Carer's Allowance seek advice first.

The carer addition will continue for eight weeks after you cease caring, for example if the person you cared for has died or has moved into a care home.

See Age Concern Information Sheet (LC/15) *Carer's Allowance*.

8. Housing costs

Your appropriate amount may also include an additional sum for certain housing costs, such as mortgage interest, if you own your own home. (Payments towards rent and service charges for tenants can be covered by Housing Benefit). You may be able to get help with housing costs if they are for the home where you normally live and you are responsible for the costs. The amount of help may be restricted if you have a loan of more than £100,000 or your housing costs are considered to be excessive. If you are getting Pension Credit or have been getting it within the last 26 weeks, you will only be able to get help with the interest on a new loan in certain specific circumstances. Seek advice before taking out a loan. Apart from the above restrictions, if you are 60 or over the housing costs which can be included are:

- mortgage interest if you are buying your home (but not the capital repayments, arrears, or life insurance premiums linked to the loan);

- the interest on loans for certain home improvements and repairs;

- ground rent for long leaseholders;

- certain service charges - but in April 2003 a new system for funding housing related support services was implemented. This is called Supporting People and it pays for such services as general counselling, warden services in sheltered housing and help with claiming benefits. (For further information see Age Concern Information Sheet LC/19 *Supporting People*).

If you receive help with mortgage interest, this is normally paid directly to your lender. The amount is based on a standard interest rate. If this is less that your lender's rate you will need to make up the shortfall.

8.1 Deductions for people living with you

If you have someone living with you who is not your partner or a dependant child, the help you get towards housing costs may be reduced. People such as adult children or older relatives are called 'non-dependants' and they are expected to help with your housing costs.

Deductions will not be made if:

- you or your partner are blind;
- you or your partner receive Attendance Allowance or the care component of Disability Living Allowance;
- the person living with you is under 25 and on Income Support;
- the person living with you is a full time student in term time (a full time student for the whole time if you or your partner are over 65);
- the person normally lives elsewhere.

The deductions made depend on the circumstances of the person living with you. If she or he is 18 or older, works 16 hours a week or more and has a gross income of at least £92 a week the following deductions will be made.

Gross income of non-dependant	Weekly deduction
£ 92 - £136.99	£17.00
£137- £176.99	£23.35
£177- £234.99	£38.20
£235- £292.99	£43.50
£293 or more	£47.75

For others aged 18 or over or people aged 25 or over who are receiving Income Support or income-based Jobseeker's Allowance, the deduction will be £7.40. If a couple is living with you only one deduction is made.

9. Calculating the guarantee credit

Once you know your appropriate amount (ie the standard amount of £102.10 for a single person or £155.80 for a couple plus any additions you qualify for because you are a carer, severely disabled, or have eligible housing costs) you need to compare this with your income.

If your income (including assumed income from savings over £6,000 but ignoring any amounts due to be disregarded) is less than your appropriate amount then you will receive guarantee credit to bring your income up to this level.
If you are aged 65 or over and your income is more than the 'savings credit threshold' - £77.45 for a single person, £123.80 for a couple - you may also receive some savings credit.

If your income is more than your appropriate amount you will not be entitled to the guarantee credit - but if you are aged 65 or over you may receive some savings credit.

9.1 Examples of entitlement to guarantee credit

Mr Ahmed is 73 and has State Pension of £50 (not a full pension as he lived abroad for some time) and an occupational pension of £20 a week and £4,000 savings.

Income		**Appropriate amount**	
State pension	£ 50	Standard amount	£102.10
Occupational pension	£ 20		
Total income	£ 70	Total appropriate amount	£102.10

Mr Ahmed's income of £70.00 is below the standard appropriate amount of £102.10. He will receive £32.10 guarantee credit to bring his income up to £102.10. His income is less than the savings threshold of £77.45 so he cannot get savings credit but will get Housing and Council Tax Benefit.

Miss McCarthy is 64 and has a State Pension (including State Earnings-Related Pension Scheme) of £90 and savings of £16,200. She cares for her mother and is entitled to the Carer's Allowance (formerly ICA) but does not receive it because she gets a State pension instead.

Income		**Appropriate amount**	
State pension	£ 90	Standard amount	£102.10
Assumed income from £16,200 savings	£ 21	Carer addition	£ 25.10
Total income	£111	Total appropriate amount	£127.20

Miss McCarthy's income of £111 is less than her appropriate amount so she will receive £16.20 guarantee credit to bring her income up to that level. Her income is over £77.45 a week but she cannot get any savings credit until she becomes 65.

10. Calculating the savings credit

As mentioned in section 1 above, the savings credit provides extra money to people aged 65 and over who have income from savings, occupational/personal pensions or certain other sources of income (but not including the guarantee part of Pension Credit).

If you are 65 or over and your 'qualifying income' (see section 10.2 below) is more than £77.45 for a single person and £123.80 for a couple (the 'savings credit threshold') and less than a certain maximum amount you will normally be entitled to the savings credit. The information here will explain the calculation and help you get an idea of how much you might get.

You may find the calculation quite complicated so if you are not sure whether you will qualify you may want to make a claim anyway. Alternatively the Pension Service or a local advice agency may be able to give you an idea about any possible entitlement.

10.1 The calculation for savings credit

For the calculation you will need to do the following steps:

1. Work out your 'income' and 'qualifying income' (section 10.2).
2. If you are single the 'savings credit threshold' for a single person is £77.45 and the maximum savings credit is £14.79. If you are a couple the savings threshold is £123.80 and the maximum savings credit threshold is £19.20.
3. Work out your appropriate amount as explained in section 7.
4. Do the calculations as described below. In general the following sections will apply: If you are single and your appropriate amount is £102.10 see section 10.3; if you are a couple and your appropriate amount is £155.80 see section 10.4; and if your appropriate amount is higher than £102.10/£155.80 see section 10.5.

10.2 'Income' and 'qualifying income'

To work out any entitlement to savings credit you need to know both your 'income' and what is known as your 'qualifying income'. 'Income' is the income used to calculate the guarantee credit (see section 6) - namely your total income including any assumed income from savings over £6,000 but not including amounts that are disregarded such as Attendance Allowance.

Your 'qualifying income' is your income minus any: Incapacity Benefit; Severe Disablement Allowance; Working Tax Credit, contribution-based Jobseeker's Allowance, maternity allowance and maintenance payments from a spouse or ex-spouse.

Most pensioners will not have these types of income which means that their 'income' and 'qualifying income' will be the same. However if you or your partner do have non-qualifying income the calculation is a little different as this does not count towards the savings credit - see section 10.6. The Pension Service may refer to qualifying income as 'rewardable income' and non-qualifying income as 'non-rewardable income'.

10.3 Single people with standard appropriate amount of £102.10

If all your income is qualifying income and it is more than £77.45 and less than £102.10 your savings credit will be 60% of the difference between your income and £77.45 (this can also be described as 60p for every £1 over £77.45).

Example

Helen Wilson has a basic State Pension of £77.45 a week and an occupational pension of £10 a week - a total income of £87.45. She will receive £14.65 guarantee credit to bring her pensions up to the standard appropriate amount - £102.10.

Her savings credit is worked out like this

Qualifying income:	£87.45
Difference between income of £87.45 and savings threshold of £77.45:	£10.00
Savings credit is 60% of £10 (the difference):	£ 6.00

Total Pension Credit = £20.65 (£14.65 guarantee and £6 savings credit).

If all your income is qualifying income and it is exactly the same as the level of the guarantee (£102.10) you will receive the maximum amount of savings credit of £14.79.

Example

Mr Baker has State and occupational pensions totalling £102.10. He is not entitled to any guarantee credit but will receive the maximum £14.79 from the savings credit.

If all your income is qualifying income and it is more than £102.10 the savings credit of £14.79 is reduced by 40% of the difference between your income and £102.10. If your income is around £139 or more, 40% comes to more than £14.79 so you will not be entitled to any savings credit.

Example

Mrs Singh has an income of £122.10 from her State Pension and occupational pension.

Qualifying income:	£122.10
Difference between her income of £122.10 and £102.10:	£ 20.00
40% of this difference:	£ 8.00

Her savings credit is the maximum savings credit of £14.79 minus £8 (40% of the difference): £6.79

10.4 Couples with standard appropriate amount of £155.80

If all your income is qualifying income and it is more than £123.80 and less than £155.80 your savings credit will be 60% of the difference between your income and £123.80.

If all your income is qualifying income and it is exactly the same as the level of the guarantee (£155.80) you will receive the maximum amount of savings credit of £19.20.

If all your income is qualifying income and it is more than £155.80 the savings credit of £19.20 is reduced by 40% of the difference between your income and £155.80. If your income is around £204 a week or more, then 40% of the difference will be more than £19.20 so you will not be entitled to savings credit.

10.5 If your appropriate amount is more than the standard amounts

If you receive an addition because you are a carer, severely disabled or have eligible housing costs your savings credit is worked out as described here. The calculation is still based on the savings credit threshold of £77.45 for a single person and £123.80 for a couple and the maximum levels of savings credit will still be £14.79 for a single person and £19.20 for a couple.

If all your income is qualifying income and it is more than £77.45 (single person) £123.80 (couple) but less than your appropriate amount your savings credit will be 60% of the difference between your qualifying income and £77.45 (single person) or £123.80 (couple) up to the level of the maximum savings credit of £14.79 (single person) £19.20 (couples).

Example

Mr Moore receives Attendance Allowance, lives alone and does not have a carer. He gets £89.45 State Pension (basic and SERPS). His Attendance Allowance is ignored.

His appropriate amount is £145.05 (the £102.10 standard amount plus £42.95 severe disability addition). He will receive guarantee credit to bring his income up to £145.05. His pensions count as qualifying income for the savings credit

Appropriate amount:	£145.05
Qualifying income:	£ 89.45
Difference between qualifying income of £89.45 and savings credit threshold of £77.45:	£ 12.00
Savings credit (60% of the £12 difference) =	£ 7.20

If all your income is qualifying income and it is the same as, or more than, the standard appropriate amount (£102.10 or £155.80) but less than your appropriate amount you will get the maximum savings credit.

Example

In the example above if Mr Moore also had £15,000 savings this would be counted as £18 assumed income making his qualifying income £107.45. This is more than £102.10 but less than his appropriate amount of £145.05 so he would receive the maximum savings credit for a single person of £14.79.

If all your income is qualifying income and it is more than your appropriate amount the maximum savings credit of £14.79 or £19.20 - is reduced by 40% of the difference between your income and your appropriate amount. If 40% is more than £14.79/£19.20 you will not receive any savings credit.

Example

Taking Mr Moore again, but this time he has £50 occupational pension on top of his £107.45 from his State Pension and savings.

Appropriate amount:	£145.05
Qualifying income:	£157.45
Difference between income of £157.45 and £145.05:	£ 12.40
40% of the £12.40 difference:	£ 4.96

Savings credit = the maximum savings credit of £14.79 minus £4.96 = £ 9.83

10.6 If you have non-qualifying income

If you or your partner, if you have one, receive non-qualifying income such as Incapacity Benefit or Severe Disablement Allowance you may still receive savings credit as long as your qualifying income is over savings credit threshold (£77.45/£123.80) but the calculation is done a little differently. It is summarised briefly here but get advice if you need more information about your own position.

1. Work out the amount by which your qualifying income is more the savings credit threshold (£77.45/£123.80) and then calculate 60% of the difference. Your 'gross savings credit' is this figure or the maximum savings credit of £14.79/£19.20 - whichever is less.

2. If your total income is less than your appropriate minimum guarantee then the amount of savings credit you receive is the same as the 'gross savings credit' as calculated above.
3. If your total income is more than your appropriate minimum guarantee then the gross savings credit is reduced by 40% of the difference between your income (including any non-qualifying income) and your appropriate minimum guarantee.

11. Where you live

11.1 If you pay rent and/or council tax

If you receive the guarantee credit this will entitle you to the maximum eligible amount of Housing and Council Tax Benefit (HB and CTB) in the same way as entitlement to Income Support did. This will often pay all your rent and council tax payments although you may not get the full amount if certain other people share your household (non-dependants) or there are restrictions for example because your rent is considered too high given your circumstances. If you receive the savings credit only you will not get the maximum amount but you may still get some help towards rent and council tax. If you are not entitled to the guarantee credit the savings credit is taken into account as income when calculating HB and CTB; changes to the rules in these benefits in October 2003 were made to ensure that everyone gained the full amount of savings credit when PC was introduced.

HB/CTB forms will not be automatically included with a pension credit claim pack. So those issuing forms should check whether people need to apply. For example, if you contact the Pension Credit helpline to make a claim you should be asked whether you receive HB/CTB and, if not, you should be sent the forms if you pay rent and/or council tax.

11.2 If you live in someone else's home

If you live in someone else's home, for example you live with your daughter and her family, your Pension Credit will be worked out in the normal way. However, if your daughter is claiming help with housing costs from Housing Benefit, Council Tax Benefit, Income Support, Pension Credit or income-based Jobseeker's Allowance her benefit may be reduced because you are living there.

11.3 Boarders and hostel dwellers

If you live in a hotel, guest house, board and lodgings accommodation or a hostel, the Pension Credit will be worked out in the normal way. You will receive Housing Benefit to cover the rental element of your charges.
You will have to pay for meals, fuel, and other items not covered by Housing Benefit from your Pension Credit.

See Age Concern's Factsheet 17, *Housing Benefit and Council Tax Benefit.*

11.4 Care Homes and paying for care

People aged 60 and over living permanently in care homes will be entitled to Pension Credit instead of Income Support.

In this situation there is a higher amount of savings ignored - £10,000 instead of £6,000. At the time of writing the Department of Health had not finalized how it will treat the Pension Credit when calculating how much people need to pay for community care services or care home fees. Factsheet 10, mentioned below, will be updated as soon as more details are available.

If you wish to enter a care home, and you need financial support, contact your local authority. It will assess your need for care and carry out a means test. You will be encouraged to claim any benefits you are entitled to including Pension Credit. For more information see Age Concern Factsheet 10, *Local authority charging procedures for care homes.*

11.5 If you go into hospital

If you are receiving the severe disability addition as part of your Pension Credit this will normally stop after 28 days in hospital when your Attendance Allowance or Disability Living Allowance stops. The Carer Premium may also stop but, in general, your Pension Credit will not be reduced until you have been in hospital for more than 52 weeks.

12. Claiming Pension Credit

If you were already getting Income Support prior to the introduction of Pension Credit - your benefit should have automatically changed to Pension Credit. This may have meant that your benefit increased in October.

If you were not getting Income Support you will need to make a claim for Pension Credit. There is a special free telephone number to ring to get a claim form or to make a claim over the phone; the number is 0800 99 1234 (free call), textphone: 0800 169 0133 (free call).

The line is open from 8am to 8pm Monday to Friday and 9am to 1pm Saturday. You can also download a claim form from the internet; or get one from a local Pension Service outlet or certain advice agencies. Local Pension Service staff will be able to help people complete claim forms and should be able to arrange a home visit if you need one.

For more information about making a claim for Pension Credit contact the Pension Service (look in the phone book under social security or Pension Service) or a local advice agency.

12.1 Backdating

Special rules about backdating apply **but only in the first year**. If you claim before 6 October 2004 Pension Credit can be backdated to October 2003 as long as you have satisfied the conditions since then. Normally savings credit will be taken into account for Housing Benefit and Council Tax Benefit. However if you receive a backdated sum it will not be taken into account and you will not have to pay back any money.

In some circumstances people entitled to Housing and Council Tax Benefit might actually be better off in the end by delaying a claim for Pension Credit and getting a backdated lump sum. But it will depend on your exact circumstances and most people will probably want to make a claim as soon as they can. Get advice if you are not sure what to do.

After October 2004 Pension Credit can be claimed up to 4 months before the age of 60 and claims will be able to be backdated for up to 3 months, as long as you satisfied the conditions for entitlement during that period.

13. Changes of circumstances and reassessments

Some of the rules about when you need to report a change in your circumstances are different to those for Income Support. When you receive a letter about your award of Pension Credit this will tell you whether an 'assessed income period' has been set. If so this will mean that during the period stated (normally 5 years but it may be less) you will not need to tell the Pension Service if your 'retirement provision' changes. By retirement provision the Pension Service means income from sources such as: pensions; annuities; and savings. Adjustments will be made for any regular increases to your state and private pensions. In order to do this the Pension Service will ask you about increases when you apply. So, for example if your occupational pension is increased each April in line with inflation the Pension Service will make an adjustment automatically.

Although you don't need to report increases in your retirement pension income (for example an inheritance that increases your savings) if your income goes down you can ask the Pension Service to look at your claim again. For example if you have savings over £6,000 and spend some of this you may be entitled to more Pension Credit (although see above for information about deprivation of capital).

Even if an assessed income period has been set there are still changes that you will need to report such as: getting married; being widowed; going into hospital; or starting to receive a new social security benefit.

An assessed income period will not be set if you are under 65 or in certain other circumstances. In this case you will need to report changes in your retirement pension income as well as the other changes. An assessed income period may be set at a later date.

When you are awarded Pension Credit you will be given details of the changes in circumstances that you must report and, if an assessed income period has been set, you will be given information about this.

14. How benefit is paid

At the time of writing people can choose whether to receive their State pension and benefits using an order book which is cashed weekly at the post office or to have payments directly into a bank or building society account. But the DWP is changing the system so that by 2005 nearly everyone will have payment directly into an account. The change is being phased in from April 2003. People will be given information about the different types of bank and post office accounts and it will be possible for you to choose one that still enables you to get your money at the post office each week. However some of the arrangements have not been worked out yet - for example it appears that none of the accounts available from April 2003 will allow you to nominate someone to collect your money from the post office on your behalf on a casual or one off basis. The Pension Credit claim form has a box to tick if you do not wish to open an account when you make a claim. If you receive a letter inviting you to change the way your pension and benefits are paid and you are not sure which, if any, of the options are suitable, get advice. You will continue to receive your money by order book unless you choose to have your money paid into an account at least until autumn 2004 and even after then there will be some exceptions to the system.

If you go abroad you should tell the Pension Service before you leave - as with the Income Support system you may be able to get Pension Credit for up to four weeks if you are temporarily abroad.

15. If you disagree with a decision

When you receive the letter explaining whether you have been awarded benefit you will also be given details about what to do if you are unhappy with the decision. There are time limits for challenging decisions if you are refused benefit or disagree with the amount awarded. You normally have one calendar month to ask for this to be revised. If you have not been given a written 'statement of reasons' for the decision ask for one and then the time limit will be extended by another 14 days. The one month time limit can also be extended to up to 13 months in certain situations if there are 'special circumstances' for asking for a late revision. If you are asking for the decision to be revised send in as much additional information as you can.

If a decision maker in the social security office looks at the decision again but you are not satisfied with the outcome, you can appeal. You will need to do this within one month of when the decision was sent or given to you although this time can be extended to up to 13 months if your appeal has a reasonable prospect of success and there are 'special circumstances' why it is late. You can also appeal straight away without asking for a revision - again this must normally be done within one month.

You appeal using the form attached to social security leaflet GL24, *If you think our decision is wrong* explaining which decision you disagree with and why. The Appeals Service has the power to 'strike out' an appeal, for example if it is considered to be 'misconceived' so it is important to explain clearly why you are appealing.

You will be sent a form asking if you wish to attend the tribunal in person or have your case decided based on the written information provided. If possible try to attend the tribunal as this is likely to give you a better opportunity to explain your position.

Pension Credit tribunals are normally heard by one person who will be legally qualified and not connected with the DWP. There may be an officer from the social security office as well.

At the tribunal you or a representative will be able to put your case about why the decision should be changed. If you want to challenge a decision or make an appeal it is a good idea to seek help from a local advice agency. It may be able to help you prepare your case or represent you at a tribunal. For more information about challenging a decision see social security guide N1260 DMA.

16. Further information from Age Concern

Your Rights is published each year and gives information on pensions, Housing Benefit, disability benefits and other sources of financial help for older people. The 2003-2004 edition costs £4.99 and is available from Age Concern Books, Unit 5/6, Industrial Estate, Brecon, Powys LD3 8LA. tel: 0870 44 22 120 (national call rate) – line open Monday to Friday, 9am to 7pm & Saturday and Sunday 9am to 5pm. Postage and Packing £1.99 for one book – (for additional books please add 75p per book).

If you would like

- any additional factsheets mentioned (up to a maximum of 5 will be sent free of charge)
- a full list of factsheets and/or a book catalogue
- further information or if you have questions arising from this factsheet
- to receive this information in a different format or language

phone 0800 00 99 66 (free call) or write to Age Concern FREEPOST (SWB 30375), Ashburton, Devon TQ13 7ZZ. For people with hearing loss who have access to a textphone, calls can be made by Typetalk, which relays conversations between text and voice via an operator.

Age Concern's series of over 45 factsheets is available as a subscription service to those whose work involves older people. For details please call 0870 500 99 66 (national rate call) and ask for our factsheet subscription leaflet.

Age Concern provides factsheets free to older people, their families and people who work with them. If you would like to make a donation to our work, you can send a cheque or postal order (made payable to Age Concern England) to the Personal Fundraising Department, ACE Freepost CN1794, London SW16 4BR.

Find out more about Age Concern England online at www.ageconcern.org.uk.

Please note that the inclusion of named agencies, companies, products, services or publications in this factsheet does not constitute a recommendation or endorsement by Age Concern. Whilst every effort is made to ensure accuracy, Age Concern cannot be held responsible for errors or omissions.

No factsheet can ever be a complete guide to the law, which also changes from time to time. Therefore please ensure that you have an up to date factsheet and that it clearly applies to your situation. Legal advice should always be taken if you are in doubt.

Communications Division, Age Concern England, Astral House, 1268 London Road SW16 4ER. Registered charity no. 261794.

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FS48/03/10/AM009