PENSION CREDIT

LEGISLATION

State Pension Credit Act (NI) 2002

The State Pension Credit Regulations (NI) 2003 as amended

CONTENTS

GLOSSARY

AA – Attendance Allowance

AIP – Assessed Income Period

CPAG – Child Poverty Action Group

CA – Carer's Allowance

CTC – Child Tax Credit

DEL – Department for Employment and Learning

DfC – Department for Communities

DLA – Disability Living Allowance

ESA – Employment and Support Allowance

ESA (IR) – Income-related Employment and Support Allowance

HMRC – Her Majesty's Revenue and Customs

JSA(C) – Contribution-based Jobseeker's Allowance

JSA(IB) – Income-based Jobseeker's Allowance

NINO – National Insurance Number

PC – Pension Credit

SDA – Severe Disablement Allowance

UC – Universal Credit

WTC – Working Tax Credit

INTRODUCTION

Pension Credit (PC) is a means tested benefit for older people. PC aims to ensure that they have a guaranteed weekly income.

It is also intended to reward people aged 65 or over who have made some additional provision for retirement above the basic state pension.

PC consists of two elements:

- guarantee credit;
- savings credit.

A person may be entitled to either or both of these elements.

PC is not taxable.

1. WHO CAN A PERSON CLAIM FOR?

When claiming PC, a person can claim for her/himself and her/his partner if s/he has one. All income and capital of a person's partner, whether married or in a civil partnership or not, is aggregated to the person's income and capital for the purposes of an assessment.

There are no child increases payable with PC and a claim should be made instead for Child Tax Credit (CTC). Any income of a dependent child will not affect a person's PC.

2. GUARANTEE CREDIT

2.1 Entitlement

A person may be entitled to a guarantee credit if s/he is:

- the qualifying age or over (see below);
- habitually resident in the Common Travel Area and has the right to reside;
- physically present in Northern Ireland;
- not subject to immigration control.

A prisoner who has been sentenced or who has been on remand for more than 52 weeks or a person who is a member of a religious order and fully maintained by that order cannot claim PC.

2.1.1 The qualifying age

Before 6 April 2010, the qualifying age for PC was 60. From that date, for both men and women, it is an age increasing to 65 between 2010 and 2018 in line with the increase in pensionable age for a woman under Part 1 of Schedule 2 of the Pensions (NI) Order 1995. The pension age will then rise to 66 by 2020 and eventually up to 68 and possibly higher. More details on the qualifying age are available in Appendix 1.

Therefore, for a woman, the qualifying age for PC depends on her date of birth, but for a man, the qualifying age for PC is the pensionable age of a woman with the same date of birth as him.

2.1.2 Habitually resident in the Common Travel Area

To qualify for a guarantee credit, a person must be habitually resident and have a right to reside in the Common Travel Area (UK, Channel Islands, Isle of Man or Republic of Ireland).

Some people are automatically treated as being habitually resident, including people who are workers within specific pieces of European legislation and who are also citizens of the European Economic Area or from accession countries, refugees and people with exceptional leave to remain in the UK within immigration law.

A person's entitlement will continue during temporary absences from Northern Ireland for up to thirteen weeks where the person's absence is unlikely to exceed 52 weeks, and s/he continues to satisfy the other entitlement conditions.

2.2 Calculating guarantee credit

A person's guarantee credit is calculated in three steps. To assess a person's entitlement to guarantee credit:

Step 1: calculate the appropriate minimum guarantee; then

Step 2: calculate the total income; then

Step 3: compare appropriate minimum guarantee and income.

2.2.1 Step 1: work out appropriate minimum guarantee

A person's appropriate minimum guarantee represents the minimum amount of income that the government believes a person should have to live on each week. It aims to ensure that the weekly income of all those entitled is brought up to a minimum level. The exact figure depends upon a person's marital status, whether s/he is part of a couple, any disabilities, caring responsibilities and eligible housing costs.

The figure consists of:

- standard minimum guarantee; plus
- additional amounts (including housing costs).

Note: Those transferring from Income Support, Income-based Jobseeker's Allowance JSA(IB) or Employment and Support Allowance ESA(IR) to PC may also have a transitional amount included. See Section 5.

2.2.1.1 Standard minimum guarantee

The amount of the basic standard minimum guarantee is as follows.

Amount

Single person	£155.60
Couple	£237.55

2.2.1.2 Additional amounts

The additional amounts are as follows.

☐ Severe disability

Amount

Single person	£61.85
Couple – one qualifies	£61.85
Couple – both qualify	£123.70

Where a person is single, s/he will qualify for the lower rate of the severe disability additional amount if:

- s/he is in receipt of Attendance Allowance, the care component of Disability Living Allowance (DLA) at the middle or high rate, Constant Attendance Allowance or Exceptionally Severe Disablement Allowance; and
- no non-dependant aged eighteen or over is residing with her/him; and
- no one is receiving a Carer's Allowance (CA) for looking after her/him.

Where a person has a partner, s/he will qualify for the lower rate of the severe disability addition if:

- s/he and partner are both in receipt of Attendance Allowance, the care component of DLA at the middle or higher rate, Constant Attendance Allowance or Exceptionally Severe Disablement Allowance; or
- one partner is in receipt of Attendance Allowance, the care component of DLA at the middle or higher rate, Constant Attendance Allowance or Exceptionally Severe Disablement Allowance and the other is certified as severely sight impaired or blind by a consultant ophthalmologist (or treated as such for a 28 week period where a person ceases to be so certified); and
- no non-dependant aged eighteen or over is residing with the couple; and

- someone is receiving CA for looking after one of them but not the other.

The higher couple rate of the severe disability addition is payable where:

- a person and her/his partner are in both receipt of Attendance Allowance, the care component of DLA at the middle or higher rate, Constant Attendance Allowance or Exceptionally Severe Disablement Allowance or one member of the couple is getting one of those benefits and the other is certified as severely sight impaired or blind by a consultant ophthalmologist (or treated as such for a 28 week period where a person ceases to be so certified); and
- no non-dependant aged eighteen or over is residing with the couple; and
- no one receives a CA for looking after either partner.

Where the person claiming has a non-dependant aged eighteen or over residing with her/him, the non–dependant's presence will be ignored if s/he:

- is a dependent child under 20 in full time non-advanced education or on an approved training course;
- is in receipt of Attendance Allowance, DLA middle or high rate care component, Constant Attendance Allowance or Exceptionally Severe Disablement Allowance;
- is certified as severely sight impaired or blind by a consultant ophthalmologist (or treated as such for a 28 week period where a person ceases to be so certified);
- normally lives elsewhere;
- lives in the home and is engaged by a voluntary organisation or charity to provide care and a charge is made for that care. Any partner of the carer is also ignored;
- is not a close relative of the person claiming or partner and:
  - is liable to make payments on a commercial basis to the person claiming or partner in order to live in the home; or
  - is a person to whom the person claiming or partner is liable to make such payments in order to remain in the home;

  (Note: Any member of her/his household is also ignored.)
- is not a close relative of the person claiming or partner and jointly occupies the home and is a joint owner or is jointly liable with the person claiming or partner to make payments in respect of occupation of the home. If a person is a close relative, s/he will not count as a non dependant where the co-ownership or joint liability to make payment arose before 11 April 1988 or, if later, on or before the date the person claiming or partner first occupied the home.

☐ Carer

Amount £34.60

A person will qualify for this additional amount if s/he or her/his partner is entitled to Carer's Allowance (CA). This applies even if the person (or partner) is not actually in receipt of CA because s/he is in receipt of a benefit which overlaps with CA (eg Retirement Pension).

If a person has a partner who also receives a CA, then the additional carer's amount is awarded twice.

When a person's entitlement to CA ends, the carer's addition will continue for eight weeks.

☐ Housing costs

A person may be able to get an additional amount of appropriate minimum guarantee in respect of housing costs. This is treated in the same way as the additional amounts detailed above, and will be added on to the standard minimum guarantee when calculating entitlement.

A person may get help with housing costs if s/he and/or partner:

- have eligible housing costs which include a home loan (ie a mortgage and/or loans for repairs and improvements), and certain other housing costs such as ground rent and service charges; and
- are liable to meet housing costs or treated as liable to meet them; and
- normally occupy the dwelling as their home.

To receive an additional amount for home loan payments in a guarantee credit award, a person must have a qualifying loan. A qualifying loan is:

- a mortgage (either to buy a house or purchase an additional interest in the house); or
- a loan for specified repairs or improvements to the home (see below), or for the payment of service charges to meet the cost of these.

The additional amount for a qualifying loan is calculated based on a standard rate of interest and the capital outstanding on the loan. The level of support for mortgage interest and repairs and improvements in most cases is restricted to total loans below an upper limit of £100,000.

The upper limit was increased to £200,000 for certain people claiming Income Support, Employment and Support Allowance (ESA) or Jobseeker's Allowance (JSA) after 4 January 2009 or who were in a help with mortgage interest qualifying period at that date. Those claimants who become entitled to Pension Credit within twelve weeks of entitlement to Income Support, JSA or ESA ending and who were receiving help with mortgage interest at the upper limit of £200,000 can continue to have that upper limit applied.

Note: A loan taken out to make adaptations to a house for a disabled person will not count towards the £100,000 (or £200,000) limit.

Where a person qualifies for housing costs, s/he will get help straightaway without a qualifying period.

From October 2010, the standard interest rate used to calculate support for mortgage interest payments is set at a level equal to the Bank of England's published monthly Average Mortgage Rate. From 6 July 2015 (and confirmed again in April 2016) the standard rate of interest used to calculate support for mortgage interest for Pension Credit is 3.12%. Prior to 6 July 2015, the standard rate was 3.63%.

☐ Loans for repairs and improvements

A person can get help with a loan for repairs or improvements to maintain her/his current home in a habitable condition. Payment of interest on a loan will be made on loans taken out for:

- provision of a bath or shower, toilet, wash basin, and the necessary plumbing and hot water;
- repairs to a heating system;
- damp-proof measures (this may include repairs to a roof);
- provision of ventilation and natural lighting;
- provision of drainage facilities;
- provision of facilities for preparing and cooking food (but not for storing it);
- provision of home insulation;
- provision of electric lighting and sockets;
- provision of storage facilities for fuel or refuse;
- repairs of unsafe structural defects;
- adaptations for a person with a disability;
- providing separate sleeping accommodation for children of different sexes aged ten or over but under 20 who are part of the family. (It could be argued that it should apply where both of the children will be aged ten or over in the near future).

Housing costs will only be payable on a loan taken out to pay for any of the above repairs. Housing costs will not reimburse a person for expenditure from her/his own resources for the above repairs. Where a loan also covers other repairs not included above, housing costs will only be paid for the proportion which relates to the items listed above.

Any housing costs payable for the above repairs and improvements will be calculated in the same way as for mortgages.

☐ Reduction in payments

The amount of housing costs payable may be reduced where a person:

- moves into more expensive accommodation while on Income Support/ESA/JSA/PC or during a short break between periods on any of those benefits;

- occupies accommodation too big for her/him and partner, anyone under 20 living with her/him and any non-dependants;
- has accommodation located in an area which is more expensive than other areas where suitable accommodation is available;
- has outgoings which are higher than on other properties in the area suitable to a person's needs;
- has a non-dependant who normally lives with her/him. A set deduction is made, depending on the non-dependant's income. Where the non-dependant is aged eighteen or over, is in full-time paid work (sixteen hours or more per week) and her/his income falls into one of the brackets below, the corresponding deduction is made from the person's housing costs.

Gross income	**Weekly deduction**
£420.00 or more	£94.50
£338.00 - £419.99	£86.10
£253.00 - £337.99	£75.60
£195.00- £252.99	£46.20
£133.00 - £194.99	£33.65
Less than £133.00	£14.65

In all other circumstances, a weekly deduction of £14.65 will be made. A deduction of £14.65 will be made for a non-dependant in receipt of PC, regardless of weekly income.

Note: Where a person is aged 65 or over, any change in a non-dependant's circumstances which reduces the award of housing costs will not take effect until 26 weeks after the change has occurred.

No deduction is made in respect of a non-dependant who is:

- under 20 and is the responsibility of the person claiming or her/his partner;
- sixteen or seventeen;
- under 25 and in receipt of Income Support, JSA(IB) or Contributions-based ESA or assessment phase ESA(IR);
- a full time student during period of study. If the person claiming or her/his partner is aged 65 or over, no deduction is made for a non-dependant who is a full time student whether during a period of study or not;
- in receipt of a Work-based Learning for Young People Allowance;

- not living with the person claiming at present because s/he has been in hospital for more than 52 weeks (periods in hospital which are not more than 28 days apart are added together when considering the 52 week period), or is in prison;
- a co-owner or joint tenant;
- normally residing elsewhere;
- in receipt of PC.

Regardless of the status of the non-dependant, no deduction is made if the person claiming or her/his partner is:

- is certified as severely sight impaired or blind by a consultant ophthalmologist (or treated as such for a 28 week period where a person ceases to be so certified) for the disability additional amount; or
- getting Attendance Allowance or the care component of DLA.

2.2.2 Step 2: work out income

Income is calculated on a weekly basis for guarantee credit. Income includes earnings, benefits, pensions and tax credits and other income such as maintenance and income from capital.

2.2.2.1 Earnings

A person can claim a guarantee credit and be working at the same time. There is no limit on the number of hours a person can work and continue to claim a guarantee credit.

However, the earnings do count as income. Net earnings (ie earnings after deductions of tax, national insurance and half of any contribution paid toward a personal or occupational pension) will be taken into account in full, less any amount which is to be disregarded.

Earnings include:

- any bonus, commission or tips;
- holiday pay;
- sick pay (including Statutory Sick Pay);
- statutory maternity, paternity or adoption pay;
- any payments made by an employer for expenses not wholly, exclusively and necessarily incurred in carrying out the job;
- any payment in lieu of notice.

Earnings disregard

The following amounts are disregarded from earnings.

Any earnings derived from employment which ended before the day of entitlement to PC began are ignored.

Disregard £20 where a person or her/his partner:

- is a lone parent;
- is employed as a part-time firefighter, auxiliary coastguard, part-time crew of a lifeboat or member of the territorial army, part-time RIR or part-time PSNI;
- is entitled to carer's additional amount;
- is in receipt of ESA, long term Incapacity Benefit, Severe Disablement Allowance, Attendance Allowance, DLA, any mobility supplement or the disability or severe disability element of WTC;
- is certified as severely sight impaired or blind by a consultant ophthalmologist (or treated as such for a 28 week period where a person ceases to be so certified);
- had an earnings disregard of £20 in Income Support, JSA (IB) or ESA(IR) and:
  - that previous award was not more than eight weeks before the date s/he or her/his partner first became entitled to PC; and
  - the employment which the disregard applies to continues after the end of the previous award of Income Support, JSA or ESA.

  The disregard will continue to apply so long as there is no break of more than eight weeks in entitlement to PC or in employment;
- immediately before reaching pensionable age, had an award of PC and a disregard of £20 because the person or her/his partner was in receipt of long term Incapacity Benefit or Severe Disablement Allowance. The disregard continues to apply so long as there is no break of more than eight weeks in entitlement to PC.

A person can only have a maximum of £20 disregarded from her/his earnings, even if s/he qualifies under different parts or has a partner who qualifies as well.

If a person does not qualify for a £20 disregard then the following disregards apply:

- for a single person, disregard £5;
- for a couple, disregard £10.

2.2.2.2 Benefits and tax credits

The benefits and tax credits ignored completely when calculating income are:

- any increase for a child or adult dependant payable under Part IV of the Social Security Contributions and Benefits Act 1992, other than for the claimant's partner;
- Attendance Allowance;
- Bereavement payments;

- Child Benefit;
- Child Special Allowance;
- CTC;
- Christmas bonus;
- Constant Attendance Allowance and Exceptionally Severe Disablement Allowance;
- DLA;
- Guardian's Allowance;
- Housing Benefit;
- Social Fund payments;

The following benefits count as income but have a £10 disregard:

- War Disablement Pension;
- War Widows', Widow(er)'s or Surviving Civil Partner's Pension;
- Widows', Widow(er)'s or Surviving Civil Partner's Pension payable to the partner of a member of the Royal Navy, Army or Air Force who was disabled or died as a result of service in the armed forces;
- any payment made to compensate for non-payment of the above pensions;
- similar pensions paid by other countries;
- pension from Germany or Austria paid to victims of Nazi persecution;
- Widowed Parent's and Widowed Mother's Allowance.

The following benefits and tax credits count in full as income:

- Category A, B, or D Retirement Pension;
- shared additional pension;
- a Graduated Retirement Benefit;
- any age addition;
- income from an occupational or personal pension scheme;
- income from an overseas arrangement for example social security benefits from other countries equivalent to the above benefits;
- income from a retirement annuity contract;
- income from annuities or insurance policies purchased or transferred for the purpose of giving effect to rights under a personal pension scheme or an overseas arrangement;
- income from Annuity Contracts (other than retirement pension income);
- WTC;
- payments made under the Financial Assistance Scheme Regulations 2005.

All other social security benefits count in full as income, although note that Statutory Sick Pay, Statutory Maternity Pay, Statutory Paternity Pay and Statutory Adoption Pay are treated as earnings (see section 2.2.2.1).

2.2.2.3 Other income

☐ Maintenance

Payments received towards the maintenance of a person or her/his partner by a spouse/civil partner or former spouse/civil partner count in full as income, whether made by court order, agreement or voluntarily.

Maintenance received for a child is ignored.

☐ Letting

Rent from properties other than a person's home is not counted as income. However, the property may be deemed as capital and therefore generate an assumed income (see capital, below).

Where a person has an agreement to let out part of the home in which s/he currently resides, up to £20 of the rent can be disregarded.

☐ Board and lodging

Where a person provides meals to a boarder or lodger, the first £20 of the weekly charge is ignored and half of the remaining balance will be taken into account as income.

This disregard does not apply where the boarder or lodger is a close relative or is not staying on a commercial basis.

☐ Equity release schemes

An equity release scheme is such that a lender forwards sums of money to a person and these payments are secured on a home that the person owns.

Regular payments will be treated as retirement pension income and will normally count in full as income. However, where payment starts within an assessed income period (see 2.2.2.4), the income will be ignored until the claim is reassessed at the end of the assessed income period.

Irregular lump sum payments will be considered as capital.

☐ Capital

There is no upper capital limit for guarantee credit. If a person and/or her/his partner have capital over £10,000 they are deemed as having an assumed weekly income of £1 for every £500 (or part of £500) of capital over £10,000.

☐ Notional capital

A person will be treated as possessing capital s/he does not actually have if s/he has deprived her/himself of capital in order to obtain benefit, or obtain benefit at an increased rate. This is known as the notional capital rule.

For the notional capital rule to apply, the decision maker would have to show that the person deprived her/himself of the capital with the intention of obtaining benefit or obtaining benefit at a higher rate.

If the capital is disposed of by reducing or paying off a debt owed by the person claiming, or by reasonable expenditure on purchasing goods or services, then it might not be regarded as deprivation in order to obtain benefit.

☐ Notional income

A similar rule as for notional capital also applies to notional income. If a person deliberately gets rid of a source of income with the intention of obtaining benefit or obtaining benefit at an increased rate, s/he can be treated as still having that income.

A person can also have notional income if s/he has a source of income but has not applied for it. With PC, this most often applies where a person defers her/his pension. If a person defers her/his Category A or B pension or a graduated retirement pension, the person will be treated as having an income equal to the amount of pension s/he would have received (taking into account the loss of other benefits due to the overlapping benefit rule, such as Carer’s Allowance).

From April 2015, rules regarding occupational pensions were amended to introduce much greater flexibility in how a person can use the money in her/his occupational pension pot. For PC purposes, if a person is over retirement age and does not choose to purchase an annuity with these funds, s/he will be attributed an amount of notional income equivalent to the amount s/he would have received if s/he had purchased an annuity.

2.2.3 Step 3: deduct income from appropriate minimum guarantee

The amount of a person’s guarantee credit is the amount of her/his appropriate minimum guarantee less the total income.

If a person’s income is higher than the appropriate minimum guarantee, then s/he will not be entitled to any amount of guarantee credit. S/he may however be entitled to an amount of savings credit.

If a person’s income is lower than the appropriate minimum guarantee, then deduct the income from the appropriate minimum guarantee to get the amount of guarantee credit s/he is entitled to.

2.3 Example 1

Ms B is single, age 74, lives alone in private rented accommodation. Her only income is her retirement pension of £119.30 and Attendance Allowance. No one receives Carer's Allowance for looking after her.

Guarantee credit

Standard minimum guarantee	£155.60
Additional amount: severe disability	£61.85
Appropriate minimum guarantee	£217.45
Income: retirement pension	£119.30
Appropriate minimum guarantee	£217.45
Less income	£119.30
Guarantee credit	£98.15

Mrs B is entitled to a guarantee credit of £98.15

2.4 Example 2

Jack aged 70 and Vera aged 66 live together and are owner occupiers. No one receives Carer's Allowance for looking after either of them. Jack has a retirement pension of £119.30 and Vera receives £65.70. From this they have to pay their mortgage to the building society and £26 per month to an endowment company. The amount of loan outstanding is £70,000.

Guarantee credit

Standard minimum guarantee	£237.55
Additional amount:	
- housing costs	£74.73
Appropriate minimum guarantee	£312.28
Income:	
- Jack's retirement pension	£119.30
- Vera's retirement pension	£65.70
Total income	£185.00
Appropriate minimum guarantee	£312.28
Less income	£185.00
Guarantee credit	£127.28

Jack and Vera are entitled to a guarantee credit of £127.28

3. SAVINGS CREDIT

Savings Credit is being phased out from April 2016. A person can only get Savings Credit in the situations below:

1) A person and their partner must have reached pension age before 6 April 2016.

2) A person or their partner reached pension age and claimed savings credit before 6 April 2016.

3.1 Entitlement

A person may be entitled to a savings credit if s/he is:

- habitually resident in the Common Travel Area and has the right to reside;
- physically present in Northern Ireland apart from temporary absences;
- aged 65 or over or has a partner aged 65 or over;
- not subject to immigration control.

A prisoner who has been sentenced or who has been on remand for more than 52 weeks or a person who is a member of a religious order and fully maintained by that order cannot claim PC.

3.2 Calculating savings credit

There are six steps to calculating savings credit.

Step 1: calculate income;

Step 2: calculate appropriate minimum guarantee;

Step 3: calculate qualifying income;

Step 4: select relevant savings credit threshold;

Step 5: compare qualifying income with savings credit threshold;

Step 6: compare income with appropriate minimum guarantee.

3.2.1 Step 1: calculate income

Income for savings credit is calculated in the same way as income for the guarantee credit (see 2.2.2).

3.2.2 Step 2: calculate appropriate minimum guarantee

The appropriate minimum guarantee is calculated in the same way as the appropriate minimum for the guarantee credit (see 2.2.1).

3.2.3 Step 3: calculate qualifying income

A person's qualifying income is calculated by taking her/his income less any amount s/he receives from:

- WTC;
- Incapacity Benefit;
- Contributions-based JSA;
- Contributions-based ESA;
- Severe Disablement Allowance;
- Maternity Allowance;
- maintenance paid in respect of person or partner paid by her/his spouse, civil partner or former spouse or civil partner.

3.2.4 Step 4: select relevant savings credit threshold

The current savings credit thresholds are:

single	£133.82
couple	£212.97

3.2.5 Step 5: compare qualifying income with savings credit threshold

To qualify for a savings credit, a person must have qualifying income above the savings credit threshold.

Compare the qualifying income (step 3) with the savings credit threshold (step 4).

Where a person has qualifying income below the savings credit threshold then s/he will have no entitlement.

Where a person has qualifying income in excess of the savings credit threshold then calculate 60 per cent of the excess.

The maximum amount of savings credit a person can receive is:

single	£13.07
couple	£14.75

If the figure calculated (ie 60 per cent of the excess) is above the relevant maximum then the figure is capped at the maximum amount of savings credit.

The figure calculated here, whether it is capped or not, represents the person's maximum savings credit entitlement.

3.2.6 Step 6: compare income with appropriate minimum guarantee

Where a person's income (step 1) is **less** than the appropriate minimum guarantee (step 2), s/he will receive a savings credit equal to the amount calculated at step 5.

Where a person's income (step 1) is **more** than the appropriate minimum guarantee (step 2), deduct the appropriate minimum guarantee from the income. Calculate 40 per cent of the excess and then deduct this figure from the amount calculated at step 5. This is the amount of savings credit s/he will be entitled to.

Where the figure calculated (ie 40 per cent of the excess) is more than the figure calculated in step 5 then there is no entitlement to savings credit.

3.3 Example 1

June is aged 72 and lives alone. Her income includes her state retirement pension of £119.30 (CAT A) and a private pension of £40.45 per week. She lives in rented accommodation.

Step 1: calculate income

Retirement pension	£119.30
Private pension	£40.45
Total	£159.75

Step 2: calculate appropriate minimum guarantee

Single	£155.60

Step 3: calculate qualifying income

June's income does not include any of the exempt income therefore qualifying income is the same as her income (£159.75).

Step 4: select relevant savings credit threshold

Single	£133.82

Step 5: compare qualifying income with savings credit threshold

Qualifying income	£159.75
Savings credit threshold	£133.82
Excess	£25.93

60% of £25.93 =	£15.56

As £15.56 is higher than the maximum savings credit, this figure is capped at the maximum of £13.07

Step 6: compare income with appropriate minimum guarantee

As June's income is more than her minimum guarantee then calculate 40 per cent of the excess.

Income	£159.75
Appropriate minimum guarantee	£155.60
Excess	£4.15
40% of £4.15 =	£1.66

To find out how much savings credit she is entitled to, take the £1.66 from the figure calculated in step 5.

Step 5	£13.07
(remember this has been capped at the maximum)	
Step 6	£1.66
Savings credit	£11.41

3.4 Example 2

Joe, aged 68, and Jean, aged 58, are owner occupiers with housing costs of £15 per week. Joe receives a state retirement pension of £119.30 (CAT A) per week and also has a private pension of £56 per week. Jean is in receipt of contributory ESA of £109.30. They also have savings of £12,000. From 6 April 2016 Joe and Jean are no longer allowed to make a fresh claim for savings credit but are protected as they primarily claimed before 6 April 2016.

Step 1: Calculate income

Retirement Pension	£119.30
Private Pension	£56.00
C ESA	£109.30
From capital	£4.00

Total	£288.60

Step 2: Calculate appropriate minimum guarantee

Couple	£237.55
Housing costs	£15.00
Appropriate minimum guarantee	£252.55

Step 3: Calculate qualifying income

Jean is in receipt of Incapacity Benefit which is one of the exempt income categories. Therefore the qualifying income is:

Income	£288.60
less ESA (C)	£109.30
Qualifying income	£179.30

Step 4: Select relevant savings credit threshold

Couple	£212.97

Step 5: Compare qualifying income with savings credit threshold

Qualifying income	£179.30
Savings credit threshold	£212.97
Excess	£0.00

As this figure is higher than the amount calculated at step 5, there is no entitlement to savings credit.

4. CLAIMING PENSION CREDIT

A claim for PC may be made in writing or by phone.

When making a claim, a person is responsible for providing all necessary supporting evidence. This may include proof of identity. A person will usually also have to satisfy the National Insurance Number (NINO) requirement by providing a NINO (or information which will allow the Department for Communities (DfC) to trace a NINO) for her/him and usually for her/his partner or by applying for a NINO if a person does not have one and providing enough information and evidence to allow one to be allocated. This does not mean that a NINO has to be actually allocated.

4.1 Time limits and backdating

A person becomes entitled to a benefit only when s/he submits a fully completed claim. However, in some instances claims can be backdated. A person can request a backdated payment of PC for up to three months before the date of claim, providing the qualifying conditions have been met during the period in question.

4.2 Notification

A person should be notified in writing of the decision on her/his claim. This should include a statement of the reasons for the decision and the rights of appeal.

If written notification does not include reasons for the decision, a person has the right to request a written statement of reasons for the decision being made. The request must be made within one month of the date the decision was sent. The decision maker must then provide the written statement of reasons within fourteen days, or as soon as practicable after that.

4.3 Decision making

Decisions on PC claims are taken by the Department for Communities DfC) (usually someone delegated to act on the Department's behalf). The officials who represent the Department are known as decision makers. In DfC, civil servants based at claim offices are authorised to act as decision makers decide claims.

4.4 Changes in circumstances

PC rules did enable certain types of income known as 'retirement provision' to be treated as remaining the same for an Assessed Income Period (AIP) of usually up to five years (or seven years if a person transferred on to PC from Income Support on 6 October 2003 and the person or her/his partner was 65 on or before that date).

However, from 6 April 2016 no new AIP's are being set. A person can keep an AIP that was set before 6 April 2016 and due to end on or before 31 March 2019. The AIP will also end if there is a change in circumstance during this period.

If an AIP is due to end after 31 March 2019, a person will receive a letter from DfC telling them of their AIP closing date six months in advance.

For a person claiming who is aged 75 or over the AIP will not end unless there is a change in circumstance.

An AIP could not be set if one member of the couple is under the qualifying age for PC or the payment of an element of retirement provision has temporarily stopped or insufficient information has been provided at the end of the assessed income period to enable the Department to determine whether the retirement provision will vary throughout the twelve months that follow the day the previous assessed period ended.

Retirement provision is defined as income from:

- Retirement Pension (other than a Retirement Pension paid under the Contribution and Benefits Act);
- annuity contracts;
- capital;
- Pension Protection Fund periodic payments.

A person does not have to notify any increase or subsequent receipt of retirement provision during the assessed income period. Where the terms of retirement provision allow for periodic increases in retirement provision and the dates and amounts of the increases have been notified to the Pension Credit office, benefit will be automatically adjusted in line with these terms. Where the terms allow for periodic increases but dates and amounts are unknown, adjustment of benefit will be in line with the social security uprating for additional pensions. No adjustment will be made where retirement provision does not allow for periodic increases.

The claim will be reassessed at the end of the AIP and any income adjustments (including that from retirement provision) will be applied at the end of the AIP. However, any decreases or cessation of retirement provision should be notified and, where relevant, PC entitlement will be increased accordingly.

All other changes in circumstances should be notified to the Pension Credit Office as soon as possible. If a person fails to notify a change of circumstances, an overpayment could occur. Therefore it may be beneficial to report all changes in circumstances, including those that affect retirement provision, to ensure that no unnecessary overpayments are subsequently raised.

The current AIP will end if a person:

- becomes a member of a couple;
- ceases to be a member of a couple;
- who is single, enters a care home on a permanent basis;
- has a retirement pension which reduces or stops temporarily;
- or partner, reaches the age of 65.

5. TRANSITIONAL AMOUNT

If a person was entitled to Income Support, JSA(IB) or ESA(IR) immediately before s/he became entitled to PC, in order to ensure s/he is not worse off because of claiming PC, a ‘transitional amount’ may be included in her/his appropriate minimum guarantee.

A person will be entitled to a transitional amount if, on the day s/he becomes entitled to PC, her/his applicable amount for Income Support, JSA(IB) or ESA(IR) exceeded her/his appropriate minimum guarantee.

Any personal allowance or premiums for children and any residential allowance included in a person's applicable amount are deducted when comparing the applicable amount with the appropriate minimum guarantee. Any reduction in a person's applicable amount as a result of being a hospital inpatient is ignored when considering the transitional amount.

The transitional amount decreases gradually by any increase in a person's appropriate minimum guarantee. It ceases when the appropriate minimum guarantee equals or exceeds the person's former applicable amount of Income Support, JSA or ESA; or when s/he is no longer entitled to PC (breaks in entitlement of less than eight weeks are ignored).

6. APPEALS

The Appeals Service deals with appeals concerning PC. Appeals are dealt with under the existing rules for appeals and the normal procedures apply. For more information, see Law Centre (NI) Encyclopedia of Rights, *A.9 Decision Making and Appeals.*

A person cannot appeal against:

- a decision concerning whether a claim is considered to be made in writing;
- a decision on when to determine a claim made during the 'advance period' (which is four months before the person claiming reaches the qualifying age); or
- a decision on which day PC is payable.

The rules for appealing social security benefits changed from 23 May 2016. More information is available in Law Centre (NI) briefing *Mandatory Reconsideration and Direct Lodgment of Appeals*: www.lawcentreni.org/Publications/Law-Centre-Information-Briefings/Mandatory-reconsideration-Law-Centre-NI-information-briefing-May-2016.pdf.

6.1 Time limits

6.1.1 Decision made before 23 May 2016

If a person wishes to appeal a decision concerning her/his PC, s/he has one month from when the written decision was sent to her/him. This can be extended by fourteen days if a person requests a written statement of reasons for the decision within that one month period.

6.1.2 Decision made after 23 May 2016

From 23 May 2016, a person who disagrees with a Pension Credit decision must ask the Pension Credit office for it to be reviewed before the decision can be appealed. This is called Mandatory Reconsideration.

There is a one month time limit to request a Mandatory Reconsideration from the date of notification of the decision. This can be extended for up to thirteen months if the person can show that special circumstances caused the delay.

If a person wishes to appeal a Mandatory Reconsideration, s/he has one month from the date on the Mandatory Reconsideration letter. Again, this time limit can be extended up to a maximum of thirteen months provided the person can show that special circumstances caused the delay).

6.2 Appeal application process

6.2.1 Decision made before 23 May 2016

The application for appeal should be made in writing to the Pension Credit office. It should contain enough information for the decision to be identified by DfC. The appeal should also contain a summary of why the person believes the decision is wrong.

In practice, upon receipt of a person's appeal application, DfC will consider if the decision can be revised. This will mean that a different decision maker will look at the decision made and consider if it is correct. At this stage, the person may include any additional information or evidence to support her/his appeal. If the new decision maker decides that the decision is wrong, s/he will revise the decision, and issue a new decision to that effect.

If the person is still not satisfied, s/he has the right to appeal against this revised decision. If the decision maker decides it cannot be revised, or the decision is revised to the disadvantage of the person, then the appeal will proceed to the Appeals Service, and be listed for hearing before an appeal tribunal.

6.2.2 Decision made after 23 May 2016

From 23 May 2016, a person who disagrees with a Pension Credit decision must ask the Pension Credit office for a Mandatory Reconsideration.

A Mandatory Reconsideration application can be made orally, over the phone for example, but it is best to make the application in writing and to include any additional evidence or information which may allow the decision to be changed.

The Pension Credit office will then formally reconsider the decision and send a Mandatory Reconsideration decision notice to the person. The decision may be changed as a result of this or it may remain unchanged.

If the person is still unhappy with the decision and wants to continue challenging it, an appeal can now be made against the decision.

A person will have one month from the date on the Mandatory Reconsideration notice to appeal the decision. The appeal must be writing and should include a copy of the Mandatory Reconsideration notice. Appeal forms are available online or at local social security offices. The appeal should be sent directly to the Appeals Service (TAS).

TAS will arrange for the appeal to be forwarded to the office which made the original decision. That office will then prepare a response to the appeal. When this is ready, TAS will make arrangements for the appeal to be considered by an Appeal Tribunal.

6.3 Appeal hearing

A person will have the option of electing for an oral hearing (where the person will be present at the appeal hearing and be able to present her/his arguments orally) or a paper hearing (where the tribunal members will decide the appeal based on the written information they have in front of them).

It is advisable that a person should choose an oral hearing, as this will allow the tribunal to hear her/his side of the story first hand.

The Department will provide a written appeal submission to the tribunal and the person appealing. This will set out the relevant facts of the case and the Department's reasons for its decision. The person appealing should also provide any further information or evidence which s/he feels s/he wants the tribunal to have sight of.

The tribunal will generally give its decision on the day of hearing, although it may reserve its decision until a later date. The tribunal's decision will take effect from the date of the decision that the person is appealing against.

6.4 Appeals to the Commissioner

If a person is not satisfied by the decision of the tribunal, s/he may then appeal to a Social Security Commissioner.

An appeal to the Commissioner can only be on a point of law, and it is necessary to show that the tribunal erred in law when making the decision.

If a person wishes to appeal to a Commissioner, s/he should consider seeking expert advice.

7. OTHER ASSISTANCE

7.1 Tax credits

A person in receipt of PC may also claim tax credits. A person working sixteen hours per week or more (or in some cases, 30 hours or more) may be entitled to WTC but any WTC paid will count as income when calculating PC.

A person in receipt of PC with responsibilities for a child or young person should also make a claim for CTC. Any CTC paid will not count as income when calculating PC.

7.2 Housing Benefit

A person who is in receipt of the guarantee credit of PC and living in rented accommodation is entitled to maximum Housing Benefit. An owner occupier should make an application for a rate rebate while a tenant should apply for a rent and rates deduction.

A person with capital over £16,000 cannot claim Housing Benefit unless s/he receives the guarantee credit of PC. For full details see *Law Centre (NI) Encyclopedia of Social Welfare Rights A.6 Housing Benefit*.

7.3 Social Fund

A person in receipt of PC may be able to get assistance from the Social Fund. Four types of payment can be made from the Social Fund. Major changes to the Social Fund are expected to come into place in November 2016 under welfare reform changes. This will mean that existing arrangements may no longer apply. However, at the time of writing the arrangements below are correct.

For full details see *Law Centre (NI) Encyclopedia of Social Welfare Rights A.5 Social Fund.*

7.3.1 Maternity, Funeral Expenses and Cold Weather payments

These are the only demand-led payments available from the Social Fund (meaning that these payments are not subject to a limited budget). In other words, if a person meets the qualifying conditions, s/he will get a payment.

7.3.2 Winter fuel payments

A person of at least the qualifying age for PC in the qualifying week (the week beginning on the third Monday in September) will be entitled to a winter fuel payment. A person in receipt of PC should receive this automatically.

7.3.3 Community Care Grants

These grants are intended to promote care in the community. Community Care Grants may be paid to help a person establish her/himself in the community following a stay in residential care, or prevent the person from entering residential care. They can also be paid to assist families under stress or pay for certain travel expenses.

7.3.4 Budgeting and Crisis Loans

These are recoverable loans. Budgeting Loans are intended to help a person meet important intermittent expenses for which it may be difficult to budget. Crisis Loans are to assist with a disaster or other particular unforeseen circumstances.

The Welfare Reform Act may be introduced in Northern Ireland during 2015-16. It is due to include the abolition of Community Care Grants and Crisis Loans from the Social Fund, which will be replaced by different forms of support. Budgeting Loans will also be replaced by different forms of support. The dates and types of changes have not yet been agreed.

7.4 Passported benefits

A person of any age is automatically entitled to free prescriptions. A person aged the qualifying age for Pension Credit or over will receive free sight tests. A person in receipt of the guarantee credit will receive these free as well as free glasses, free dental treatment, free wigs and fabric supports and fares to attend hospital. A person not entitled to the guarantee credit may be able to get partial assistance with these items on the grounds of low income. The Welfare Reform Act is due to include changes to passported benefits. However the dates and types of changes that are likely to happen have not yet been agreed.

8. FURTHER INFORMATION

Welfare Benefits and Tax Credits Handbook,18 th Edition, CPAG, 2016/2017, £61.

APPENDIX – QUALIFYING AGE

Earliest date men and women can qualify for Pension Credit and pension age means-tested benefits

The dates below also show when a woman can claim her state pension (the previous age was 60).

A man's pension age will remain 65 until 2018.

As of January 2015 any woman born before 6 September 1952 qualifies for state pension and anyone (man or woman) qualifies for pension age benefits (Pension Credit and Housing Benefit/Rates Relief for people of pension age). Dates for people born after this are set out it the table below.

- People born 06/08/52 – 05/09/52 can claim from 06/01/2015
- People born 06/09/52 – 05/10/52 can claim from 06/03/2015
- People born 06/10/52 – 05/11/52 can claim from 06/05/2015
- People born 06/11/52 – 05/12/52 can claim from 06/07/2015
- People born 06/12/52 – 05/01/53 can claim from 06/09/2015
- People born 06/01/53 – 05/02/53 can claim from 06/11/2015
- People born 06/02/53 – 05/03/53 can claim from 06/01/2016
- People born 06/03/53 – 05/04/53 can claim from 06/03/2016
- People born 06/04/53 – 05/05/53 can claim from 06/07/2016
- People born 06/05/53 – 05/06/53 can claim from 06/11/2016
- People born 06/06/53 – 05/07/53 can claim from 06/03/2017
- People born 06/07/53 – 05/08/53 can claim from 06/07/2017
- People born 06/08/53 – 05/09/53 can claim from 06/11/2017
- People born 06/09/53 – 05/10/53 can claim from 06/03/2018
- People born 06/10/53 – 05/11/53 can claim from 06/07/2018
- People born 06/11/53 – 05/12/53 can claim from 06/11/2018

Increase in state pension age from 65 to 66

Once state pension age for women has reached 65 in November 2018, there will then be a further increase to reach age 66 by October 2020. These increases beyond 65 affect both men and women and are included in the pension age calculator.

The schedule for the increase in men's and women's state pension age is as follows:

- People born 06/12/53 – 05/01/54 can claim from 06/03/2019
- People born 06/01/54 – 05/02/54 can claim from 06/05/2019
- People born 06/02/54 – 05/03/54 can claim from 06/07/2019
- People born 06/03/54 – 05/04/54 can claim from 06/09/2019
- People born 06/04/54 – 05/05/54 can claim from 06/11/2019
- People born 06/05/54 – 05/06/54 can claim from 06/01/2020
- People born 06/06/54 – 05/07/54 can claim from 06/03/2020
- People born 06/07/54 – 05/08/54 can claim from 06/05/2020
- People born 06/08/54 – 05/09/54 can claim from 06/07/2020
- People born 06/09/54 – 05/10/54 can claim from 06/09/2020
- People born 06/10/54 – can claim from their 66th birthday

State Pension Age increases beyond age 66

Once state pension age for women has reached 66 in October 2020 there will then be further increases. The government's stated intention is to increase pension age in line with increases in life expectancy.

As announced in the 2013 Autumn Statement, current government plans are that men's and women's state pension age will increase as follows:

- from 66 to 67 between April 2026 and April 2028
- from 67 to 68 in the mid-2030s
- from 68 to 69 in the late-2040s

It is likely that further increases in state pension age, to age 70 and beyond, will be announced.