

Introduction

The **State Pension Credit** is a means tested social security benefit which commenced on 6 October 2003. The State Pension credit **aims to provide people aged 60 and over with a minimum level of income** and to give some extra help to people aged 65 and over who have modest incomes above the minimum guarantee and who have made savings for their retirement.

The State Pension Credit replaces the income support (minimum income guarantee) for people aged 60 and over. The State Pension Credit also includes **a new type of assistance, called savings credit**, for people aged 65 and over.

The credit consists of two elements, the Guarantee Credit and the Savings Credit.

The Guarantee Credit




This is generally available for claimants **aged 60 or over** (in the case of a couple only the eldest person must be 60 or over) who are resident in Great Britain and are not subject to immigration control.

The Guarantee Credit will raise the claimant's income to the level of the appropriate minimum guarantee which for a single person is currently **£114.05 a week** and for a couple **£174.05 a week**.





In this context a 'couple' includes someone who has a husband, wife or civil partner, or they live with a person as if they were married to them or as if they were in a civil partnership with them.

Your Income

Only certain **types of income are included** when working out whether you are entitled to Pension Credit. These types include:

-  **pensions** (including occupational pensions, private pensions and State pension)
-  **benefits**, (for example, Carer's Allowance)
-  **earnings** from a job

Types of **income that are not counted** include:

-  Attendance Allowance
-  Disability Living Allowance
-  Housing Benefit
-  Council Tax Benefit

Your Savings

When working out the amount of Pension Credit you might get, **no reference is made to the actual interest or dividends that you receive**. Instead, **your investments and other assets** (including cash kept at home) **are totaled** and you are credited with having £1 a week as income for every £500 of capital you have. The **home where you normally live is excluded** from the calculation.

No account is taken of any **assets belonging to your grown up children** even if they are still living with you.

The advantage of obtaining even a very small amount of Pension Credit is that **you can then qualify for other benefits** such as Housing Benefit and Council Tax Benefit.




The Savings Credit

This is generally available for claimants **aged 65 or over** (in the case of a couple only the eldest person must be 65 or over). The amount of savings credit depends on how much a claimant's 'qualifying income' exceeds the savings credit threshold.

The **maximum savings credit** payable per week for a single person is currently **£17.88 a week** and for a couple is **£23.58 a week**.

To obtain savings credit your **qualifying income must be no more than £159 a week** if you are single or **£233 a week** if you have a partner.

You may still be able to get Pension Credit if your weekly income is more than these amounts if, for example, you or your partner:

-  are a **severely disabled** person
-  **look after a person who is severely disabled** or
-  are still making **mortgage interest payments**

Effect On Private Pensions

The availability of the State Pension Credit could mean that **someone contributing a relatively small amount to a personal pension plan** or stakeholder pension might not get the full benefit from their pension because of a reduction in their State Pension Credit.

However, it should be noted that **future governments could change state pensions and benefits at any time**. It would be unwise, therefore, to rely on any particular state benefit being available on your retirement.

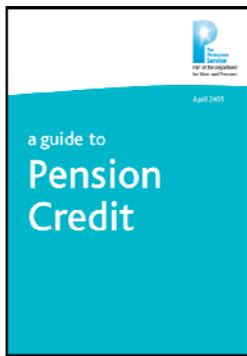
Online Calculator

The Pension Service has **an online calculator** so that you can easily see if you are likely to benefit: www.thepensionservice.gov.uk/pensioncredit/calculator/home.asp

Booklets

The **Pension Service** has also produced two booklets:

The one that most people should read



A more detailed look at Pension Credit aimed at advisers

Pension Credit Claim Line

The **Pension Service** can help you apply for Pension Credit, and claim Council Tax Benefit and Housing Benefit **at the same time over the phone**.

A telephone claim line **0800 99 1234** is available from 8am to 8pm Monday to Friday and 9am to 1pm Saturday.

Risk Factors

The information in this Fact Sheet relating to Social Security benefits is based on our understanding of legislation and practice in force at the date of this Fact Sheet.

Whilst we believe our interpretation of current benefits and practice to be correct in these areas, we cannot be responsible for the effects of any future change in interpretation or treatment.

In particular you are warned that State Benefits are subject to alteration and, in any case, the value of such benefits may depend on an individual's circumstances.

For Further Info

If you would like to discuss **your pension planning** in the light of the State Pension Credit please ask your usual Arch adviser or contact us via one of the following:

Tel: **01483 204600**

Email: enquiries@arch-fp.co.uk

Online: www.arch-fp.co.uk

If you have a **particular issue regarding the State Pension Credit** that you wish to discuss then we would direct you to one of the following organisations:

The Pension Service

Tel: **0800 99 1234**

Online: www.thepensionservice.gov.uk

Age Concern

Tel: **0800 00 99 66**

Online: www.ageconcern.org.uk

Citizens Advice Bureau

Look in phone book for the one nearest to you

Online: www.adviceguide.org.uk

SeniorLine (Help the Aged)

Tel: **0808 800 6565**

Online: www.helptheaged.org.uk

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