

Pension Credit Update

Pension Credit is a means-tested benefit for pensionable aged people whose income and capital is low enough. Couples who live together must make a joint claim for Pension Credit.

As it stands, the regulations allow mixed age couples (where one partner is of state pension age and one is of working age) to claim Pension Credit, but the government have recently announced changes to this rule.

From 15th May 2019, mixed age couples will be unable to make a new claim for Pension Credit. This means that they will have to claim working-age benefits instead if they need to top up their existing income. In the majority of cases, this will be a claim for Universal Credit.

The change could have a severe impact on the finances of mixed age couples because Universal Credit is typically paid at a lower level than Pension Credit and does not contain any pensioner premiums. In many cases, a mixed age couple will receive less under a joint Universal Credit claim than the pensionable age partner would receive if they claimed Pension Credit as a single person.

There are further ramifications to this policy which could push claimants into financial hardship. As an example, mixed age couples in receipt of a pensionable age benefit who have one or more spare bedrooms at home are currently exempt from the 'bedroom tax'. However if the same couple are forced to claim working age benefits instead, this exemption will not apply and any help they receive towards their rent could be cut by up to 25%.

Age UK have warned that mixed age couples could potentially lose out on around £7,000 per year as a result of the change. (<https://www.ageuk.org.uk/latest-press/articles/2019/january/devastating-impact-of-policy-announcement-that-will-leave-pensioners-worse-off/>)

Couples who have a larger age difference between them will be the most severely affected as they will be required to claim working age benefits until both partners have reached state pension age.

Many mixed age couples could also be prevented from claiming Universal Credit altogether. Under Universal Credit, the upper capital limit is £16,000 whereas there is no upper capital limit for Pension Credit.

In addition to the financial pressure that mixed age couples will face, we need to consider that under Universal Credit, the working age partner may be subject to various conditionality in order to retain their payment of benefit. Depending on their circumstances, the working age partner could be required to take part in 'work preparation' activities such as training courses, work experience and skills assessments; they could be asked to attend regular 'work focused interviews' at the Jobcentre; and they could be asked to look for full time work.

The government have advised that mixed age couples who are already in receipt of Pension Credit or pension-age Housing Benefit as of 15th May 2019 will be unaffected by the change whilst they remain entitled to either benefit.

Therefore, we recommend that all couples who may be affected by the new rules seek advice as quickly as possible to identify if they may be entitled to Pension Credit. Our Welfare Benefits team will be pleased to review your client's entitlement to welfare benefits if required. Please do not hesitate to contact us at enquiries@frenkeltopping.co.uk for further information.