

# Universal Credit, Pension Credit and Older People

## Briefing Paper January 2019 update



### Introduction

This briefing paper explains some of the changes to the benefits system and how they impact on older people. The aim of Universal Credit (UC) is to combine 6 existing benefits into 1 payment. The benefits affected are: Child Tax Credit, Housing Benefit, Income Support, Job Seekers Allowance, Employment Support Allowance and Working Tax Credit. UC has already been rolled out in some areas of the UK, but is not expected to be fully operational until March 2023.

The government announced on 14<sup>th</sup> January changes to benefits for 'mixed-age couples' claiming Pension Credit (PC) that will be introduced from 15<sup>th</sup> May 2019. There are an estimated 57,000 'mixed-age couples' who will be affected by this change. Pension experts warn that the change in eligibility could leave some couples more than £7,000 a year worse off because the rate of PC is typically higher than working-age benefits.

### UC, PC and older people

Those on PC are unlikely to be affected unless they are part of a 'mixed-age couple', where one person is above the PC age and one person in the couple is below. 'Mixed-age couples' currently receiving PC will continue to do so, if there are no changes to their claim status. Prior to the introduction of UC, 'mixed-age couples', would be eligible for PC, as they are treated as a 'pensioner couple' for the purposes of means-tested benefits.

Currently UC and PC are running alongside each other, and 'mixed-age couples' can choose to claim UC or PC. However, from 15<sup>th</sup> May 2019, claimants in 'mixed-age couples' will have to make a joint claim for UC as both will not be eligible for PC. The claim will have to be made through the partner who is not of PC age. Additionally, the age at which you can claim PC is increasing in line with the State Pension Age (SPA). This is currently 65 for men and women and will be 66 by 2020.

### How does PC work?

PC is an income related benefit that is made up of two components – Guaranteed Credit (GC) and Savings Credit (SC). For the 2018-19 tax year, GC tops up people's weekly income if it is below £163.00 for a single person, or £248.80 for a couple. SC is only eligible to those who reached SPA before 6<sup>th</sup> April 2016 and is an extra payment for those with modest savings.

To qualify you have to have a minimum income of £140.67 a week if you're single, and £223.82 a week if you're in a couple. For every £1 by which your income exceeds the savings credit threshold (£140.67 for a single person and £223.82 for a couple), you'd get 60p of savings credit. The maximum amount of SC available is £13.40 a week for a single person and £14.99 a week for a married couple and civil partners. The SC component of PC is subject to a means test on savings over £10,000.

### **What are the key differences between PC & UC?**

- UC is paid at a lower rate than PC, as income and savings will be considered in the means test.
- UC is subject to working age conditions that do not apply to PC.
- The working age partner in a 'mixed-age couple' must be available for work.
- PC has the added assistance of Cold Weather Payments, Housing benefit, Council Tax relief, free NHS dental treatment and help towards costs of glasses and travel to hospital. UC claimants may have reduced access to these services.
- UC is a digital only service. Claims are made and maintained online.

### **How could this affect older people?**

- A person of SPA could be financially better off making a claim for PC as an individual, than making a joint claim as a mixed age couple for UC.
- Financial pressures could have damaging effects on existing and new relationships for those of SPA. People may fear losing out on PC and potentially not strike up a relationship with a person of working age. The loneliness consequences could be very harmful.
- Carers and others unable to be available for work could lose their eligibility status for UC which they would have under PC.
- 'Mixed-age couples' putting in a new claim now are more likely to be better off applying for PC, whilst they are still able to do so.
- UC is digital service, applied for and managed online. This is a major accessibility issue for older people and disabled people who lack access to a computer.
- The UC roll out has been put back on numerous occasions and in the areas where it is in operation, delays and issues with payments are commonplace. This would add financial hardship to those pensioners affected.

### **Conclusion**

With substantially lower award amounts on UC than PC, 'approximately 57,000 mixed-aged couples', especially carers, those out of work or unable to find work, the very people who are more likely to need this assistance, are more likely to be those who lose out. This is further confounded as those in later working life out of work are more likely to have difficulties finding employment. A recent study by Gateshead Council found that the roll out was having profound and detrimental effects to the vulnerable, disabled and those with health conditions. Rather than delivering savings it was impacting health and care sectors and damaging claimants, families and communities and will widen social inequalities.

### **Further Information**

[1] HM Government (2018) What Universal Credit is? <https://www.gov.uk/universal-credit>

[2] HM Government (2018) Universal Credit Rollout: 2018-19  
<https://researchbriefings.parliament.uk/ResearchBriefing/Summary/CBP-8299>

[3] Age UK (2018) Pension Credit Factsheet 48  
[https://www.ageuk.org.uk/globalassets/age-uk/documents/factsheets/fs48\\_pension\\_credit\\_fcs.pdf](https://www.ageuk.org.uk/globalassets/age-uk/documents/factsheets/fs48_pension_credit_fcs.pdf)

[4] HM Government (2014) State Pension Age Timetable  
[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/310231/spa-timetable.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/310231/spa-timetable.pdf)

[5] Gateshead Council / Newcastle University (2018) Universal Credit Report  
[https://www.gateshead.gov.uk/media/10665/The-impact-of-the-roll-out-of-Universal-Credit-in-two-North-East-England-localities-a-qualitative-study-November-2018/pdf/Universal\\_Credit\\_Report\\_2018pdf.pdf?m=636778831081630000](https://www.gateshead.gov.uk/media/10665/The-impact-of-the-roll-out-of-Universal-Credit-in-two-North-East-England-localities-a-qualitative-study-November-2018/pdf/Universal_Credit_Report_2018pdf.pdf?m=636778831081630000)

[6] HM Government (2019) – Changes to benefits for mixed age couples  
<https://www.gov.uk/government/news/changes-to-benefits-for-mixed-age-couples>

**National Pensioners Convention  
Marchmont Community Centre  
62 Marchmont Street  
WC1N 1AB  
London  
[www.npcuk.org](http://www.npcuk.org)**