

# Benefits Bulletin

## Pensioners Missing Out and Losing Out...

22<sup>nd</sup> March 2021

Issue **3** [2021]

### 1. Introduction

This Benefits Bulletin brings news on a number of issues affecting older people. In:

- Section 2. Pensioners Missing Out we explain how some pensioners may be entitled to arrears of Retirement Pension / extra Retirement Pension due to failings within the Department for Work and Pensions dating back to 17<sup>th</sup> March 2008; and
- Section 3. Pensioners Losing Out we highlight how the amounts for calculating Housing Benefit and Council Tax Support is to be changed from 1<sup>st</sup> April 2021 meaning that some pensioners will be up to £13.39 per week worse off.

In addition, in Section 4 we remind you about how pensioners aged 75 and over may qualify for free TV licences by claiming Pension Credit.

An essential read for anyone working with older people...

### 2. Pensioners Missing Out...

Many married women (and other groups - please see below) who reached 'state pension age' (i.e. the age at which they could officially retire and receive a state retirement pension) before **6<sup>th</sup> April 2016**, may have missed out on state retirement pension entitlements dating back many years meaning that they are now owed many hundreds of pounds (in some cases thousands of pounds) in back pay.



The current estimate is that £2.7 billion in back pay in state retirement pension is owed and £90 million in ongoing entitlements is to be paid.



If a person reached state pension age before 6<sup>th</sup> April 2016 then they could claim the **'old' Retirement Pension**. Under these rules a person could claim a Category A Retirement Pension based upon their own National Insurance contributions record. To qualify for a full pension (currently worth £137.60 per week) a person needed to have a National Insurance contributions record of at least 30 qualifying years.

However, married women who did not have a complete National Insurance contributions record could apply for a Category B Retirement Pension (worth up to £82.45 per week or 60% of their husband's full Retirement Pension entitlement whichever was the lesser figure) based upon their husband's National Insurance contributions record once their husband had reached the then state retirement age of 65. In effect a woman could be paid whichever paid the greater amount between the Category A Retirement Pension and the Category B Retirement Pension.

Before **17<sup>th</sup> March 2008** married women had to make a 'second claim' for the Category B Retirement Pension to get it but since this date any award should have been applied automatically. Unfortunately, in lots of cases the prompt which alerted Pension Service staff that an entitlement may be due, were not followed up.



## Who may be affected?

As stated above this does not only affect married women. It also affects others. The people who may have missed out include:

- married women (or civil partners) who reached state pension age of 65 before 6<sup>th</sup> April 2016 whose Retirement Pension is less than £80.45 per week (£82.45 per week from 5.4.2021)
- married women (or civil partners) whose husband (or civil partner) reached the age of 65 before 17<sup>th</sup> March 2008 who failed to apply for any additional Retirement Pension, perhaps because they did not realise that they could
- widows (or bereaved civil partners) whose pension was not increased when their husband (or civil partner) died
- a person who is now aged 80 or over whose Retirement Pension is less than £80.45 per week (£82.45 per week from 5.4.2021) irrespective of their marital status.

If a woman (or civil partner) was underpaid but they are now deceased, then her widow (or bereaved civil partner) or surviving children may apply for the backdated payment that would otherwise have been paid to her.

The Pension Service have been aware of the issue since last year. It has taken on extra staff to identify and contact those who are owed money. Between August 2020 and January 2021 scans of old computer records took place to identify those potentially affected. Anyone who thinks that they may have missed out may contact the Pension Service on 0800 731 0469 to check.

The **'new' State Pension** was introduced for people reaching state pension age on or after 6<sup>th</sup> April 2016. Qualification is dependent upon the contributions record of the claimant. How much is paid is ultimately determined by how complete a person's National Insurance contributions record is. To qualify for a full pension (currently worth £179.60 per week) a person must have a National Insurance contributions record of at least 35 qualifying years.



Anyone who is affected by this and receives a **lump sum** payment or an **increase** in their Retirement Pension should bear in mind the following important points:

- If a person ends up being entitled to a **lump sum** arrears payment of Retirement Pension and they are getting Pension Credit (Guarantee Credit) or Pension Credit (Savings Credit) then this could lead to an historical overpayment of these benefits. This is because the lump sum would be a form of historical income that would otherwise have been taken into account had it been paid on time. However, before making the lump sum payment the Pension Service should have carried out an off-set (an abatement) between the money owed vs the consequential overpaid sum with the resulting balance being paid to the person concerned.
- If a person ends up being paid a **lump sum** arrears payment of Retirement Pension and they are getting Housing Benefit and/or Council Tax Support, then it is important that they report it. Having done so, the payment could be viewed as having caused an historical overpayment because it is for income that was not paid on time, but if it had of been, less Housing Benefit / Council Tax Support would have been paid. If this is the case then it could be argued that no amount should be recovered because the cause was due to a mistake made by the Pension Service - the cause was due to 'official error'.
- If a person ends up being paid a **lump sum** arrears payment of Retirement Pension and this takes their (and their partner's) savings / capital to above £10,000 and they get Pension Credit (Guarantee Credit), Pension Credit (Savings Credit), Housing Benefit and/or Council Tax Support, then they should report this because it may affect the amount of benefit paid.

- If a person ends up getting an **increase** in their Retirement Pension as a result of missing out and they are getting Pension Credit (Guarantee Credit), Pension Credit (Savings Credit), Housing Benefit and/or Council Tax Support, they need to report it as it may affect the amount of benefit paid.

**Important Note:** In relation to the last three bullet points, providing the person continues to get **Pension Credit (Guarantee Credit)**, any award of **Housing Benefit** and/or **Council Tax Support** will not be affected by a **lump sum** arrears payment of Retirement Pension or an **increase** in the amount of Retirement Pension that is in payment.



Do not confuse **Retirement Pension / State Pension** with Pension Credit (Guarantee Credit) or Pension Credit (Savings Credit). These are different benefits. **Pension Credit (Guarantee Credit)** is designed to ensure that people who have reached [state pension age](#) are provided with a minimum amount of income for day to day living. **Pension Credit (Savings Credit)**, which is now only available to people who reached state pension age before 6.4.2016, is designed to provide extra help to people who made some pension provision for their retirement by way of the Retirement Pension / State Pension and private or occupational pensions schemes.

Please see this [LINK](#) for information from Age UK or this [LINK](#) for information from Citizens Advice on Pension Credit.

Please do seek further advice and information as necessary.

# 3. Pensioners Losing Out...

The Department for Work and Pensions have introduced a new much lower 'personal allowance' rate for use in determining Housing Benefit and Council Tax Support entitlement. This means that older people who do not qualify for Pension Credit (Guarantee Credit) and/or Pension Credit (Savings Credit) stand to get far less help with their rent and council tax.

The new rate will apply to:

- single people who reach state pension age on or after 1<sup>st</sup> April 2021; and
- couples where both members of the couple reach state pension age on or after 1<sup>st</sup> April 2021.

The former rate and new rate of the 'personal allowance' figure from **5<sup>th</sup> April 2021** are set out below.

Status	Former Rate	New Rate
Single	£191.15	£177.10
Couple	£286.05	£270.30

From this it is clear that new single pensioners stand to get up to £9.13 per week less help towards their rent (£191.15 less £177.10 = £14.05 @ 65% = £9.13 per week) and up to £2.81 per week less help towards their council tax (£191.15 less £177.10 = £14.05 @ 20% = £2.81 per week). Whereas, new couple pensioners stand to get up to £10.24 per week less help towards their rent (£286.05 less £270.30 = £15.75 @ 65% = £10.24 per week) and up to £3.15 per week less help towards their council tax (£286.05 less £270.30 = £15.75 @ 20% = £3.15 per week).



Overall, this means that new single pensioner claimants will have up to **£11.94 per week** less help towards their rent and council bills, whilst new pensioner couple claimants stand to be up to **£13.39 per week** worse off.



However, the new rules provide that in the case of couples where one member reaches state pension age before 1<sup>st</sup> April 2021 and the other member reaches state pension age after that date, there will be no change to their personal allowance rate. They will be entitled to the higher amount of £286.05 per week 'personal allowance'.

**The reason for the change:** Historically, the 'personal allowance' rates for people receiving pension age Housing Benefit / Council Tax Support have been based on the 'standard minimum guarantee' (in Pension Credit (Guarantee Credit)) plus the maximum amount of Pension Credit (Savings Credit). This was because Pension Credit (Savings Credit) has, for those not getting Pension Credit (Guarantee Credit), been treated as an income for Housing Benefit and Council Tax Support and doing things this way prevented any Pension Credit (Savings Credit) award from reducing the amount of Housing Benefit and Council Tax Support. However, now there is no access to Pension Credit (Savings Credit) for those who reach state pension age on or after 6<sup>th</sup> April 2016, the Department for Work and Pensions have decided to remove the Pension Credit (Savings Credit) element from the 'personal allowance' for the affected groups. In essence, for those affected, the 'personal allowance' for Housing Benefit and Council Tax Support has now been reduced to the same Pension Credit (Guarantee Credit) 'standard minimum guarantee' amount.

See this [LINK](#) for more information.

## 4. The Over 75s...

Since 1<sup>st</sup> August 2020 the TV licencing laws were changed, and people aged over 75 no longer qualify for a free TV licence **unless** they are getting Pension Credit or are blind (severely sight impaired) or live in a care home.

Pension Credit is designed to provide people with a minimum income for day-to-day living.

From **5<sup>th</sup> April 2021** the minimum income figures will be:

- **£177.10** per week for a single pensioner
- **£270.30** per week for a pensioner couple

The principle is that if a single pensioner's total income or pensioner couple's total income is less than these amounts, they can apply for Pension Credit as a top-up to their already existing income.

The rules about what counts as a person's or couple's income can be complicated. However, put simply, the rules say to count any Retirement Pension / State Pension and any private pensions but to fully disregard any Attendance Allowance, Disability Living Allowance and/or Personal Independence Payment. The rules also say that any Housing Benefit / Council Tax Support should be fully disregarded.

Moreover, complex rules provide that if a pensioner is a carer or may be considered to be severely disabled then the 'minimum income figure' can be increased by £37.70 per week or £67.30 per week in the case of a single pensioner and £37.70 to £134.60 per week in the case of a couple.

If anyone living in Wolverhampton wants to see if they (or their parents) are entitled to Pension Credit then they can contact our Covid-19 Benefits Helpline by email at [wrs.covid19@wolverhampton.gov.uk](mailto:wrs.covid19@wolverhampton.gov.uk) or by phone on 07966 292321.

**Note:** Please be aware that people aged 75 or over who previously held a FREE over 75 licence up to 31<sup>st</sup> July 2020 are not expected to buy a licence during the Covid-19 pandemic. Please see [TV LICENCING](#) for more information.



Pension Credit: The numbers...

- it is understood that only 59% of people aged 75 or over who are eligible to claim Pension Credit do so
- roughly 10% more pensioners aged 75 or over fail to apply for Pension Credit than 5 years ago.

There are approximately 21,600 people living in Wolverhampton aged 75 or over.

Two in five people over 75 say that television is their main form of company...

Applying the national average Pension Credit take up figures to Wolverhampton it shows that as many as 8,800 pensioners aged 75 or over could be missing out on up to £27.5 million per year!

**Further Information and Advice:** If you need further information or advice on any of the points raised in this Benefits Bulletin then do get in touch with our Specialist Support Team. You can email them at [wrs@wolverhampton.gov.uk](mailto:wrs@wolverhampton.gov.uk) or ring them on (01902) 555351.

Welfare Rights Service  
Specialist Support Team  
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