

In Focus: Retirement Income June 16 2021

Four in ten retirees fail to claim pension credit



By **Amy Austin**

Low income pensioners are continuing to miss out on thousands of pounds of benefits as they fail to claim pension credit.



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According to official figures, £1.6bn in pension credit is going unclaimed each year with nearly 1m pensioner households missing out on an average £1,600.

Pension credit take-up is lowest of all means-tested benefits, with 40 per cent of those eligible failing to claim.

Take-up of pension credit has been around 60 per cent since 2010 and government efforts to improve it have not helped.

According to former pensions minister Ros Altmann, barriers to take up include complexity, form-filling aversion, reluctance to provide information and lack of knowledge of the amounts available.

Altmann said: “It is well-known that pensioners find form-filling off-putting, are often too proud to apply for help, or wrongly believe they are not eligible.

“They may not realise that they could have up to £10,000 in savings, but still be eligible for small amounts of pension credit and these can lead them to be entitled to many other valuable benefits, worth thousands of pounds a year.”

Pension credit tops up single pensioners’ income to £177.10 a week and £270.30 for couples.

Charity AgeUK is working to spread the word on pensions credit eligibility after its analysis of official figures found a worrying increase in the number of UK pensioners living in poverty.

According to Office for National Statistics data, 2.1m pensioners are living in poverty, up from 1.6m a few years ago.

More than a quarter (27 per cent) of pensioners are living on less than 70 per cent of median income after housing costs, alongside 36 per cent of single pensioners and 31 per cent of over 80s who are also affected.

Ethnic background is also a factor, with 40 per cent from Black, Asian and Indian backgrounds living on less than 70 per cent of median income.

The rules surrounding pension credits changed back in 2019.

Pension credits used to be available to pensioners who reach state pension age regardless of the age of their partner.

Under the new rules, which were introduced in May 2019, pension age partners will be forced to claim working-age benefits alongside their younger partners instead.

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