

Comment

Pension Credit changes mean pensioners will be incentivised to live alone

There needs to be fairer recognition of the realities of life facing older citizens



The fallout from this policy change is a potential cause for concern for mixed-age couples (Photo: Pixabay)



by **Baroness Ros Altmann**

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The Government's implementation of changes to **Pension Credit** qualifying criteria is a potential cause for concern.

In 2012, amidst the push to cut welfare spending to reduce the fiscal deficit, legislation to remove Pension Credit eligibility from pensioners who lived with a partner below **State Pension Age** was created. The qualification criteria relate to who the pensioner is living with, not their marital status.

These measures were only introduced this year and could have damaging and potentially unintended consequences on many older couples. The changes are expected to cut benefit spending by £220m in 2021/22.

To be clear: any pensioners currently receiving Pension Credit and living with someone under State Pension age will not lose their benefit. But, in future, such a household will only be able to claim working age benefits – such as **Universal Credit**.

Window of opportunity

There is an important window of opportunity for pensioners at the moment

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Anyone who reached State Pension Age before 15 May 2019 and is on a very low income can claim Pension Credit until 13 August and ask for the payments to be backdated by three months, even if living with a younger person. Once they are receiving the benefit, it will not be removed unless their income increases to above the eligibility level. This clampdown also applies to pension-age Housing Benefit, so pensioners should consider claiming this before 13 August too.

Pension Credit pays £255.25 a week to a couple (£167.25 for a single person). If you are on Pension Credit you can also claim pension age Housing Benefit, Cold Weather Payments and other benefits which are higher than working age benefit levels. So, under these new rules, some pensioner households could be more than £7,000 a year worse off if they live with a younger person. If you think you might qualify, or know anyone in this position, do ensure any claim is made before the August deadline.

Penalises pensioners

The fallout from this policy change is a potential cause for concern. It clearly penalises pensioners for living with a younger partner, so it makes pensioners better off if they live alone. It seems unwise to introduce incentives for pensioners to live alone, rather than with someone else.

The new rules also introduce new disincentives to find work or increase earnings for the younger partner of those already receiving Pension Credit. If the younger partner takes on a job or increases part-time working hours, and ends up lifting the household income above the means-test threshold, they will lose Pension Credit eligibility.

If that partner then loses their job or has to cut back due to ill health or caring responsibilities, they will not be able to reclaim Pension Credit for them and

to overturn benefit changes has passed 100,000 signatures

With Pension Credit changes, the DWP is putting the livelihoods of us Waspi women at risk once again

Pension Credit changes are a cruel way to punish pensioners for who they love

'We've been married for 27 years, but Pension Credit reforms mean we now have to consider divorce'

their partner until the youngest one has reached State Pension Age. It is clear this would be a significant deterrent to younger partners in the workplace – the opposite of stated Government policy.

The State Pension Age is also rising sharply at the same time as eligibility for Pension Credit has been tightened, which means many more people will not be of State Pension Age, even if they were in the past and will be denied the level of support they would have had before.

Not right to expect all over-60s to work

It is not right to expect all over-60s to be able to work. They not only may suffer more ill-health, disability or have more caring duties, they also face ageism in the workplace, making it harder to find or retain jobs.

Universal Credit is a working age benefit that makes no allowance for whether it is reasonable to expect someone to be working. The State Pension system has a draconian cliff-edge and that cut-off has been rising, which means more older women in particular are facing having to find work when they would not previously have needed to.

Given the differences in life expectancy around the UK, and the contribution of past work history to health status in later life for current generations, there should be more recognition of the need to treat the over 60s somewhat differently.

More flexibility needed

I would like to see more flexibility in the system so pensioners whose younger partner genuinely cannot find work, or has health and caring reasons to be less able to do so, should be able to claim Pension Credit once their younger partner hits age 60, or 62, rather than having to reach the newly increased State Pension Age.

I hope the Government will consider this approach, that can still save some costs, but would be a fairer recognition of the realities of life facing older