

Benefit changes for mixed age couples

February 2019

The law is due to change on 15 May 2019, so that where one partner is a pensioner and the other under pension age) will be

The reason for the change

In announcing the starting date for the new rules, the Minister stated that Pension ensure that the same work incentives apply to the younger partner as apply to other

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The change is likely to have a major impact on many of those affected. The timing is particularly unfortunate as many of the younger partners will also have been affected by rises in State Pension age (for women) and the linked rise in Pension Credit age (affecting both men and women). Whereas in 2010 a woman aged 60 with a partner aged 65 would both be entitled to their State Pension and both be considered pensioners for Pension Credit, after 15 May 2019 they will have to wait an extra 6 years to be in this position.

We understand the importance of paid work and of course many younger partners in mixed age couples are in employment. However, for others this is simply not an option due to ill health, disability, or caring responsibilities. There are also those who wish to work but have great difficulties finding a job in later life we know that ageism remains rife in the labour market. It can be especially hard for those trying to return to work after a period out of the labour market, perhaps because they were caring for a parent until the time of their death.

While the Government says that Pension Credit was not designed for working age claimants, Universal Credit was certainly not designed for pensioners - for example, it includes no additional support for a couple where one member is not expected to work because they are over State Pension age. Indeed, even for those for whom it was intended, there have been well publicised problems. We believe it is not appropriate to extend the system to include older people with younger partners at this stage.

The financial impact of mixed age couples losing Pension Credit and other support

The Government has said that currently 115,000 mixed age couples are receiving

These couples will continue to receive benefit, unless their circumstances change, but this gives an indication of the numbers who will be affected going forward.

At the time of writing we do not have any more information about the circumstances of these couples, or about the average benefit payments they receive now compared to the new system. However, couples could be up to £7000 worse off if they claim after 14 May, as compared to a couple claiming now - this represents the difference between the standard Universal Credit and Pension Credit rates for couples. In practice, the impact will be different for different couples. The amount of benefit received depends on a range of factors including: a couple's financial resources, whether they have extra needs due to disability or caring responsibilities, and their housing costs. The box below gives an example of the impact for a hypothetical couple.

Mixed age couples – the impact of changes for a hypothetical couple

Peter, aged 70, draws a State Pension of £140 a week. His wife Jean, aged 62 gave up work five years ago to care for her father who has recently died. They own their home and have a few hundred pounds savings.

They receive Pension Credit to top up their joint income to **£248.80** a week (the standard rate of Pension Credit for a couple rising to **£255.25** from April 2019).

Peter and Jean
when any changes come in - as long as their circumstances stay the same.

However, a couple in this situation who need to claim benefits for the first time after 15 May 2019 would not be entitled to Pension Credit as their joint income is too high for them to receive Universal Credit (currently £498.89 a month, around £114.80 a week, and not due to change in April 2019.)

So, their total joint income will just be £248.80 a week from April 2019). If Jean cannot find a job, which may be difficult given her age and

While we do not have estimates of numbers likely to be affected going forward, the Government expects to save £45 million in 2019/20 rising to £220 million in 2021/22.⁴ This represents limited savings in terms of the overall social security budget but will have a big impact on household income for couples affected.

Housing Benefit and other benefits

Housing Benefit

The change will also affect mixed age couples who need help to pay their rent. If they are not already entitled to benefit⁵ on 14 May 2019, they will have to claim Universal Credit (which can include a housing element) rather than Housing Benefit. This could result in a much lower level of support:

In general, allowances under Universal Credit are less generous.

Mixed age couples living in social housing with spare bedrooms could have their benefit restricted (due to what is commonly called). Currently, this restriction does not apply to pensioners but, in the future it will apply to a pensioner who has a partner of working age.

Council Tax Reduction

This means-tested support towards council tax is run by local authorities. Currently, in England, the benefit for pensioners (including mixed age couples) is based on national rules (known as the default system) whereas local authorities are able to design their own, often less generous, schemes for people under pension age.⁶ At the time of writing (early February 2019) we do not know if there are plans to change the position for mixed age

Protection for those already receiving Pension Credit and/or pension-age Housing Benefit and when this can be lost

Mixed age couples receiving Pension Credit or pension-age Housing Benefit⁷ on the 14 May 2019 will continue to be able to receive benefits as long as they remain entitled to one or both.⁸ Furthermore, if they are receiving either Pension Credit or pension-age Housing Benefit, they will be able to apply for the other one in the future.

However, if they are only receiving one of these benefits and lose that entitlement, or lose entitlement to both Pension Credit and pension-age Housing Benefit, they will not be able to reapply in the future. Instead they will only have access to Universal Credit.

There so even a break in entitlement of one day prevents a couple receiving pensioner benefits again until the youngest reaches State Pension age which could be several years.

Mixed age couples could lose their entitlement to Pension Credit and/or Housing Benefit if, for example:

- Their income increases for example because one of them takes on a temporary job.

- They are receiving only Housing Benefit and inherit a modest sum which takes their savings to just above £16,000. After drawing on their savings for a few months to pay the rent, their savings fall to below £16,000. However, as it will be a new claim any application will have to be for Universal Credit.

- They are temporarily abroad for a period of more than 28 days for example to spend time with a relative who is seriously ill.

- They no longer qualify for benefit because they lose an additional amount -

there will be people who may be better off stopping work prior to the changes, in order to establish Pension Credit entitlement.

The timing of the announcement

While this change has been on the statute books since 2012, the announcement was made quietly through a Written Ministerial statement on a busy day in Parliament just four months before it was due to come into effect. Full details of