DMG Memo Vol 13/63 & 14/59

LIMITATION OF SAVINGS CREDIT FOR MIXED AGE COUPLES AND PHASING OUT OF ASSESSED INCOME PERIODS

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INTRODUCTION

1. This memo provides guidance on the changes to State Pension Credit as a result of the Pensions Act (Northern Ireland) 2015 and the State Pension Credit (Amendment) Regulations (Northern Ireland) 2015 (SR 2015 No 331). The changes come into force from 6.4.16[1]

1 SPC (Amdt) Regs (NI) 2015, reg 1

BACKGROUND

Savings Credit

2. Savings Credit is described at DMG 77170 and 78623, as an additional amount for claimants aged 65 or over who have low or modest savings and rewards them by increasing their income above the standard minimum guarantee.

3. The new State Pension will be introduced at a rate above the level of the standard minimum guarantee in State Pension Credit making Savings Credit unnecessary.

4. The amendments will limit entitlement to Savings Credit by making it a condition that, in addition to being 65, claimants must have reached State Pension age before 6.4.16 and, in the case of a person who is a member of a mixed age couple, restrict entitlement to those where one of the members of the couple was awarded Savings Credit before 6.4.16 and has remained entitled to it continuously since that date.

   Note: A mixed age couple is where one member of the couple reaches State Pension age before 6.4.16 and the other member of the couple on or after that date[1].

1 SPC Act (NI) 02, sec 3ZA(3)

Assessed Income Periods

5. The decision to abolish Assessed Income Periods was announced by the Government in 2013. No new Assessed Income Periods will be set on or after 6.4.16. As a consequence, claimants will be expected to report all relevant changes in their circumstances, including their retirement provision.

SAVINGS CREDIT CHANGES

Single claimants

6. From 6.4.16 a claimant must have attained pensionable age before 6.4.16[1] and have attained the age of 65 before, on or after that date.

1 SPC Act (NI) 02, sec 3(1)(a)

Example 1

In 2015 Kate is single, aged 63, and in receipt of a small private pension. Kate is entitled to State Pension Credit and because she reached State Pension age before 6.4.16 she may also be entitled to receive Savings Credit when she attains the age of 65 in 2017.

Example 2

Kate's twin brother Jason is single, retired and also in receipt of a small private pension. Jason is entitled to State Pension Credit but because he has not reached State Pension age before 6.4.16 he will not be entitled to receive Savings Credit when he attains the age of 65 in 2017.

Mixed age couples

7. For a mixed age couple to have entitlement to Savings Credit one of the couple must have

   1. been entitled to a Savings Credit immediately before 6.4.16

   2. been awarded a Savings Credit with effect from a day before 6.4.16

   3. remained entitled to a Savings Credit at all times since 6.4.16[1].

1 SPC Act (NI) 02, sec 3ZA; SPC Regs (NI), reg 7A

Couples that are not mixed age

8. A couple where both have attained State Pension age before 6.4.16 but are not yet aged 65 may be entitled to receive Savings Credit when the eldest attains the age of 65.

Summary of changes to Savings Credit

9. From 6.4.16

   1. Mixed age couples who make a new claim to State Pension Credit where the award will commence on or after 6.4.16 cannot qualify for Savings Credit.

   2. Mixed age couples already in receipt of State Pension Credit on 6.4.16 but not Savings Credit cannot become newly entitled to Savings Credit.

   3. Mixed age couples in receipt of Savings Credit in respect of a period beginning before 6.4.16 but who lose entitlement to Savings Credit at any time from 6.4.16 cannot regain entitlement even if they have had continuous entitlement to State Pension Credit.

   4. Single people in receipt of Savings Credit who form a mixed age couple will only keep it if they were entitled to Savings Credit for a continuous period from a date prior to 6.4.16 and were awarded a Savings Credit before that date.

ASSESSED INCOME PERIOD CHANGES

Existing and New Claims from 6.4.16

10. Existing Assessed Income Periods that are due to end between 6.4.16 and 31.3.19 will remain in force (unless they end earlier under existing rules). For claimants that have an Assessed Income Period due to expire on or after 1.4.19, please see paragraph 13 of this memo. Claimants who report relevant changes, as described at DMG 83050[1], effective on or after 6.4.16 and which end an existing fixed length or indefinite Assessed Income Period prematurely, will not have a new Assessed Income Period set. In those cases, a Periodic Case Review will be set.

1 SPC Act (NI) 02, sec 9(4)(a), 9(4)(b), 9(4)(c), 9(4)(d); SPC Regs (NI), reg 12(a), 12(b), 12(c)

11. New claims to Pension Credit with a Treat as Made date on, or after 6.4.16 will have a 3 year Periodic Case Review set. The claimant will be expected to report all relevant changes of circumstances, such as changes to their marital status or retirement provision, as they happen.

Indefinite Assessed Income Periods

12. Indefinite Assessed Income Periods already in place on 6.4.16 will remain in place until they end under existing rules. Claimants will still be obliged to report certain changes under existing legislation, at which point the Assessed Income Period will end and a Periodic Case Review will be set. There are no provisions for any linking rules and there is no right of appeal where an Assessed Income Period ends through natural expiry.

Ending of some Fixed Length Assessed Income Periods

13. Claimants who have an Assessed Income Period for a fixed length which is due to end between 1.4.19 and 5.4.21, are now to be brought to an end at a date earlier than originally determined[1]. The appendix to this memo details on which date the Assessed Income Period is to now end[2]. An Assessed Income Period that ends in this way does not carry a right of appeal.

1 SPC Act (NI) 02, sec 9, 2 SPC Regs (NI), Sch 3A

ANNOTATIONS

Please annotate the number of this memo (DMG Memo Vol 13/63 & 14/59) against the following DMG paragraphs:

77170, 78623, 78840,

83032, 83034, 83036, 83050, 83150, 83160

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The content of examples of this document (including use of imagery) is for illustrative purposes only.

APPENDIX

Period in which the Assessed Income Period was originally determined to end	Date on which Assessed Income Period will now end
1 April 2019 to 14 April 2019	14 July 2016
15 April 2019 to 30 April 2019	28 July 2016
1 May 2019 to 14 May 2019	14 August 2016
15 May 2019 to 30 May 2019	28 August 2016
1 June 2019 to 14 June 2019	14 October 2016
15 June 2019 to 30 June 2019	28 October 2016
1 July 2019 to 14 July 2019	14 November 2016
15 July 2019 to 31 July 2019	28 November 2016
1 August 2019 to 14 August 2019	14 December 2016
15 August 2019 to 31 August 2019	28 December 2016
1 September 2019 to 14 September 2019	14 February 2017
15 September 2019 to 30 September 2019	28 February 2017
1 October 2019 to 14 October 2019	14 March 2017
15 October 2019 to 31 October 2019	28 March 2017
1 November 2019 to 14 November 2019	14 April 2017
15 November 2019 to 30 November 2019	28 April 2017
1 December 2019 to 14 December 2019	14 June 2017
15 December 2019 to 31 December 2019	28 June 2017
1 January 2020 to 14 January 2020	14 July 2017
15 January 2020 to 31 January 2020	28 July 2017

1 February 2020 to 14 February 2020

15 February 2020 to 29 February 2020

1 March 2020 to 14 March 2020

15 March 2020 to 31 March 2020

1 April 2020 to14 April 2020

15 April 2020 to 30 April 2020

1 May 2020 to 14 May 2020

15 May 2020 to 31 May 2020

1 June 2020 to 14 June 2020

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15 February 2021 to 28 February 2021	28 February 2019
1 March 2021 to 14 March 2021	14 March 2019
15 March 2021 to 5 April 2021	28 March 2019