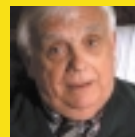
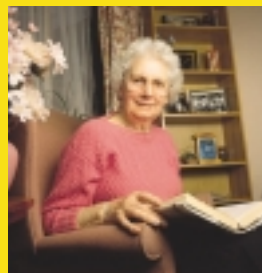


THE PENSION CREDIT:

the Government's proposals





1. Introduction

Last year the Government published its proposals to establish the Pension Credit. The Pension Credit will ensure that millions of pensioners who have saved for their retirement will be rewarded for their thrift and effort. This document sets out how the Pension Credit will work, following consultation on the proposals made last year.

CONSULTATION

In response to *The Pension Credit: A Consultation Paper* (November 2000, Cm 4900), we received over 400 responses from organisations and from individuals.

Copies of the responses from organisations are available from The Department for Work and Pensions (the address is on the back cover of this document). Copies have also been placed in the libraries of both Houses of Parliament.

This document sets out the Government's proposals in the light of comments received.

2. Background to the Pension Credit

In 1997, the Government inherited a pension system that was failing to provide enough support to today's pensioners **and** failing to provide security in retirement for future pensioners. The key problems that the Government sought to address were as follows.

- The gap between better-off and poorer pensioners was growing. On average, pensioner incomes have been increasing faster than incomes of those in work, but too many were left behind. Between 1979 and 1997, the incomes of the richest fifth of pensioners rose by 80 per cent but the incomes of the poorest grew by only 30 per cent.
- Too many pensioners were living in poverty. At least 2 million people aged 60 and over were living at or below Income Support rates. The minimum income for a single pensioner (aged 60–74) was set then at £68.80 a week.

- At the same time, too many people of working age were heading for poverty in retirement. Many of those who could afford to save were not doing so, or were not saving enough. Roughly 2 in 5 workers were not making any voluntary provision for their retirement.
- For those who could not afford to save, the state provision through the State Earnings Related Pension Scheme (SERPS) was inadequate. SERPS did not provide enough support for people on low earnings or for people with broken work records – either because they were caring for children or other relatives, or because they were disabled.
- There was also a need to restore confidence in the pensions system – following the Maxwell affair and the widespread mis-selling of personal pensions in the 1980s and early 1990s.

In 1998, the Government set out its proposals to address these problems in the Pensions Green Paper, *A new contract for welfare: PARTNERSHIP IN PENSIONS* (December 1998, Cm 4179). In the Green Paper, the Government set out a new framework for reforming both state and private pensions, with the aim of ensuring that everyone could enjoy a decent income in retirement.

The Basic State Retirement Pension is, and will remain, the foundation for income in retirement. However, it has always been the case – right from the early days of state pensions – that people were expected to build up a second pension or other savings, on top of their Basic State Pension. Indeed, it is the fact that more people are retiring with good company or other personal pensions that explains why pensioner incomes have risen faster than the incomes of people in work. The task now is to encourage more people to save, and to make sure that it pays to save.

The Government's reforms are based on the principle that those who can afford to save have a responsibility to do so. In return, the Government should support those who cannot afford to save, and regulate the pensions and wider savings system effectively.

What we have done

The Government's first priority was to address the immediate problem of pensioner poverty today. That is why the Government introduced the Minimum Income Guarantee (MIG) – along with other measures – to provide more money for the poorest pensioners as quickly as possible. A single pensioner (aged 60–74) now receives £92.15 a week – an increase of £18 a week since 1997, over and above inflation. We have also made it easier for pensioners to claim the MIG, by reducing the 40-page claim form down to just 10 pages, and by introducing a new telephone claims service.

The Government has also introduced measures to ensure that all pensioners share in rising prosperity. From April 2002 the Basic State Pension will rise by £3 a week for single pensioners and by £4.80 for couples, on top of

above-inflation increases last year. This is in addition to the introduction of Winter Fuel Payments, and free TV licences for the over 75s.

The Government has also announced that the Basic State Pension will rise by at least £100 a year for single pensioners, and by at least £160 a year for couples, in April 2003. In subsequent years, it will rise by either 2.5 per cent or by inflation¹, whichever is highest.

The second stage of the Government's strategy is to put in place the long term reforms that will help prevent poverty from arising in the future. For future pensioners, the Government is improving the choices available to people who can afford to save, and it is providing more support for those who cannot afford to save. There is a two-pronged approach.

- For **people on low incomes**, funded pensions are generally poor value and they would be better off in state provision. We are reforming SERPS, with the introduction of the State Second Pension from April 2002. As the scheme matures it will provide dramatically better provision for around 18 million people, in particular for those who are unable to work because they are caring for others, or they are disabled. Under these reforms, low earners will get at least double what they would have received from SERPS.
- For **people on moderate and higher incomes**, they are generally better off saving in a funded pension. The launch of the new stakeholder pensions earlier this year has increased the choices available to people on moderate and higher incomes. Stakeholder pensions offer a new, low cost option, for people without access to a company pension scheme, as well as allowing people who are not earning to save for their retirement (for example, non-working partners who may be taking time out of the labour market to care for children).

The third step – the Pension Credit

The third – and crucial – stage of the Government's reforms is the introduction of the Pension Credit. There is inevitably a tension between the need to ensure there is a level below which pensioner incomes do not fall, and the need to ensure that today's workers have a clear incentive to save. The Pension Credit will ensure that we can both tackle poverty amongst today's pensioners, and boost the incentive for future pensioners to save for their own retirement. The Pension Credit will make sure that it pays to save.

The Government inherited a social security system that penalised pensioners with modest occupational pensions or savings. Millions of pensioners living on low or moderate incomes, and who had often struggled to put money aside for their retirement, found that they were little or no better off than people who had saved nothing.

¹ Measured by the September Retail Prices Index

The Pension Credit represents a fundamental reform to the welfare system – for the first time, saving will be rewarded instead of being penalised. The Pension Credit will ensure that pensioners who have saved modest amounts – whether it is through an occupational scheme, a stakeholder or personal pension, the State Second Pension or other savings – will gain from having done so.

We also want to make it much easier for pensioners to claim all their entitlements. In the past, the system has been intrusive and bureaucratic, and crucially – pensioners do not like it. That system is going to end. Instead, at the point of retirement, we will work out how much Pension Credit pensioners are entitled to at the same time as we work out their Basic State Pension. Once they reach 65, we will only need to reassess a pensioner's award every five years, unless there is a major change in their lives (we will explain to pensioners what this means in practice) or unless they report a fall in income.

3. How will the Pension Credit work?

The Pension Credit will work in two ways. First, it will bring pensioners' income up to a guaranteed minimum entitlement. Second, it will reward thrift and effort in providing for retirement – to ensure it pays to have saved even quite modest amounts.

The guarantee

The guarantee part of the Pension Credit will provide the new minimum income level, below which pensioner incomes should not fall.

- When the Pension Credit is introduced from 2003, this will ensure that no pensioner need live on less than £100 a week or £154 for couples (these are illustrative figures, at 2003 prices).²
- The guarantee will top up the pensioner's own weekly income (made up of their Basic State Pension, any second pension, savings and so on) to this level.
- There will be a higher guaranteed income for those who are severely disabled and for carers.
- The level will rise in line with earnings during this Parliament.

There is a further change that is essential to reward thrift. Under the present rules, if a pensioner has savings above a certain limit (currently £12,000) they are completely excluded from any help. If they have savings between £6,000 and £12,000, the amount of help they can claim is reduced.

² These illustrative figures are used throughout the document.

From 2003, the Pension Credit will bring in new rules for the treatment of savings. One option – set out in last year’s consultation paper – would have been to look at the actual income pensioners receive from all their savings. It has been strongly put to us that asking pensioners to account for the exact amount of income received from their savings each year would be too bureaucratic and confusing. Pensioners’ organisations have also recommended that we should keep a ‘disregard’ – so that we ignore small amounts of savings. We agree.

So we intend to introduce a simpler and fairer system for taking into account income from savings. For pensioners with small amounts of savings – less than £6,000 – we will completely ignore any income from those savings. The vast majority of pensioners who will be eligible for the Pension Credit will have savings of less than £6,000. In fact we estimate that 85 per cent of pensioners getting the Pension Credit, will see any income they receive from savings **ignored entirely**.

We will abolish the rule which excludes pensioners with £12,000 or more in savings from any help. For any savings above £6,000, we will assume a notional rate of income set at around 10 per cent. That is, half the current assumed rate of income (of 20 per cent). In practice, this means that for somebody who has savings of, say, £10,000 the current rules assume an income of £16 a week on those savings. Under the new Pension Credit rules we will assume an income of only £8 a week from the same savings. This is equivalent to an interest rate of around 4 per cent on their total savings.

The detailed rules will be set out in regulations in due course. There are currently small earnings disregards in the Minimum Income Guarantee. We are continuing to consider the treatment of earnings in the Pension Credit.

The savings credit

The savings credit is the reward for saving. It provides an additional top-up to those pensioners aged 65 and over who have saved for their retirement – for example by putting money aside in a bank or building society, or by saving in a second pension.

- The savings credit will reward pensioners who have built up a second pension, whether it is an occupational or other private pension, the State Earnings Related Pension Scheme (SERPS) – or the new State Second Pension, as well as rewarding other savings – such as post office, bank or building society accounts.
- The savings credit will give pensioners 60 pence for every £1 of income they have from second pensions, savings and so on above the level of the Basic State Pension up to a maximum.
- The savings credit can give pensioners up to a maximum of £13.80 a week (or £717.60 a year) for single pensioners and £18.60 a week (or £967.20 a year) for couples.

- Pensioners above the guarantee level will qualify if their incomes are up to about £135 a week for single pensioners (£200 a week for couples). Some, including severely disabled people and carers, will be able to qualify even if their incomes are above this level (as the examples from page 7 will show).

We intend to ensure equal treatment for men and women in the new system. In order to comply with our legal obligations on equal treatment, the guarantee element will be payable to both men and women at age 60, and the savings credit element will be payable to both men and women at age 65. Pensioners under 65 will benefit from the improved rules on the treatment of savings.

4. Housing Benefit and Council Tax Benefit

Any pensioner who receives the guarantee part of the Pension Credit will be entitled to full Housing Benefit and Council Tax Benefit. Nobody will lose Housing Benefit or Council Tax Benefit as a result of the Pension Credit.

We will achieve this by raising the level at which pensioners qualify for help in line with the Pension Credit, and also by mirroring the new rules on savings. This will ensure that pensioners who benefit from the savings credit do not see their gains clawed back through a reduction in their Housing Benefit or Council Tax Benefit. We will, however, retain the current cut-off point of £16,000 savings for pensioners who do not qualify for the Pension Credit guarantee. We will also bring the periods for which Housing Benefit and Council Tax Benefit are awarded into line with the Pension Credit (normally for people aged 65 and over, we will not need to re-assess their award for five years).

5. Examples of how pensioners will gain

In total, around half of all pensioners will gain from these changes. The Pension Credit will be of particular help to women. Women tend to have smaller occupational pensions than men. Women are also at greater risk from the relative decline in their pension income over their retirement because they tend to live longer than men. Two-thirds of those entitled to the Pension Credit will be women and half of these women will be aged 75 and over.

In last year's consultation paper the Government also set out its intention to increase the personal tax allowances for pensioners, so that those on higher incomes would also see greater gains from their savings. Most pensioners have no Income Tax to pay. But for those who do, the Government proposes in 2003/04 to raise the age-related personal allowance by £240 over indexation. On current estimates, this would take the allowances to £6,560 for those aged 65–74 and to £6,850 for those aged 75 and over.

In total:

- 1.2 million pensioners will gain from the improvements to the guarantee;
- 4.1 million pensioners will gain from the savings credit and the improvements to the rules on the treatment of savings; and
- 3.5 million pensioners will gain from increased pensioner tax allowances (some of these will also benefit from the Pension Credit).

The chart at Annex B shows in more detail the weekly gains for all pensioners as a result of policy changes introduced between 1997 and Budget 2002.

The total cost of the Pension Credit and changes to Housing Benefit and Council Tax Benefit will be £2 billion in 2004/05. Over the longer term, the forecast spending on pensions remains affordable and sustainable.

The examples below and on the following page show the gains pensioners can expect from the Pension Credit using illustrative rates at 2003 prices.

EXAMPLES – HOW THE PENSION CREDIT WILL WORK

PENSIONER A – has a full Basic State Pension of £77 a week and a second pension of £20 a week.

Current rules: Under the current rules, her income of £97 a week would be topped up by £3 a week from the Minimum Income Guarantee.

The Pension Credit: With the new rules, her income would still be topped up to the guarantee level of £100. But on top of this, she would also receive a savings reward of £12 a week, **making her £12 a week better off**, than with just the Minimum Income Guarantee.

PENSIONER B – has a full Basic State Pension of £77 a week and £8,000 savings.

Current rules: The current rules assume that pensioner B earns £8 a week from his savings and so the amount of Minimum Income Guarantee he is entitled to is correspondingly reduced. Under the current rules, he would be eligible for £15 a week Minimum Income Guarantee.

The Pension Credit: With the new Pension Credit rules, we would assume that he could earn an income of only £4 a week from his savings. So under the new rules, his guarantee payment goes up to £19 a week, bringing him up to the guarantee level of £100 a week. In addition, he also receives the new savings reward, in this case worth £2.40 for his £8,000 savings, **making him £6.40 a week better off**, as a result of the savings credit and the changes to the rules on treatment of savings.

EXAMPLES – HOW THE PENSION CREDIT WILL WORK *(continued)*

PENSIONER C – is a severely disabled pensioner with a Basic State Pension of £105 a week (made up of £77 Basic State Pension, plus £28 SERPS and graduated pension). She also has income from a personal pension of £10 a week.

Current rules: With the existing rules, she would receive £28.45 a week to take her up to the higher guarantee level for a severely disabled person (of £143.45 a week).

The Pension Credit: Under the new rules, on top of her guarantee payment of £28.45 a week, she would also receive the maximum savings reward of £13.80, **making her £13.80 a week better off**, than with just the Minimum Income Guarantee.

PENSIONER COUPLE D – a couple with a full Basic State Pension of £123 a week, savings of £10,000 and a second pension of £15 a week.

Current rules: Under the current rules, the couple are assumed to earn an income of £16 a week from their savings. Together with their second pension, this takes them just up to the Minimum Income Guarantee level and so they are not entitled to any help.

The Pension Credit: With the Pension Credit, we will assume that couple D earn an income of only £8 a week from their savings. This means they will receive a guarantee payment of £8 a week to take them up to the guarantee level of £154. And on top of this, they will get a savings reward of £13.80. **They are therefore £21.80 better off**, as a result of both the savings credit and the changes to the rules on the treatment of savings.

PENSIONER COUPLE E – a couple with a full Basic State Pension of £123 a week, savings of £10,000, plus a second pension of £40 a week.

Current rules: The couple have a weekly income that takes them above the guarantee level of £154. Under the current rules, they would get no help.

The Pension Credit: Under the Pension Credit, they will receive a savings reward of £11.80, and are **therefore £11.80 a week better off**. (An illustration of how the savings credit will work for people with incomes above and below the guarantee level is shown in the following tables.)

The tables below show how much better off pensioners will be, with various amounts of income from a second pension.

| Single pensioners (illustrative rates of the Pension Credit) | | | |
|---|---|-----------------------|---|
| Pensioner's Basic State Pension, plus own provision for retirement | Credit to bring them up to the guarantee level | Savings credit | Total income with savings credit |
| £77 | £23 | £0 | £100 |
| £80 | £20 | £1.80 | £101.80 |
| £90 | £10 | £7.80 | £107.80 |
| £100 | £0 | £13.80 | £113.80 |
| £110 | | £9.80 | £119.80 |
| £120 | | £5.80 | £125.80 |
| £130 | | £1.80 | £131.80 |
| £135 | | | £135 |

| Pensioner couples (illustrative rates of the Pension Credit) | | | |
|---|---|-----------------------|---|
| Pensioner's Basic State Pension, plus own provision for retirement | Credit to bring them up to the guarantee level | Savings credit | Total income with savings credit |
| £123 | £31 | £0 | £154 |
| £130 | £24 | £4.20 | £158.20 |
| £140 | £14 | £10.20 | £164.20 |
| £160 | £0 | £16.20 | £176.20 |
| £180 | | £8.20 | £188.20 |
| £200 | | £0.20 | £200.20 |

A full table which can be used as a 'ready-reckoner' is shown in Annex A.

6. Helping people to receive the Pension Credit they are entitled to

The Government is setting up The Pension Service in order to improve the service that pensioners receive. From April 2002, the Government will start to roll out the new Pension Service, replacing those parts of the Benefits Agency that deal with pensioners. The aim is to move progressively towards a system where pensioners can automatically receive all of their entitlements. We intend to assess people's income when they retire. The Pension Service will do this, calculating their Pension Credit at the same time as it arranges payment of their Basic State Pension. For those over 65, we will generally only need to reassess their Pension Credit every five years thereafter.

Applying for the Pension Credit

The Pension Service will contact people shortly before they reach state pension age to invite them to claim their state pension entitlement, including their Basic State Pension and their Pension Credit. They will be able to apply by telephone or in writing. In the longer-term people will be able to apply electronically, over the internet.

Gathering the facts

The Pension Service will build on the changes we have already made, to make it easier for pensioners to claim all their entitlements. Many pensioners choose to apply by telephone already. So we will build on the successful telephone claims service which has been introduced for pensioners claiming the Minimum Income Guarantee. Pensioners will be able to provide details over the phone to enable The Pension Service to calculate their Pension Credit, in addition to putting their Basic State Pension into payment. In most instances, pensioners will only need to answer the questions that apply to their particular circumstances. They will then be sent a statement of the details given and they will be asked to confirm these are correct.

Once this has been done the pensioner will be sent a letter setting out how their pension has been calculated and explaining what to do if they think this is not correct. The letter will also explain what changes the pensioner should tell The Pension Service about. Apart from major changes in their lives, people 65 and over will not normally have to report any changes for five years at a time. However, if their income drops they will be able to ask for their Pension Credit to be increased.

During the five-year period, The Pension Service will automatically recalculate the Pension Credit due at each annual uprating and will take account of changes in any second pension the pensioner has. Towards the end of the five years, The Pension Service will write to the pensioner setting out the facts on which their Pension Credit is based and asking if there has been any change. The Pension Credit entitlement will be checked and recalculated if necessary. The Pension Service will then write to the pensioner explaining the amount they are entitled to.

Keeping in touch with pensioners

The Pension Service will write to pensioners periodically to ensure they are kept up to date with changes to pensions and to give them information about their entitlement.

When the Pension Credit is introduced

In the short term, we will need to make sure all pensioners are made aware of the Pension Credit, and those who stand to gain are encouraged to apply. Approximately six months before the Pension Credit is introduced, The Pension Service will write to people who are already receiving the Minimum Income Guarantee and provide reassurance that their Pension Credit will be calculated without the need for them to make a new claim.

**Department for Work and Pensions
November 2001**

Annex A

How the Pension Credit will work – gains for pensioners

| Single pensioners £ per week, 2003/04 | | | | |
|---|---------------------------------------|--------------------------|----------------|--|
| Your Basic State Pension plus income from savings or second pension | Income from savings or second pension | Your Pension Credit | | Your income including the Pension Credit |
| | | Guaranteed income top up | Savings credit | |
| 77.00 | 0.00 | 23.00 | – | 100.00 |
| 78.00 | 1.00 | 22.00 | 0.60 | 100.60 |
| 79.00 | 2.00 | 21.00 | 1.20 | 101.20 |
| 80.00 | 3.00 | 20.00 | 1.80 | 101.80 |
| 81.00 | 4.00 | 19.00 | 2.40 | 102.40 |
| 82.00 | 5.00 | 18.00 | 3.00 | 103.00 |
| 83.00 | 6.00 | 17.00 | 3.60 | 103.60 |
| 84.00 | 7.00 | 16.00 | 4.20 | 104.20 |
| 85.00 | 8.00 | 15.00 | 4.80 | 104.80 |
| 86.00 | 9.00 | 14.00 | 5.40 | 105.40 |
| 87.00 | 10.00 | 13.00 | 6.00 | 106.00 |
| 88.00 | 11.00 | 12.00 | 6.60 | 106.60 |
| 89.00 | 12.00 | 11.00 | 7.20 | 107.20 |
| 90.00 | 13.00 | 10.00 | 7.80 | 107.80 |
| 91.00 | 14.00 | 9.00 | 8.40 | 108.40 |
| 92.00 | 15.00 | 8.00 | 9.00 | 109.00 |
| 93.00 | 16.00 | 7.00 | 9.60 | 109.60 |
| 94.00 | 17.00 | 6.00 | 10.20 | 110.20 |
| 95.00 | 18.00 | 5.00 | 10.80 | 110.80 |
| 96.00 | 19.00 | 4.00 | 11.40 | 111.40 |
| 97.00 | 20.00 | 3.00 | 12.00 | 112.00 |
| 98.00 | 21.00 | 2.00 | 12.60 | 112.60 |
| 99.00 | 22.00 | 1.00 | 13.20 | 113.20 |
| 100.00 | 23.00 | – | 13.80 | 113.80 |
| 101.00 | 24.00 | – | 13.40 | 114.40 |
| 102.00 | 25.00 | – | 13.00 | 115.00 |
| 103.00 | 26.00 | – | 12.60 | 115.60 |
| 104.00 | 27.00 | – | 12.20 | 116.20 |
| 105.00 | 28.00 | – | 11.80 | 116.80 |
| 106.00 | 29.00 | – | 11.40 | 117.40 |
| 107.00 | 30.00 | – | 11.00 | 118.00 |
| 108.00 | 31.00 | – | 10.60 | 118.60 |
| 109.00 | 32.00 | – | 10.20 | 119.20 |
| 110.00 | 33.00 | – | 9.80 | 119.80 |

| Single pensioners £ per week, 2003/04 (continued) | | | | |
|---|---------------------------------------|----------------------------|----------------|--|
| | | Your Pension Credit | | |
| Your Basic State Pension plus income from savings or second pension | Income from savings or second pension | Guaranteed income top up | Savings credit | Your income including the Pension Credit |
| 111.00 | 34.00 | - | 9.40 | 120.40 |
| 112.00 | 35.00 | - | 9.00 | 121.00 |
| 113.00 | 36.00 | - | 8.60 | 121.60 |
| 114.00 | 37.00 | - | 8.20 | 122.20 |
| 115.00 | 38.00 | - | 7.80 | 122.80 |
| 116.00 | 39.00 | - | 7.40 | 123.40 |
| 117.00 | 40.00 | - | 7.00 | 124.00 |
| 118.00 | 41.00 | - | 6.60 | 124.60 |
| 119.00 | 42.00 | - | 6.20 | 125.20 |
| 120.00 | 43.00 | - | 5.80 | 125.80 |
| 121.00 | 44.00 | - | 5.40 | 126.40 |
| 122.00 | 45.00 | - | 5.00 | 127.00 |
| 123.00 | 46.00 | - | 4.60 | 127.60 |
| 124.00 | 47.00 | - | 4.20 | 128.20 |
| 125.00 | 48.00 | - | 3.80 | 128.80 |
| 126.00 | 49.00 | - | 3.40 | 129.40 |
| 127.00 | 50.00 | - | 3.00 | 130.00 |
| 128.00 | 51.00 | - | 2.60 | 130.60 |
| 129.00 | 52.00 | - | 2.20 | 131.20 |
| 130.00 | 53.00 | - | 1.80 | 131.80 |
| 131.00 | 54.00 | - | 1.40 | 132.40 |
| 132.00 | 55.00 | - | 1.00 | 133.00 |
| 133.00 | 56.00 | - | 0.60 | 133.60 |
| 134.00 | 57.00 | - | 0.20 | 134.20 |
| 135.00 | 58.00 | - | - | 135.00 |

| Pensioner couples £ per week, 2003/04 | | | | |
|--|--|---------------------------------|-----------------------|---|
| | | Your Pension Credit | | |
| Your Basic State Pension plus income from savings or second pension | Income from savings or second pension | Guaranteed income top up | Savings credit | Your income including the Pension Credit |
| 123.00 | 0.00 | 31.00 | - | 154.00 |
| 124.00 | 1.00 | 30.00 | 0.60 | 154.60 |
| 125.00 | 2.00 | 29.00 | 1.20 | 155.20 |
| 126.00 | 3.00 | 28.00 | 1.80 | 155.80 |
| 127.00 | 4.00 | 27.00 | 2.40 | 156.40 |
| 128.00 | 5.00 | 26.00 | 3.00 | 157.00 |
| 129.00 | 6.00 | 25.00 | 3.60 | 157.60 |
| 130.00 | 7.00 | 24.00 | 4.20 | 158.20 |
| 131.00 | 8.00 | 23.00 | 4.80 | 158.80 |
| 132.00 | 9.00 | 22.00 | 5.40 | 159.40 |
| 133.00 | 10.00 | 21.00 | 6.00 | 160.00 |
| 134.00 | 11.00 | 20.00 | 6.60 | 160.60 |
| 135.00 | 12.00 | 19.00 | 7.20 | 161.20 |
| 136.00 | 13.00 | 18.00 | 7.80 | 161.80 |
| 137.00 | 14.00 | 17.00 | 8.40 | 162.40 |
| 138.00 | 15.00 | 16.00 | 9.00 | 163.00 |
| 139.00 | 16.00 | 15.00 | 9.60 | 163.60 |
| 140.00 | 17.00 | 14.00 | 10.20 | 164.20 |
| 141.00 | 18.00 | 13.00 | 10.80 | 164.80 |
| 142.00 | 19.00 | 12.00 | 11.40 | 165.40 |
| 143.00 | 20.00 | 11.00 | 12.00 | 166.00 |
| 144.00 | 21.00 | 10.00 | 12.60 | 166.60 |
| 145.00 | 22.00 | 9.00 | 13.20 | 167.20 |
| 146.00 | 23.00 | 8.00 | 13.80 | 167.80 |
| 147.00 | 24.00 | 7.00 | 14.40 | 168.40 |
| 148.00 | 25.00 | 6.00 | 15.00 | 169.00 |
| 149.00 | 26.00 | 5.00 | 15.60 | 169.60 |
| 150.00 | 27.00 | 4.00 | 16.20 | 170.20 |
| 151.00 | 28.00 | 3.00 | 16.80 | 170.80 |
| 152.00 | 29.00 | 2.00 | 17.40 | 171.40 |
| 153.00 | 30.00 | 1.00 | 18.00 | 172.00 |
| 154.00 | 31.00 | - | 18.60 | 172.60 |
| 155.00 | 32.00 | - | 18.20 | 173.20 |
| 156.00 | 33.00 | - | 17.80 | 173.80 |
| 157.00 | 34.00 | - | 17.40 | 174.40 |
| 158.00 | 35.00 | - | 17.00 | 175.00 |
| 159.00 | 36.00 | - | 16.60 | 175.60 |
| 160.00 | 37.00 | - | 16.20 | 176.20 |
| 161.00 | 38.00 | - | 15.80 | 176.80 |
| 162.00 | 39.00 | - | 15.40 | 177.40 |

| Pensioner couples £ per week, 2003/04 (continued) | | | | |
|--|--|---------------------------------|-----------------------|---|
| | | Your Pension Credit | | |
| Your Basic State Pension plus income from savings or second pension | Income from savings or second pension | Guaranteed income top up | Savings credit | Your income including the Pension Credit |
| 163.00 | 40.00 | - | 15.00 | 178.00 |
| 164.00 | 41.00 | - | 14.60 | 178.60 |
| 165.00 | 42.00 | - | 14.20 | 179.20 |
| 166.00 | 43.00 | - | 13.80 | 179.80 |
| 167.00 | 44.00 | - | 13.40 | 180.40 |
| 168.00 | 45.00 | - | 13.00 | 181.00 |
| 169.00 | 46.00 | - | 12.60 | 181.60 |
| 170.00 | 47.00 | - | 12.20 | 182.20 |
| 171.00 | 48.00 | - | 11.80 | 182.80 |
| 172.00 | 49.00 | - | 11.40 | 183.40 |
| 173.00 | 50.00 | - | 11.00 | 184.00 |
| 174.00 | 51.00 | - | 10.60 | 184.60 |
| 175.00 | 52.00 | - | 10.20 | 185.20 |
| 176.00 | 53.00 | - | 9.80 | 185.80 |
| 177.00 | 54.00 | - | 9.40 | 186.40 |
| 178.00 | 55.00 | - | 9.00 | 187.00 |
| 179.00 | 56.00 | - | 8.60 | 187.60 |
| 180.00 | 57.00 | - | 8.20 | 188.20 |
| 181.00 | 58.00 | - | 7.80 | 188.80 |
| 182.00 | 59.00 | - | 7.40 | 189.40 |
| 183.00 | 60.00 | - | 7.00 | 190.00 |
| 184.00 | 61.00 | - | 6.60 | 190.60 |
| 185.00 | 62.00 | - | 6.20 | 191.20 |
| 186.00 | 63.00 | - | 5.80 | 191.80 |
| 187.00 | 64.00 | - | 5.40 | 192.40 |
| 188.00 | 65.00 | - | 5.00 | 193.00 |
| 189.00 | 66.00 | - | 4.60 | 193.60 |
| 190.00 | 67.00 | - | 4.20 | 194.20 |
| 191.00 | 68.00 | - | 3.80 | 194.80 |
| 192.00 | 69.00 | - | 3.40 | 195.40 |
| 193.00 | 70.00 | - | 3.00 | 196.00 |
| 194.00 | 71.00 | - | 2.60 | 196.60 |
| 195.00 | 72.00 | - | 2.20 | 197.20 |
| 196.00 | 73.00 | - | 1.80 | 197.80 |
| 197.00 | 74.00 | - | 1.40 | 198.40 |
| 198.00 | 75.00 | - | 1.00 | 199.00 |
| 199.00 | 76.00 | - | 0.60 | 199.60 |
| 200.00 | 77.00 | - | 0.20 | 200.20 |
| 201.00 | 78.00 | - | - | 201.00 |

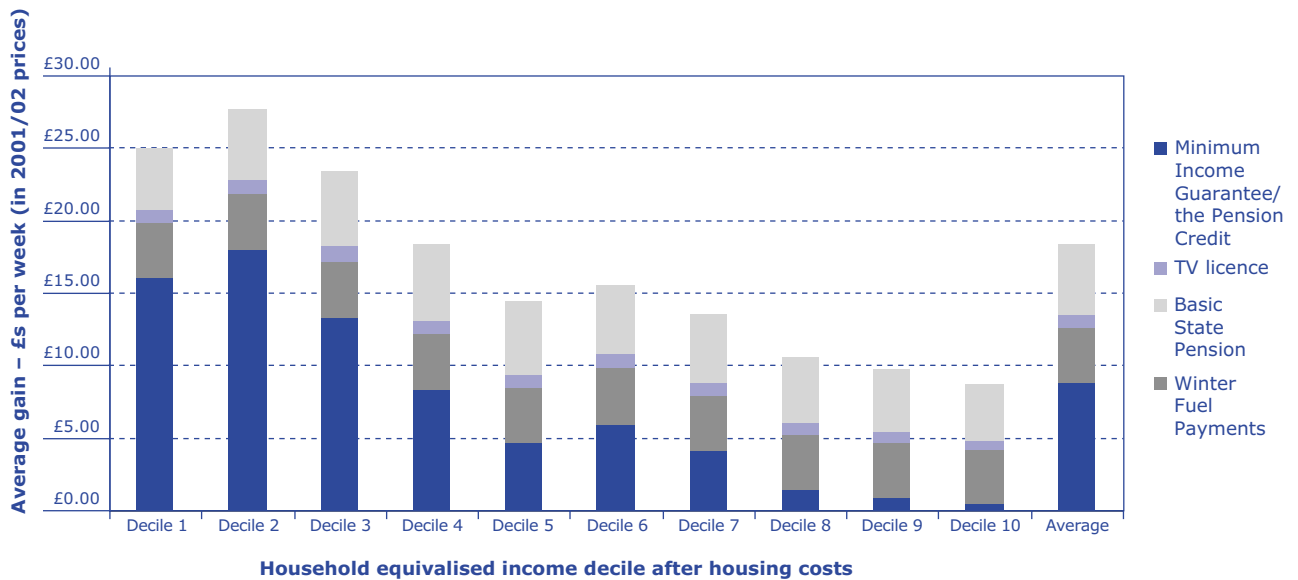


Annex B



Impact of Government policies on pensioners' weekly incomes 1997-2002

Weekly gains for pensioner families as a result of pensioner policy changes introduced between 1997 and Budget 2002, including the addition of the Pension Credit, after housing costs – excluding tax changes



Source: DWP simulations based on the 1999/2000 Family Resources Survey

Further copies of this document are available free of charge from:

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