



Department  
for Work &  
Pensions



# Third Party Guide

## Supporting Pension Age households required to Move to Universal Credit or Pension Credit

June 2024 Version 1.0

# Introduction

This information pack has been designed to aid organisations supporting pensioner households who are notified of the need to move from tax credits to Universal Credit or Pension Credit, as part of the Managed Migration process to DWP benefits.

This also includes couples, where one person is over state pension age; known as ‘mixed age couples.’

For further information that applies to all households being asked to move to Universal Credit see the **‘3<sup>rd</sup> Party Guide - to support households required to make a move to Universal Credit’** that was issued to stakeholders in April.

If you do not have a copy, please contact your [local Partnership Manager](#).

**Throughout this pack, when we refer to ‘households’ we are referring to a customer or customers who are over state pension age, unless we explicitly state otherwise.**

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# Moving to Pension Credit or Universal Credit

## Why is this happening

Universal Credit is replacing 6 legacy benefits, including tax credits. Tax credits are closing on 5th April 2025 and pensioners in receipt of tax credits will be notified of the need to claim a DWP benefit, to continue to receive financial support from the government. Households will be notified of the need to claim Universal Credit, or Pension Credit, depending on their circumstances.

## When is this happening

From **July 2024**, DWP will start to write to tax credit customers who need to claim **Pension Credit**.

From **August 2024**, DWP will start to write to tax credit customers who need to claim **Universal Credit**.

The regulations governing this change were laid on the 9th May 2024, and came into effect from and including the 8th June 2024.

Households can choose to claim Pension Credit rather than Universal Credit; however, they **will not receive transitional protection** if they claim Pension Credit, rather than Universal Credit if instructed to do so by DWP.

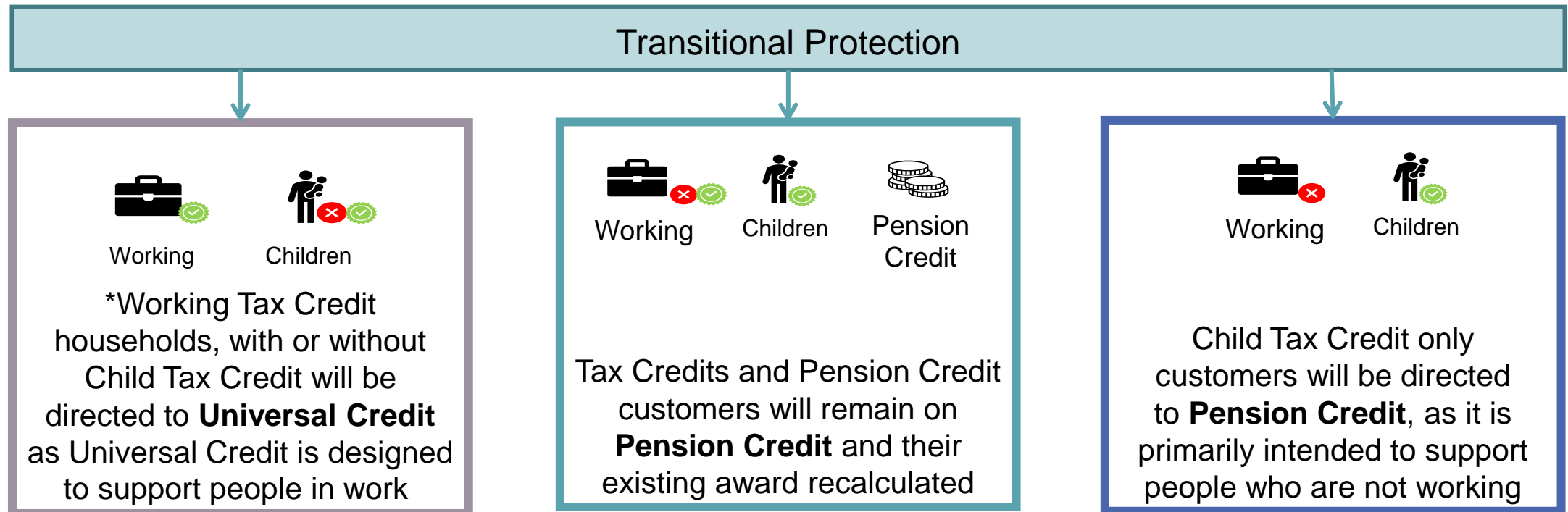
# Notifications to be issued to pensioner tax credit households

- Customers **moving to Universal Credit** will receive a '**Migration Notice**' asking them to claim **Universal Credit** within a 3-month deadline stated on the Notice.
- Customers **moving to Pension Credit** will receive a '**Tax Credit Closure Notice**' asking them to claim Pension Credit within a 3-month deadline also stated on the Notice.
- Those already in receipt of Pension Credit will also receive a Tax Credit Closure Notice to tell them that their tax credit claim will be closing, and their Pension Credit claim will subsequently be reassessed, and adjusted where appropriate, to take account of tax credits ending.

# Tax Credit Migration to DWP benefits

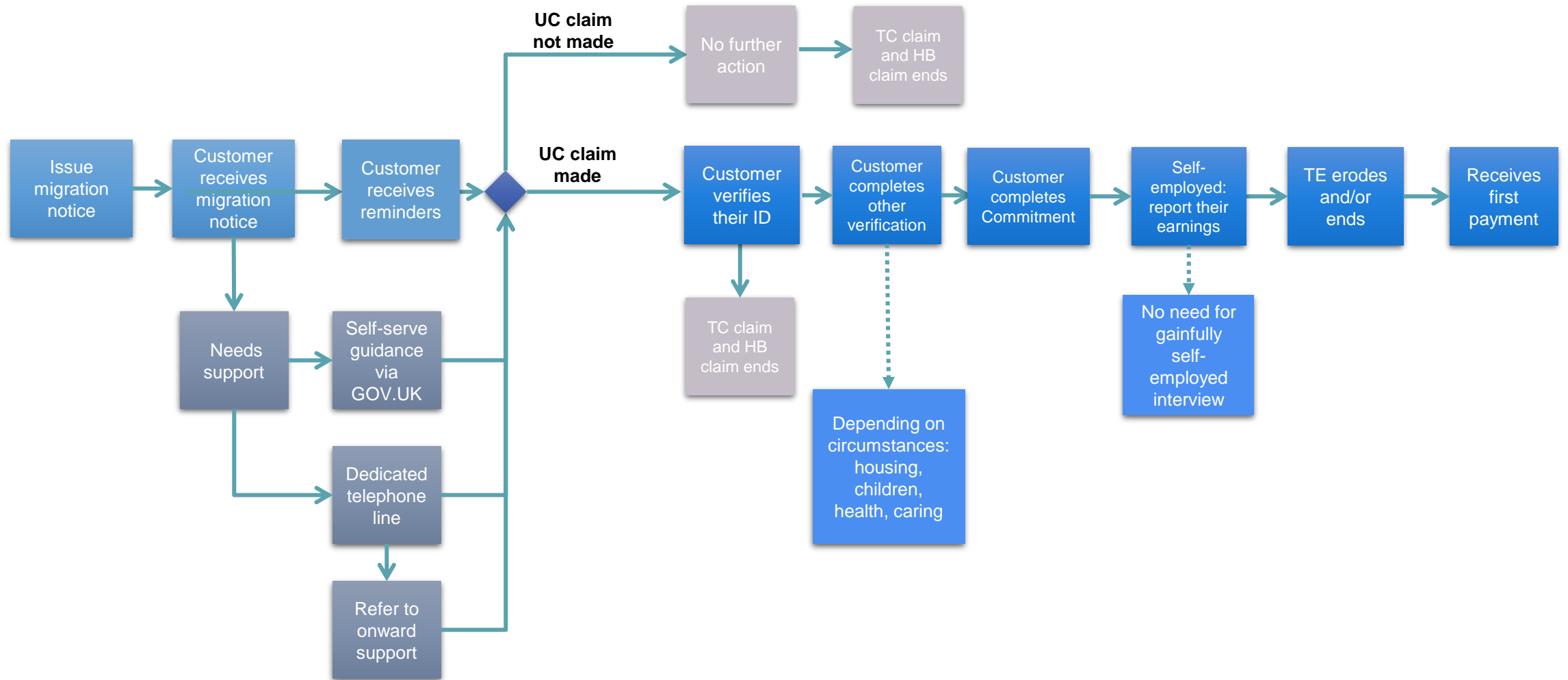
DWP has taken a 'hybrid approach' for moving pensioners from tax credits to DWP benefits. This approach is based on the principle that Universal Credit can provide the most appropriate in-work support, whilst Pension Credit can provide support for those not working, but with dependent children. This approach is aimed at providing a smooth transition for customers currently receiving tax credits.

Customers may be entitled to Transitional Protection under any of the 3 hybrid options below but must wait for their letter and claim the benefit stipulated by the deadline as set out in their Notice.

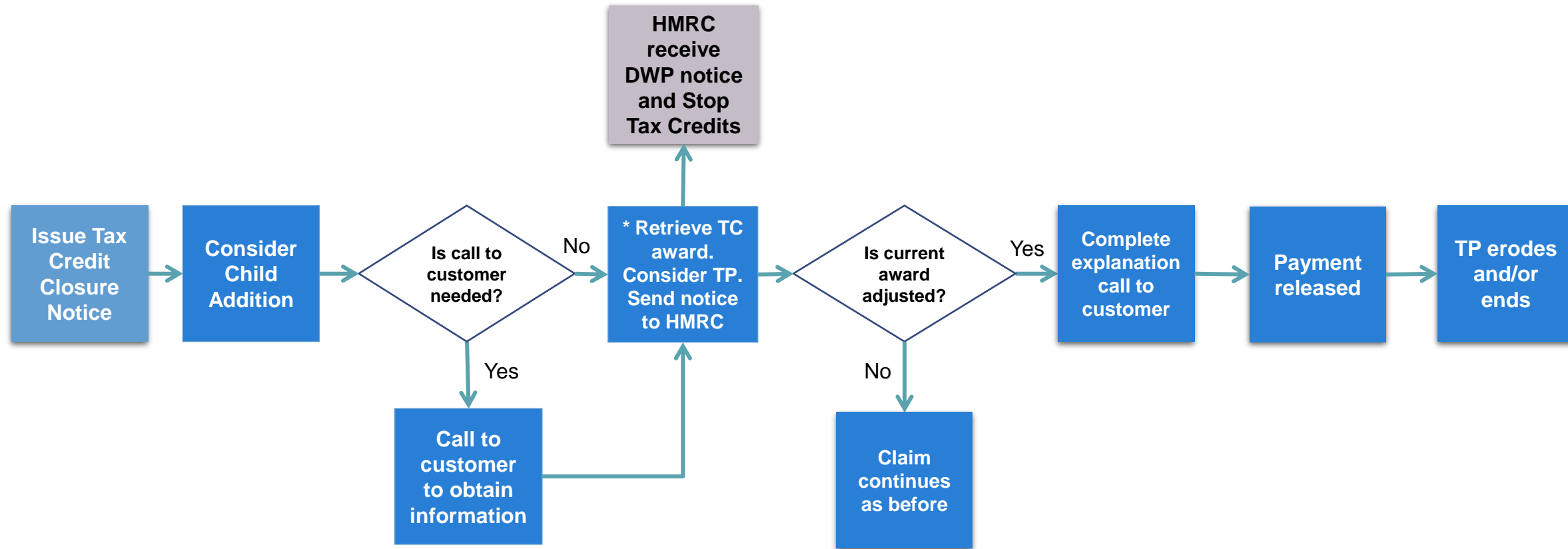


\* Working Tax Credit includes claims where only Child Tax Credit is in payment because earnings have reduced Working Tax Credit to 'nil'.

# Move to UC Customer Journey for Pension Age Customers



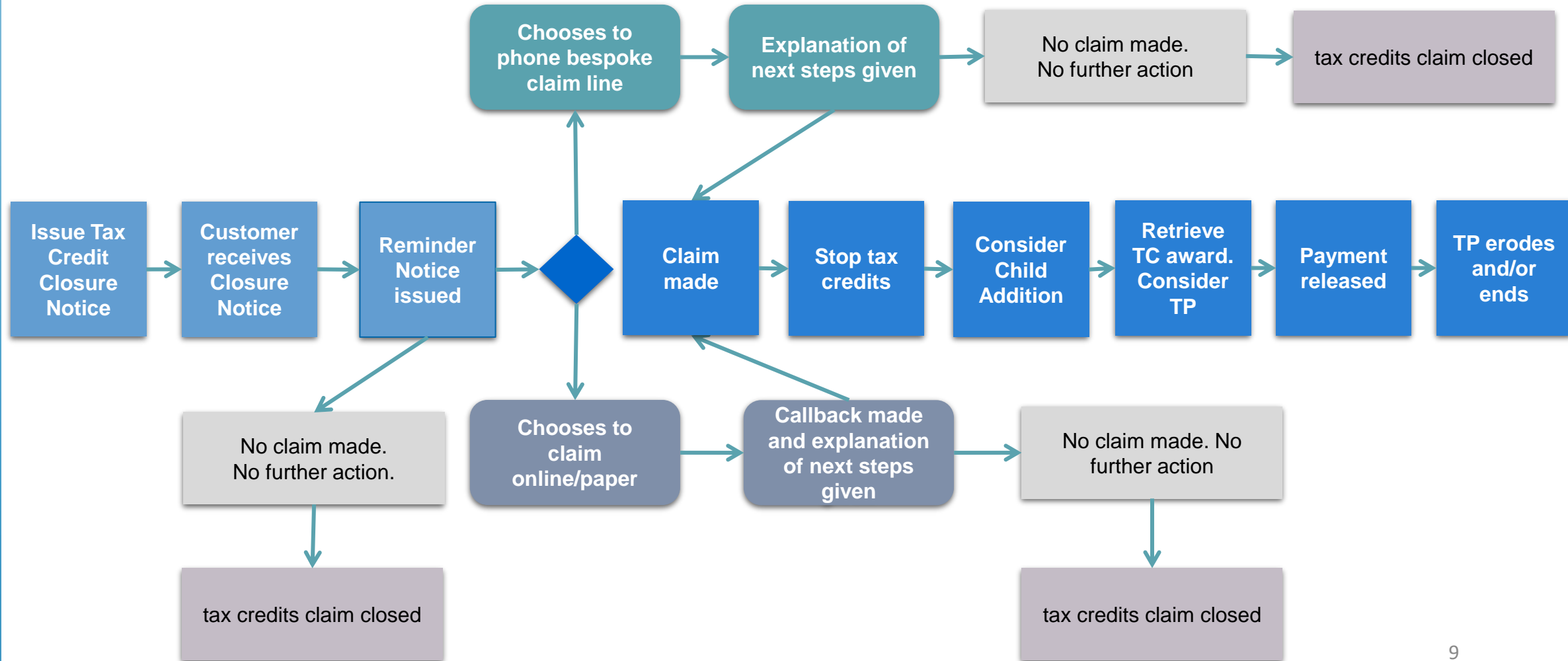
# Existing Pension Credit Customer Journey



\* revised award of Pension Credit cannot be finalised until the tax credit award can be closed. At the point DWP retrieve the tax credit award details they send a final notification to HMRC to stop tax credits.



# Move to Pension Credit Customer Journey



# Consideration for tax credit households moving to PC or UC

- A change of circumstances that ends entitlement to tax credits may require the household to make a new claim to Pension Credit. This sits outside the migration journey and happens when a customer who was working and claiming Working Tax Credits (without Child Tax Credits) reduces their working hours below the tax credit eligibility level.
- Transitional Protection ensures eligible customers will not receive less entitlement at the point of moving onto Pension Credit or Universal Credit.
- Customers should not claim before they receive their Notice. Only customers who have a Notice to migrate to Universal Credit or Pension Credit, will be covered by Transitional Protection\*.
- Households who choose not to claim Pension Credit or Universal Credit when asked to do so, before the stated deadline will not be entitled to Transitional Protection (unless exceptional circumstances apply). Tax credits and any legacy benefit claims, such as Housing Benefit will still end on the deadline date.
- Households in receipt of Housing Benefit at time they receive a Migration Notice and wanting to continue receiving Housing Benefit once their claim ends, rather than claim Universal Credit, **must** reclaim Housing Benefit as soon as possible (within 3 months of the most recent housing Benefit claim ending). They should seek advice from their Local Authority about backdating of their claim for Housing Benefit, and to which date that applies.
- Households in receipt of Housing Benefit at time they receive a Tax Credit Closure Notice, inviting them to claim Pension Credit, will continue to receive Housing Benefit once their Tax Credit award ends, if they don't claim Pension Credit.
- Customers that receive a Migration Notice to claim Universal Credit can choose to claim Pension Credit, however they will **not** be entitled to Transitional Protection if they do so. Once a claim to Pension Credit is made, the option to claim Universal Credit is closed.

\* Subject to claiming before the deadline date, or within the 1-month grace period after the deadline date

# Verification of a customer's identity during the claim process

## Universal Credit

Customers claiming Universal Credit will be asked to verify their identity. Examples of commonly used documents to verify identity are:

- Driving licence
- Passport
- Debit Card
- Payslip or P60

For more information go to: [How to verify your identity for Universal Credit](#).

## Pension Credit

Customers claiming Pension Credit may not be required to verify their identity, as most customers will already be in receipt of State Pension. Where State Pension is not in payment, DWP will contact the customer to arrange for State Pension to be claimed, and identity verified.

# Information needed when claiming Universal Credit or Pension Credit

Before making a claim to Universal Credit, or Pension Credit, it is helpful for customers to have the following information to hand, where applicable:

## **Universal Credit**

- Bank, building society or credit union account details
- Email address – both adults in the household will need a unique one
- Housing cost details, for example how much rent is paid
- Earning information, for example payslips
- National Insurance number, if one is held
- Other benefits, including those not being replaced by Universal Credit, for example PIP or Carers Allowance
- Details of any disability or health condition that affects a person's ability to work
- Childcare costs, if appropriate
- Details of savings or any investments, like shares or a property that a customer rents out

## **Pension Credit**

- National Insurance number
- Information about any income, savings and investments you have
- Bank account details

# Request for a Migration / Closure Notice Extension

- Households will receive a Tax Credit Closure Notice to move to Pension Credit, or a Migration Notice to move to Universal Credit. The Notice will clearly state the date by which they are required to claim Pension Credit or Universal Credit, to continue to receive financial support.
- **Households have 3 months to make a claim from the date the Closure or Migration Notice was issued.**
- Some customers may have a good reason to require more time to make their claim. Where this is the case, customers should contact the Universal Credit Migration Notice Helpline or the Pension Credit Claim Line, explain why they are struggling to meet the deadline. It may sometimes be appropriate to extend a customer's claim by date, to ensure a successful transition.
- Extensions can be sought in **exceptional circumstances\***.
- When an extension request is accepted this does not mean the customer will never have to claim Universal Credit or Pension Credit. They will be sent another Migration Notice or Tax Credit Closure Notice in the future if their entitlement to benefit remains.
- Where households claim Universal Credit or Pension Credit within an extension period, they will be assessed for Transitional Protection and awarded it, where eligible. These extensions are not open-ended but further extensions can be added if required and the reason remains appropriate to extend.

\* Extensions are considered on an individual basis and therefore examples aren't provided.

# Request for a Migration / Closure Notice Cancellation

- If a customer has had a change of circumstances since receiving their Notice which moves them into one of the deferral or exclusion categories, or if the customer has complex needs and cannot make a claim to Universal Credit or Pension Credit even with support or an extension, a cancellation request can be made. Requests cannot be considered when a customer's deadline date has passed or when a customer has made a claim to Universal Credit or Pension Credit.
- The cancellation request will be considered, and if approved DWP will make sure the customer understands the impact of a Migration / Closure Notice cancellation. The relevant Notice cancellation letter will be issued to the customer to inform them of the decision and that they will **no** longer be eligible for Transitional Protection, until a further Notice is issued.
- When a cancellation request is accepted this does not mean the customer will never have to claim Universal Credit or Pension Credit, as they will be sent another Migration / Closure Notice in the future.
- Customers need to be aware that if the Migration / Closure Notice is cancelled, should they make a claim to Universal Credit or Pension Credit in the future, they may find that they get less money on Universal Credit or Pension Credit than they receive from current benefits, or indeed might not be entitled at all.
- However, if a customer requests a cancellation or is sent a new Migration / Closure Notice, where their circumstances haven't changed, and they claim Universal Credit or Pension Credit within the deadline set, they will be considered for Transitional Protection.

**NB: Tax credits will end on 5th April 2025, so there will be a time limit to when cancellations can be applied for, to ensure all households do not lose out financially.**

# Telephony Claims

## Universal Credit

The standard process to make and maintain a Universal Credit claim is via the online self-service system. Customers will ordinarily need to be able to use online services to make and maintain their Universal Credit claim.

We appreciate the difficulty and uncertainty that some customers may face in using government digital platforms, and as such DWP is committed to help and assist where able.

If customers are unable to apply online - they might be able to apply for Universal Credit over the phone in exceptional circumstances.

*Help to Claim* - Customers can get free support from trained advisers to make a Universal Credit claim.

## Pension Credit

The best way to make a claim to Pension Credit for tax credit recipients is by telephone. This will enable a bespoke team to capture all the information needed to decide a claim. This is particularly beneficial as we will be considering parental responsibility to determine Child Addition eligibility [Pension Credit: What you'll get](#).

The Tax Credit Closure Notice will supply customers with details of the claim line and how to access the bespoke team. DWP agents will capture the claim information and offer explanations of next steps. This line will be open **Monday to Friday between 8am – 6pm**. For those that prefer not to call, they will have the option of claiming online or on a paper form. We will need to speak with these customers to ensure we have all the information needed to process their claim.

# Deferring Pension and Notional Income

Customers who have reached pension age but have chosen to defer applying for their state or non-state pension, would normally have the unclaimed pension taken account as '**notional income**' in the calculation of the benefit award for Pension Credit or Universal Credit. However, in tax credits, this notional income is ignored.

Notional income is income a customer does not actually receive but they are treated as being in receipt of.

To smooth the transition from tax credits, if the customer is deferring a pension at the time they are sent a Migration Notice or Tax Credit Closure Notice, on migration, the unclaimed pension income will be disregarded for up to 52 weeks on Pension Credit, or 12 qualifying assessment periods in Universal Credit. This is to allow time for customers in this position to make appropriate decisions about when to claim their pension.

This aligns with the transitional protection for tax credit customers who have migrated to Universal credit with capital over £16,000, which is disregarded for the first 12 qualifying assessment periods.



# Impact on State Pension Deferrals

- Tax credit customers who have delayed (deferred) claiming their State Pension need to be made aware that on migration to Pension Credit or Universal Credit, they will not be able to build up any further State Pension increase or, for those who reached state pension age before 6 April 2016, deferral lump-sum payment.
- This is because **receipt of certain social security benefits** (e.g. Universal Credit, Pension Credit, Carer's Allowance or Widow's Pension) **excludes** a person **from being treated as deferring**. Therefore, there is no accrual of extra State Pension for that period. This is also the case if a customer's partner is in receipt of certain benefits.
- Customers may need to consider whether it would be in their interest to claim their State Pension at this time.
- State Pension claims can be backdated for up to 12 months. There will be no off setting of State Pension due from tax credits previously paid. However, once receiving Pension Credit any backdating of State Pension could be recovered from Pension Credit already paid.
- Tax credit recipients in this position need to think carefully about their options on receipt of a notification to move to Pension Credit or Universal Credit.
- Further information on the deferral rules is available at: [Delay \(defer\) your State Pension: How it works](#).

# Protected Mixed Age Couples

Since 15th May 2019 couples only qualify for Pension Credit and Pension Age Housing Benefit (PAHB) once both partners have reached State Pension age. However, mixed age couples (MACs) (couples where one member is above, and the other below, State Pension Age) who were entitled to either Pension Credit or PAHB before the 15th May 2019 are 'protected' from this change – provided they remain entitled to one or other benefit and there has been no break in claim since then.

For more information, go to: [Mixed age couples: benefit impacts of ending access to Pension Credit and pension age Housing Benefit.](#)

## **'Unprotected' MAC**

For MACs in receipt of tax credits who are not 'protected' they will be migrated to Universal Credit regardless of whether they are in receipt of Working Tax Credits (WTC), or Child Tax Credits (CTC) only. The claim for Universal Credit falls in line with existing policy for MACs.

## **'Protected' MAC**

'Protected' MACs who are in receipt of WTC will be asked to migrate to Universal Credit, and their PAHB award will end. They will receive housing support through Universal Credit, as well as transitional amounts as applicable. Protected MACs in receipt of WTC can choose to claim Pension Credit instead but will receive no transitional amounts.

MACs in receipt of WTC who choose not to move to Universal Credit or claim Pension Credit need to be aware that both tax credit and PAHB claims will be closed immediately after the deadline for claiming Universal Credit. They will be able to reclaim PAHB (if they remain eligible) but must do so within 3 months of PAHB ending.

'Protected' MACs who are only receiving CTC will be asked to migrate to Pension Credit or have their Pension Credit claim reassessed if they are already claiming Pension Credit. If they are in receipt of Housing Benefit at the time of receiving a Tax Credit Closure Notice, HB will not be cancelled once their Tax Credit award ends even if they do not claim Pension Credit.

To ensure that protected MACs do not lose their protected status if they later move off Universal Credit, DWP are making arrangements to allow MACs to reclaim PAHB or claim Pension Credit (where eligible), if they remain members of the same couple and claim within 3 months of the Universal Credit award ending.

# Non-application of the Benefit Cap

The Benefit Cap is a limit on the total amount of benefit a household can receive. It applies to most people aged 16 or over who have not reached State Pension age but will not apply if a customer or their partner are in work and earn more than the Benefit Cap earnings threshold after tax and National Insurance contributions.

The Benefit Cap is designed to incentivise working-age customers to take up work and stay in work.

However, as pension age customers do not have the same conditionality requirements as working age customers, it would be unfair to administer the benefit cap.

The **Benefit Cap will therefore not apply to single pensioners or pensioner couples who move to Universal Credit.** However, it will still apply (as is currently the case) to Mixed Age Couples.

# Minimum Earnings Threshold for Pensioners

Pensioners are not subject to work related activity requirements / conditionality and this will continue to be the case for those that are manage migrated to UC. Therefore, the requirements of the current Administrative Earnings Threshold will not apply.

For those pensioners who are self-employed there will **not** be a Minimum Income Floor (MIF) level set at any time after they are migrated to UC.

However, whilst there are no conditionality requirements, there still needs to be a definition as to what classifies as working for the purposes of claiming UC. A new minimum earnings threshold (MET) is therefore being introduced for both employed and self-employed pensioners who are migrated to UC.

**MET refers to monthly equivalent monetary value of 16 hrs per week X National Living Wage.**

Transitional Protection will apply for the first 12 assessment periods on Universal Credit before the MET takes effect. Only pensioners defined as working above the MET will be eligible to claim Universal Credit beyond this protection.

Where employed or self-employed household's earnings fall below the MET for 3 consecutive months, from the 10th assessment period onwards, Universal Credit will end after that 3rd consecutive month. After this point they will no longer be eligible for Universal Credit, and the claim will be closed.

Households that meet the eligibility criteria for Pension Credit may make a claim, if their earnings reduce below MET.

Households who experience a temporary increase in earnings that ends their Universal Credit award are entitled to reclaim Universal Credit if their earnings reduce to Universal Credit eligibility levels, within 4 months of their last UC claim ending. Their Transitional Protection will then be reinstated.

# RTI and Self-Reported Earnings for Universal Credit

## Real time Information (RTI)

RTI is the database that holds Pay As You Earn (PAYE) information relating to people working for employers and in some cases, those receiving occupational pensions. Employers are required to submit PAYE information electronically to HMRC on or before the date the employee is paid.

This does not include self-employed income; employees who are paid below the lower earnings limit and do not have another job or are in receipt of expenses or benefits; and those employers who are exempt from online reporting.

HMRC sends this information to DWP, and it is used to calculate Universal Credit payments.

## Self-Reported Earnings

Self-reported earnings are earnings reported by a customer direct to the Universal Credit, where RTI is not available.

For Universal Credit purposes customers are required to self-report their earnings and expenses **each month** via their online account. Customers must do this even if they did not have any income or expenses that month. They will be sent a reminder to do this by text message or email (depending on their declared preference).

Universal Credit payments will not be sent until income and expenses have been reported. If reported late, payment may be delayed - [Reporting self-employed earnings](#).

# Council Tax Reduction

The Council Tax Reduction (CTR) scheme, that replaced Council Tax Benefit, is for households that have a low income which may result in them having to pay reduced or, in some cases, no council tax. Customers will need to contact their Local Authority to make a claim.

To qualify for a CTR, customers must:

- Be on a low income or be on benefits.
- Be the person responsible for paying the Council Tax.

What they get depends on:

- Where they live - in England, each council runs its own scheme, the schemes in Wales and Scotland are run nationally.
- Their circumstances (for example income, number of children, benefits, residency status).
- Household income - this includes savings, pensions and income (both customers and partners).
- Any children living in the household.
- Any other adults living in the household.

Customers will not normally qualify for a CTR if they have savings or investments of more than £16,000.

Customers in receipt of the guaranteed credit element of Pension Credit will have the whole of their income and capital disregarded and be entitled to 100% reduction.

Pension aged customers and mixed aged couples in receipt of tax credits who wish to apply for CTR, or continue to receive CTR, on moving to DWP benefits should contact their Local Authority to make a claim and determine the support available to them according to their circumstances.

For further information on CTR please see <https://www.gov.uk/apply-council-tax-reduction>

# Notification types to claim Universal Credit or Pension Credit

## Migration Notice

Households notified to move to Universal Credit, will receive a Migration Notice, advising them to make a Universal Credit claim by a specific date. This will be a minimum of three months and one day from the date the migration notice is issued.

## Tax Credit Closure Notice (1)

Households already claiming Pension Credit will receive a Tax Credit Closure Notice. This Closure Notice will tell the customer they don't need to do anything to continue receiving Pension Credit.

It will also inform that DWP will recalculate the current Pensions Credit award and include Transitional Protection if applicable and will contact the customer to advise if there are any changes to entitlement.

## Tax Credit Closure Notice (2)

Households notified to claim Pension Credit, will receive a Tax Credit Closure Notice advising them to make a claim to Pension Credit by a specific date.

When a household receives either a Migration Notice or Closure Notice (2) they **must** claim by the notified date to be considered for eligibility for Transitional Protection if appropriate.

As a result of not claiming, the customer will **not** be entitled to any Transitional Protection should they apply for Pension Credit at a later date (beyond the grace period). Pensioner households will **not** be entitled to apply for Universal Credit if not claimed through the managed migration process.

**Tax credits will stop even if a household chooses not to claim Universal Credit or Pension Credit.**

**Housing Benefit will stop even if a household chooses not to claim Universal Credit but will not stop if a household chooses not to claim Pension Credit.**

# Sources of Support

Needs support

A range of support is available to help people successfully move.

## Universal Credit support includes:

- A dedicated Move to Universal Credit telephone helpline.
- Universal Credit website: [www.gov.uk/dwp/move-to-uc](http://www.gov.uk/dwp/move-to-uc)
- A new gov.uk website dedicated to supporting households move to Universal Credit [Move to Universal Credit Campaign](#)
- Comprehensive guidance on gov.uk.
- Help to Claim, delivered independently by Citizens Advice, in partnership with Citizens Advice Scotland
- Face-to-face support in local Jobcentres.

Self-serve guidance via GOV.UK

## Pension Credit support includes:

- A dedicated claims line
- Home visiting service
- Help to Claim delivered independently by [Citizens Advice](#) in partnership with [Citizens Advice Scotland](#).
- [Age UK](#) and [Independent Age](#) can provide information about Pension Credit and pensioner benefits with [Age Scotland](#) and [Age Cymru](#) also able to support customers in Scotland and Wales respectively.

Refer to onward support

There are also independent, free and anonymous benefits calculators to check what customers could be entitled to, which can be accessed through [Benefits Calculators](#).

[Advicelocal](#) also provides links to tailored information for local areas, including details of free, independent advice organisations who can help customers get the information and support that they are looking for.



# Regulation changes

Regulation changes to support moving Pension aged tax credit customers to Universal Credit or Pension Credit were laid on 9<sup>th</sup> May 2024. A link to those changes is below.

- [The Social Security \(State Pension Age Claimants: Closure of Tax Credits\) \(Amendment\) Regulations 2024](#)
- [The Welfare Reform Act 2012 \(Commencement No. 31 and Savings and Transitional Provisions\) \(Amendment\) Order 2024](#)