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Information request

Your literature states you may give a person entitled to pension credit an assessed income period - what is the criteria for giving an AIP?
If there is no criteria, how do you decide who can have an AIP?
How do you determine whether the AIP should have an end date?

DWP response

The rules governing assessed income periods can be found within the State Pension Credit Act 2002 and State Pension Credit Regulations 2002.

An assessed income period may be set if a Pension Credit customer is 65 or over (or, if they have a partner, one of them is at least 65 and the other is at least 60). This means that they do not need to report changes to pensions, annuities, equity release payments or capital as they happen. Other changes in circumstances still have to be reported.

The assessed income period normally lasts for five years, but it may be shorter if, for example:-

- the customer or their partner will be 65 in the next five years, or
- they expect a second pension or annuity to start or change within the next 12 months (other than because of a normal yearly increase), or
- they expect their capital to change significantly in the next 12 months.

If a customer is aged 75 or over when the assessed income period is set, it will be set indefinitely – so it will not end automatically after five years. It will, however, still end if the customer:-

- starts to be treated as a member of a couple
- stops being treated as a member of a couple (for example, if their partner dies, or goes permanently into a care home, or they or their partner go into hospital for more than a year)
- goes permanently into a care home
- temporarily stops getting a pension or annuity, or the amount they get goes down temporarily (for example, payment of a pension from abroad stops because of problems in the country in question) and they ask for their Pension Credit to be recalculated
- is no longer entitled to Pension Credit

It may be worth noting, however, that the Government is proposing to abolish assessed income periods. Those proposals are part of the Pensions Bill currently before Parliament and will be subject to Parliamentary approval.

Should Parliament approve the reforms, from 6 April 2016 no new assessed income periods will be set, and existing assessed income periods with a specified end-date will be phased out. The intention is that indefinite assessed income periods already in place at 6 April 2016 will continue until they end under the existing rules (for example, if a person enters a care home permanently).