



Department  
for Work &  
Pensions

**GUY OPPERMAN MP**  
Minister for Pensions

Rt Hon Frank Field MP  
Chair, Work and Pensions Select  
Committee  
House of Commons

23 April 2018

Dear Frank,

Thank you for your letter of 27 February. You will have seen that the ad-hoc statistical release which I referred to in my previous letter was published on 28 February. It provides further details of the impact of the mixed age couples policy changes.

As I have set out in previous letters, the Welfare Reform Act 2012 amended the entitlement conditions for Pension Credit so as to require both members of a couple to have reached the qualifying age for Pension Credit before the couple can be entitled to it. This change ensures people cannot access pensioner benefits before they have reached State Pension age, so taxpayer support is directed to where it is needed most. We have always made it clear that mixed age couples already claiming Pension Credit or Housing Benefit for pensioners immediately before 15 May will not be affected for as long as they remain in receipt of either benefit after that date. For new claimants after 15 May, if the couple are eligible for Universal Credit, the younger partner will have access to the tailored support provided by work coaches to help them find work or progress in work. No work-related requirements will be applied to the older partner. And just to be clear, this change does not affect when either member of the couple can start receiving their State Pension.

For the avoidance of doubt, the latest data provided in this statistical release does reflect the changes planned to the state pension age up to 2028.

On notional losses, by definition, these are couples who would not be claiming either Pension Credit and/or Housing Benefit for pensioners before the changes come into effect.

As individual circumstances for future mixed age couples would vary considerably case by case, it is not possible to predict what their corresponding pension-age benefit entitlements might have been before the policy change and

what their corresponding working-age benefit entitlement might subsequently be after the policy change. Crucially, basing a figure simply on the difference between the standard rate for a couple in Pension Credit and Universal Credit (UC) to calculate an average notional loss does not take account of the range of different individual circumstances. It also does not account for the benefits of members of mixed-age households entering employment and taking on more hours, and the fact that, for those younger partners that are not in work, the support provided by work coaches will provide an opportunity to find work, increasing both the potential to earn but also to save for retirement. By contrast, of course, people claiming Pension Credit and looking to move into work face a pound for pound withdrawal of benefit after a £10 disregard.

Given these variables no further modelling around passported benefits has been undertaken in 2012 or since. For those on Universal Credit, extra support for a variety of needs exists, including health costs, free school meals and cold weather payments, depending on personal circumstance and where a couple live.

The Government is committed to ensuring economic security for people at every stage of their life, including when they reach retirement. Alongside Pension Credit, we are committed to the Triple Lock for the remainder of this Parliament, ensuring that people have security in their retirement and in 2018/19 we are spending over £120 billion on benefits for pensioners including £97 billion on the State Pension.

The overall trend in the percentage of pensioners living in poverty is a dramatic fall over several decades. Relative pensioner poverty rates (BHC) have halved since 1990. Rates of material deprivation for pensioners are at a record low. Since 2009/10, material deprivation for pensioners has fallen from 10% to 7% in 2017/18.

As the Government makes no forecast of poverty rates, an assessment of the impact of the mixed age couples changes on poverty has therefore not been made. The mixed-age couples changes are designed to provide work incentives for younger partners who, under Pension Credit, would receive effective tax rates of 100%. Work is the best route out of poverty – adults living in a household with no adult working are twice as likely to be in relative poverty (after housing costs) than those living in a household with one adult working. And this Government is determined to support the most vulnerable from poverty through Universal Credit, which is more generous than the legacy system it replaces.

I note that at the WPSC meeting on 11 March a question was asked about the length of time it has taken to implement the mixed age couples provision. As the Committee will be aware, this change was voted for, and approved by, Parliament during the passage of the Welfare Reform Act 2012 and it has been

the Government's intention that it would be implemented once no new claims could be made to the benefits and Tax Credits which were due to be replaced by Universal Credit. Since this was in February 2019, that was also the right time to announce this change with implementation in May 2019.

Finally, I think it is really important to re-iterate that existing mixed aged couples, who remain entitled to either Pension Credit or Housing Benefit for pensioners will be unaffected. Households not already claiming Pension Credit or Housing Benefit for pensioners on 14 May will not see an actual cash loss as a result of this policy – they will remain on their existing level of benefit income until the younger partner has also reached State Pension age.

Please accept my apologies for the delay in replying.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Guy Opperman', with a large, sweeping flourish underneath.

**Guy Opperman MP**  
**Minister for Pensions and Financial Inclusion**