

## Can family members claim state pension ‘babysitting’ credits?

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**COVID-19 has caused significant disruption to how children have been and are being cared for due to the closure of schools, out of school clubs and other childcare facilities.**

During full lockdown, family members might have had limited ability to support parents with childcare. However, as restrictions are relaxed and more parents start to go back out to work, grandparents or other relatives might assume some childcare duties to help ease the burden. Note that we use the term ‘parent’ in this article, but the rules also apply to others with responsibility for a child.

Where families make such arrangements, advisers should note that those looking after a relative’s children may be able to increase their future state pension by claiming Specified Adult Childcare credit. This will be useful to family members who are not themselves paying NICs or are otherwise entitled to national insurance credits.

### **Potential issues resulting from COVID-19**

In more ‘normal’ times, grandparents are probably the biggest group of such ‘family carers’, but due to COVID-19, they might no longer be providing childcare – particularly if they are older or otherwise vulnerable. This means that they might no longer be eligible to claim national insurance credits while they are not (or have not been during lockdown) providing childcare.

The law says that the credits can be transferred for ‘relevant weeks’ in which care was provided for a child under 12. It could be that, say, a grandparent provided care for relevant weeks in the 2019/20 tax year up to mid-March 2020, but due to the introduction of social distancing measures and then full lockdown, they stopped providing that care. Based on the strict wording of the law, it would seem they could not claim Specified Adult Childcare credits for weeks that they do not actually provide the care. It is not yet clear whether the government would consider relaxing this requirement for those who would have been providing care if it were not for the virus outbreak.

Importantly, other adult relatives such as an aunt or uncle can also make claims for these credits, so if they start providing childcare due to the COVID-19 situation, they might become eligible for credits for the weeks in which they provide such care.

A list of who is considered a ‘family member’ for the purposes of these credits is found on GOV.UK’s Specified Adult Childcare credits factsheet (see <https://tinyurl.com/yczfk5d>).

### **Transferring credits**

While the parent is working, they are probably paying NICs (or being credited with them if earning over the lower earnings limit). However, they will also be receiving NIC credits towards their state pension by reason of a child benefit claim. Even if the parent has chosen not to receive child benefit because of the High Income Child Benefit Charge, they will still receive these NIC credits as long as they have claimed child benefit. It is therefore possible for the ‘spare’ credits (Specified Adult Childcare credits) to be transferred to a relative who looks after the child.

The following conditions have to be satisfied for the year for which it is intended to transfer the NIC credits:

The relative:

- has not already reached state retirement age;
- looks after a child or children under the age of 12 – although this is perhaps likely to be while the child or children’s parent or main carer is working, the law does not specifically state that the care provided has to directly relate to working;
- does not already have a qualifying year in their own right, through their own contributions or NIC credits; and zzis ordinarily resident in the UK.

The parent:

- does not need the NIC credits from their child benefit claim for their own NIC record. Their record can be checked after the end of the tax year in question, though it is unlikely to be fully up to date until October after the tax year end.

Both the family member and the parent:

- make a joint claim at the relevant time.

Both the person giving up the credits and the person claiming them need to complete and sign the claim form CA9176. Claims can be processed for as far back as 2011/12, so it is worth checking past years.

If childcare arrangements have switched from one family member to another, more than one application might be needed for a tax year. As credits are transferable based on weeks rather than the year as a whole, one family member might be able to claim the credits for some weeks, and another could claim them for other weeks.

It is the person who has claimed the child benefit who may be able to give up the NIC credits. This is often the mother, but may not be. Other people who might claim the credits include the partner of the child benefit claimant. They would claim

on form CF411A.

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