

Benefits System Overview

The benefits system available to people living in the UK regularly changes and often there are several systems running simultaneously as the changes are gradual. This makes the system complex. Below is a short summary of the main types of state benefits:

Contribution based benefits vs. means-tested benefits

Contribution based benefits depend on your national insurance contributions and include new and old style JSA, ESA and the state pension. Generally, your savings and other sources of income in your household are not considered when these benefits are claimed, but there are some exceptions such as receiving work pension for contributory ESA/JSA. Means-tested benefits act either as an income replacement benefits (such as Income Support, income related JSA and ESA, UC) or income top ups (such as Housing Benefits, tax credits, pension credit and UC) and your household income and savings are taken into account. Also, your circumstances are considered including whether you are single or a couple, how many dependent children, if any, you have, is there anyone with disabilities in the household, what housing costs you have and others. In practice, you can receive a contribution based benefit/earnings topped up by an income based benefit or contribution based benefit only or income related benefits only.

Working age benefits vs. benefits for people over retirement age

Some benefits are intended to people of working age (Income Support, ESA/JSA, UC) whereas others are claimed by those over the retirement age. Please see a separate article on the retirement age benefits. Universal Credit generally applies to the working age people, including where there is a couple where one person has reached the state retirement age and another is of working age.

Disability Benefits

These ones are generally non-means tested, non-taxable and non-contributory. This means that they could be paid on top of other sources of income. Sometimes claiming disability benefits can increase the entitlement to means tested benefits or create the eligibility to another benefits/discounts. The main three types are: Personal Independence Payment (PIP), Disability Living Allowance (DLA) and Attendance Allowance (AA). The Armed Forces Independence Payment is also a disability benefit paid to the members of the HM Armed Forces at the highest rate which overlaps with DLA,AA and PIP. A person can only claim one of these benefits at a time. DLA is currently the disability benefit for children under 16, PIP can be claimed from the age of 16 until the retirement age (but if you claimed PIP before reaching the state retirement age you can continue receiving it until it ends), and AA is claimed after you reach the state retirement age.

For more information about different benefits, go to the Citizens Advice page: <https://www.citizensadvice.org.uk/benefits/> and/or seek advice from Citizens Advice, Royal British Legion, SSAFA and independent welfare organisations.

For free benefits checks, go to one of the following websites:

Entitled to benefit calculator: <https://www.entitledto.co.uk/>

Turn2Us: <https://benefits-calculator.turn2us.org.uk/AboutYou>

Policy in Practice: <https://www.betteroffcalculator.co.uk/free>