

## **Money Management – Benefits – treatment of military pensions and disability payments in the wider benefits system**

This is a short guidance on how the payments to the ex-service personnel are treated by the UK benefits system. Generally, legacy means-tested benefits such as income support, pension credit, income related ESA or JSA or Universal Credit take into account any income and capital you receive, however some income is disregarded.

**Armed Forces Compensation Scheme (AFCS) lump sum payment** – treated as capital in full.

**Guaranteed Income Payment (GIP)** – disregarded for Universal Credit (UC), with legacy means tested benefits, only £10 p.w. are disregarded, for tax credits GIP is disregarded. With HB, most local authorities apply discretionary disregard, otherwise £10 p.w. disregard.

**Survivor's Guaranteed Income payment** – disregarded for UC, with legacy means tested benefits, only £10 p.w. are disregarded, for tax credits, £300 per year are disregarded.

**Bereavement grant** – treated as capital in full.

**War Pensions** – gives exemption from benefit cap, disregarded for UC

**War Widow's Pensions** – gives exemption from benefit cap, disregarded for UC

**Armed Forces Independence Payment** – disregarded fully for the means tested benefits and provides exemption from the Benefits Cap. If you claim AFIP, you won't be able to claim PIP/AA/DLA.

**Military pension** – is taken into account in full.

**If you or your partner receive an Armed Forces Compensation Scheme you will be exempt from the Benefit Cap.**

**Earnings from reserve forces training** – earnings for a maximum of 15 days in any calendar year (or 43 days in your first year of training) are counted in full for means tested benefits such as IS or JSA however an earnings disregards applies ensuring that you are still entitled to at least 10p. of benefit to protect your entitlement to passported benefits and to ensure that a new claim is not necessary when the training is completed. Similar rules with ESA (income related) if your partner receives such earnings.

For more information and assistance with the claims, contact **Veterans UK**: helpline 0808 191 4218, open 10 a.m. to 3 p.m. Monday to Friday or the website:

<https://www.gov.uk/guidance/veterans-uk-contact-us>. **The Royal British Legion** provides advice and support on matters including the Armed Forces Compensation Scheme, war pensions, benefits and others, contact the helpline on 0808 802 8080 or [www.britishlegion.org.uk](http://www.britishlegion.org.uk)

