

REDUNDANCY, FINISHING WORK AND BENEFITS

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If your job finishes due to redundancy or a voluntary severance scheme, benefits you are receiving may be affected and you may need to claim other benefits. Payments you get from your employer in these situations may affect benefits. Benefit rules are complicated and are often changing. This factsheet is a summary to help you get what you are entitled to and avoid problems.

GETTING A REDUNDANCY OR SEVERANCE PAYMENT

When you finish work you may get statutory redundancy pay or a lump sum payment from your employer. These payments may count as capital if you are claiming a 'means tested benefit'.

Means tested benefits include Income Support, Income related Employment and Support Allowance, Income based Jobseekers Allowance, Universal Credit, Pension Credit, Housing Benefit and Council Tax Reduction.

If you are under pension age you cannot get most 'means tested' benefits while you have capital (savings) of £16,000 or more. This includes your partner's capital. If you have capital between £6000 and £16,000 you are treated as having a £1 a week income for every £250 in excess of £6000, called 'tariff income'. These amounts are more generous for people of pension age.

IF THE BENEFIT OFFICE THINKS YOU HAVE SPENT CAPITAL OR SAVINGS TO HELP YOU GET MORE BENEFIT

In this case you can be treated as though you still have the money - called notional capital. This rule may apply even if you use the money to pay off a mortgage. If you claim a benefit and it is refused or you get paid a reduced amount because of this rule it is important to seek advice. Details at the end.

NOT SURE WHAT TYPE OF PAYMENT YOU WILL GET?

If you have been offered or paid a lump sum because your job is ending but you are not sure what type of payment it is, seek advice.

WHAT HAPPENS TO WORKING TAX CREDIT WHEN YOU STOP WORK?

You get Working Tax Credit (WTC) when you work 'full time'. This can mean 16, 24 or 30 hours or more a week. You must inform HMRC if your job finishes or you stop working 'full time'. Phone the Tax Credits helpline on 0345 300 3900 or go to: www.hmrc.gov.uk/taxcredits. You can carry on getting WTC for 4 weeks after you finish work. It will count as income for any means tested benefits you claim in that period.

If you have a partner who satisfies the full time rules, you may be able to carry on getting WTC based just on their earnings. In this case you have a choice:

- You can let Revenue and Customs know as soon as you stop work and they can reassess you straight away - so you should get more WTC. If you then get another job in the same financial year you will have to let Revenue and Customs know about your new earnings or you will be overpaid WTC.
- Or you can wait until the end of the financial year. You will then get any underpayment of WTC as a lump sum. Or it can be added to your next year's tax credits if you are still getting them because your partner is working.

WHAT HAPPENS TO HOUSING BENEFIT OR COUNCIL TAX REDUCTION WHEN YOU STOP WORK?

These are paid regardless of working hours but are affected by the amount of wages you have. So it is important you notify Scottish Borders Council's Revenue and Benefits team when you stop work. See below for more details on Housing Benefit and Council Tax Reduction.

IF YOU GET A PENSION FROM WORK

A pension from your employer or through a private pension scheme is taken into account as income for means tested benefits.

Contribution based Employment and Support Allowance or Incapacity Benefit is reduced if you get a work or private pension of more than £85 a week. The amount of the reduction is 50p for every pound of pension over £85. Contribution based Jobseekers Allowance is also reduced for every pound of private or work pensions you have above £50 a week.

WHAT BENEFITS ARE AVAILABLE WHEN WORK STOPS?

You may be able to claim one or a combination of these benefits so long as you claim after your employment ends:

- Jobseekers Allowance if you are looking for work
- Employment and Support Allowance if you are not fit for work
- Income Support in some other circumstances
- Universal Credit if you meet the current eligibility criteria
- Housing Benefit for help with rent
- Council Tax Reduction for help with Council Tax
- Pension Credit if you are pension age or over and do not want to claim Jobseekers Allowance

JOBSEEKERS ALLOWANCE

Jobseekers Allowance (JSA) is for people who are available for and 'actively seeking' work. There are 2 types of JSA:

- **Contribution based JSA** which you can get for up to 26 weeks if you have paid sufficient National Insurance contributions
- **Income based JSA** which you may get if your income and capital are below certain limits. You cannot claim income based JSA if
 - you have a partner who works 24 or more hours a week; or
 - you have capital (savings) of more than £16,000

A person who is classed as leaving their job voluntarily may not be allowed to claim JSA for a certain period - called a sanction. **If you agree to voluntary redundancy or severance you should not be classed as leaving your job voluntarily.** So you should be allowed to claim JSA straight away.

HOW DO PAYMENTS AT THE END OF A JOB AFFECT JSA?

If you get a pension from work **Contribution based JSA** is reduced pound for pound by any amount over £50 a week.

For both contribution and income based JSA:

Contractual redundancy pay or severance pay only count as capital up to the amount of any statutory redundancy pay you would be entitled to. You can find out how much statutory redundancy pay you would get at: www.gov.uk/calculate-your-redundancy-pay

EXAMPLE

Ailsa would get £3000 as a statutory redundancy payment. She actually gets £10,000 when she leaves work under a voluntary severance scheme. Only £3000 of this counts as capital for Jobseekers Allowance. The rest is ignored.

Most other payments you get when you leave work, for example pay in lieu of notice, holiday pay and ex gratia payments are usually ignored.

Arrears of sick pay, maternity pay, paternity pay and adoption pay are taken into account.

HOW DO I CLAIM JOBSEEKERS ALLOWANCE?

You claim Jobseekers Allowance from Jobcentre Plus. Either by phone Monday to Friday 8am to 6pm 0800 055 6688 or online at <https://www.gov.uk/jobseekers-allowance/how-to-claim>

You can only get Contribution based JSA for yourself. You can get Income based JSA for yourself and a partner. If you have dependent children you can claim Child Tax Credit. If you qualify for Income based JSA you may get help with your mortgage interest payments, see below.

From 27 April 2015, single jobseekers meeting the eligibility criteria may be asked to claim Universal Credit instead.

INCOME SUPPORT

Income Support (IS) is a means tested benefit for people on low or no income who do not have to be available for work. You cannot claim IS and Jobseekers Allowance or Employment and Support Allowance at the same time.

You cannot claim IS if:

- you (and your partner) have capital of more than £16,000; or
- your partner works 24 hours or more a week; or
- you are pension age or over - you can claim Pension Credit instead, which is more generous.

WHO CAN GET INCOME SUPPORT?

You may be able to get Income Support if your income and capital are sufficiently low and you are not required to sign on, for example because:

- You are a lone parent with a child aged under 5. Once your youngest child reaches the cut off age you are expected to claim Jobseekers Allowance, unless you are not fit for work or have another reason for getting IS.
- You are a carer:
- You get Carers Allowance, or
- You look after someone who gets Attendance Allowance, the daily living component of Personal Independence Payment or the middle or higher rate care component of Disability Living Allowance, or
- The person you care for has claimed one of the above 3 disability benefits. Payment can be for 6 months or until the claim is decided.

There are some other circumstances when you can get Income Support.

PAYMENTS WHEN LEAVING A JOB - HOW IS INCOME SUPPORT AFFECTED?

Most payments are treated the same as for income related Jobseekers Allowance. For example, most payments you get when you leave work, for example pay in lieu of notice, holiday pay and ex gratia payments are usually ignored. However, redundancy payments including ex gratia payments and other lump sum payments are treated in full as capital.

HOW DO I CLAIM INCOME SUPPORT?

You claim Income Support from Jobcentre Plus. They expect most people to claim over the phone. The phone number to ring to make a claim is 0800 055 6688.

You can claim Income Support for yourself and a partner. If you have children you can claim Child Tax Credit. If you qualify for Income Support you may get help with your mortgage interest payments, see below.

EMPLOYMENT AND SUPPORT ALLOWANCE

Employment and Support Allowance is for people who have 'limited capability for work'.

This means unfit for work. There are 2 types of ESA:

- Contribution based ESA which you can get if you have paid sufficient National Insurance contributions
- Income related ESA which you may get if your income and capital
 - are below certain limits. You cannot claim Income related ESA if:
 - you have a partner who works 24 or more hours; or
 - you have capital (savings) of more than £16,000

PAYMENTS AT THE END OF A JOB - HOW IS ESA AFFECTED?

Contribution based ESA is not affected by most payments including redundancy and severance payments. If you get a pension from work Contribution based ESA is reduced by half of any amount over £85 a week.

For **Income related ESA** the rules on payments at the end of a job are the same as they are for Income Support, see above.

HOW DO I CLAIM EMPLOYMENT AND SUPPORT ALLOWANCE (ESA)?

You claim ESA from Jobcentre Plus. Most people are expected to claim over the phone: 0800 055 6688. Most people who claim ESA have to attend a medical examination to assess their capability for work.

Contribution based Employment and Support Allowance is only paid for you. Income related Employment and Support Allowance can be paid for you and your partner. You have to claim Child Tax Credit for dependent children.

ESA is paid at a "basic" lower rate for the first 13 weeks. Provided you pass the medical assessment you then get an extra amount.

If you qualify for Income related ESA you may get help with your mortgage interest payments, see below.

HOUSING BENEFIT (HB) AND COUNCIL TAX REDUCTION (CTR)

These are means tested benefits to help people on low incomes pay their rent and Council Tax. You cannot claim Housing Benefit (HB) or Council Tax Reduction (CTR) if you and your partner are under pension age and have capital of more than £16,000. If you are pension age or over and entitled to Pension Credit guarantee this capital limit does not apply.

The rules on how HB and CTR are affected at the end of a job are the same as for Income Support except that arrears of sick pay, maternity, adoption and paternity pay are ignored.

HOW DO I CLAIM HOUSING BENEFIT (HB) AND COUNCIL TAX REDUCTION (CTR)?

HB and CTR are administered by Scottish Borders Council. If you are claiming Income related ESA, Income Support, Income based JSA or Pension Credit by phone, your HB claim may be taken at the same time. If you are claiming these benefits with a form, you can complete a short claim form for HB and CTR with those benefits. You may be sent the information from the council to verify it. If you are not claiming any of these benefits you can claim HB and CTR directly from the Council by phone 0300 100 1800 or via their website: **www.scotborders.gov.uk**

If you qualify for Income based Jobseekers Allowance, Income related Employment and Support Allowance or Income Support you will get maximum HB and CTR. For anyone else, the amount you get is reduced by a taper for any income you have over a set 'needs allowance'.

If you live with someone who is classed as a non dependant, your HB and CTR may be reduced. Your non dependant is expected to contribute towards the cost of your rent and Council Tax.

UNIVERSAL CREDIT

Universal Credit was introduced into the Scottish Borders on 27th April 2015. It will be a staged process and initially only single jobseekers meeting certain eligibility criteria can apply.

Universal Credit will gradually replace the following existing benefits:

- Income-based Jobseekers Allowance (JSA)
- Income-related Employment and Support Allowance (ESA)
- Income Support
- Child tax credit
- Working tax credit
- Housing Benefit

WHO CAN GET UNIVERSAL CREDIT?

You can claim Universal credit if you are over 18 and under state pension age. You must be on a low income and not have more than £16,000 capital. You can claim whether you are in or out of work. You can also claim Universal Credit if you are unfit for work.

If you claim Universal Credit, your eligible housing costs will form part of your monthly payment.

PAYMENTS WHEN LEAVING A JOB – HOW IS UNIVERSAL CREDIT AFFECTED?

Your redundancy pay will be taken into account as capital.

HOW DO I CLAIM UNIVERSAL CREDIT?

A claim for Universal Credit should normally be done online at **www.gov.uk/apply-universal-credit**. If you do not have access to the internet, public access computers are available at your local Jobcentre or your local library or contact centre. It is best to book a place to avoid disappointment. If you need assistance using a computer staff will be able to assist you. If you are unable to use a computer you can call 0845 600 0723 where an advisor will complete an online claim on your behalf.

PENSION CREDIT

Pension Credit (PC) is a means tested benefit for people of pension age or over on low incomes.

Pension Credit has two elements:

- the Guarantee Credit which is like Income Support for people of pension age and over
- the Savings Credit for people aged 65 and over who have 'saved' for retirement above a certain level. This includes income from capital and private and occupational pensions. But it only goes up to certain limits and is reduced as these 'savings' get higher.

There is no upper capital cut off limit for Pension Credit. If you have capital over £10,000 you are classed as having a set amount of "tariff income" per week.

HOW DO I CLAIM PENSION CREDIT?

Pension Credit is administered by the Pension Service. You can claim by phoning the Pension Centre on 0800 99 1234, or download a claim form from the Government website

www.gov.uk/pension-credit/how-to-claim

OTHER BENEFITS

There are many other benefits which people in particular circumstances may be able to claim, for example benefits for people with disabilities, benefits for carers and benefits for children.

To check what other benefits you may qualify for see our website

www.scotborders.gov.uk/benefits

HELP WITH YOUR MORTGAGE

You may get help with the interest part of your mortgage payments if you qualify for:

- Income based Jobseekers Allowance
- Income Support
- Income related Employment and Support Allowance
- Pension Credit Guarantee
- Universal Credit

You cannot get help with mortgage payments with any other benefits. You normally have to wait between 13, 26 or 39 weeks before you can get help with your mortgage interest. This depends on when you make a claim for one of these benefits or in some circumstances, when you took out your mortgage. There is no waiting period for Pension Credit.

PART TIME WORKERS AND FINISHING WORK

If you work part time and get some of the benefits explained here while you are working, there are different rules for how payments when you finish work are treated - seek advice if this applies to you.

TAX

Redundancy payments are only taxable above £30,000. Arrears of pay and pay in lieu of notice are taxable.

GETTING HELP AND ADVICE

Welfare Benefits Service: 01896 661394 Monday, Tuesday, Thursday and Friday, 9:30am to 12:30 and Wednesday 1.30pm to 4.30pm.

DEBT: DO YOU NEED DEBT OR MONEY ADVICE?

We have entered into a contract with the local Citizens Advice Bureau (CAB). CAB will be providing general Welfare Benefits and money advice on behalf of the Council and may be able to assist with any queries regarding debt or general money advice.

FURTHER INFORMATION

Contact your local Citizens Advice Bureau – more information can be found at www.cas.org.uk
And you can find information about all the independent advice agencies in Scottish Borders on our website www.scotborders.gov.uk/benefits

THIS FACTSHEET

Was produced in conjunction with Newcastle City Council Active Inclusion Unit and updated in May 2015 activeinclusion@newcastle.gov.uk