

JRHT

JOSEPH
ROWNTREE
HOUSING TRUST

Welfare Reform:

What you need to know

Information Sheet:

Universal Credit

Universal Credit

What is the change?

The current system of means-tested benefits and tax credits for **working-age** people are being replaced with a new single benefit called Universal Credit. The aim of this is to simplify the benefits system and to ensure that claimants will always be better off in work.

When will it happen?

Universal Credit will be introduced from **October 2013** for new claimants. For existing claimants, there will be a process of transition between 2013 and 2017.

What benefits are being replaced?

Universal credit will replace the following benefits:

- Income based Job Seekers Allowance
- Income based Employment and Support Allowance
- Income Support
- Working Tax Credit
- Child Tax Credit
- Housing Benefit

It will **not include** the following benefits:

- Disability Living Allowance
- Carer's Allowance
- Child benefit
- Contribution based Job Seekers Allowance
- Contribution based Employment and Support Allowance

How will it be worked out?

- Universal credit will be paid to people both **in work and out of work**, in order to ensure that their income reaches a set standard.
- It will use a similar system to the current benefit system to work out claimant's entitlement to certain premiums based on their individual circumstances.
- Claimant's income and savings will then be looked at. If their income exceeds a set limit, then 65p for each £1 that exceeds the limit will be taken off their Universal Credit award.
- There will be no rules about hours of work as there are in the current system.

The way Universal Credit is calculated is very complicated. If you would like more information then please contact the Garth using the details on the next page.

What does this mean?

The main impact that this change will have on claimants is that all of their benefits will be paid in one **monthly** sum (excluding any Disability Living Allowance or child benefit). For claimants used to budgeting on a fortnightly basis, it may be hard to adjust. The monthly sum that you receive will include money towards your rent, so you will need to ensure that you have set up an alternative method to pay your rent, or your account will fall into arrears.

Will I be worse off?

Anybody already receiving benefits who is transferred onto Universal Credit will have their income protected at the amount they were already receiving. As the details of Universal Credit are yet to be made certain, it is unclear whether people making new claims will be any worse off than under the old system.

What is working age?

This change will only affect people of working age – those below the Pension Credit age. This age is expected to be 61 in April 2013, and will rise in line with the women's state pension age until the pension age for men and women is the same in 2018. By 2020, the government has proposed that the state pension age will be 66 for everyone.

If you are worried about these changes or would like any more information, please contact the Money and Benefits Advisers –

York and District Properties:

Paul Rose 01904 735 026 paul.rose@jrht.org.uk

New Earswick Properties:

Kathryn Wordsworth 01904 735 025 kathryn.wordsworth@jrht.org.uk