

Changes to the Benefits System (2013)

The Welfare Reform Act 2012 is bringing major changes to the benefits system, particularly for people of working age. It is mainly aimed at reforming the benefits system for people of working age, but some of the changes will affect older people too.

Here are some of the main changes:

Universal Credit will be introduced

Universal Credit will replace certain benefits for people of working age, including:

- Income Support
- Income-based Jobseeker's Allowance
- Income-related Employment and Support Allowance
- Working Tax Credit and Child Tax Credit
- Housing Benefit

Universal Credit will be introduced from October 2013. If you are in later life, you may be affected if:

- your partner is under [Pension Credit](#) age, and you are over Pension Credit age. You will no longer be able to claim Pension Credit – your partner will have to claim Universal Credit instead. But if you are already claiming Pension Credit when the change comes in you won't be affected (unless or until there is a break in your Pension Credit claim for some reason).
- you have dependent children living with you. Child Tax Credit will be abolished, and financial help for children will be provided on Universal Credit or Pension Credit.
- you are working in a low-paid job and over Pension Credit age. You will no longer be able to claim Working Tax Credit.

By 'Pension Credit age', we mean the age at which you are eligible to claim it. You don't actually have to be claiming it. This age is gradually increasing at the same pace as women's State Pension age.

Pension Credit is changing

- Because Housing Benefit is being abolished, Pension Credit will change. It will include a new housing credit to help towards rent. It is expected that this will come in for new claimants in October 2014 while if you are already receiving Housing Benefit you will be transferred to the new Pension Credit system between 2014 and 2017.
- Because Child Tax Credit is being abolished, Pension Credit will include additional amounts if you have dependent children.

- There may be a new savings limit for Pension Credit. There is currently no savings limit. If one is introduced, it will be over £16,000.
- It will be easier for carers to claim the extra amount for carers in Pension Credit.

Personal Independence Payment will be introduced, and DLA for adults will be phased out

A new benefit called [Personal Independence Payment \(PIP\)](#) will replace [Disability Living Allowance \(DLA\)](#) for people of working age who are disabled.

‘Working age’ means below 65, but this age will rise as State Pension age rises. When someone receiving PIP reaches 65, they will be able to keep claiming it as long as they still meet the criteria for it.

PIP will have two components called mobility and daily living component. Each of these components will have 2 rates of payment, depending on the level of disability of the claimant.

PIP will start to apply to some new claimants from April 2013, and to all from June 2013. If you currently get DLA you may be reassessed for PIP. If you are under 65, reassessments will start from autumn 2013. The government has not yet decided whether to reassess people who are over 65 and getting DLA when PIP is introduced.

Council Tax Benefit will be replaced with a new localised scheme

[Council Tax Benefit](#) will be abolished and replaced with local support in 2013-14. Local authorities in England will receive funding to help people pay Council Tax. Scotland and Wales will come up with their own local schemes.

The Government has said current and future pensioners in England should receive the same level of support under the new scheme as at present. Support for people of working age is likely to be reduced.

Employment and Support Allowance will change

You can claim Employment and Support Allowance (ESA) if you’re unable to work because of illness or disability. Contributory ESA used to be payable indefinitely, but now it is only paid indefinitely to people with severe medical conditions (in the ‘support group’). Everyone else can only claim it for a year.

Help with social housing rents is changing

If you’re under Pension Credit age and you [rent a house](#) in the social housing sector, you will get less help with your rent after April 2013, if you are considered to have more bedrooms than required (this has been dubbed the 'bedroom tax' by the media).

As explained above, under Universal Credit you will be treated as ‘working age’ if you are a pensioner, but have a younger partner so some pensioners may be affected by this in the future.

New benefits cap

There will be a limit on the total amount of benefits you can receive if you're of working age. It will be linked to the average earnings of a working household. It will be £350 a week for single adults and £500 a week for couples and lone parents. The cap will mainly affect people who are under Pension Credit age but may also affect you if you are over that age in certain circumstances: if you or your partner are claiming Income Support, income-based Jobseeker's Allowance or income-related Employment and Support Allowance; or your partner is claiming Universal Credit.

The cap will not apply to you if you receive Disability Living Allowance, Working Tax Credit, ESA support component or war widow's pension. The cap will start to be introduced from April 2013 through reductions in Housing Benefit.