

If you are not Monthly Paid

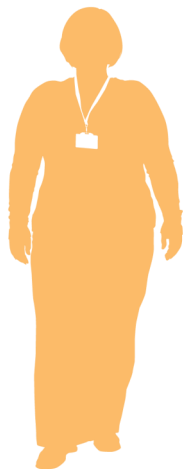
Universal Credit makes all its calculations based on **calendar monthly** figures. UC gets its data on what you have earned from HMRC's **Real Time Reporting** system.

UC does not average out your income.

If you get paid **weekly**, **fortnightly** or **intermittently**, this can cause problems with your UC payments.

Example

Helena works for a small firm that pays its staff weekly. Most months, she gets four sets of wages in her monthly assessment period but, in **four calendar months** each year, she gets **five weekly wages**. In these "five week months", she doesn't qualify for UC as her income is too high.



The following month, she should be able to get UC again by signing in to her account and asking to restart her claim.

If you get **two calendar monthly payments** in one assessment period, because one is paid early (due to a Bank Holiday, for example) you can **contact the DWP** and ask them to take account of the second one from the later date it was due.

If you sometimes receive substantially higher payments that temporarily stop you getting UC, you may be affected by **surplus earnings rules** when you claim UC again. Ask for more advice about this.

Are you Better Off on Universal Credit or Tax Credits?

These recent changes to the taper and **higher work allowances** mean some people still on Tax Credits could be much **better off on UC**. You can get an estimate of your UC entitlement from online calculators, such as the ones at Turn2Us or Entitled.to.

It is best to get a **detailed benefit check** before you claim, as you **cannot swap back** if you are actually entitled to less. Our **Help to Claim** team can help with new claims for UC. Call them on **0800 144 8 444**.

Bear in mind that if you **work part-time** or are **very low paid**, you may also have to do some **work-seeking activity** to get UC.

If you have **capital or savings over £16,000**, you **cannot get UC**. If you make a claim for UC, even though it will be turned down, your Tax Credit claim will be closed and it cannot be re-opened.

For more information go to www.citizensadvice.org.uk or contact our **Citizens Advice Helpline: 0800 144 8848**



Potteries Gold is a **Citizens Advice Staffordshire North & Stoke-on-Trent** project to help people in Stoke-on-Trent cope with changes to the benefit system www.snsocab.org.uk/about-us/potteries-gold
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Universal Credit and Earnings

Means-tested Benefits No. 20



Universal Credit if you Work

Universal Credit (UC) is a benefit for people on low incomes **in or out of work**.

One of the Government's aims when they introduced UC was to make sure people were **better off in work** than not working.

“Earned Income”

Most **income from work** counts as **earned income**. This could be from working as an employee or from self-employment.

As well as wages, this includes **Statutory Sick Pay (SSP)**, **Statutory Maternity** or **Paternity Pay (SMP/SPP)** and similar.

UC is worked out using your net income after taking off:

- **Income tax** and **National Insurance** contributions
- Money you donate under a **payroll giving** scheme.
- Any relievable **pension contributions** made to a registered scheme.

Payments you get *from* an **Occupational** or private **Pension Scheme** count as **unearned** income.

Payments from your employer for **work-related expenses** are not counted as income.

If you have work-related expenses not paid by your employer, you can ask, via your UC online journal, for these to be deducted from your income.

The Taper

Earned income is treated differently to unearned income when working out Universal Credit.

Unearned income, which includes most benefits, pensions and tariff income from savings, **counts in full** and **reduces your UC penny-for-penny**.

However, a **taper** is applied to **earned income**. This was **reduced from 63% to 55%** in November 2021.

This means that for each £1 you have of earned income, your UC is reduced by 55p, meaning **you keep 45p**.

Example

Elijah gets Universal Credit as a single person. He has a zero-hours job.

This month, he will be **paid £600** (after tax and NI) for the hours he has worked.

His monthly UC payment will be **reduced by £330** due to his earned income - this is 55% of £600.

Elijah has **savings of £8,000**. This is treated as giving him tariff income of **£4.35 per month** for each £250 or part of £250 over £6,000, **£34.80** in total.

There is **no taper** applied to this, so it reduces Elijah's UC by the whole **£34.80** per month.



Work Allowances

If you are **responsible for children** or you or your partner have **limited capability for work**, you get a **work allowance**.

This means **more of your earned income can be ignored**.

Work Allowances were **increased in the 2021 Budget**.

The **higher work allowance** is now **£631 per month**. If you **don't receive help with housing costs** but do qualify for a work allowance, this much of your monthly earnings is **disregarded** (ignored).

The **lower work allowance** is **£379 per month**. If you **do get help with housing costs** and qualify for a work allowance, this much of your monthly earnings is disregarded.

Example

Patrick and Ellie are a couple with one child getting Universal Credit. Their joint **earned income** is **£1500 per month**. They **have a mortgage**, so don't get a Universal Credit housing costs payment.

£631 of their earnings is ignored. 55% of the remaining £896 (£477.95) is deducted from their maximum UC.

If they had **no earnings**, their UC would be **£848.40 per month**. Despite earning twice that amount, they will still get **£370.45 UC**.

