



UNIVERSAL CREDIT - THE ESSENTIALS

Universal Credit is a benefit for people aged between 16 and pension credit qualifying age. It can be paid to people who are out of work and to those who are in employment. It is replacing most of the existing means-tested benefits for people of working age with a single monthly payment. It is administered by the Department for Work and Pensions (DWP) and most people are expected to claim it online.

WHICH BENEFITS ARE BEING REPLACED BY UNIVERSAL CREDIT?

Universal Credit has replaced new claims for the following benefits:

- *Income Support*
- *income-based Jobseeker's Allowance*
- *income-related Employment and Support Allowance*
- *Child Tax Credit*
- *Working Tax Credit*
- *Housing Benefit (except for those in some types of supported accommodation).*

These are known as the 'legacy benefits'. Other benefits such as Carer's Allowance, Child Benefit, Disability Living Allowance (DLA), Personal Independence Payment (PIP), Council Tax Reduction, and the Child Disability Payment and Adult Disability Payment in Scotland will remain and can be paid alongside Universal Credit.

WHO CAN CLAIM UNIVERSAL CREDIT?

Most people of working age can claim Universal Credit. You can claim whether you are out of work or working. You can claim if you are a job seeker, a carer, or someone who is unfit to work. You must meet certain tests linked to your residence and presence in the UK.

It's a means-tested benefit, which means the amount that you receive depends on your income and what savings or other capital you have.

If you claim Universal Credit, any legacy benefits that you already get will stop. This is the case even if your Universal Credit claim results in a nil award. Once you claim Universal Credit it's not possible to reverse that decision and reclaim your old legacy benefits. For this



reason, you should get advice before volunteering to claim Universal credit to make sure that you would not be left worse off. The only people who are entitled to transitional protection payments to make sure they are no worse off on Universal Credit are those who wait until they've been sent a managed migration notice before claiming.

WHAT AGE MUST I BE TO MAKE A CLAIM?


Usually, Universal Credit claimants have to be aged at least 18, but special rules allow some 16/17 year olds to claim, including many disabled 16/17 year olds. Most people in full-time education cannot claim Universal Credit unless they have a dependent child.

However, there are some exceptions for certain groups of disabled students, for example a young person on PIP who established they had a limited capability for work before they started their course, or some disabled people who remain in non-advanced education beyond the September after their 19th birthday. The rules are complex so seek individual advice.



Call our free helpline **0808 808 3555** for advice about claiming for someone in full-time education.

People aged over pension credit age cannot claim Universal Credit and must claim Pension Credit instead. However, different rules apply if you are a couple where one partner is of pension credit age and the other is of working age.

 Our web page [Universal Credit for young people receiving education](#) explains the rules for students and when a disabled student may be able to claim.

WHEN WILL I BE EXPECTED TO CLAIM UNIVERSAL CREDIT?

There are three main ways in which you may end up on Universal Credit:

Volunteering to claim

You might volunteer to claim Universal Credit because you believe that you'll receive more income on Universal Credit than by staying on your legacy benefits.

WARNING!

There is nothing preventing you from opting to move from your existing means-tested benefits onto Universal Credit before you are sent a migration notice. However, this may not be a good idea, as people who choose to claim Universal Credit early rather than waiting to be sent a migration notice cannot usually get transitional protection.

Many families with a disabled child will be worse off under Universal Credit, and once you claim Universal Credit you cannot move back onto your old legacy benefits. You can check your likely entitlement to Universal Credit using the [benefit calculator on our website](#).

Making a new claim for a different legacy benefit

You may already get a legacy benefit and have had a change in circumstance that means you want to make a new claim for a different legacy benefit. In this case, you will need to make a claim for Universal Credit instead. This is known as “natural migration” to Universal Credit.

So if someone tries to make a new claim for Income Support or tax credits or Housing Benefit they will be told that this is not possible, but that they can claim Universal Credit instead if they would like.

For example, Fatima has separated from her partner and their tax credits claim as a couple has come to an end. She asks HMRC about claiming tax credits as a single person instead but is told that she cannot do this as new claims have been replaced by Universal Credit. So she has the option of claiming Universal Credit instead. The Universal Credit award she gets will also then replace any other legacy benefits she receives such as Housing Benefit.


Being asked to claim by the DWP

The Department for Work and Pensions (or Department for Communities in Northern Ireland) can ask you to claim Universal Credit even though you have had no change in circumstances and have not volunteered to claim. This is called “managed migration” onto Universal Credit.

The DWP has said that by summer 2024 it hopes to have migrated most tax credits only claimants. This means anyone getting tax credits, but not other legacy benefits.

The DWP plans to migrate claimants on most other legacy benefits onto Universal Credit during 2024/25. This is expected to start from April 2024 with Income Support claimants and those who get tax credits alongside Housing Benefit starting to be sent managed migration notices.

In Northern Ireland, managed migration has also started with tax-credit only claimants who will be randomly selected across all Northern Ireland postcodes.

 For more details of the DWP's planned timetable see our web page [Moving onto Universal Credit from legacy benefits](#)

WHAT HAPPENS IF I AM SELECTED FOR MANAGED MIGRATION TO UNIVERSAL CREDIT?

Once you are selected for managed migration you won't be moved onto Universal Credit automatically. Instead you'll need to make a claim. The DWP (Department for Communities in Northern Ireland) will write to you to tell you that your legacy benefits will be ending. This is called 'a migration notice'. Claims will normally be expected to be made online, but they can also be made via a Universal Credit Migration Notice helpline if necessary.

When do I need to claim by?

You will have three months from the date on your migration notice to make a claim for Universal Credit before your legacy benefits stop. This is known as your deadline day.

Once you receive your migration notice, it is up to you whether you claim Universal Credit straight away or wait until closer to the deadline day. After you claim Universal Credit, your legacy benefits will stop.

This three-month deadline to make a claim can be extended if there are good reasons.

When will my legacy benefits stop?

Your tax credit payments will stop on the date you claim Universal Credit, or on your deadline day if you haven't lodged a claim for Universal Credit by then.

Any other legacy benefits you get, like Income Support, Housing Benefit, income-based JSA or income-related ESA, will run on for a further two weeks after your tax credits stop. If you haven't claimed by your deadline day, you will have a further month within which to claim Universal Credit (although your legacy benefits will have already stopped). This is known as your final deadline day. So long as you claim before your final deadline day your Universal Credit claim will be automatically backdated to your deadline day, and you will be eligible for transitional protection.

If you don't claim Universal Credit by your final deadline day, you can still claim Universal Credit at a later date, but you will have a longer gap with no benefit payments and you won't be eligible for any transitional protection.

Regardless of whether you claim Universal Credit before or after your deadline date, once you have lodged a claim, you will have a wait of at least five weeks before you get your first Universal Credit payment. If this wait causes you financial hardship, you can ask for an advance payment. An advance payment is a loan that you will need to repay to the DWP from your future Universal Credit payments.

NEW CLAIMS FOR OTHER BENEFITS

Only new claims for legacy benefits are affected by the introduction of Universal Credit. It is still possible to make new claims for other non means-tested benefits and for a council tax reduction. Making a new claim for:

- *Disability Living Allowance (DLA)*
- *Personal Independence Payment (PIP), or*
- *Carer's Allowance.*

will not lead to any expectation that you claim Universal Credit. Neither will notifying the Tax Credits office that you have been awarded Disability Living Allowance for your child. This is because this will be treated as a review of an existing tax credit claim and not as a new claim.

HOW MUCH UNIVERSAL CREDIT WILL I GET?

The amount of Universal Credit that you will get depends on your family circumstances and what other income and savings you have. In working out how much you are entitled to, the DWP start by working out the maximum amount of Universal Credit that you can be paid.

Everyone is entitled to a standard allowance, either as a single person or as part of a couple. This is paid at a reduced rate if you (and your partner if you have one) are under 25. Extra amounts are then added into your maximum award depending on your family circumstances, outlined below.

Child elements

You get an extra amount known as a child element for each dependent child in your family. This may be paid at a higher rate for your eldest child. If you are getting Universal Credit and you have a third or subsequent child born on or after 6 April 2017, you will not receive a child element for that child. There are some exceptions to this 'two child policy'.

Disabled child addition

You get a further extra amount for each dependent child who is registered severely sight impaired or who is on DLA, PIP, or their Scottish equivalents: Child Disability Payment and Adult Disability Payment. This is paid at a higher rate for children who are on the enhanced rate of the daily living component of PIP or Adult Disability Payment, or the highest care component of DLA or Child Disability Payment, or who are registered severely sight-impaired.

HOW MUCH OF YOUR EARNINGS WILL BE IGNORED?

Your circumstances	Lower work allowance – paid if your Universal Credit includes a housing element	Higher work allowance – if your Universal Credit doesn't include a housing element
You are responsible for at least one dependent child, or you or a partner have a limited capability for work due to illness or disability	£404 per month	£673 per month
Everyone else – for example, those without children and who aren't incapable of work	nil	nil

Carer element

This is paid if you are eligible for Carer's Allowance, or if the only thing that stops you from qualifying for Carer's Allowance is that your earnings are too high. You do not actually have to have claimed Carer's Allowance – it is sufficient that you meet the normal Carer's Allowance rules, other than the earnings limit.

If you think you may be eligible for a carer element, inform the DWP via your online Universal Credit account. Where you and your partner care for different people you may be able to get two carer elements.

If the person you look after lives independently then you getting a carer element could affect their benefits. Seek further advice from our helpline.

Limited capability for work elements

If you or a partner are unfit to work because of health problems you can receive an extra element. This used to be paid at one of two rates:

- *a limited capability for work element for the less severely disabled, and*
- *a limited capability for work and work-related activity element for the more severely disabled.*

However, the government scrapped the limited capability for work element for most new claims made after April 2017.

The same person cannot qualify for both a capability for work element and a carer element. If this applies to you, you will only get the higher of the two amounts.

Childcare element

If you are working and pay for registered childcare costs it is possible to receive an extra allowance covering 85% of your childcare costs. To qualify you (and your partner if you have one) must normally work. Any number of hours work will do. You may also qualify if you work and your partner is unable to provide childcare, either because they are incapable of work, or because they

provide regular and substantial care to a disabled person (and they are eligible for Carer's Allowance). The maximum amount of childcare that Universal Credit takes into account is capped at £1,014.63 per month for one child and £1,739.37 for two or more children.

Housing element

Includes help towards rent and some service charges.

HOW DOES MY INCOME AND CAPITAL AFFECT UNIVERSAL CREDIT?

Once your maximum amount of universal credit has been calculated, the DWP then work out how much to deduct due to earnings or the other income you already have.

HOW DOES WORKING AFFECT UNIVERSAL CREDIT?

There are no rules about how many hours you can work.

Instead the amount of Universal Credit you receive is gradually reduced as you earn more. If you have a dependent child or you are a disabled person then an initial amount of earnings – known as your 'work allowance' – is ignored. Your Universal Credit payments are reduced by 55p for every £1 you earn above your work allowance.

The amount of your work allowance depends on your circumstances – see the table above.

Some self-employed people will be assumed to have a minimum amount of earnings, equal to the minimum wage for the number of hours they say they are working. However, this does not apply to anyone who is in the 'no work-related requirements' group (see page 4) including many full-time carers. It also doesn't apply during the first 12 months of starting a new business.

HOW DOES OTHER INCOME OR CAPITAL AFFECT UNIVERSAL CREDIT?

Unearned income is also deducted from your Universal Credit award. £1 will be deducted from your Universal Credit for every £1 of unearned income you have. However, some unearned income is ignored. This includes DLA, PIP and child support maintenance.

You normally cannot be paid any Universal Credit if your capital is above £16,000 (unless you are transitionally protected – see page 6). If your capital is between £6,000 and £16,000 you will be treated as having £4.35 per month income for every £250, or part of £250 you have above £6,000.

Once the DWP have deducted any earnings or other income from your Universal Credit calculation, the amount remaining is what you should be paid in Universal Credit.

Some claimants may find that the amount they get is reduced due to the household benefit cap. However, others are exempt from the benefit cap, including if you have a child on DLA or PIP or you are entitled to the carer element in your Universal Credit award.

CHANGES IN CIRCUMSTANCES

You are expected to notify the DWP of any changes in your circumstances and there is a penalty of £50 if you fail to do so without good cause. Your Universal Credit award is based on your circumstances and income over an assessment period of one month. The date of your assessment period depends on when you first claimed Universal Credit. For example, if your date of claim was 9 March, your assessment period runs from the ninth of each month until the eighth of the following month.

Do I have to tell the DWP about a change?

Employed workers don't normally need to tell the DWP about changes in earnings. This is because your monthly earnings should automatically be notified to the DWP via HMRCs 'real-time information' system. However, if you are self-employed you will need to report your profits every month.

When will any change of circumstances affect my claim?

If you have a change that means you qualify for lower Universal Credit payments that change is always treated as if it happened at the start of your monthly assessment period. If you have a change that means your Universal Credit award increases, then that too can be treated as if it happened at the start of the month – but only if you tell the DWP about it before the end of your assessment period.

For example, Ruth has a monthly assessment period that runs from the fifth of the month. Her second child is born on the 12 August. Ruth tells the DWP straightaway and the increased payments for her new baby are backdated to 5 August. On 20 September Ruth moves from her private flat to a cheaper housing association property. Because her rent is lower, her Universal Credit payments towards rent will drop.

These lower payments start from the beginning of her assessment period on 5 September.

HOW DO I CLAIM UNIVERSAL CREDIT?

Universal Credit is claimed from the Department for Work and Pensions (DWP). Claims normally have to be made online although there are some exceptions when a claim over the phone will be allowed, for instance because you have problems with reading or writing or are unable to use a computer. Call **0800 328 5644** if you cannot claim online.

If you are someone who has received a migration notice as part of the managed migration process, you can also claim via a special Universal Credit Migration Notice Helpline on **0800 169 0328**.

To claim online

You'll first need to set up an online Universal Credit account at [gov.uk/universal-credit/how-to-claim](https://www.gov.uk/universal-credit/how-to-claim). This web page also provides details of who to contact if you need help in claiming online.

Once your online account has been set up you can then use it to complete your claim. If you are part of a couple you and your partner must each create your own individual online accounts which you then link together to make a joint claim.

The online claim asks you a number of different questions about your circumstances. You'll be able to check and amend your answers before submitting your claim online. You'll normally be asked to book an appointment with a work coach at your local Jobcentre. If you are a couple you will be interviewed separately.

Providing evidence to support your claim

At the interview you'll be asked to take evidence with you to support your claim. You'll also be asked to agree to a number of conditions in order to get Universal Credit.

These conditions will be set out in a document called your 'claimant commitment' (see below). You will have to agree to these conditions otherwise your claim may be closed.

Once a decision is made on your claim

Jobcentre Plus will send you an email or a text asking you to check your online account. There you will find some information about the decision on your claim. You will also be able to access a statement about how your Universal Credit award has been calculated each month in your online journal.

WHAT IS THE CLAIMANT COMMITMENT?

This is an agreement that sets out what you have to do in order to get Universal Credit. If you claim as part of a couple, both you and your partner must each agree to an individual 'claimant commitment'.

Different claimants will have different conditions attached to their claim. Some claimants will be expected to look for work. This can include workers on low earnings who may have to agree to either increase their hours of work or to look for better paid work.

Other claimants may be expected to take steps to make themselves more work ready. These are known as 'work-related requirements'. However other groups, including many carers, will be exempt from having any work-related requirements.

Your claimant commitment will vary depending on which of four groups you are placed in. Your circumstances will determine which group applies to you.

No work-related requirements

People in this group are exempt from having to take any steps to look for work. This group includes the parent who has the main responsibility for a child aged under one, severely disabled people and many full-time carers for disabled people.

Work-focused interview only

People in this group are not expected to look for work but they are asked to attend periodic interviews to find out about employment and training opportunities in their area. This group includes the parent who has the main responsibility for a child aged between one and two, and some foster parents.

Work preparation

People in this group are not expected to look for work but they are expected to take steps to help prepare them for moving into work. For instance, to take part in training courses or undertake work experience. It includes people with less severe disabilities and the parent who has the main responsibility for a child aged two.

All work-related requirements

People in this group are deemed fit and ready for work and are expected to actively look for work.

Remember, to get Universal Credit you may have to meet certain conditions as stated in your claimant commitment.

If you fail to meet these conditions then your benefit payments are likely to be 'sanctioned' (cut for a period).

If you're not sure about what conditions should apply to you, seek urgent advice from our freephone helpline or an independent adviser in your area. You should also seek urgent advice if you have been sanctioned.

WILL I BE EXPECTED TO LOOK FOR WORK IF I CARE FOR A DISABLED CHILD?

Many full-time carers on Universal Credit are exempt from having to meet any work-related requirements. This includes most carers who are providing 35 hours or more care per week to someone on:

- *the PIP daily living component*
- *the care component of DLA at the middle or highest rate, or*
- *their Scottish equivalents.*

If this applies to you, you'll still need to sign a claimant commitment, but this document shouldn't include any requirement that you look for work or training. Instead, the claimant commitment will only cover things like your responsibilities to notify the DWP of any changes in your circumstances.

Couples who provide full-time care

There may be complications if you are a couple who both care full-time for the same disabled child.

Unfortunately, only one of you will automatically be placed in the no work-related conditions group. The other partner will usually be expected to look for some work. However, DWP staff have the discretion to exempt them from this, if they believe that your child's needs are such that it would be unreasonable to expect your partner to look for any work. Contact our helpline if this applies to you.

If you are a couple with more than one disabled child, then both you and your partner can be automatically exempt from any work related conditions on the basis that you each care for a different child.

WAITING FOR A DLA/PIP DECISION

If you are caring for someone who does not get PIP, DLA, Adult Disability Payment or Child Disability Payment at the appropriate rates then you are likely to have to look for work as a condition of getting Universal Credit. Unfortunately, this includes where you are looking after someone who is awaiting a decision on a disability benefit claim. However, you may be able to place some restrictions on the amount of work that you need to look for – seek advice.

HOW IS UNIVERSAL CREDIT PAID?

Universal Credit is paid monthly, in arrears, and it usually takes five weeks to get your first Universal Credit payment. If this delay causes you hardship it is possible to ask for a short-term benefit advance. This is a discretionary loan that needs to be repaid from your future award.

Although Universal Credit is made up of separate elements it is usually paid as one single monthly payment. Help towards your rent is usually paid to you directly and not your landlord, so you will need to make sure your rent is paid.

If you struggle to manage single monthly payments

You can ask the DWP for ‘alternative payment arrangements’. For example you may want more regular payments, rent payments made directly to your landlord, or for payments to be split between you and your partner. You can ask the DWP to consider this but your chances of them agreeing will depend on your circumstances. Guidance suggests some groups will be given higher priority for alternative payments, such as if you have severe debt problems, mental health needs, or are a family with multiple and complex needs.

There are more flexible payment arrangements in Scotland and Northern Ireland. In Scotland you can request that you receive payments twice monthly and that your housing element is paid directly to your landlord. In the future, couples in Scotland will also be able to split payments between them. In Northern Ireland payments are made fortnightly unless you ask to be paid monthly. Housing payments in Northern Ireland are made directly to your landlord. Couples in Northern Ireland can also ask for Universal Credit payments to be split between them.

WILL I BE WORSE OFF ON UNIVERSAL CREDIT?

The government says that many working families will be better off under Universal Credit. However, Contact is concerned that many families will be worse off under Universal Credit, and that families with disabled children are one of the groups most likely to lose out.

You are at particular risk of being worse off under Universal Credit if you are an out-of-work family and you have a disabled child who does not qualify for the higher disabled child addition.

This is because the lower rate of the disabled child addition is equivalent to £35.95 per week. Given that the equivalent additional payment under the existing benefits system is £80.01 per week, this represents a cut of £44.06 per week, or more than £2,291 per year. Since the child disability addition is paid for each disabled child, those families with two children on the lower addition could lose twice this amount.



Our briefing, [Universal Credit and disabled children](#) has more information about why many families with disabled children are likely to be worse off.

TRANSITIONAL PROTECTION

If you move onto Universal Credit via managed migration you are eligible for ‘transitional protection’. Transitional protection means that if you would get less money under Universal Credit than you do on your current benefits, you receive a top-up payment. This is intended to ensure that you do not lose out.

The DWP compares the amount you receive under legacy benefits (your “total legacy amount”) with an indicative amount it expects you to get under Universal Credit. If your indicative amount is lower than your total legacy amount, you will receive a transitional element to make up the difference.

Make sure you claim in time

In order to be eligible, you need to claim Universal Credit either by:

- **the three-month deadline in your ‘migration notice’, or**
- **the final deadline a month later.**

If you do not claim by the final deadline, you will not be eligible for transitional protection. This is so, even if you claim Universal credit at some later date.

Transitional protection payments will not be updated annually with inflation and can be reduced or even ended altogether as a result of certain changes in circumstances. This means that even those who qualify for transitional protection payments will still be worse off over time.

If you have savings

If you are on tax credits with capital above £16,000 and you claim under managed migration rules you are eligible for transitional protection and can still get Universal Credit.

However, this will be only temporary. There is a special “transitional capital disregard”. Under this rule, any capital you have above £16,000 will be ignored, but only for a maximum of 12 months. If you still have more than

£16,000 in capital after 12 months, your Universal Credit award will then end.

Does everyone get transitional protection?

If you had to claim Universal Credit because you had a change of circumstances, you will not get transitional protection. Similarly, you won't be eligible for transitional protection if you choose to claim Universal Credit (for example, because you think you might be better off). There are only two exceptions to this.

Firstly, if you are a disabled adult who has been moved onto Universal Credit and you previously qualified for a payment known as the severe disability premium in your legacy benefits, you should receive an extra transitional payment to compensate you for the loss of the severe disability premium.

Secondly, if you are a family who had to move onto Universal Credit as a result of a DWP mistake, for example:

- ***your child's DLA was initially stopped before being put back in place on appeal, and***
- ***this meant your Income Support claim as a carer was terminated, and***
- ***you now receive a lower disabled child addition than was paid under legacy benefits like tax credits.***

you should either get a transitional payment or be allowed to go back onto legacy benefits. This is as a result of the Court of Appeal decision in R (TD & Ors) v Secretary of State for Work and Pensions. Phone our free helpline for more details if you think this applies to you.

HOW CONTACT CAN HELP

It's important that families caring for a disabled child seek advice about Universal Credit, because how it affects your family will depend on your individual circumstances. Call our freephone helpline and talk to one of our expert advisers:

0808 808 3555 helpline@contact.org.uk

You can also visit our website to find out more about the help, support and information we offer about Universal Credit, and other benefits you could be entitled to:

contact.org.uk



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