

Quick Guide to in-work benefits

What will happen to my existing benefits if I start work?

Working less than 16 hours a week?

This is part time work and you may, depending on your income and circumstances, get some Jobseeker's Allowance or Income Support.

If you have been getting Employment and Support Allowance, Incapacity Benefit or Income Support due to ill health, these benefits stop as you are now capable of work – unless the work you are doing could be classed as 'Permitted Work' – ask at your Jobcentre.

Working 16 hours or more a week?

This is full time work and any Jobseeker's Allowance, Income Support, Employment and Support Allowance or Incapacity Benefit will stop.

If you are on a low wage you may be able to get Housing Benefit, Working Tax Credit, and/or a Back to Work Credit.

You may get extra help for the first few weeks of work, eg. extended help with housing costs or a Job Grant.

Benefits to help with the move in to work

Extended help with housing costs (4 week run on)

You may be able to get any current Housing Benefit* / Council Tax Benefit* / Mortgage Interest award extended to cover your first 4 weeks of work if:

- ✓ you have been on Income Support, Jobseeker's Allowance, Employment and Support Allowance, Incapacity Benefit or Severe Disablement Allowance continuously for 26 weeks or more, and
- ✓ this benefit is stopping because you are starting work, increasing your hours, or your pay, and
- ✓ this work/increase is expected to last 5 weeks or more.

*Contact your Housing Benefit Office when you start work confirming that the job is expected to last 5 weeks and ask for a 'run on'. It does not matter what your new income is.

Job Grant

This is a one off payment to help you when start work. It has similar claiming conditions as the extended help with housing costs (left), except you must you have started full-time work ie 16 hours or more a week (or partner started 24 hours or more a week).

The amount you get depends on your circumstances. You get:

- £100 if you are single or in a couple without children, **or**
- £250 if you are a lone parent or in a couple with children.

You must tell the Jobcentre that you have started full time work, within three weeks of starting the job to qualify.

Return to Work Credit for people leaving incapacity benefits

This is available to people who start work who:

- ✓ have been claiming benefits for incapacity for 13 weeks or more (Employment and Support Allowance, Incapacity Benefit, Income Support on the basis of being unfit for work, Statutory Sick Pay or Severe Disablement Allowance), and
- ✓ start work of 16 hours a week or more or start self employment, and
- ✓ this work is expected to last 5 weeks or more, and
- ✓ you are earning the minimum wage or above, and expected to have a gross annual wage of less than £15,000, and
- ✓ make a claim within 5 weeks of starting work.

It gives an extra £40 a week on top of your wage, Tax Credits and any Housing Benefit / Council Tax Benefit, for the first 12 months of work.

In Work Credit for Lone Parents

This is available to people who start work who:

- ✓ are a lone parent and have been on Income Support or Jobseeker's Allowance for 12 months or more, (and ESA in certain circumstances).

Who

- ✓ are responsible for a child under 16,
- ✓ start work of 16 hours a week or more, and
- ✓ this work is expected to last 5 weeks or more, and
- ✓ paid at minimum wage or above, and
- ✓ make a claim within 5 weeks of starting work.

It gives you an extra £40 a week (£60 in London) which is paid on top of your wage, Tax Credits and any Housing Benefit for the first 12 months of work.

Please note the In Work Credit for couples pilot for London and some other areas ended on 30th July 2010.

Self Employment Credit

Available to people who start self employment after being on Jobseeker's Allowance for 13 weeks or more. You get £50 a week on top of any Tax Credits or Housing Benefit for the first 16 weeks of trading.

IMPORTANT Claim these back to work credits from the Jobcentre within 5 weeks of starting work. It is recommended that you do not take on long term financial commitments based on these payments.

Important information about this quick guide

This is a guide only and does not cover every circumstance. We have done our best to make sure that the information in this guide is correct as of July 2010. Some of the information may be oversimplified, or may become inaccurate over time, for example because of changes in law. Guide produced by hbnnotes.

Benefits to help you while you are working

Housing Benefit and Council Tax Benefit

Housing Benefit and Council tax Benefit can help you pay your rent and council tax even when you are working. Contact your Housing Benefit Office and let them know you have started work.

How much Housing Benefit / Council Tax Benefit?

The amount you may get will depend on your wage, hours of work, childcare costs, household members, disabilities, savings and other income, but Child Benefit and Child Maintenance are not included as income when assessing your claim.

Tax Credits are included in full as income when your entitlement to Housing Benefit is assessed. But it is only the Tax Credits that you are receiving on a regular on-going basis that are included, and any back payment of Tax Credits is ignored as income. So whilst you are waiting for an award or increase in your Tax Credits this should not affect your Housing Benefit claim.

Working Tax Credit

Working Tax Credit can be paid to single people and couples who have a low to middle income and who are in one of the following circumstances:

Working 16 hours a week or more and

- ✓ have a dependant child, or
- ✓ have a disability that puts them at a disadvantage in getting a job, or
- ✓ age 50 or over and starting work after being on certain benefits for 6 months or more.

Or Working 30 hours a week or more and

- ✓ age 25 or over (someone aged under 25 can only claim if they fit into one of the groups above).

To make a claim for Working Tax Credit call **0845 3003900** and ask for a claim form, which you will need to complete. Your claim can be backdated up to 3 months if applicable.

How much Working Tax Credit?

How much Working Tax Credit you get will depend on your wage, hours of work, childcare costs as well as your age and whether you or your partner are disabled.

When Tax Credits are assessed, your award is based on the gross taxable income you had in the previous tax year, so you may well find that you are awarded a high rate of Working Tax Credit for the financial year in which you start work.

But when your claim is reassessed at the end of the tax year, as long as your income has not increased by more than £25,000, you will not have been overpaid.

Your Tax Credit award is likely to drop in the next financial year as it will then be based on a much closer estimate to your actual income – it is therefore recommended that you do not take on long term financial commitments based on your initial high Tax Credit award, and if you do see a drop in your Tax Credit income you must notify the Housing Benefit Office.

Help with child care costs

If you have to pay for child care while you work, this cost (up to £175 a week for one child, or up to £300 a week for two or more children) may be taken into account when you claim:

- Working Tax Credit (which can help with up to 80% of these charges) and
- Housing Benefit.

When you claim these benefits you will be asked about your child care costs and you will need to provide your child care provider's registration number and evidence of the amount you pay.

The childcare that you pay for must be registered*, and for a child under 15 (or 16 if disabled), AND you must be:

- A single parent working at least 16 hours or more a week, or
- A couple and both of you are working at least 16 hours or more a week, or
- A couple and one of you is working at least 16 hours or more a week, and the other is incapacitated, or
- A couple and one of you is working at least 16 hours or more a week, and the other is in hospital or prison.

It is the average childcare costs that count – if these vary, these will be averaged over a 52 week period.

*eg: registered childminder, nursery, out-of-school hours care provided on school premises to child aged 5 -15 (or 16 if disabled), playgroups, holiday playschemes, registered nannies/au pairs.

Some working people can also get help with paying for prescriptions, glasses and dental costs and also a Sure Start Maternity Payment or Funeral Payment.

For more information go to www.direct.gov.uk