INSPIRED COMMUNICATIONS

Wordshop Benefits Update

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Pensions & benefits

- The Government announced in September that it would suspend for one year the 'triple lock' used for State Pensions uprating. Instead of considering average earnings growth figures in the calculation, pensioner incomes in 2022/23 will be uprated by the higher of inflation or 2.5%. This is because the pandemic has skewed the 'growth in average earnings' figure as people return to work after furlough – which would have resulted in a State Pension increase of between 8% and 8.5%. This would mean a difference of around £4-5 billion in basic and new State Pensions expenditure in 2022/23, compared with the higher of 2.5% or expected price inflation. The Government says this is a one-year response to exceptional circumstances and that it plans to return the earnings element of the triple lock next year.
- From April 2022, the Government will introduce a new 1.25% levy on both earned income and on employers' wage bills to raise funds for the NHS and adult social care. For the first year, the levy will be applied through a temporary increase in National Insurance contributions. From April 2023, it will become a separate item and appear on payslips as a new health and social care levy. In another change, from April 2023, the new levy will be paid by all working adults, including those over State Pension Age. (Currently, National Insurance is not paid by people who are over State Pension Age but still working.) The levy is being introduced to alleviate the costs associated with adult social care and to offset the increase in spending incurred by the NHS resulting from the Covid-19 crisis. Currently, people need to fund social care for themselves if they have over £14,000 in savings or assets (including housing wealth). From October 2023 this will rise to £20,000. The amount an individual spends on their care is to be capped at £86,000 and any costs above this will be met by local councils. In addition, anyone with assets between £20,000 and £100,000 will be eligible for some means-tested support. The cap, however, only applies to the cost of care and not to other costs, such as food and accommodation.
- The temporary £20 a week uplift to Universal Credit payments that was introduced in April 2020 due to the pandemic is to end on 6 October. The Department for Work & Pensions (DWP) has written to all claimants to advise them when they can expect their last 'higher' payment.

- On the day that the furlough scheme came to an end (30 September), the Government announced a new £500m Household Support Fund to help vulnerable households through the winter with food and utility costs. In England, the money will be distributed by local councils, who will set their own eligibility criteria for the scheme. Up to £79m has been aside for the devolved administrations to manage.
- Low-income families in Scotland will receive a £320 'bridging payment' in the coming months under plans announced by the Scottish Government. This will see two cash payouts of £160 per child sent to families in receipt of free school meals in October and December. The initiative was devised in lieu of the extension of the Scottish Child Payment, which will be available to all eligible families with a child under 16 from the end of next year. Four more bridging payments are planned for next year, to coincide with the start of school holidays.
- The DWP has confirmed that the Carer's Allowance easements that were introduced in response to the Covid-19 pandemic ended on 31 August 2021. This was after the rules around breaks in care were relaxed in March 2020, as the DWP recognised that the changes to patterns of care were forced upon carers by circumstances beyond their control.
- A new automatic process has been introduced to ensure that Universal Credit (UC) claimants receive more consistent benefit payments, even if they receive a second monthly salary payment in one benefit assessment period (such as when their employer pays them early because of a bank holiday). Previously, the system would think that the claimant has received higher wages and therefore amend their UC payment.
- The Sure Start Maternity Grant (SSMG) is a one-off £500 payment to support with the costs associated with a new baby. The grant is paid to those in England and Wales on certain income-based benefits, where there are no other children under the age of 16 in the claimant's family. Claimants must also demonstrate that they have received maternal and/or child health advice by asking a health professional (i.e., midwife or GP) to complete the Health Professional Statement in the claim form. The form is available from GP surgeries. Find out more at **www.gov.uk/sure-start-maternity-grant**
- One of the consequences of 18 months of lockdown has been a rise in the number of couples applying for divorce. The Pensions Action Group has produced a useful guide to pensions on divorce to help individuals and their advisers understand the key points surrounding this often-forgotten asset. It is available online at **www.advicenow.org.uk/guides/survival-guide-pensions-divorce**

- Her Majesty's Revenue & Customs (HMRC) reports that, so far, 1.8 million couples are using Marriage Allowance, saving up to £252 a year in Income Tax. Marriage Allowance provides extra tax relief to married couples and those in civil partnerships by allowing them to share their personal tax allowances if one partner earns an income under their Personal Allowance threshold of £12,570 and the other is a basic-rate taxpayer. They can transfer 10% of their tax-free allowance to their partner, which is £1,260 in the 2021/22 tax year. Just search 'marriage allowance' on **GOV.UK**
- Almost 800,000 employees who worked from home during the pandemic have claimed tax relief on household-related costs, according to HMRC. The saving is worth up to £125 a year for each employee, and eligible workers can claim the full year's entitlement if they have been told to work from home by their employer, even if it has been for one day during the tax year. HMRC will accept backdated claims for up to four years. It's quick and easy to check if you're eligible and apply online – go to **GOV.UK** and search 'working from home tax relief'. If you complete an annual tax return, you can apply for the tax relief via your Self Assessment.
- The Post Office card account (POca) scheme was set to end in November this year, affecting benefit claimants who receive their payments through the Post Office. However, as a result of the disruption caused by the pandemic, it has now been announced that the scheme will be extended for another 12 months to make sure everyone has time to make alternative arrangements – either by setting up another bank account or by using the Payment Exception Service. The latter means they can continue to collect cash from the Post Office or more than 28,000 PayPoint retail outlets nationwide.
- From April 2022, the Government will increase the rate of tax paid by individuals who receive income from dividends paid through shares by 1.25%. However, shares held in Individual Savings Accounts (ISAs) are not subject to the dividend tax.

General

- The Government is consulting on reforms that would make the process of managing a loved one's affairs through a Lasting Power of Attorney (LPA) quicker to use, easier to access and even more secure from fraud – primarily by shifting many of its paper-based features to digital. An LPA is a legal document which allows people to appoint someone else (an attorney) to make decisions about their welfare, money or property. They are often used by older people to choose someone they know and trust to make decisions for them were they to lose capacity in the future, but they can be made by anyone over the age of 18. While the service will become predominantly digital, alternatives such as paper will remain for those unable to use the internet.
- HMRC has set up an online tool that helps young people track down their Child Trust Funds (CTFs), if they're unsure whether they have one or who the provider is. Between 2002 and early 2011, about six million CTFs were opened by parents or guardians, with a further million set up by HMRC. When the child turns 18, the CTF matures and their owner can withdraw funds or transfer savings into an adult ISA. Hundreds of thousands of accounts have been claimed so far, but many have not. Find a Child Trust Fund at **www.gov.uk/child-trust-funds/find-a-child-trust-fund**
- The Government is proposing to give employees more choice over when and where they work, with a right to request flexible working from their first day of employment, as opposed to waiting the six months that's currently mandated. A consultation, 'Making flexible working the default', is now open and looks at a range of flexible-working methods, not just working from home, such as job-sharing, flexitime, compressed, annualised and staggered hours, as well as phased retirement.
- The Government has also announced that it will be giving unpaid carers who are balancing a job in addition to caring for a dependant with long-term needs one week's unpaid leave, as a day-one right.