

Benefits Update

January 2012

State benefits

The benefit rates for 2012-2013 have been published, and will apply from April 2012.

Basic State Pension is to be increased by £5.30 a week, to £107.45. In addition, most people in receipt of the Guarantee Credit element of Pension Credit will benefit from an increase of £5.35 per week, rising from £137.35 to £142.70. (You should be notified automatically and have your payments increased if this applies to you.)

There have been significant changes to the way in which Housing Benefit is calculated. For details of the new rates of Housing Benefit, visit www.direct.gov.uk, or contact your local Council for details of the Local Housing Allowance rates in force.

A summary of the new benefit rates is detailed below (rates are weekly unless stated otherwise):

	2011 rate	2012 rate
Attendance Allowance		
Higher rate	£73.60	£77.45
Lower rate	£49.30	£51.85
Carer's Allowance	£55.55	£58.45
Child Benefit*		
Eldest/only child	£20.30	£20.30
Each additional child	£13.40	£13.40
*Child Benefit was frozen at these rates in 2011, and will remain fixed for three years		
Disability Living Allowance		
Care Component		
Highest	£73.60	£77.45
Middle	£49.30	£51.85
Lowest	£19.55	£20.55
Mobility Component		
Higher	£51.40	£54.05
Lower	£19.55	£20.55

	2011 rate	2012 rate
Employment and Support Allowance		
Personal Allowances:		
Single		
Under 25	£53.45	£56.25
25 or over	£67.50	£71.00
Lone Parent		
Under 18	£53.45	£56.25
18 or over	£67.50	£71.00
Couple		
Both under 18	£53.45	£56.25
Both over 18	£105.95	£111.45

(NOTE: More detailed classifications may apply – see www.direct.gov.uk for details)

Incapacity Benefit (IB)

Long-term IB	£94.25	£99.15
Short-term IB*		
Lower rate	£71.10	£74.80
Higher rate	£84.15	£88.55
Short-term IB**		
Lower rate	£90.45	£95.15
Higher rate	£94.25	£99.15

* UNDER State Pension age

** OVER State Pension age

Jobseeker's Allowance (JSA)

Personal Allowances:

Under 25	£53.45	£56.25
25 or over	£67.50	£71.00

Anyone wishing to claim JSA should contact their local JobCentre Plus or call the JobCentre Plus helpline on 0800 055 6688 to clarify whether they qualify for contribution-based JSA or income-based JSA. (Currently, the same personal rates apply to both.)

(NOTE: More detailed classifications may apply – see www.direct.gov.uk for details).

	2011 rate	2012 rate
Income Support		
Personal Allowances:		
Single		
Under 25	£53.45	£56.25
25 or over	£67.50	£71.00
Lone Parent		
Under 18	£53.45	£56.25
18 or over	£67.50	£71.00
Couple		
Both under 18	£53.45	£56.25
Both 18 or over	£105.95	£111.45

(NOTE: More detailed classifications may apply – see www.direct.gov.uk for details)

Pension Credit

Standard minimum guarantee*:

Single	£137.35	£142.70
Couple	£209.70	£217.90

Additional amount - severe disability

Single	£55.30	£58.20
Couple (one qualifies)	£55.30	£58.20
Couple (both qualify)	£110.60	£116.40

Savings Credit*

Threshold - single	£103.15	£111.80
Threshold - couple	£164.55	£178.35
Maximum - single	£20.52	£18.54
Maximum - couple	£27.09	£23.73

* The government decided to raise the standard minimum guarantee by more than was required (3.9% instead of 2.8%), and paid for this by reducing Savings Credit payments

Statutory payment rates 2012/13

Statutory Maternity Pay (SMP)	£135.45 per week
Ordinary Statutory Paternity Pay	£135.45 per week
Additional Statutory Paternity Pay	£135.45 per week
Statutory Adoption Pay (SAP)	£135.45 per week
Statutory Sick Pay (SSP)	£85.85 per week

For employees earning £107.00 or more per week in 2012-13, the above rate of SMP and SAP will apply for complete pay weeks commencing on or after 1 April 2012 (the first Sunday in April); for SSP, this will apply from 6 April 2012.

General

- The **Tax Credits Helpline** number has now changed to **0345 300 3900**.
- Rail fare increases have now taken effect, with an average price increase of around 5.9%. This was lower than expected (the increase was due to be set at around 8%, under the formula planned and announced by Chancellor George Osborne in 2011) but the government has made clear that it plans to revert to the higher formula (Retail Prices Index plus 3%, rather than Retail Prices Index plus 1%, as applied this year) from January 2013.
- The Office of Fair Trading (OFT) has reached an agreement with banks over the charging of fees for providing foreign currency to customers. Following a complaint from lobby group Consumer Focus about the fees, many banks will change their policies on bureau de change services provided in the UK. Please note that in many cases, the fees charged for making transactions whilst abroad will still apply. You should speak to your own bank for further details.
- The deadline for online Self Assessment tax returns is 31 January (unless you have personally received official correspondence stating an alternative date). If you haven't already submitted your paper tax return, you must now do so online.
- The annual Individual Savings Account (ISA) subscription limits increase each year in line with the Consumer Prices Index (CPI). The new limit is calculated by reference to CPI figure for the September before the start of the new tax year, rounded to the nearest multiple of 120 (so that individuals who save monthly will be able to calculate their monthly savings more easily). The CPI for September 2011 was 5.2%, so the 2012-13 limits will be an overall ISA subscription limit of £11,280, of which up to £5,640 can be subscribed to a cash ISA.

- The Government has announced that it will explore ways of extending the rules on commutation (cashing-in) of small **occupational** pension pots to **personal** pensions. It has published for consultation draft secondary legislation to enable individuals aged 60 and over to access savings held in small personal pension schemes i.e. £2,000 or less, by way of lump sum payment (commutation). The 2009 Regulations currently allow for the commutation of small pension pots of £2,000 or less held in a registered pension scheme which is either an occupational pension scheme or a public service pension scheme, provided certain conditions are met. The draft regulations, published on 6 December 2011, will extend the existing tax treatment of small pension pots to sums held in any registered pension scheme. It is expected that this will come into force from 6 April 2012.
- It has been announced that Cheque Guarantee Cards will not be reinstated. Initially scrapped on 30 June 2011 amidst plans to abolish cheques altogether, campaign groups fighting the abolition of cheques had asked that the card system be brought back. It has now been established (after further research into the matter) that the cards will not return, but that the cheque system will NOT be abolished as originally planned.
- Chancellor George Osborne is due to deliver the next Budget on 21 March 2012.