



A GUIDE TO TARIFF INCOME



This leaflet explains what Tariff Income is and how it works.

The benefits affected by Tariff Income are:

- Income Support
- income-based Jobseekers Allowance - JSA(ib)
- income-related Employment and Support Allowance – ESA(ir)
- Housing Benefit
- Council Tax Benefit
- Pension Credit

What is Tariff Income?

Tariff Income is the notional income used by benefits authorities – the DWP, Pension Service and the Local Authorities – to take into account capital for the means-tested benefits they administer.

‘Capital’ is the combination of assets and savings that a person/couple has. It includes stocks and shares, property [other than the house they live in], money in the bank or under the mattress – but not personal possessions.

Most means-tested benefits have an absolute capital cut-off point. For example if you have a penny over £16,000 in capital, you cannot claim Income Support, income-based JSA or income-related ESA, even though you may have little, or no other income.

Others, such as Pension Credit, have no upper cut-off point at all.

However, it is misleading to say that a claimant will be automatically entitled to a means-tested benefit if their capital is below the upper capital limit. This is because the person’s income then comes into the calculation.

Tariff income is the way the DWP etc. take into account the capital below the limit.

Income – v – Applicable Amount

All means-tested benefits are calculated by comparing the claimant’s income to the ‘applicable amount’. The applicable amount is the sum of set figures used by the Government as a ‘needs allowance’ – how much each category of claimant needs to live on. For Pension Credit the term ‘standard minimum guarantee’ is used.

If the applicable amount exceeds income the claimant will get benefit, such as Pension Credit, Income Support, JSA(ib) or ESA(ir). Alternatively, if income exceeds applicable amount, you are looking at Housing or Council Tax Benefit.

Tariff income is a special form of income to be added to other 'real' income (such as other benefits or earnings) when seeing if the claimant then qualifies.

Thus a high level of tariff income can significantly reduce benefit payable, or could mean losing it altogether.

How is Tariff Income Calculated?

The first thing the Decision Maker does is completely ignore any savings/assets below a lower capital limit, so that any capital under £6,000 is totally ignored, or £10,000 for Pension Credit/pensioner HB/CTB [since November 2009].

So tariff income comes into play for capital over £6,000/£10,000.

The Decision Maker is not concerned with, for example the interest you get from any savings in your bank or other asset – that would be a nightmare for them to estimate on an individual basis.

What s/he does is look at the TOTAL value of your capital at the point of claim, and then applies a fixed, notional rate of interest – called tariff income.

What is the rate of Tariff Income?

Tariff income has its own rate.

For claimants under the age of 60, tariff income applies at a rate of £1.00 for every £250 [or part of £250] on capital over £6,000.

FOR EXAMPLE: For a claimant aged under 60:
Total capital of £12,000 equates to a weekly tariff income figure of £24.00 per week. This is added to any other income and compared to the applicable amount. This means that your benefit is reduced by £24.00 per week.

However, total capital of only a penny more – to £12,000.01p – means a move into the next tariff income bracket, to £25.00 per week.

For claimants aged 60 or over the rate is twice as generous - £1.00 for every £500 [or part of £500] over £10,000.

FOR EXAMPLE: For a claimant aged at least 60:
Total capital of £12,000.01p means a tariff income of only £5.00 per week.

It is important to note that this notional income system is done for ease of assessment – you will never find such a high rate of return on the High Street as is assumed for tariff income purposes.

EXAMPLE

PHILIPE [62] has £12,000 in the bank, an ISA worth £7,000 and shares worth £8,000. His total capital is therefore £27,000, which triggers a weekly tariff income figure of £34.00 per week.

His other income is a small works pension of £65.00 per week, bringing his total assessable income to [£65.00 + £34.00] £99.00 per week.

The Pension Credit Standard Minimum Guarantee (SMG) is £130.00 per week.

His Pension Credit calculation would look like this:

Pension Credit SMG	£130.00	-
Less Assessable Income	<u>£ 99.00</u>	
	£ 31.00	paid as Pension Credit

Residential Care

The lower threshold for people in residential or nursing care who claim means-tested benefits is £10,000. Those who receive financial help from Adult Social Care to pay for their room, are also subject to tariff income. The lower threshold is £14,250, the upper limit £23,250.

READY RECKONERS

- TARIFF INCOME FOR BENEFITS PURPOSES

CHART (A) People Aged Under 60

- At home, or if in Residential Care/Nursing Homes

CHART (B) People Aged 60 and Over

- At home, or if in Residential Care/Nursing Homes

- TARIFF INCOME APPLIED BY ADULT SOCIAL CARE FOR CARE HOMES

CHART (C) People Aged Under 60

CHART (D) People Aged 60 and Over

CHART (A) TARIFF INCOME: AGED UNDER 60

Capital [£1 per week for every £250 (or part thereof)]		A Tariff Income (Normal)	B IS/JSA(ib)/ESA(ir) <u>AND</u> in Residential or Nursing Care
£	£	£	£
	to	6000.00	No tariff income
6000.01	to	6250.00	1
6250.01	to	6500.00	2
6500.01	to	6750.00	3
6750.01	to	7000.00	4
7000.01	to	7250.00	5
7250.01	to	7500.00	6
7500.01	to	7750.00	7
7750.01	to	8000.00	8
8000.01	to	8250.00	9
8250.01	to	8500.00	10
8500.01	to	8750.00	11
8750.01	to	9000.00	12
9000.01	to	9250.00	13
9250.01	to	9500.00	14
9500.01	to	9750.00	15
9750.01	to	10000.00	16
10000.01	to	10250.00	17
10250.01	to	10500.00	18
10500.01	to	10750.00	19
10750.01	to	11000.00	20
11000.01	to	11250.00	21
11250.01	to	11500.00	22
11500.01	to	11750.00	23
11750.01	to	12000.00	24
12000.01	to	12250.00	25
12250.01	to	12500.00	26
12500.01	to	12750.00	27
12750.01	to	13000.00	28
13000.01	to	13250.00	29
13250.01	to	13500.00	30
13500.01	to	13750.00	31
13750.01	to	14000.00	32
14000.01	to	14250.00	33
14250.01	to	14500.00	34
14500.01	to	14750.00	35
14750.01	to	15000.00	36
15000.01	to	15250.00	37
15250.01	to	15500.00	38
15500.01	to	15750.00	39
15750.01	to	16000.00	40
16000.01	No entitlement to IS / JSA(ib) / ESA(ir) / HB / CTB		

e.g. Client aged under 60, total capital £10,200
 Living at home = tariff income of £17.00pw
 In a Home = tariff income of £1.00pw

CHART (B) TARIFF INCOME: AGED 60 & OVER (from Nov 2009)

NB: Tariff Income is the same whether in Care, or in the community

Capital [£1 per week for every £500 (or part thereof)]		Tariff Income	
£		£	£
	to	10000.00	No tariff income
10000.01	to	10500.00	1
10500.01	to	11000.00	2
11000.01	to	11500.00	3
11500.01	to	12000.00	4
12000.01	to	12500.00	5
12500.01	to	13000.00	6
13000.01	to	13500.00	7
13500.01	to	14000.00	8
14000.01	to	14500.00	9
14500.01	to	15000.00	10
15000.01	to	15500.00	11
15500.01	to	16000.00	12

Capital limit cut-off for HB/CTB if not on Guarantee Pension Credit

£		£	£
16000.01	to	16500.00	13
16500.01	to	17000.00	14
17000.01	to	17500.00	15
17500.01	to	18000.00	16
18000.01	to	18500.00	17
18500.01	to	19000.00	18
19000.01	to	19500.00	19
19500.01	to	20000.00	20
20000.01	to	20500.00	21
20500.01	to	21000.00	22
21000.01	to	21500.00	23
21500.01	to	22000.00	24
22000.01	to	22500.00	25
22500.01	to	23000.00	26
23000.01	to	23500.00	27
23500.01	to	24000.00	28
24000.01	to	24500.00	29
24500.01	to	25000.00	30
25000.01	to	25500.00	31
25500.01	to	26000.00	32
26000.01	to	26500.00	33
26500.01	to	27000.00	34
27000.01	to	27500.00	35
27500.01	to	28000.00	36
28000.01	to	28500.00	37
28500.01	to	29000.00	38
29000.01	to	29500.00	39
29500.01	to	30000.00	40

..... *And so on*

e.g. Client aged 60 or over, total capital £15,200 means tariff income of £11.00 per week; living at home or in a Care Home

CHART (C) TARIFF INCOME APPLIED BY ADULT SOCIAL CARE FOR CARE HOMES - AGED UNDER 60

Capital [£1 per week for every £250 (or part thereof)]			Tariff Income
£		£	£
		14250.00	No tariff income
14250.01	to	14500.00	1
14500.01	to	14750.00	2
14750.01	to	15000.00	3
15000.01	to	15250.00	4
15250.01	to	15500.00	5
15500.01	to	15750.00	6
15750.01	to	16000.00	7
16000.01	to	16250.00	8
16250.01	to	16500.00	9
16500.01	to	16750.00	10
16750.01	to	17000.00	11
17000.01	to	17250.00	12
17250.01	to	17500.00	13
17500.01	to	17750.00	14
17750.01	to	18000.00	15
18000.01	to	18250.00	16
18250.01	to	18500.00	17
18500.01	to	18750.00	18
18750.01	to	19000.00	19
19000.01	to	19250.00	20
19250.01	to	19500.00	21
19500.01	to	19750.00	22
19750.01	to	20000.00	23
20000.01	to	20250.00	24
20250.01	to	20500.00	25
20500.01	to	20750.00	26
20750.01	to	21000.00	27
21000.01	to	21250.00	28
21250.01	to	21500.00	29
21500.01	to	21750.00	30
21750.01	to	22000.00	31
22000.01	to	22250.00	32
22250.01	to	22500.00	33
22500.01	to	22750.00	34
22750.01	to	23000.00	35
23000.01	to	23250.00	36
23250.01	Capital cut-off for Adult Social Care		

e.g. Client aged under 60, total capital £18,400.
Adult Social Care will assume tariff income of £17.00pw. This will be added to other actual income and used to contribute to the fees of the Home.

CHART (D) TARIFF INCOME APPLIED BY ADULT SOCIAL CARE FOR CARE HOMES - AGED 60 and OVER

Capital [£1 per week for every £500 (or part thereof)]			Tariff Income
£		£	£
		14250.00	No tariff income
14250.01	to	14750.00	1
14750.01	to	15250.00	2
15250.01	to	15750.00	3
15750.01	to	16250.00	4
16250.01	to	16750.00	5
16750.01	to	17250.00	6
17250.01	to	17750.00	7
17750.01	to	18250.00	8
18250.01	to	18750.00	9
18750.01	to	19250.00	10
19250.01	to	19750.00	11
19750.01	to	20250.00	12
20250.01	to	20750.00	13
20750.01	to	21250.00	14
21250.01	to	21750.00	15
21750.01	to	22250.00	16
22250.01	to	22750.00	17
22750.01	To	23250.00	18
23250.01	Capital cut-off for Adult Social Care		

e.g. Client aged 60 and over, total capital £18,400.
Adult Social Care will assume tariff income of £9.00pw. This will be added to other actual income, and used to contribute to the fees of the Home

WHERE TO GO FOR HELP

Citizens Advice Bureaux

1st Floor, Chestnut House
North Street
Rugby, CV21 2AQ
Tel: 0844 855 2322

25 Congreve Walk
Bedworth, CV12 8LX
Tel: 0844 855 2322

To book an appointment in
Nuneaton call (024) 7635 1049

The Parish Rooms
Welcome Street
Atherstone, CV9 1DU
Tel: 0844 855 2322

10 Hamilton Terrace
Leamington Spa, CV32 4LY
Tel: 0844 855 2322

25 Meer Street
Stratford-upon-Avon, CV37 6QB
Tel: 0844 855 2322

For Carers Advice, Information and Support

Guideposts Carers Support Service

*(For Nuneaton, Bedworth, North
Warwickshire and Rugby)*

44-45 Church Street
Nuneaton, CV11 4AD
Tel: (024) 7638 5888

e-mail: carerssupport@guidepoststrust.org.uk
www.guidepoststrust.org.uk

S Warks Carers Support Service

*(For Leamington Spa, Warwick,
Stratford and South Warwickshire)*

8b Holly Court
Holly Farm Business Park
Honiley, Kenilworth, CV8 1NP
Tel: (01926) 485486

e-mail: info@swcss.f9.co.uk

Rethink Mental Health Carers Information & Support Services (CISS)

76 Station Street
Atherstone, CV9 1BU
Tel: (01827) 715730

cis@rethink.org

For Disabled people.....

D.I.A.L.

(Nuneaton & Bedworth only)
New Ramsden Centre
School Walk, Attleborough
Nuneaton, CV11 4PJ
Tel: (024) 7634 9954

The Rowan Organisation

(Whole County)
Eliot Park Innovation Centre
Barling Way
Nuneaton, CV10 7RH
Tel: 0800 783 1755

The information in this factsheet is correct as of April 2010

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