



# 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?**

Note: Pension age is changing – see leaflet Pb78

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.

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 female pension age, 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 the female pension age:  
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 over the female pension age 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 the female pension age:  
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

**PHILIPPE** [64] 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 £137.35 per week.

His Pension Credit calculation would look like this:

Pension Credit SMG	£137.35	-
Less Assessable Income	<u>£ 99.00</u>	
	£ 38.35	paid as Pension Credit

Note between 2010 and 2020, pension age is gradually changing so you will need to check what it is at the time of your claim.

## 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 female Pension Age

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

CHART (B) People Aged Over female Pension Age

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

- TARIFF INCOME APPLIED BY ADULT SOCIAL CARE FOR CARE HOMES

CHART (C) People Aged under female Pension Age

CHART (D) People Aged Over female Pension Age

## CHART (A) TARIFF INCOME: AGED UNDER FEMALE PENSION AGE

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

e.g. Client aged under female pension age, 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 OVER FEMALE PENSION AGE

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

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

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

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

..... *And so on*

e.g. Client aged over female pension age, 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 FEMALE PENSION AGE**

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

e.g. Client aged under female pension age, 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 OVER FEMALE PENSION AGE**

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

e.g. Client aged over female pension age, 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**

1<sup>st</sup> 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](mailto:carerssupport@guidepoststrust.org.uk)  
[www.guidepoststrust.org.uk](http://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](mailto: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](mailto: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 2011

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