**United Kingdom**

*Exchange rate: US$1.00 equals 0.58 pounds (£).*

**Old Age, Disability, and Survivors**

**Regulatory Framework**

*First laws:* 1908 (old-age pension), 1911 (disability insurance), and 1925 (old-age and survivors’ insurance).


*Type of program:* Social insurance and social assistance system.

**Coverage**

*Contributory benefits:* Employed persons aged 16 to 65 (men) or aged 16 to 60 (women) with weekly earnings of at least £84 up to £645 (from April 2006).

Self-employed persons aged 16 to 65 (men) or aged 16 to 60 (women) with annual income of at least £4,465 are covered for all benefits except the state second pension, work injury benefits, and contributory jobseeker’s allowance.

Voluntary contributors are covered for the basic state retirement pension and survivor benefits only.

The pension credit (means-tested) is available to low-income pensioners aged 60 or older and to reward those aged 65 or older who have made modest provision for retirement.

*Noncontributory benefits:* All persons residing in the United Kingdom.

**Source of Funds**

*Insured person:* 11% of weekly earnings between £97 (from April 2006) and £645 (from April 2006); certain married women and widows contribute 4.85% of weekly earnings, plus an additional 1% of weekly earnings greater than £645.

Voluntary contributors pay a flat-rate £7.55 a week.

15% of the insured’s contribution is allocated to the National Health Service toward the cost of medical benefits. The insured’s contributions also finance sickness and maternity benefits, work injury benefits, and unemployment benefits.

*Self-employed person:* A flat-rate £2.75 a week if earnings are greater than £4,465 (from April 2006). In addition, self-employed persons with annual profits between £5,035 and £33,540 pay an earnings-related contribution of 8%, plus 1% of any profits above £33,540.

15% of the self-employed person’s contribution is allocated to the National Health Service toward the cost of medical benefits.

**Employer:** 12.8% of each employee’s earnings greater than £97 (from April 2006) a week.

15% of the employer’s contribution is allocated to the National Health Service toward the cost of medical benefits. The employer’s contributions also finance sickness and maternity benefits, work injury benefits, and unemployment benefits.

**Government:** The total cost of means-tested allowances and other noncontributory benefits. Also, a treasury grant to contributory programs to cover benefit expenditure shortfalls.

**Qualifying Conditions**

**Basic state retirement pension (flat-rate):** Age 65 (men) or age 60 (women, rising gradually to age 65 from 2010 to 2020) with contributions paid or credited for 90% of the years in the working life (generally 44 years for men or 39 years for women).

The number of years needed for a full pension is reduced if the insured is caring for a child or an elderly or disabled relative. Coverage is credited for periods covered by claims for certain benefits (such as incapacity benefit and jobseeker’s allowance).

Partial pension: The pension is proportionately reduced with a shorter coverage period. The basic pension is not payable if the insured is entitled to less than 25% of the full pension.

Early pension: There is no early pension.

Deferred pension: The pension can be deferred for an unlimited period.

A ge addition: Age 80 or older.

The basic retirement pension is payable abroad but is adjusted only if the person is ordinarily residing in a country of the European Union or in a country that has a reciprocal agreement.

**State second pension (S2P):** A ge 65 (men) or age 60 (women, rising gradually to age 65 from 2010 to 2020). The earnings-related pension is based on contributions paid as an employed person on earnings between the lower and upper earnings limits in any tax year from April 1978.

The annual lower earnings limit is £4,368 (from April 2006).

The annual upper earnings limit is £33,540 (from April 2006).

Under certain conditions, carers with earnings below set limits (or no earnings) and people who have a long-term illness or disability will be credited at a specified threshold (the low earnings threshold of £12,500 from April 2006) for each year they are providing care for another person or receiving an eligible benefit.

**United Kingdom**

*Exchange rate: US$1.00 equals 0.58 pounds (£).*

**Old Age, Disability, and Survivors**

**Regulatory Framework**

*First laws:* 1908 (old-age pension), 1911 (disability insurance), and 1925 (old-age and survivors’ insurance).


*Type of program:* Social insurance and social assistance system.

**Coverage**

*Contributory benefits:* Employed persons aged 16 to 65 (men) or aged 16 to 60 (women) with weekly earnings of at least £84 up to £645 (from April 2006).

Self-employed persons aged 16 to 65 (men) or aged 16 to 60 (women) with annual income of at least £4,465 are covered for all benefits except the state second pension, work injury benefits, and contributory jobseeker’s allowance.

Voluntary contributors are covered for the basic state retirement pension and survivor benefits only.

The pension credit (means-tested) is available to low-income pensioners aged 60 or older and to reward those aged 65 or older who have made modest provision for retirement.

*Noncontributory benefits:* All persons residing in the United Kingdom.

**Source of Funds**

*Insured person:* 11% of weekly earnings between £97 (from April 2006) and £645 (from April 2006); certain married women and widows contribute 4.85% of weekly earnings, plus an additional 1% of weekly earnings greater than £645.

Voluntary contributors pay a flat-rate £7.55 a week.

15% of the insured’s contribution is allocated to the National Health Service toward the cost of medical benefits. The insured’s contributions also finance sickness and maternity benefits, work injury benefits, and unemployment benefits.

*Self-employed person:* A flat-rate £2.75 a week if earnings are greater than £4,465 (from April 2006). In addition, self-employed persons with annual profits between £5,035 and £33,540 pay an earnings-related contribution of 8%, plus 1% of any profits above £33,540.

15% of the self-employed person’s contribution is allocated to the National Health Service toward the cost of medical benefits.

**Employer:** 12.8% of each employee’s earnings greater than £97 (from April 2006) a week.

15% of the employer’s contribution is allocated to the National Health Service toward the cost of medical benefits. The employer’s contributions also finance sickness and maternity benefits, work injury benefits, and unemployment benefits.

**Government:** The total cost of means-tested allowances and other noncontributory benefits. Also, a treasury grant to contributory programs to cover benefit expenditure shortfalls.

**Qualifying Conditions**

**Basic state retirement pension (flat-rate):** Age 65 (men) or age 60 (women, rising gradually to age 65 from 2010 to 2020) with contributions paid or credited for 90% of the years in the working life (generally 44 years for men or 39 years for women).

The number of years needed for a full pension is reduced if the insured is caring for a child or an elderly or disabled relative. Coverage is credited for periods covered by claims for certain benefits (such as incapacity benefit and jobseeker’s allowance).

Partial pension: The pension is proportionately reduced with a shorter coverage period. The basic pension is not payable if the insured is entitled to less than 25% of the full pension.

Early pension: There is no early pension.

Deferred pension: The pension can be deferred for an unlimited period.

A ge addition: Age 80 or older.

The basic retirement pension is payable abroad but is adjusted only if the person is ordinarily residing in a country of the European Union or in a country that has a reciprocal agreement.

**State second pension (S2P):** Age 65 (men) or age 60 (women, rising gradually to age 65 from 2010 to 2020). The earnings-related pension is based on contributions paid as an employed person on earnings between the lower and upper earnings limits in any tax year from April 1978.

The annual lower earnings limit is £4,368 (from April 2006).

The annual upper earnings limit is £33,540 (from April 2006).

Under certain conditions, carers with earnings below set limits (or no earnings) and people who have a long-term illness or disability will be credited at a specified threshold (the low earnings threshold of £12,500 from April 2006) for each year they are providing care for another person or receiving an eligible benefit.
The pension is payable abroad but is adjusted only if the person is ordinarily residing in a country of the European Union or in a country that has a reciprocal agreement.

**Old-person’s pension (noncontributory retirement pension):** Payable if aged 80 or older and entitlement to the contributory basic state pension is less than 60% of the standard rate. The pensioner must have resided in the United Kingdom for 10 years in any 20-year consecutive period after age 60.

**Pension credit:** Awarded to men and women aged 60 or older (rising gradually to age 65 from 2010 to 2020) residing in the United Kingdom and whose income is below prescribed levels. Also awarded to persons aged 65 or older who have made modest provision for retirement. The pension credit can only be paid abroad for a temporary absence from the United Kingdom.

**Long-term incapacity benefit:** The insured must have contributions paid on earnings of at least 25 times the weekly lower earnings limit in one of the last 3 tax years before the benefit claim year, plus contributions paid or credited on earnings of at least 50 times the weekly lower earnings limit in both of the last 2 tax years before the claim starts. The benefit is payable after 52 weeks of disability (as determined by a medical assessment); after 28 weeks if terminally ill or receiving the highest-rate component of disability living allowance.

**Disability living allowance (noncontributory, no means test):** Payable if the date of onset of disability was before age 65 (can be paid beyond age 65). The allowance is usually paid after 3 months of disability (except if terminally ill). The amount is determined by care and mobility needs.

**Attendance allowance (noncontributory, no means test):** Payable if the date of onset of disability was at age 65 or older. The allowance is usually paid after 6 months of disability (except if terminally ill). The lower or higher allowance rate is determined by care needs.

**Carer’s allowance (noncontributory, no means test):** Payable to a person who forgoes full-time work to care for a severely disabled person (receiving certain qualifying benefits) for 35 or more hours a week. The carer must be older than age 16 and younger than age 65 at the time of the claim and not be a full-time student or earning more than £84 a week.

Disability living allowance, attendance allowance, and carer’s allowance are payable abroad as long as a person ordinarily resides in Great Britain. A temporary absence for up to 26 weeks does not affect entitlement.

**Widowed parent’s allowance:** Payable to widow(er)s who have children for whom they receive child benefits and to pregnant widows. The survivor must be younger than the normal pensionable age. The deceased met the contribution qualifying conditions for an old-age pension or was a pensioner at the time of death.

**Bereavement allowance:** A weekly benefit is payable to a surviving spouse aged 45 or older without dependent children. The allowance is payable for 52 weeks following the date of widowhood. The deceased met the contribution qualifying conditions for an old-age pension or was a pensioner at the time of death.

**Bereavement payment:** A lump sum is payable to help with costs arising on the death of a spouse. The deceased met the contribution qualifying conditions for an old-age pension or was a pensioner at the time of death.

**Guardian’s allowance:** Payable for a person rearing a full orphan or, in certain cases, a child with one surviving parent. The deceased met the contribution qualifying conditions for an old-age pension or was a pensioner at the time of death.

The bereavement allowance, bereavement payment, and guardian’s allowance are payable abroad but are adjusted only if the person is ordinarily residing in a country of the European Union or in a country that has a reciprocal agreement.

### Old-Age Benefits

**Basic state retirement pension (flat-rate):** The maximum weekly pension is £84.25 (from April 2006).

Dependent’s supplement: £50.50 a week is paid for a dependent adult if the dependent’s earnings from work are below a specified amount (from April 2006).

Early pension: There is no early pension.

Deferred pension: The pension is increased by approximately 10.4% for each year of deferral. Insured persons who defer for at least 12 consecutive months can opt to take the deferred state pension as a one-time taxable lump sum plus interest.

Age addition: £0.25 a week.

**State second pension (S2P):** The pension is based on average indexed earnings.

**Old-person’s pension (noncontributory retirement pension):** £50.50 a week (from April 2006) minus any old-age pension. Any state pension in payment is deducted from this amount.

Benefit adjustment: Benefits are adjusted annually according to price changes. The amount of the adjustment is calculated according to the retail price index from the previous September.

**Pension credit:** A means-tested benefit is payable depending on personal circumstances and income (from earnings, savings, and other pensions). Eligible persons are guaranteed a total of £114.05 a week (single person) or £174.05 a week (couple), including their other income. Persons aged 65 or older may receive an additional amount if they have savings or other nonstate pensions.

**Widowed parent’s allowance:** Payable to widow(er)s who have children for whom they receive child benefits and to pregnant widows. The survivor must be younger than the normal pensionable age. The deceased met the contribution qualifying conditions for an old-age pension or was a pensioner at the time of death.

**Bereavement allowance:** A weekly benefit is payable to a surviving spouse aged 45 or older without dependent children. The allowance is payable for 52 weeks following the date of widowhood. The deceased met the contribution qualifying conditions for an old-age pension or was a pensioner at the time of death.

**Bereavement payment:** A lump sum is payable to help with costs arising on the death of a spouse. The deceased met the contribution qualifying conditions for an old-age pension or was a pensioner at the time of death.

**Guardian’s allowance:** Payable for a person rearing a full orphan or, in certain cases, a child with one surviving parent. The deceased met the contribution qualifying conditions for an old-age pension or was a pensioner at the time of death.

The bereavement allowance, bereavement payment, and guardian’s allowance are payable abroad but are adjusted only if the person is ordinarily residing in a country of the European Union or in a country that has a reciprocal agreement.

### Old-Age Benefits

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Early pension: There is no early pension.

Deferred pension: The pension is increased by approximately 10.4% for each year of deferral. Insured persons who defer for at least 12 consecutive months can opt to take the deferred state pension as a one-time taxable lump sum plus interest.

Age addition: £0.25 a week.

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**Widowed parent’s allowance:** Payable to widow(er)s who have children for whom they receive child benefits and to pregnant widows. The survivor must be younger than the normal pensionable age. The deceased met the contribution qualifying conditions for an old-age pension or was a pensioner at the time of death.
Permanent Disability Benefits

**Long-term incapacity benefit**: £78.50 a week (from April 2006) is payable starting from the 53rd week of incapacity (or starting from the 29th week if terminally ill) following the payment of the short-term incapacity benefit (see Sickness and Maternity, below). A supplement is payable if the disability began before age 45.

Dependent's supplement: £50.50 a week (from April 2006) is paid for a dependent adult caring for the claimant’s child(ren), subject to certain conditions.

**Disability living allowance (noncontributory, no means test)**: The care component is £62.25, £41.65, or £16.50 a week according to needs (from April 2006). The mobility component is £43.45 or £16.50 a week according to needs (from April 2006).

**Attendance allowance (noncontributory, no means test)**: £41.65 or £62.25 a week according to needs (from April 2006).

**Carer’s allowance (noncontributory, no means test)**: £46.95 a week (from April 2006) plus dependent supplements, if appropriate.

Benefit adjustment: Benefits are adjusted annually according to price changes. The amount of the adjustment is calculated according to the retail price index from the previous September.

Survivor Benefits

**Widowed parent’s allowance**: £84.25 a week (from April 2006).

**Bereavement allowance**: The amount varies with the survivor’s age when widowed or when the widowed parent’s allowance ends: £84.25 a week (from April 2006) if aged 55 or older; a percentage of the full rate if aged 45 to 54.

**Bereavement payment**: A lump sum of £2,000 is payable immediately to the surviving spouse.

**Guardian’s allowance**: £12.20 a week is paid per child; reduced to £9.70 if the higher rate of the child benefit is payable for the child.

Benefit adjustment: Benefits are adjusted annually according to price changes. The amount of the adjustment is calculated according to the retail price index from the previous September.

Administrative Organization

Pension Service (http://www.thepensionservice.gov.uk) administers the state pension system and provides services and support to pensioners.


Inland Revenue (http://www.hmrc.gov.uk) is responsible for the administration of the National Insurance contribution system and for the payment of tax credits.

Sickness and Maternity

Regulatory Framework

**First law**: 1911.

**Current laws**: 1977 (national health service), 1992 (consolidated legislation), 1994 (incapacity benefit), 1994 (sick pay), 1999 (welfare reform and pensions), and 2005 (work and families).

**Type of program**: Social insurance, social assistance (cash benefits), and universal (medical benefits) system.

Coverage

**Short-term incapacity benefit**: All employed and self-employed persons who satisfy certain conditions and are not eligible for statutory sick pay. The benefit is also payable to unemployed or nonemployed persons if they satisfy the necessary contribution conditions.

**Statutory sick pay**: Paid by the employer to employees with average weekly earnings of at least £84 (lower earnings limit from April 2006).

**Maternity allowance**: All employed and self-employed persons who satisfy certain conditions and are not eligible for statutory maternity pay.

**Statutory maternity pay**: Paid by the employer to women employees with average weekly earnings of at least £84 (lower earnings limit from April 2006).

**Statutory paternity pay**: Paid by the employer to an employee whose wife or partner is expecting a baby and whose average weekly earnings are at least £84 (lower earnings limit from April 2006).

**Statutory adoption pay**: Paid by the employer to an employee adopting a child and whose average weekly earnings are at least £84 (lower earnings limit from April 2006).

**Medical benefits**: All persons residing in the United Kingdom, irrespective of nationality or the payment of contributions or income tax.

Source of Funds

**Insured person**: For incapacity benefit and maternity allowance, see source of funds under Old Age, Disability, and Survivors, above.
Self-employed person: For incapacity benefit and maternity allowance, see source of funds under Old Age, Disability, and Survivors, above.

Employer: For incapacity benefit and maternity allowance, see source of funds under Old Age, Disability, and Survivors, above. The total cost of statutory sick pay (in certain cases, part of the cost) and 8% of statutory maternity and paternity pay.

Government: 92% of statutory maternity and paternity pay (100% in the case of some small employers) and a small portion of statutory sick pay; most of the cost of medical benefits (National Health Service). The total cost of means-tested allowances.

Medical benefits are funded mainly from general taxation, with a small proportion from the contributions made under Old Age, Disability, and Survivors (above) and patients’ copayments.

Qualifying Conditions

Short-term incapacity benefit: The insured must have at least 4 consecutive days of sickness within a period of incapacity for work. Contributions must be paid on earnings of at least 25 times the weekly lower earnings limit (£84 from April 2006) in one of the last 3 tax years before the benefit claim year, plus contributions paid or credited on earnings equal to at least 50 times the weekly lower earnings limit (£84 from April 2006) in both of the last 2 tax years before the claim starts.

Young people incapacitated before age 20 (age 25 if they have been in full-time education or training) may be able to receive the incapacity benefit without satisfying the contribution conditions.

Statutory sick pay: The insured must have at least 4 consecutive days of sickness within a period of incapacity for work. Paid to employees younger than age 65 with average weekly earnings at least equal to the weekly lower earnings limit (£84 from April 2006).

Maternity allowance: All employed and self-employed persons must have worked for at least 26 weeks in the 66-week period before the expected week of childbirth and must have average weekly earnings of at least £30 in a 13-week period. The insured must not be receiving statutory maternity pay from an employer.

Statutory maternity pay: The insured must be employed continuously for at least 26 weeks by the same employer up to and including the 15th week before the expected week of childbirth and must have average weekly earnings at least equal to the weekly lower earnings limit (£84 from April 2006).

Statutory adoption pay: The insured must be employed continuously for at least 26 weeks by the same employer up to the week of the child’s adoption.

Medical benefits: There is no minimum qualifying period.

Sickness and Maternity Benefits

Short-term incapacity benefit: The benefit is paid at a lower and a higher rate. The lower rate is payable for up to 28 weeks after a 3-day waiting period at £59.20 a week (from April 2006), plus £36.60 a week for a dependent adult. The higher rate is payable from week 29 to week 52 at £70.05 a week (from April 2006), plus £36.60 a week for a dependent adult.

Statutory sick pay: £70.05 a week (from April 2006) is payable for up to 28 weeks of incapacity after a 3-day waiting period.

Maternity allowance: The allowance is paid for up to 26 weeks. The 26 weeks may start at any time from the 15th week before the expected date of childbirth to the week following childbirth. The benefit is £108.85; 90% of average weekly earnings if the resulting amount is less than £108.85.

Statutory maternity pay: The benefit is payable for a total of 26 weeks (to be extended to 39 weeks from April 2007). The first 6 weeks are paid at 90% of average weekly earnings (from April 2006). The remaining 20 weeks are paid at £108.85 a week; 90% of average weekly earnings if the resulting amount is less than £108.85.

Statutory paternity pay: Paid by the employer for 1 or 2 weeks (as chosen by the employee) at £108.85 a week; 90% of average weekly earnings if the resulting amount is less than £108.85 (from April 2006).

Statutory adoption pay: Paid by the employer for up to 26 weeks at £108.85 a week; 90% of average weekly earnings if the resulting amount is less than £108.85 (from April 2006).

Workers’ Medical Benefits

Medical services are provided by public hospitals and by doctors and dentists under contract with, and paid directly by, the National Health Service. Benefits include general practitioner care, specialist services, hospitalization, maternity care, dental care, medicines, appliances, home nursing, and family planning.

Cost sharing: Patients pay £6.40 for each prescription and 80% of the cost of any dental work, up to a maximum of £390. Those receiving means-tested benefits and their adult dependents, children younger than age 16 (age 19 if a student), pregnant women, and nursing mothers are exempt from dental and prescription charges. Persons older than the state pension age and certain other groups are exempt.
from prescription charges. The National Health Service's Low Income Scheme exempts certain individuals with low income from prescription charges. There is no limit to duration.

**Dependents' Medical Benefits**

Medical services are provided by public hospitals and by doctors and dentists under contract with, and paid directly by, the National Health Service. Benefits include general practitioner care, specialist services, hospitalization, maternity care, dental care, medicines, appliances, home nursing, and family planning.

Cost sharing: Patients pay £6.40 for each prescription and 80% of the cost of any dental work, up to a maximum of £390. Those receiving means-tested benefits and their adult dependents, children younger than age 16 (age 19 if a student), pregnant women, and nursing mothers are exempt from dental and prescription charges. Persons older than the state pension age and certain other groups are exempt from prescription charges. The National Health Service's Low Income Scheme exempts certain individuals with low income from prescription charges. There is no limit to duration.

**Administrative Organization**


**Work Injury**

**Regulatory Framework**

First law: 1897.

Current law: 1992 (consolidated legislation).

Type of program: Social insurance and social assistance system.

**Coverage**

Employed persons.

Exclusions: Self-employed persons.

**Source of Funds**

**Insured person:** See source of funds under Old Age, Disability, and Survivors, above.

**Self-employed person:** Not applicable.

**Employer:** See source of funds under Old Age, Disability, and Survivors, above.

**Government:** See source of funds under Old Age, Disability, and Survivors, above.

**Qualifying Conditions**

**Industrial injuries disablement benefit:** In the case of a work-related injury, the insured must be an employee. The degree of disability, which must be greater than 14%, is assessed by medical examination. In the case of an occupational disease, the insured must have contracted a prescribed disease during the course of employment.

**Temporary Disability Benefits**

**Temporary disability benefit (short-term incapacity):** In the first instance, the benefit is payable for 52 weeks. The benefit is first payable after a 3-day waiting period for up to 28 weeks at £59.20 a week (from April 2006), plus £36.60 a week for a dependent adult. From week 29 to week 52, the benefit is £70.05 a week (from April 2006), plus £36.60 a week for a dependent adult.

Starting from the 53rd week of incapacity (or starting from the 29th week if terminally ill and disabled for at least 28 weeks), the benefit is £78.50 a week (from April 2006), plus £46.95 a week for a dependent adult caring for the claimant's child(ren), subject to certain conditions. A supplement is payable if the disability began before age 45.

Benefit adjustment: Benefits are adjusted annually according to price changes. The amount of the adjustment is calculated according to the retail price index from the previous September.

**Income support (social assistance):** Payable to persons between ages 16 and 59 whose income is below prescribed levels. The benefit amount depends on income and circumstances. Income support is not payable if savings exceed £8,000 or if the person is working more than 16 hours a week on average.

**Permanent Disability Benefits**

**Industrial injuries disablement benefit:** If the insured is assessed as 100% disabled, £127.10 a week (from April 2006) is payable from the 15th week after the accident or the onset of disease.

Reduced earnings allowance: Only payable for an occupational accident or disease occurring before October 1990. Up to £50.84 a week (from April 2006) is paid if the insured is assessed as at least 1% disabled and unable to do the usual job, resulting in loss of earnings.

Constant-attendance allowance: If the insured is assessed as 100% disabled, £25.45 or £50.90 a week is paid according to needs (from April 2006); £76.35 or £101.80 a week if needs are greater.
United Kingdom

Exceptionally severe disablement allowance: £50.90 a week (from April 2006) is paid if receiving either of the top two rates of constant-attendance allowance.

Partial disability: The benefit varies from £25.42 a week for an assessed degree of disability of 20% to £114.39 a week for an assessed degree of disability of 90% (from April 2006).

Benefit adjustment: Benefits are adjusted annually according to price changes. The amount of the adjustment is calculated according to the retail price index from the previous September.

Workers’ Medical Benefits

All necessary benefits are provided under the National Health Service.

Survivor Benefits

Widowed parent’s allowance: £84.25 a week (from April 2006) is paid to a widowed parent with at least one dependent child for whom he or she receives child benefits.

Bereavement allowance: The amount varies with the survivor’s age when widowed or when the widowed parent’s allowance ends: £84.25 a week if aged 55 or older (from April 2006); a percentage of the full rate if aged 45 to 54.

Bereavement payment: A lump sum of £2,000 is payable immediately to help with costs arising on the death of a spouse.

Guardian’s allowance: £12.50 a week is paid per child.

Benefit adjustment: Benefits are adjusted annually according to price changes. The amount of the adjustment is calculated according to the retail price index from the previous September.

Administrative Organization


Inland Revenue (http://www.hmrc.gov.uk) is responsible for the administration of the National Insurance contribution system.

Unemployment

Regulatory Framework

First law: 1911.


Type of program: Social insurance and social assistance system.

Coverage

All unemployed jobseekers meeting the qualifying conditions.

Exclusions: Self-employed persons are excluded from the contribution-based jobseeker’s allowance. (Self-employed persons are eligible for the income-based jobseeker’s allowance only).

Source of Funds

Insured person: See source of funds under Old Age, Disability, and Survivors, above.

Self employed person: None.

Employer: See source of funds under Old Age, Disability, and Survivors, above.

Government: See source of funds under Old Age, Disability, and Survivors, above. The total cost of means-tested allowances.

Qualifying Conditions

Jobseeker’s allowance (social insurance): The insured must be aged 18 or older and out of work or working less than 16 hours a week (if aged 16 or 17, may qualify only under specified conditions). Contributions must have been paid on earnings equal to at least 25 times the weekly lower earnings limit (£84 from April 2006) in one of the 2 relevant tax years (April to March) on which a claim is based, plus paid or credited contributions on earnings equal to at least 50 times the weekly lower earnings limit (£84 from April 2006) in both the relevant tax years on which a claim is based.

Must be registered as unemployed; be capable of, available for, and actively seeking employment; and have a current Jobseeker’s Agreement. The Jobseeker’s Agreement is drafted and signed by the jobseeker and the jobseeker’s advisor. It obliges the jobseeker to actively seek training and work. Failure to sign a jobseeker’s Agreement results in the suspension of benefits.

Jobseeker’s allowance (social assistance): Those who do not qualify or whose needs are not met by the contributory element (social insurance) may qualify for the income-based allowance for themselves and their dependents if their income is insufficient for their needs. The allowance is not payable if savings exceed £8,000.

Must be registered as unemployed; be capable of, available for, and actively seeking employment; and have a current Jobseeker’s Agreement. The Jobseeker’s Agreement is drafted and signed by the jobseeker and the jobseeker’s advisor. It obliges the jobseeker to actively seek training and work. Failure to sign a jobseeker’s Agreement results in the suspension of benefits.
Unemployment Benefits

**Jobseeker’s allowance (social insurance):** A flat-rate benefit is paid at £57.45 a week if aged 25 or older, £45.50 if aged 18 to 24, or £34.60 if younger than age 18 (from April 2006). The allowance is payable after a 3-day waiting period for up to 26 weeks.

**Jobseeker’s allowance (social assistance):** The amount of the allowance depends on age and on household income and composition. A single person receives between £34.60 and £57.45 a week, depending on age (from April 2006). The allowance is payable after a 3-day waiting period for up to 26 weeks.

Administrative Organization


Inland Revenue (http://www.hmrc.gov.uk) is responsible for the administration of the National Insurance contribution system.

Family Allowances

Regulatory Framework

**First laws:** 1945 (child benefit) and 1987 (family credit).

**Current law:** 1992 (consolidated legislation).

**Type of program:** Universal (child benefit) and tax credits system.

Coverage

**Child benefit and child tax credit:** All persons residing in the United Kingdom with one or more children.

**Working tax credit:** Low-income workers with or without children.

Source of Funds

**Insured person:** None.

**Self-employed person:** None.

**Employer:** None.

**Government:** The total cost.

Qualifying Conditions

**Child benefit and child tax credit:** The child must be younger than age 16 (aged 16 or 17 and has left full-time education and does not work more than 24 hours a week; younger than age 19 if a full-time student). Eligibility also depends on residence and presence in the United Kingdom.

**Working tax credit:** Working (employed or self-employed) for at least 16 hours a week.

Family Allowance Benefits

**Child benefit:** £17 a week is paid for the eldest qualifying child, and £11.40 is paid for each additional child (from April 2006).

**Child tax credit:** Provided for families with children. Eligible families can have annual income up to £58,000 (£66,000 if there is a child younger than age 1). Eligible families do not have to be working (see working tax credit, below). Additional tax credit amounts are provided for children younger than age 1 and for disabled children.

**Working tax credit:** The tax credit depends on income and family status and can include approved child care costs. Additional amounts are payable for disabled workers and severely disabled persons.

Administrative Organization

Inland Revenue (http://www.hmrc.gov.uk) administers child benefits and tax credits.