United Kingdom

Exchange rate: US$1.00 = 0.64 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 with weekly earnings of £146 to £817 (April 2012). Self-employed persons with annual income of at least £5,595 (state second pension excluded). Voluntary coverage is available (the basic state retirement pension and survivor benefits only).

Employment and support allowance (contributory and means-tested ESA): All employed and self-employed persons not eligible for statutory sick pay; certain unemployed and nonemployed persons (contributory ESA only).

Noncontributory benefits: All persons residing in the United Kingdom.

Source of Funds

Insured person: 9.95% of weekly earnings (3.80% for certain married women and widows) from £146 to £817 plus 1% of weekly earnings greater than £817 (April 2012). The voluntarily insured pay a flat-rate of £13.25 a week. The insured’s contributions also finance sickness and maternity benefits, work injury benefits, and unemployment benefits.

Self-employed person: A flat-rate of £2.65 a week if earnings are greater than £5,595 plus 9% of declared annual earnings from £7,605 to £42,475 plus 2% of declared annual earnings greater than £42,475 (April 2012). 15.5% of the self-employed person’s contribution is allocated to the National Health Service for medical benefits.

Employer: 11.9% of employee’s earnings greater than £144 a week (April 2012).

1.9% of the employer’s contribution is allocated to the National Health Service for 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 pays a treasury grant to contributory programs for any deficit.

Qualifying Conditions

Basic state retirement pension (flat-rate): Age 65 (men) or age 61 (women, rising gradually to 65 by November 2018), with 30 years of paid or credited contributions. The retirement age (men and women) will rise gradually from age 65 to age 68 from 2020 to 2046. Contributions may be credited for periods the insured cared for a child or an elderly or disabled relative or received certain benefits.

Partial pension: The insured must have at least one year of contributions.

Dependent’s supplement: Paid for a dependent adult if the dependent’s earnings from work are below a specified amount. New claims are no longer possible and the supplement for existing beneficiaries will cease in April 2020.

Deferred pension: A deferred pension is paid. There is no age limit.

Age addition: Aged 80 or older.

The basic retirement pension is payable abroad, but is adjusted only if ordinarily residing in a European Union member country or in a country with a reciprocal agreement.

State second pension (SSP): Age 65 (men) or age 61 (women, rising gradually to 65 by November 2018), with 30 years of paid or credited contributions. The retirement age (men and women) will rise gradually from age 65 to age 68 from 2020 to 2046. Must have earnings of at least the lower earnings limit or receive certain benefits. The SSP is a supplement to the basic state pension.

The annual lower earnings limit is £5,564.

Old-person’s pension (noncontributory retirement pension): Aged 80 or older, entitled to less than 60% of the full basic state pension, and a resident of the United Kingdom for at least 10 years in any 20-year consecutive period after age 60.

Pension credit: Awarded to low-income pensioners aged 61 or older (rising gradually to age 65 by 2018) residing in the United Kingdom. Also awarded to persons aged 65 or older with modest retirement savings. The pension credit can only be paid abroad for a temporary absence from the United Kingdom.
Employment and support allowance (contributory): Paid to persons aged 16 up to state pension age with at least four consecutive days of sickness within a period of incapacity for work. The insured must have made contributions on earnings of at least 26 times the weekly lower earnings limit in one of the last three tax years before the claim is made, and has contributions paid or credited on earnings of at least 50 times the weekly lower earnings limit in both of the last two tax years before the claim is made. The weekly lower earnings limit is £107 (April 2012).

Employment and support allowance (means-tested): Paid to persons aged 16 up to the age of pension credit entitlement with at least four consecutive days of sickness within a period of incapacity for work. May be paid if the insured does not meet the contribution requirements, including for young people with disabilities that began before age 20 (age 25 if a full-time student or trainee), subject to a means-test and certain other conditions.

Disability living allowance (non-contributory, no means test): Paid if the disability began before age 65. The allowance is usually paid after three months of disability (except if terminally ill).

Attendance allowance (non-contributory, no means test): Paid if the disability began at age 65 or older. The allowance is usually paid after six months of disability (except if terminally ill).

Carer’s allowance (non-contributory, partial means test): Paid to a person who forgoes full-time work to provide at least 35 hours a week of care for a person with a severe disability who receives certain qualifying benefits. The carer, at the time of the claim, must be age 16 to 65 and earn £100 a week or less and not be a full-time student.

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 of up to 26 weeks does not affect entitlement.

Widowed parent’s allowance: The deceased met the contribution qualifying conditions for an old-age pension or was a pensioner at the time of death. Paid to a widow(er) younger than the normal pensionable age who is receiving child benefits (for dependent children), and to pregnant widows.

Bereavement allowance: The deceased met the contribution qualifying conditions for an old-age pension or was a pensioner at the time of death. Paid to a surviving spouse aged 45 or older without dependent children.

Bereavement payment: The deceased met the contribution qualifying conditions for an old-age pension or was a pensioner at the time of death.

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

The Bereavement Allowance, Bereavement Payment, and Guardian’s Allowance are payable abroad, but are adjusted only if ordinarily residing in a European Union member country or in a country with a reciprocal agreement.

Old-Age Benefits

Basic state retirement pension (flat-rate): The maximum weekly pension is £107.45 (April 2012). Partial pension: A percentage of the full pension is paid, according to the number of years of contributions. Dependent’s supplement: £64.40 a week is paid (April 2012).

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 is paid.

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

Old-person’s pension (noncontributory retirement pension): £64.40 a week (April 2012) is paid minus any old-age pension. Any other state pension in payment is deducted from this amount.

Benefit adjustment: Benefits are adjusted annually according to changes in the consumer price index from the previous September.

Pension credit: At least £142.70 a week (unmarried person) or £217.90 a week (couple) (April 2012), including their other income, is paid. Persons aged 65 or older may receive an additional amount if they do not have savings or pensions other than state pensions.

Permanent Disability Benefits

Employment and support allowance (contributory): £71 (£56.25 if aged 16 to 24) a week is paid after a three-day waiting period for up to 13 weeks while the capacity for work is assessed. After the assessment, £71 (£56.25 if aged 16 to 24) a week plus £34.05 a week (if the disability has a severe effect on the ability to work) or £28.15 a week (if there is capacity for limited work) is paid (April 2012).

Employment and support allowance (means-tested): The benefit depends on income and circumstances.

Disability living allowance (non-contributory, no means test): The amount is determined by care and mobility needs. The care component is £77.45, £51.85, or £20.55 a week according to need (April 2012). The mobility component is £54.05 or £20.55 a week according to need (April 2012).
United Kingdom

Attendance allowance (non-contributory, no means test): £51.85 or £77.45 a week (April 2012).

Carer's allowance (non-contributory, partial means test): £58.45 a week (April 2012) is paid plus dependent supplements.

Benefit adjustment: Benefits are adjusted annually according to changes in the consumer price index from the previous September.

Survivor Benefits

Widowed parent's allowance: £105.95 a week (April 2012) is paid.

Bereavement allowance: The amount varies with the survivor's age when widowed or when the widowed parent's allowance ends: £105.95 a week (April 2012) 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 paid immediately to the surviving spouse.

Guardian's allowance: £14.75 a week is paid for each child.

Benefit adjustment: Benefits are adjusted annually according to changes in the consumer price index from the previous September.

Administrative Organization

Pension Service (http://www.thepensionservice.gov.uk) of the Department for Work and Pensions, administers the state pension system and provides services and support to pensioners.

Her Majesty's Revenue and Customs (http://www.hmrc.gov.uk) administers the National Insurance contribution system.

Jobcentre Plus (http://www.jobcentreplus.gov.uk) of the Department for Work and Pensions administers benefits for people of working age and helps them find work.

Sickness and Maternity

Regulatory Framework

First law: 1911.


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

Coverage

Statutory sick pay: Employees with average weekly earnings of at least £107 (April 2012).

Employment and support allowance (contributory and means-tested): All employed and self-employed persons not eligible for statutory sick pay; unemployed and nonemployed persons (contributory ESA only).

Maternity allowance: All employed and self-employed persons not eligible for statutory maternity pay.

Statutory maternity pay: Female employees with average weekly earnings of at least £107 (April 2012).

Statutory paternity pay: Employees with average weekly earnings of at least £107 (April 2012) whose wife or partner is expecting a baby.

Statutory adoption pay: Employees with average weekly earnings of at least £107 (April 2012) who are adopting a child.

Medical benefits: All persons residing in the United Kingdom.

Source of Funds

Insured person: 2.05% of earnings from £146 to £817 a week and 1% of earnings greater than £817 (medical benefits). For employment and support allowance (incapacity benefit) and maternity allowance, see source of funds under Old Age, Disability, and Survivors.

Self-employed person: For employment and support allowance (incapacity benefit) and maternity allowance, see source of funds under Old Age, Disability, and Survivors.

Employer: 1.9% of employee earnings (medical benefits); total cost of statutory sick pay (in certain cases, part of the cost); 8% of statutory maternity and paternity pay. For employment and support allowance (incapacity benefit) and maternity allowance, see source of funds under Old Age, Disability, and Survivors.

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

See also source funds under Old Age, Disability, and Survivors.

Qualifying Conditions

Statutory sick pay: The insured must have at least four consecutive days of sickness within a period of incapacity for work. Paid to employees younger than age 65 with average weekly earnings of at least the weekly lower earnings limit.

The weekly lower earnings limit is £107 (April 2012).

Employment and support allowance (contributory): Paid to persons aged 16 up to state pension age with at least four consecutive days of sickness within a period of incapacity for work. The insured must have paid contributions on
earnings of at least 26 times the weekly lower earnings limit in one of the last three tax years before the claim is made, and has contributions paid or credited on earnings of at least 50 times the weekly lower earnings limit in both of the last two tax years before the claim is made.

The weekly lower earnings limit is £107 (April 2012).

**Employment and support allowance (means-tested):** Paid to persons aged 16 up to the age of pension credit entitlement with at least four consecutive days of sickness within a period of incapacity for work. May be paid if the insured does not meet the contribution requirements, including for young people with disabilities that began before age 20 (age 25 if a full-time student or trainee), subject to a means-test and certain other conditions.

**Maternity allowance:** Must have worked at least 26 weeks in the 66-week period before the expected week of childbirth with 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:** 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 of at least the weekly lower earnings limit.

The weekly lower earnings limit is £107 (April 2012).

**Statutory paternity pay:** 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 of at least the weekly lower earnings limit.

The weekly lower earnings limit is £107 (April 2012).

**Statutory adoption pay:** 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**

**Statutory sick pay:** £85.85 a week (April 2012) is paid by the employer for up to 28 weeks of incapacity after a three-day waiting period.

**Employment and support allowance (contributory):** £71 (£56.25 if aged 16-24) a week is paid after a three-day waiting period for up to 13 weeks while the capacity for work is assessed. After the assessment, £71 (£56.25 if aged 16-24) a week plus £34.05 a week (if the disability has a severe effect on the ability to work) or £28.15 a week (if there is capacity for limited work) is paid (April 2012).

**Employment and support allowance (means-tested):** The benefit depends on income and circumstances.

**Maternity allowance:** £135.45 a week (April 2012) or 90% of average weekly earnings ( whichever is lower) is paid by the employer for up to 26 weeks starting from the 15th week before the expected date of childbirth to the week following childbirth.

**Statutory maternity pay:** 90% of average weekly earnings (April 2012) is paid by the employer for the first six weeks; £135.45 a week (April 2012) or 90% of average weekly earnings ( whichever is lower) for the next 33 weeks. The benefit is paid for up to 39 weeks.

**Statutory paternity pay:** £135.45 a week (April 2012) or 90% of average weekly earnings (whichever is lower) is paid by the employer for one or two weeks (as chosen by the employer).

**Statutory adoption pay:** £135.45 a week (April 2012) or 90% of average weekly earnings (whichever is lower) is paid by the employer for up to 26 weeks.

**Workers’ Medical Benefits**

**Medical benefits for insured workers:** The National Health Service (NHS) pays directly for medical services provided by public hospitals and by doctors and dentists under contract with the NHS. Benefits include general practitioner care, specialist services, hospitalization, maternity care, dental care, medicine, appliances, home nursing, and family planning.

**Cost sharing:** Patients pay £7.40 for each prescription and up to £204 for dental treatment depending on the course of treatment. 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.

There is no limit to duration.

**Dependents’ Medical Benefits**

Medical benefits for dependents are the same as those for the insured.

**Administrative Organization**

Jobcentre Plus (http://www.jobcentreplus.gov.uk) of the Department for Work and Pensions administers benefits for people of working age and helps them find work.

Department of Health (http://www.dh.gov.uk) administers medical benefits and services through the National Health Service.

**Work Injury**

**Regulatory Framework**

**First law:** 1897.

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

**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.

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

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

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

**Qualifying Conditions**

**Employment and support allowance (contributory):**
Paid to persons aged 16 up to state pension age with at least four consecutive sick days within a period of incapacity for work. The insured must have paid contributions on earnings of at least 26 times the weekly lower earnings limit in one of the last three tax years before the claim is made, and has contributions paid or credited on earnings of at least 50 times the weekly lower earnings limit in both of the last two tax years before the claim is made.

The weekly lower earnings limit is £107 (April 2012).

**Employment and support allowance (means-tested):**
Paid to persons aged 16 up to the age of pension credit entitlement with at least four consecutive days of sickness within a period of incapacity for work. May be paid if the insured does not meet the contribution requirements, including for young people with disabilities that began before age 20 (age 25 if a full-time student or trainee), subject to a means-test and certain other conditions.

**Industrial injuries disablement benefit:** For a work-related injury, the insured must be an employee and assessed (by medical examination) with at least a 14% disability, although there are some exceptions to this. For an occupational disease, the insured must have developed a recognized disease during the course of employment.

**Temporary Disability Benefits**

**Employment and support allowance (contributory):** £71 (£56.25 if aged 16-24) a week is paid after a three-day waiting period for up to 13 weeks while the capacity for work is assessed. After the assessment, £71 (£56.25 if aged 16-24) a week plus £34.05 a week (if the disability has a severe effect on the ability to work) or £28.15 a week (if there is capacity for limited work) is paid (April 2012).

**Employment and support allowance (means-tested):**
The benefit depends on income and circumstances.

**Deduction:** Benefits are adjusted annually according to changes in the consumer price index from the previous September.

**Permanent Disability Benefits**

**Industrial injuries disablement benefit:** If the insured is assessed with a 100% disability, £158.10 a week (April 2012) is paid from the 15th week after the work-related accident occurred or the occupational disease began.

Partial disability: The benefit varies from £31.62 a week for an assessed degree of disability of 20% to £142.29 a week for an assessed degree of disability of 90% if aged 18 or older (April 2012).

Reduced earnings allowance: Paid for a work-related accident or an occupational disease that occurred before October 1990. Up to £63.24 a week (April 2012) is paid if the insured is assessed with a disability of at least 1% and unable to do the usual job, resulting in a loss of earnings.

Constant-attendance allowance: If the insured requires the constant attendance of others to perform daily functions, the weekly allowance is £31.65, £63.30, £94.95, or £126.60, according to attendance needs (April 2012).

Exceptionally severe disablement allowance: £63.30 a week (April 2012) is paid if receiving either of the top two rates of constant-attendance allowance.

**Benefit adjustment:** Benefits are adjusted annually according to changes in the consumer 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:** £105.95 a week (April 2012) is paid to a widowed parent receiving child benefits for at least one dependent child.

**Bereavement Allowance:** The amount varies with the survivor’s age when widowed or when the widowed parent’s allowance ends: £105.95 a week is paid if aged 55 or older (April 2012); a percentage of the full rate if aged 45 to 54.

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

**Guardian’s Allowance:** £14.75 a week is paid for each child.

**Benefit adjustment:** Benefits are adjusted annually according to changes in the consumer price index from the previous September.
**Administrative Organization**

Jobcentre Plus (http://www.jobcentreplus.gov.uk) of the Department for Work and Pensions administers cash benefits for people of working age and helps them find work. Her Majesty’s Revenue and Customs (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 employees.

Self-employed persons are eligible for the means-tested job seeker’s allowance only.

**Source of Funds**

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

**Self-employed person:** None.

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

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

**Qualifying Conditions**

**Job seeker’s allowance (contributory):** Aged 18 or older and unemployed 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 of at least 26 times the weekly lower earnings limit in one of the two relevant tax years (April to March) on which a claim is based plus paid or credited contributions on earnings of at least 50 times the weekly lower earnings limit in both the relevant tax years on which a claim is based.

The weekly lower earnings limit is £107 (April 2012).

Must be registered as unemployed; be capable of, available for, and actively seeking employment; and have a current Jobseeker’s Agreement (drafted and signed by the job seeker and the job seeker’s advisor obliging the job seeker to actively seek training and work).

**Job seeker’s allowance (means-tested):** Paid to those who do not qualify for the contributory job seeker’s allowance, have insufficient income for their needs, and savings of less than £16,000 or a partner who does not work more than 24 hours a week.

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 job seeker and the job seeker’s advisor. It obliges the job seeker to actively seek training and work. Failure to sign a Jobseeker’s Agreement results in the suspension of benefits.

**Unemployment Benefits**

**Job seeker’s allowance (contributory):** £71 a week is paid if aged 25 or older; £56.25 if younger than age 25 (April 2012). The allowance is paid after a three-day waiting period for up to 26 weeks.

**Job seeker’s allowance (means-tested):** The amount of the allowance depends on the claimant’s age and on household income and composition. An unmarried person receives from £56.25 to £71 a week, depending on age (April 2012). The allowance is paid after a three-day waiting period for up to 26 weeks.

**Administrative Organization**

Jobcentre Plus (http://www.jobcentreplus.gov.uk) of the Department for Work and Pensions administers benefits for people of working age and helps them find work. Her Majesty’s Revenue and Customs (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 laws: 1992 (consolidated legislation) and 2002 (child tax credit).

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.

Income support (social assistance): All residents.

**Source of Funds**

**Insured person:** None.

**Self-employed person:** None.

**Employer:** None.
United Kingdom

**Government:** The total cost.

**Qualifying Conditions**

**Child benefit:** The child must be younger than age 16 (up to age 17 if not in full-time education and does not work more than 24 hours a week; up to age 20 if a full-time student). Eligibility also depends on residence and presence in the United Kingdom.

**Child tax credit:** The child must be younger than age 16 (aged 16 or 17 and has left full-time education and works less than 24 hours a week; younger than age 20 if a full-time student). Eligibility also depends on residence and presence in the United Kingdom, and income.

**Working tax credit:** The claimant must work as an employed or self-employed person for at least 16 hours a week.

**Income support (social assistance):** Paid to persons aged 16 up to the age of pension credit entitlement who are not receiving a means-tested employment support allowance or a job seeker’s allowance. Household income must be below prescribed levels, has insufficient income for their needs, savings of less than £16,000 or works less than 16 hours a week on average or a partner who does not work more than 24 hours a week.

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**Family Allowance Benefits**

**Child benefit:** £20.30 a week is paid for the eldest qualifying child, and £13.40 is paid for each additional child (April 2012).

**Child tax credit:** Provided to families with one child if annual household income is less than around £26,000; with two children, less than around £32,200. Employment is not required (see working tax credit, below). Additional tax credit amounts are provided for children with disabilities.

**Working tax credit:** The tax credit depends on income and family status and can include approved child care costs. Additional amounts are provided for workers with disabilities and persons with severe disabilities.

**Income support (social assistance):** The amount depends on income and circumstances.

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**Administrative Organization**

Her Majesty’s Revenue and Customs (http://www.hmrc.gov.uk) administers child benefits and tax credits.