

## United Kingdom

Exchange rate: US\$1.00 equals 0.62 pounds (£).

### Old Age, Disability, and Survivors

#### Regulatory Framework

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

**Current laws:** 1992 (consolidated legislation), 1995 (pensions), 1999 (welfare reform and pensions), 2000 (child support, pensions, and social security), 2002 (pension credit), 2004 (pensions), and 2007 (pensions).

**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 £97 to £844 (April 2010).

Self-employed persons aged 16 to 65 (men) or aged 16 to 60 (women) with annual income of at least £5,075 are covered for all benefits except the state second pension, work injury benefits, and contributory job seeker's allowance.

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

**Employment and support allowance (incapacity benefit):** All employed and self-employed who are not eligible for statutory sick pay; unemployed and nonemployed persons who satisfy contribution conditions.

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

#### Source of Funds

**Insured person:** 11% of weekly earnings from £110 to £844 (April 2010); certain married women and widows contribute 4.85% of weekly earnings from £110 to £844 plus 1% of weekly earnings greater than £844.

Voluntary contributors pay a flat-rate of £12.05 a week.

From the insured's contributions, 2.05% on earnings from £110 to £844 a week and 1% over £844 is allocated to the National Health Service for medical benefits. The insured's contributions also finance sickness and maternity benefits, work injury benefits, and unemployment benefits.

**Self-employed person:** A flat-rate of £2.40 a week if earnings are greater than £5,075 plus 8% of declared annual earnings from £5,715 to £43,875 plus 1% of declared annual earnings greater than £43,875 (April 2010).

15.5% of the self-employed person's contribution is allocated to the National Health Service for medical benefits.

**Employer:** 12.8% of each employee's earnings greater than £110 a week (April 2010).

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 60 (women, rising gradually to age 65 from 2010 to 2020) with 30 years of paid or credited contributions (April 2010).

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. Credit is given for periods of time during which the insured received certain benefits (such as the incapacity benefit and job seeker's allowance).

**Partial pension:** A proportionately reduced pension is paid if the insured has at least one qualifying year of contributions (for people who reach state pension age on or after April 6, 2010) and is entitled to at least 25% of the full pension.

**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 country or a country with a reciprocal agreement.

**State second pension (SSP):** Age 65 (men) or age 60 (women, rising gradually to age 65 from 2010 to 2020). The SSP is paid in addition to the basic state pension. A person earning more than the lower earnings limit but less than £14,100 (April 2010) is treated for SSP purposes as if they had earnings of £14,100.

The annual lower earnings limit is £5,044.

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

**Old-person's pension (noncontributory retirement pension):** Paid if aged 80 or older and the pensioner is entitled to less than 60% of the full basic state pension. The pensioner must have resided in 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 60 or older (rising gradually to age 65 from 2010 to 2020) residing in the United Kingdom. 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.

**Employment and support allowance (incapacity benefit):** The allowance is paid according to the insured's income, working capacity, age, and marital status, and is not paid if savings exceed £16,000 or if the insured's partner works for more than 24 hours a week.

Contributions must be paid on earnings of at least 25 times the weekly lower earnings limit in one of the last 3 tax years before the claim is made plus contributions paid on earnings of at least 50 times the weekly lower earnings limit in both of the last 2 tax years before the claim is made.

The weekly lower earnings limit is £97 (April 2010).

Noncontributory means-tested benefits may be paid if the insured does not meet the contribution requirements, including young people with disabilities that began before age 20 (age 25 if a full-time student or trainee).

**Disability living allowance (noncontributory, no means test):** Paid if the disability began 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):** Paid if the disability began at age 65 or older. The allowance is usually paid after 6 months of disability (except if terminally ill).

**Caregiver's allowance (noncontributory, no 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 caregiver must be from age 16 to age 65 at the time of the claim and not be a full-time student or earning more than £95 a week.

Disability living allowance, attendance allowance, and caregiver's allowance are payable abroad as long as the 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 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.

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

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

**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 rearing a full 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 country or a country with a reciprocal agreement.

### Old-Age Benefits

**Basic state retirement pension (flat-rate):** The maximum weekly pension is £97.65 (April 2010).

Dependent's supplement: £58.50 a week (April 2010) is paid for a dependent adult if the dependent's earnings from work are below a specified amount. This supplement is being phased out as of April 2010; existing supplements will be paid until April 2020.

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):** £58.50 a week (April 2010) is paid minus any old-age pension. Any state pension paid is deducted from this amount.

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

**Pension credit:** At least £132.60 a week (unmarried person) or £202.40 a week (couple), including their other income, is paid. Persons aged 65 or older may receive an additional amount if they have savings or other nonstate pensions.

### Permanent Disability Benefits

**Employment and support allowance:** £65.45 week (April 2010) is paid after a 3-day waiting period for up to 13 weeks while the capacity for work is assessed. After the assessment, £65.45 a week plus £31.40 a week (if the disability has a severe effect on the ability to work) or £25.95 a week (if there is capacity for limited work) is paid (April 2010).

**Disability living allowance (noncontributory, no means test):** The care component is £71.40, £47.80, or £18.95 a week according to need (April 2010). The mobility component is £49.85 or £18.95 a week according to need (April 2010).

**Attendance allowance (noncontributory, no means test):** £47.80 or £71.40 a week is paid according to need (April 2010).

**Caregiver's allowance (noncontributory, no means test):** £53.90 a week (April 2010) is paid plus dependent supplements.

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

### **Survivor Benefits**

**Widowed parent's allowance:** £97.65 a week (April 2010) is paid.

**Bereavement allowance:** The amount varies with the survivor's age when widowed or when the widowed parent's allowance ends: £97.65 a week (April 2010) 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:** £14.30 a week is paid per child.

Benefit adjustment: Benefits are adjusted annually according to changes in the retail 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**

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#### **Regulatory Framework**

**First law:** 1911.

**Current laws:** 1977 (national health service), 1992 (consolidated legislation), 1994 (sick pay), 1999 (welfare reform and pensions), 2005 (work and families), and 2007 (welfare reform).

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

#### **Coverage**

**Statutory sick pay:** Paid by the employer to employees with average weekly earnings of at least £97 (April 2010).

**Employment and support allowance:** All employed and self-employed who are not eligible for statutory sick pay; unemployed and nonemployed persons who satisfy contribution conditions.

**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 £97 (April 2010).

**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 £97 (April 2010).

**Statutory adoption pay:** Paid by the employer to an employee adopting a child and whose average weekly earnings are at least £97 (April 2010).

**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 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:** For employment and support allowance (incapacity benefit) and maternity allowance, see source of funds under Old Age, Disability, and Survivors. 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. See also source funds under Old Age, Disability, and Survivors.

#### **Qualifying Conditions**

**Statutory sick pay:** The insured must have at least 4 consecutive days of sickness. 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 £97 (April 2010).

**Employment and support allowance (incapacity benefit):** The allowance is paid according to the insured's income and circumstances and is not paid if savings exceed £16,000 or if the insured's partner works for more than 24 hours a week.

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 in one of the last 3 tax years before the claim is made 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 is made.

The weekly lower earnings limit is £97 (April 2010).

Noncontributory means-tested benefits may be paid if the insured does not meet the contribution requirements, including young people with disabilities that began before age 20 (age 25 if a full-time student or trainee).

**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 of at least the weekly lower earnings limit.

The weekly lower earnings limit is £97 (April 2010).

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

The weekly lower earnings limit is £97 (April 2010).

**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**

**Statutory sick pay:** £79.15 a week (April 2010) is paid for up to 28 weeks of incapacity after a 3-day waiting period.

**Employment and support allowance:** £65.45 a week (April 2010) is paid after a 3-day waiting period for 13 weeks while capacity for work is assessed. After the assessment, £65.45 a week plus £31.40 a week (if the disability has a severe effect on the ability to work) or £25.95 a week (if there is capacity for limited work) is paid (April 2010).

**Maternity allowance:** The allowance is paid for up to 26 weeks starting from the 15th week before the expected date of childbirth to the week following childbirth. The benefit is £124.88 a week (April 2010) or 90% of average weekly earnings (whichever is lower).

**Statutory maternity pay:** The benefit is paid for up to 39 weeks. The first 6 weeks are paid at 90% of average weekly earnings (April 2010). The remaining 33 weeks are paid at £124.88 a week (April 2010) or 90% of average weekly earnings (whichever is lower).

**Statutory paternity pay:** Paid by the employer for 1 or 2 weeks (as chosen by the employee) at £124.88 a week (April 2010) or 90% of average weekly earnings (whichever is lower).

**Statutory adoption pay:** Paid by the employer for up to 26 weeks at £124.88 a week (April 2010) or 90% of average weekly earnings (whichever is lower).

### **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, medicine, appliances, home nursing, and family planning.

Cost sharing: Patients pay £7.20 for each prescription and up to £198 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 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, medicine, appliances, home nursing, and family planning.

Cost sharing: Patients pay £7.20 for each prescription and up to £198 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. 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**

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**

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#### **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.

**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 (incapacity benefit):** The allowance is paid according to the insured's income, working capacity, age, and marital status, and is not paid if savings exceed £16,000 or if the insured's partner works for more than 24 hours a week.

Contributions must be paid on earnings of at least 25 times the weekly lower earnings limit in one of the last 3 tax years before the claim is made plus contributions paid on earnings of at least 50 times the weekly lower earnings limit in both of the last 2 tax years before the claim is made.

The weekly lower earnings limit is £97 (April 2010).

**Income support (social assistance):** Paid to persons between ages 16 and 59 whose income is below prescribed levels. Income support is not paid if savings exceed £16,000, if the person works more than 16 hours a week on average, or if the insured's partner works more than 24 hours a week.

**Industrial injuries disablement benefit:** For a work-related injury, the insured must be an employee and assessed (by medical examination) with at least a 20%

disability. For an occupational disease, the insured must have developed a recognized disease during the course of employment.

#### **Temporary Disability Benefits**

**Employment and support allowance (incapacity benefit):** £65.45 a week (April 2010) is paid after a 3-day waiting period for up to 13 weeks while the capacity for work is assessed. After the assessment, £65.45 a week is paid plus a support component of £31.40 a week (April 2010) if the disability has a severe effect on the ability to work or a work-related activity component of £25.95 a week (April 2010) if there is capacity for limited work.

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

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

#### **Permanent Disability Benefits**

**Industrial injuries disablement benefit:** If the insured is assessed with a 100% disability, £145.80 a week (April 2010) is paid from the 15th week after the work-related accident occurred or the occupational disease began.

**Reduced earnings allowance:** Only paid for a work-related accident or an occupational disease that occurred before October 1990. Up to £57.44 a week (April 2010) 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 £29.20, £58.40, £87.60, or £116.80, according to attendance needs (April 2010).

**Exceptionally severe disablement allowance:** £58.40 a week (April 2010) is paid if receiving either of the top two rates of constant-attendance allowance.

**Partial disability:** The benefit varies depending on the assessed degree of disability, for example £29.16 a week for an assessed degree of disability of 20% and £131.22 a week for an assessed degree of disability of 90% (April 2010).

**Benefit adjustment:** Benefits are adjusted annually according to price changes in 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:** £97.65 a week (April 2010) 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: £97.65 a week is paid if aged 55 or older (April 2010); a percentage of the full rate if aged 45 to 54.

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

**Guardian's allowance:** £14.30 a week is paid per child.

**Benefit adjustment:** Benefits are adjusted annually according to changes in the retail 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.

**Current law:** 1995 (job seekers).

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

### Coverage

All unemployed job seekers meeting the qualifying conditions.

Self-employed persons are eligible for the income-tested job seeker's allowance only.

**Exclusions:** Self-employed persons are excluded from the contributory job seeker's allowance.

### 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 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 of at least 25 times the weekly lower earnings limit in one of the 2 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 £97 (April 2010).

Must be registered as unemployed; be capable of, available for, and actively seeking employment; and have a current Job Seeker'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 (income-tested):** Those who do not qualify for the contributory job seeker's allowance may qualify for the income-tested allowance for themselves and their dependents if their income is insufficient for their needs. The allowance is not paid if savings exceed £16,000.

Must be registered as unemployed; be capable of, available for, and actively seeking employment; and have a current Job Seeker's Agreement. The Job Seeker'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 Job Seeker's Agreement results in the suspension of benefits.

### Unemployment Benefits

**Job seeker's allowance (contributory):** £65.45 a week is paid if aged 25 or older; £51.85 if younger than age 25 (April 2010). The allowance is paid after a 3-day waiting period for up to 26 weeks.

**Job seeker's allowance (income-tested):** The amount of the allowance depends on the claimant's age and on household income and composition. An unmarried person receives between £51.85 and £65.45 a week, depending on age (April 2010). The allowance is paid after a 3-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).

## United Kingdom

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

### **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 2010).

**Child tax credit:** Provided for families with children. Eligible families can have annual income up to £58,175 (£66,350 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 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.

### **Administrative Organization**

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