

United Kingdom

Exchange rate: US\$1.00 equals 0.56 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), and 2000 (child support, pensions, and social security).

Type of program: Social insurance and social assistance system.

Coverage

Employed persons aged 16 to 65 (men) or aged 16 to 60 (women) with weekly earnings of at least £77.

Self-employed persons aged 16 to 65 (men) or aged 16 to 60 (women) with annual income of at least £4,095 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's benefits only.

Beginning October 2003, the pension credit (means-tested) is available to all residents aged 60 or older.

Source of Funds

Insured person: 11% of weekly earnings between £89.01 and £595; certain married women and widows contribute 4.85%, plus an additional 1% on earnings over £595.

Self-employed person: A flat-rate contribution of £2 a week if earnings are more than £4,095. In addition, self-employed persons with annual profits between £4,615 and £30,940 pay an earnings-related contribution of 8%, plus 1% of any profits above £30,490.

Voluntary contributor: A flat-rate contribution of £6.95 a week.

Employer: 12.8% of employee's earnings over £89 a week.

Government: Total cost of means-tested allowances and other noncontributory benefits. Also, a treasury grant to contributory programs up to a maximum of 17% of benefit expenditure per year to cover shortfalls.

15% of all the above contributions is allocated to the National Health Service toward the cost of medical benefits.

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 50 weeks of paid contributions before April 1975 or contributions based on earnings of at least 50 times the lower earnings level in the tax years April 1975 to April 1978. Since 1978, contributions have been based on earnings of 52 times the lower earnings level. Coverage is required for approximately 90% of the years in the working life (generally 49 years for men and 44 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. No pension is payable if the insured is entitled to less than 25% of the full pension. 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.

Deferred pension: The pension can be deferred until age 70 (men) or age 65 (women), subject to a minimum deferral period of 7 weeks.

Age addition: Aged 80 or older.

State second pension (S2P): Contributions paid as an employed person on earnings between the National Insurance lower and upper earnings level in any tax year from April 1978. Beginning April 2003, 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 for each year they are caring or receiving an eligible benefit.

Old-person's pension (noncontributory retirement pension): Aged 80 or older and ineligible for the contributory pension or entitled to a pension of less than £46.35 a week. Must have been resident in the UK for 10 years in any 20-year consecutive period after age 60.

Pension credit: Men and women aged 60 or older (rising gradually to age 65 from 2010 to 2020), resident in the UK, and whose income is below prescribed levels.

Long-term incapacity benefit: Contributions are paid on earnings of at least 25 times the weekly lower earnings level 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 level 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 test); after 28 weeks to those who are terminally ill or receiving the highest-rate component of disability living allowance.

Disability living allowance (noncontributory, no means test): Disabled 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): Disabled 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): Paid to a person who forgoes full-time work to care for a severely disabled person (receiving certain qualifying benefits) for 35 hours or more a week. The carer must be over age 16 and under age 65 at the time of claim and not be in full-time education or earning over £77 a week.

Survivor benefits: The deceased met the coverage requirements for an old-age pension or was a pensioner at the time of death.

Widowed parent's allowance: A widowed parent with at least one dependent child under age 19 for whom he or she receives child benefit.

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.

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

Guardian's allowance: For a person raising a full orphan or, in certain cases, a child with one surviving parent.

Old-Age Benefits

Basic state retirement pension (flat rate): The maximum pension is £77.45 a week.

Dependent supplement: £46.35 a week for a dependent adult if the dependent's earnings from work are below a specified amount.

Deferred pension: An increment of 0.1428% of the pension for each week of deferred retirement.

Age addition: £0.25 a week.

State second pension (S2P): The accrual rate applies to earnings between the lower and upper earnings levels. For earnings between tax years 1978/1979 and 1987/1988, the accrual rate is 25%. The accrual rate on earnings after April 1988 will vary depending on the level and year of earnings and the date of retirement. The lowest earners will have the highest accrual rate.

Old-person's pension (noncontributory retirement pension): £46.35 a week minus any old-age pension.

Benefit adjustment: Pensions and allowances are increased annually according to price changes. (The amount of the increase 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). Those entitled are guaranteed £102.10 a week (single person) or £155.80 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.

Permanent Disability Benefits

Long-term incapacity benefit: The benefit is payable starting from the 53rd week of incapacity (or starting from the 29th week if terminally ill and disabled for at least 28 weeks) following the payment of short-term incapacity benefit (see Sickness and Maternity). The benefit is £72.15 a week, plus £43.15 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.

Disability living allowance (noncontributory, no means test): The care component is £57.20, £38.30, or £15.15 a week according to needs. The mobility component is £39.95 or £15.15 a week according to needs.

Attendance allowance (noncontributory, no means test): £38.30 or £57.20 a week according to needs.

Carer's allowance (noncontributory, no means test): £43.15 a week plus dependent supplements, if appropriate.

Benefit adjustment: Pensions and allowances are increased annually according to price changes. (The amount of the increase is calculated according to the retail price index from the previous September.)

Survivor Benefits

Widowed parent's allowance: £77.45 a week.

Bereavement allowance: The amount varies with age at the date of entitlement or when the widowed parent's allowance ends. Aged 55 or older, £77.45 a week; aged 45 to 54, a percentage of the full rate is paid.

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

Guardian's allowance: £11.55 a week per child; reduced to £9.70 if the higher rate of child benefit is payable for the child.

Benefit adjustment: Pensions and allowances are increased annually according to price changes. (The amount of the increase is calculated according to the retail price index from the previous September.)

Administrative Organization

The Pension Service (part of the Department for Work and Pensions) administers the state pension scheme and provides services and support to pensioners.

Jobcentre Plus (part of the Department for Work and Pensions) administers benefits for people of working age and helps them find work.

Inland Revenue 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), and 1999 (welfare reform and pensions).

Type of program: Social insurance and social assistance (cash benefits) system 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 £77.

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 £77.

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 £77.

Statutory adoption pay: Paid by the employer to an employee whose wife or partner is adopting a child and whose average weekly earnings are at least £77.

Medical benefits: All residents, 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.

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 (except for certain small employers) 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 National Insurance contributions and patients' copayments.

Qualifying Conditions

Short-term incapacity benefit: 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 lower earnings level 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 level 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 education or training) may be able to receive incapacity benefit without satisfying the contribution conditions.

Statutory sick pay: At least 4 consecutive days of sickness within a period of incapacity for work. Paid to employees under age 65 with average weekly earnings of at least £77.

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 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: Employed continuously for at least 26 weeks by the same employer up to and including the 15th week before expected week of childbirth and has average weekly earnings of at least £77.

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.

Statutory adoption pay: Employed continuously for at least 26 weeks by the same employer up to the week of 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 at £54.40 a week, plus £33.65 a week for a dependent adult. The lower-rate benefit is payable after a 3-day waiting period. The higher rate is payable from week 29 to week 52 at £64.35 a week, plus £33.65 a week for a dependent adult.

Statutory sick pay: £64.35 a week 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 standard rate is £100; 90% of average weekly earnings if earnings are less than £100.

Statutory maternity pay: The benefit is payable for a total of 26 weeks. The first 6 weeks are paid at 90% of average earnings. The remaining 20 weeks are paid at £100 a week; 90% of average weekly earnings if earnings are less than £100.

Statutory paternity pay: Paid by the employer for 1 or 2 weeks (as chosen by the employee) at £100 a week; 90% of average weekly earnings if earnings are less than £100.

Statutory adoption pay: Paid by the employer for up to 26 weeks at £100 a week; 90% of average weekly earnings if earnings are less than £100.

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 80% of the cost of any dental work up to £372. Patients pay £6.30 for each prescription. Those receiving means-tested benefits and their adult dependents, children under age 16 (under age 19 if a student), pregnant women, and nursing mothers are exempt from dental and prescription charges. People over the state pension age and certain other groups are exempt from prescription charges. Exemption is also available to others with low income under the National Health Service Low Income Scheme.

There is no limit on duration of benefits.

Dependents' Medical Benefits

Same as for the family head.

Administrative Organization

Jobcentre Plus (part of the Department for Work and Pensions) administers cash benefits for people of working age and helps them find work.

Department of Health administers medical benefits and services through the National Health Service.

Work Injury

Regulatory Framework

First law: 1897.

Current law: 1992 (consolidated legislation).

Type of program: Social insurance and social assistance system.

Coverage

Employed persons.

Exclusion: Self-employed persons.

Source of Funds

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

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: The insured must be employed by an employer at the time of an accident that occurs in the course of employment. The degree of disability, which must be over 14%, is assessed by medical examination. In the case of an industrial disease, the insured must have contracted a prescribed disease during the course of employment.

Temporary Disability Benefits

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 £54.40 a week, plus £33.65 a week for a dependent adult. From week 29 to week 52, the benefit is £64.35 a week, plus £33.65 a week for a dependent adult.

Beginning the 53rd week of incapacity (or starting from the 29th week if terminally ill and disabled for at least 28 weeks), the benefit is £72.15 a week, plus £43.15 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: Pensions and allowances are increased annually according to price changes. (The amount of the increase is calculated according to the retail price index from the previous September.)

Income support (social assistance): Payable when income is below certain levels. The 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.

Permanent Disability Benefits

Industrial injuries disablement benefit: If assessed as 100% disabled, £116.80 a week is payable from the 15th week after the accident or the onset of the disease.

Reduced earnings allowance: Only payable for an occupational accident or disease occurring before October 1990. Up to £46.72 a week is paid if assessed as at least 1% disabled and unable to do the same job, resulting in loss of earnings.

Constant-attendance allowance: Payable if assessed as 100% disabled; £23.40 or £46.80 a week depending on need; £70.20 or £93.60 a week if needs are greater.

Exceptionally severe disablement allowance: £46.80 a week if receiving the top two rates of constant-attendance allowance.

Partial disability: From £23.36 a week for an assessed degree of disability of 20% to £105.12 a week for an assessed degree of disability of 90%.

Workers' Medical Benefits

Provided under the National Health Service.

Survivor Benefits

Widowed parent's allowance: £77.45 a week, paid to a widowed parent with at least one dependent child under age 19 for whom he or she receives child benefit.

Bereavement allowance: The amount varies with age at the date of entitlement or when the widowed parent's allowance ends. Aged 55 or older, £77.45 a week; aged 45 to 54, a percentage of the full rate is paid.

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

Guardian's allowance: £11.55 a week per child; reduced to £9.70 if the higher rate of child benefit is payable for the child.

Benefit adjustment: Pensions and allowances are increased annually according to price changes. (The amount of the increase is calculated according to the retail price index from the previous September.)

Administrative Organization

Jobcentre Plus (part of the Department for Work and Pensions) administers cash benefits for people of working age and helps them find work.

Unemployment

Regulatory Framework

First law: 1911.

Current law: 1995 (jobseekers).

Type of program: Social insurance and social assistance system.

Coverage

All unemployed jobseekers meeting the entitlement conditions.

Source of Funds

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

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 after a 3-day waiting period (30 days for the voluntarily insured) for 26 weeks.

Qualifying Conditions

Jobseeker's allowance (social insurance): 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 of at least 25 times the lower earnings level in one of the last 2 complete tax years (April to March) before the start of the benefit year (January to December) in which the claim is made, and contributions must have been paid or credited on earnings of at least 50 times the weekly lower earnings level in both the appropriate tax years. Earnings must not be higher than the prescribed amount.

Must be registered at a job center and be capable of, available for, and actively seeking employment and must also have a current jobseeker's agreement.

Jobseeker's allowance (social assistance): Paid if the person has no income or an income that does not exceed the applicable amount. The person has no entitlement to the jobseeker's allowance (social insurance); the contributory benefit is insufficient or has expired. The allowance is not payable if savings exceed £8,000.

Unemployment Benefits

Jobseeker's allowance (social insurance): A flat-rate allowance is paid for up to 6 months at £54.65 a week if aged 25 or older, £43.25 if aged 18 to 24, or £32.90 if under age 18. The allowance is payable after a 3-day waiting period.

Jobseeker's allowance (social assistance): The amount of the allowance depends on age and on household income and composition. A single person receives between £32.90 and £54.65 a week depending on age.

Administrative Organization

Jobcentre Plus (part of the Department for Work and Pensions) administers cash benefits for people of working age and helps them find work.

Family Allowances

Regulatory Framework

First law: 1945 (child benefit).

Current laws: 1992 (consolidated legislation) and 2002 (tax credits).

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

Coverage

Child benefit and child tax credit: Residents with one or more children.

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

Source of Funds

Insured person: None.

Employer: None.

Government: Total cost.

Qualifying Conditions

Child benefit and child tax credit: Child must be under age 16 (under age 19 if a student). Eligibility is also dependent on residence and presence in the UK.

Working tax credit: Working for at least 16 hours a week.

Family Allowance Benefits

Child benefit: £16.05 a week for the eldest qualifying child and £10.75 for each additional child.

Child tax credit: The credit depends on parents' income. The minimum credit of £10.40 a week is paid if gross income is below £50,000. Higher amounts are payable for lower levels of income and if there is more than one qualifying child. The credit is paid in addition to child benefit and working tax credit.

Working tax credit: The credit depends on income and family status and can include approved childcare costs.

Administrative Organization

Inland Revenue administers the child benefit and tax credits.