Move to Universal Credit (managed migration): transitional capital disregard

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Background

The transitional capital disregard enables an eligible Move to Universal Credit (managed migration) claimant to claim Universal Credit with over £16,000 in capital for 12 assessment periods.

For the 12 assessment periods, the claimant is exempt from the normal Universal Credit capital eligibility rule of having less than £16,000 in capital.

This exemption only applies to Move to Universal Credit (managed migration) claimants who were in receipt of Tax Credits and had over £16,000 in capital the day before they claimed Universal Credit.

The disregard does not apply to anybody who claimed Universal Credit voluntarily or naturally through a change of circumstances.

To find out more about Move to Universal Credit (managed migration), see: Move to Universal Credit (managed migration).

Eligibility

Move to Universal Credit (managed migration) claimants are eligible for the transitional capital disregard if they meet all the following criteria:

- is eligible for Universal Credit
- was in receipt of Tax Credits the day before they claimed Universal Credit
- had over £16,000 in capital the day before they claimed Universal Credit
- made a claim to Universal Credit within 1 month of the deadline date on their migration notice

If they make a claim more than one month after the deadline date on their migration notice, they are not entitled to the transitional capital disregard, even if their claim is backdated.

The capital disregard is applied for a maximum of 12 assessment periods and does not apply to any other benefit or combination of benefits.

Any capital or savings above £16,000 is disregarded. (For example, if the claimant has £20,000, the amount from above £6,000 up to £16,000 is taken into account and the additional £4,000 is disregarded).

Capital or savings above £6,000 and up to £16,000 will be subject to the normal treatment of capital.

If their capital or savings remains above £16,000 after the 12 assessment periods have passed, they will no longer be eligible for Universal Credit.

If their capital or savings reduces significantly below £16,000, deprivation of capital will need to be considered.

Claimant declares further capital

Where the transitional capital disregard has been applied and the claimant declares further capital during those 12 assessment periods, this will also be disregarded up to the point Universal Credit has been claimed for 12 assessment periods.

Where a claimant had under £16,000 the day before they claimed Universal Credit, and they declare further capital which takes them over £16,000, the disregard is not applied. See: claimant had under £16,000 when they claimed Universal Credit.

Capital drops below £16,000

After the disregard has been applied, should a claimant's capital drop below £16,000 at any point during the 12 assessment periods, the capital disregard will not be applied during subsequent assessment periods, should capital again exceed £16,000. Normal capital Universal Credit eligibility would be applied.

When the transitional capital disregard stops

Transitional capital disregard stops in the following circumstances:

- couples forming
- couples separating
- the claimant has earnings equal to or above the Administrative Earnings Threshold (AET) in their first assessment period and the claimant's earnings then drop below the AET for 3 consecutive assessment periods at any time during the Universal Credit claim

- the Universal Credit award is terminated

Where the transitional capital disregard ends, it is not reapplied to any subsequent claims, even those made within 12 months of the original claim to Universal Credit.

The exception to this is where the original claim was closed because:

- a claimant had an increase in household earnings that means their Universal Credit payment is nil
- and they were no longer entitled to Universal Credit.

In these cases, the transitional capital disregard will be re-instated if they re-claim within 4 months of the end of the assessment period in which they were last awarded Universal Credit.

The 4 months are calculated from the end date of the assessment period in which the claimant was last awarded Universal Credit.

This is to encourage claimants to still work and earn more where possible.

The transitional capital disregard applies for 12 assessment periods, therefore if the disregard is reapplied due to this exception, it will be applied for any remaining assessment periods of the original 12.

Claimant had under £16,000 the day before they claimed Universal Credit

Where a Move to Universal Credit (managed migration) claimant was in receipt of Tax Credits and had less than £16,000 capital the day before they claimed Universal Credit claim, the transitional capital disregard does not apply.

As the claimant had under £16,000 in capital the day before they claimed, the normal Universal Credit capital rules apply.

If they have an increase in capital after claiming Universal Credit which takes them over £16,000, they will no longer be entitled to Universal Credit.

This is because a change in their circumstances has occurred after the claim to Universal Credit was made, and therefore transitional capital disregard does not apply.