

The differences between Universal Credit and legacy benefits: Guidance

Contents

Introduction
Capital
Earnings and working hours
Looking for work
Education
Benefit Cap
Support for Mortgage Interest
Additional Support
Migration notice

Introduction

New claims can no longer be made for any of the six migrating legacy benefits.

Only those living in temporary or Specified Accommodation can claim Housing Benefit.

Move to Universal Credit claimants will still be receiving a combination of these benefits until:

- the deadline date on their migration notice
- they make their Universal Credit claim

This product is to support agents in understanding the key differences between Universal Credit and legacy benefits.

Agents may take queries from people receiving any of the following benefits:

- Income Support
- Jobseeker's Allowance
- Employment and Support Allowance
- Housing Benefit
- Universal Credit

Agents may also receive questions on specific subjects:

- capital
- earnings and working hours

- looking for work
- education
- Benefit Cap
- Support for Mortgage Interest (SMI)
- Additional Support
- Migration notice (as part of the Move to Universal Credit (managed migration) process)

Benefits

Income Support

Income Support is for people who are not currently able to look for work because they are:

- a lone parent with a young child
- on parental or paternity leave
- a carer
- a refugee learning English who arrived less than a year ago
- a young person in relevant education

There are now no new claims to legacy Income Support. For further information, see [Income Support: if you already get Income Support](#).

Jobseeker's Allowance

Jobseeker's Allowance (JSA) is a benefit paid to people who are unemployed or working but have low earnings. There are currently two types of legacy JSA:

- income-based (means-tested) is paid when the claimant has not paid enough National Insurance contributions (see [Jobseeker's Allowance \(JSA\): If you're getting income-based JSA](#) on GOV.UK)
- contribution-based (not means-tested) is paid if the claimant paid enough National Insurance contributions while they were working

Contribution-based JSA is paid for up to 6 months to claimants who have paid enough National Insurance contributions while they were working. Contribution-based JSA is being replaced by New Style Jobseeker's Allowance which works in the same way. See: New Style benefits: Guidance.

Contribution-based benefits are not included in Move to Universal Credit (managed migration).

Claimants on income-based JSA subject to Move to Universal Credit (managed migration) will stop receiving this.

Jobseeker's Allowance claimants must follow the terms of their claimant commitment in the same way as those claiming Universal Credit.

For a general overview, see [Jobseeker's Allowance](#) on GOV.UK.

Employment and Support Allowance

This is a benefit to support people who cannot work or find it difficult to work because of illness or a disability. There are two types of legacy Employment and Support Allowance (ESA):

- income-related ESA (means-tested) is paid when the claimant has not paid enough National Insurance contributions.
- contribution-based ESA (not means-tested) is paid if the claimant paid enough National Insurance contributions while they were working.

Contribution-based benefits are not included in Move to Universal Credit (managed migration).

Refer to legacy Employment and Support Allowance (ESA) which includes information on:

- what it is
- eligibility
- information on the two types
- special rules and features

Claimants on income-related ESA subject to Move to Universal Credit (managed migration), will stop receiving those benefits but continue to be entitled to any contribution-based ESA which is in payment.

In addition, they can make a new claim to contribution-based benefits following the Move to Universal Credit.

Refer to [New Style Employment and Support Allowance \(ESA\): Overview](#) on GOV.UK which includes information on:

- what it is
- eligibility

Universal Credit

Refer to the All about Universal Credit: Guidance which includes information on:

- what it is
- what it offers
- couple claims
- claimant responsibilities and commitments
- claim management
- the journal
- to-do lists
- payments
- Benefit Cap
- Earnings Taper
- sanctions and reconsiderations
- guidance and post

If the claimant is over State Pension age, see: State Pension Age claimants.

Housing Benefit

Housing Benefit helps people who are on a low income to pay their rent and is assessed on a weekly basis. It can pay for all or part of their rent.

See [Housing Benefit: What you'll get](#) on GOV.UK which explains the income and the circumstances which decide how much is paid for support with housing costs.

Universal Credit claimants living in specified or temporary accommodation will continue to receive housing costs support through Housing Benefit following Move to Universal Credit (managed migration). See Move to Universal Credit (managed migration): Pension Age Housing Benefit.

The way the local authority pays Housing Benefit depends on the type of tenancy. If the claimant is a:

- council tenant it is paid weekly in advance into their landlord's housing rent account and never to the claimant
- private or housing association tenant it is paid into the claimant's bank or building society account fortnightly in arrears, or direct to the landlord 4-weekly in arrears

Capital

For a definition of capital, how it affects legacy benefits, disregards and deprivation of capital see Capital.

Universal Credit

For guidance on capital and Universal Credit refer to both the Introduction and Capital Limits sections of the Treatment of capital guidance. See also the Move to Universal Credit (managed migration) transitional capital disregard guidance for the exceptions to the normal Universal Credit capital eligibility rule.

Income Support

For further information, see [Income Support and Capital](#).

Income-based Jobseeker's Allowance

Income-based Jobseeker's Allowance is means-tested. This means that any income or capital the claimant has affects the amount payable. See [The effect of capital on Jobseeker's Allowance](#).

For further information, see [Capital: queries and help](#).

Employment and Support Allowance

Income-related Employment and Support Allowance is means-tested so that any capital the claimant has affects the amount payable. See [Savings and Investments](#).

The partner's income does not affect contribution-based Employment and Support Allowance but is taken into account for income-related Employment and Support Allowance. See the 'Incompatible Benefits Claimed / in Payment to a Partner' section of [What is ESA](#), effect on other benefits and the effect of time limiting on dual entitlement.

Housing Benefit

Claimants receiving Housing Benefit have the same capital rules applied to their claim as Income Support claimants. See [Income Support and Capital](#).

Earnings and working hours

Universal Credit

If the claimant is over State Pension age, see: [State Pension Age claimants](#).

Universal Credit does not limit the number of hours a claimant can work. It is paid to people in or out of work, and claimants (or their partner) can work any number of hours and still qualify.

Claimants can take temporary jobs without having to make a new claim and Universal Credit will support them when they are between jobs.

A claimant's earnings are taken into account when calculating their Universal Credit. See the 'Calculating the amount of earnings' section in [Work Allowance and Earnings Taper rate: calculating earnings: Guidance](#).

As a claimant's earnings increase, Universal Credit payments will decrease. This is known as the Earnings Taper. Once earnings reach a certain level, Universal Credit payments will stop.

For further information see: [Treatment of earnings](#).

Income-based Jobseeker's Allowance

Most claimants can work up to 16 hours per week. However, if their partner does any of the following:

- starts working 24 hours or more a week
- increases their hours to 24 hours or more a week, or
- the claimant's savings (including their partner's savings) increase to £16,000 or more

they may stop being eligible for income-based Jobseeker's Allowance.

Income-related Employment and Support Allowance

Generally, people claiming Employment and Support Allowance (ESA) cannot work.

However, claimants receiving ESA because of an illness or injury may be able to do some types of work within certain limits. This is called 'Permitted Work'. For more information, see the [Permitted Work rules guidance](#).

Housing Benefit

Housing Benefit is available to those in and out of work. However, any income received by the claimant could affect the amount of Housing Benefit awarded.

The more they earn, the less Housing Benefit they are likely to receive.

For further information, see [Housing Benefit: What you'll get](#) on GOV.UK.

Looking for work

Universal Credit:

If the claimant is over State Pension age, see: State Pension Age claimants.

Claimants must meet work-related requirements, as set out in their claimant commitment. These are activities undertaken by the claimant which are reasonable, right for their individual circumstances for the purpose of obtaining:

- paid work
- more paid work
- better paid work

Claimants are required to meet the expected hours of work detailed in their agreed claimant commitment and provide evidence of what they have done to look for work. See Claimant commitment overview; [Universal Credit: Your claimant commitment](#) on GOV.UK and the Work search activities: Evidence section.

Jobseeker's Allowance

Claimants must take reasonable steps to look for work. These steps are agreed with the work coach and included in the claimant commitment which will be tailored to the claimant's circumstances.

For further information, see [Jobseeker's Allowance \(JSA\): Eligibility](#) and Jobseeker's Allowance: [How it works: what you need to do](#) (both links are on GOV.UK).

Employment and Support Allowance

Claimants in a work-related activity group who cannot work now but could do so in the future may have to undertake some work-related preparation activities.

They will attend regular interviews and be supported to improve their skills or write a CV.

For further information, see the legacy Employment and Support Allowance: what is Employment and Support Allowance section or the 'How it works' section of [New Style Jobseeker's Allowance \(JSA\)](#) on GOV.UK.

Education

Claimants who receive any of the following benefits as well as a grant or loan may have the amount of benefit they receive reduced.

Universal Credit

Universal Credit claimants should not be receiving full-time education.

People undertaking the following are not treated as being in education if they are still able to meet any work-related requirements placed upon them:

- part-time course
- full-time course non-advanced / vocational study or training without the provision of a loan or grant for maintenance

This list is not exhaustive and other exemptions are listed in the Students: Eligibility, conditionality and student income guidance under 'Eligibility'.

Move to Universal Credit claimants already in full-time education and receiving a legacy benefit are only eligible while they stay on the course they were attending when they claimed Universal Credit initially. See also [Universal Credit and students](#) on GOV.UK.

Jobseeker's Allowance

People undertaking a full-time course of study or training are not normally entitled to Jobseeker's Allowance. Exceptions to this in legacy Jobseeker's Allowance occur when they are:

- a lone parent
- attending a Department for Work and Pensions (DWP) related course or scheme for a limited period

See Full-time Students entitled to Jobseeker's Allowance.

Income-related Employment and Support Allowance

One of the conditions of entitlement to income-related Employment and Support Allowance (ESA) is that claimants are not receiving full-time education.

The exceptions to this are:

- disabled students who are entitled to DLA / PIP / ADP
- claimants who must attend a course of study as part of a requirement to undertake Work Related Activity (WRA)

All ESA claimants can take part in part-time study. For further information, see Students and Education.

Housing Benefit

People may receive [Housing Benefit](#) while studying but the amount received will always be reduced if the person is under 66 and in receipt of student support in the form of a grant or loan.

However, they will receive their maximum entitlement to Housing Benefit if they are also in receipt of:

- Income Support
- income-based Jobseeker's Allowance
- income-related Employment and Support Allowance

Benefit Cap

The Benefit Cap is a limit on the total amount of working age benefit a household can receive and is applied through Universal Credit or Housing benefit.

The benefit cap applies to most people of working age and affects:

- Universal Credit, see the Benefit Cap guidance
- Employment and Support Allowance
- Housing Benefit
- Income Support
- Jobseeker's Allowance

This list is not exhaustive, see [Benefit Cap](#) on GOV.UK.

Exemptions

Information about when households are not affected by the Benefit Cap is available in the '[When you're not affected](#)' section of the Benefit Cap guidance on GOV.UK.

If the claimant is over State Pension age, see State Pension Age claimants and Benefit Cap for the circumstances in which they are exempt.

Support for Mortgage Interest

Support for Mortgage Interest (SMI) is a loan not a benefit. It can help towards interest payments on mortgages or loans, which were obtained for certain repairs and improvements to the home.

For further information, see, Support for Mortgage Interest. Further information can also be found on [Support for Mortgage Interest](#) on GOV.UK.

Universal Credit

Support for Mortgage Interest is only paid to Universal Credit claimants when:

- Universal Credit has been in payment for 3 months, or
- the claimant has moved to Universal Credit within 1 month of another benefit ending and they received that benefit for 3 months

Support for Mortgage Interest loan run-on does not apply to Universal Credit.
See [Mortgages: Guidance](#).

Income Support, Jobseeker's Allowance and Employment and Support Allowance

Support for Mortgage Interest loans are not payable until the following benefits have been in payment for 39 weeks:

- Income Support,
- Jobseeker's Allowance (income-based), or
- Employment and Support Allowance (income-related)

If the claimant or their partner's entitlement to these benefits stop because they start full-time work, they may qualify for Mortgage Interest run-on for four weeks
See [Mortgage Interest Run-on](#) on GOV.UK.

Additional Support

For further information on passported benefits and help with any of the following for claimants moving to Universal Credit:

- health costs
- penalty charges
- free school meals
- healthy start
- Council tax

see the Differences in additional support for Universal Credit claimants compared to legacy benefits under Move to Universal Credit (managed migration).

Migration notice

For more information about Move to Universal Credit, see:

- [Move to Universal Credit \(managed migration\) guidance](#)

- Transitional Protection guidance, part of Move to Universal Credit (managed migration)
- The 'Migration Notices' section of Claimant queries and support in Move to Universal Credit (managed migration)