

The potential effect of pensions and investments on state benefits and allowances.

There are a vast number of benefits that clients can claim from the Government and there are many underlying complexities with these benefits and some may even interact with each other. Here we have summarised a selection of the most common benefits asked about.

This is not intended to be a comprehensive list or guide and gives the basics only. We would always recommend you speak to the specialist agency in these areas.

Name of benefit	taxable benefit?	Income means tested?	Capital means tested?	Pension in payment	Pension not in payment	Bond investment	Bond withdrawals (Withdrawal of capital and /or triggering a chargeable gain)	CIA Capital Gains	CIA Interest and Dividends (Includes both accumulated and distributed)	ISA
Bereavement support payment	N	N	N	N	N	N	N	N	N	N
Carers allowance	Y	N	N	N	N	N	N	N	N	N
Income related employment and support allowance (ESA)	N	Y household income and savings worth £6,000 or more may affect how much you can get.	Y household income and savings worth £6,000 or more may affect how much you can get.	Y excess over £85 allowance will reduce by half for each £1 over	N	Y household income and savings worth £6,000 or more may affect how much you can get.	Y household income and savings worth £6,000 or more may affect how much you can get.	N	N	Y household income and savings worth £6,000 or more may affect how much you can get.
Contribution related employment and support allowance (ESA)	Y	N	N	Y excess over £85 allowance will reduce by half for each £1 over	N	N	N	N	N	N
Contribution based jobseekers allowance (6 months only)	Y	N	N	N	N	N	N	N	N	N
Income related jobseekers allowance	Y is not counted as income for tax credits	Y	Y	Y	Y if pension credit age. N if younger	Y	Y	Y	Y	Y
State pension	Y	N	N	N	N	N	N	N	N	N
Widowed parents allowance	Y	N	N	N	N	N	N	N	N	N
Attendance allowance	N	N	N	N	N	N	N	N	N	N
Child benefit	N	Y Benefit charge for income over £50,000	Y	Y	Y if pension credit age. N if younger	N	Y Benefit charge for income over £50,000	N	Y	N
Child tax credit	N	Y	Y	Y	Y if pension credit age. N if younger	Y	Y	Y	Y	Y
Disability living allowance	N	N	N	N	N	N	N	N	N	N
over 75 free TV licence	N	N	N	N	N	N	N	N	N	N
Housing benefit	N	Y	Y	Y	Y if pension credit age. N if younger	Y	Y	Y	Y	Y
Income support	N	Y	Y	Y	Y if pension credit age. N if younger	Y	Y	Y	Y	Y
Care home fees	N	Y	Y	Y	Y if pension credit age. N if younger	Y	Y	Y	Y	Y
Maternity allowance	N	N	N	N	N	N	N	N	N	N
Pension credit	N	Y	Y	Y	Y if pension credit age. N if younger	Y	Y	Y	Y	Y
Personal independence payment	N	N	N	N	N	N	N	N	N	N
Universal credit	N	Y	Y	Y	Y if pension credit age. N if younger	Y	Y	Y	Y	Y
Winter fuel payments	N	N	N	N	N	N	N	N	N	N
Working tax credit	N	Y	Y	Y	Y if pension credit age. N if younger	Y	Y	Y	Y	Y

Means tested capital include; cash, stocks and shares (including ISAs), property, premium bonds and National Savings. Potentially disregarded for these tests would be life assurance bonds

Note. Some benefit payments may affect other means tested benefits.