P1355 **CARD AA**

1. **CURRENT account with a bank or building society**

National Savings Bank (Post Office):

2. **- Ordinary account**
3. **- Investment account**

4. **TESSA (Tax-Exempt Special Savings Account)**

Building Society SAVINGS account/bond:

5. **- yielding interest AFTER tax**
6. **- yielding interest BEFORE tax**

High Street Bank SAVINGS & investments account/bond:

7. **- yielding interest AFTER tax**
8. **- yielding interest BEFORE tax**

Accounts/bonds with any other banks or societies:

9. **- yielding interest AFTER tax**
10. **- yielding interest BEFORE tax**

P1355 **CARD DD**

National Savings Bank (Post Office)

- **Ordinary Account**
- **Investment Account**

Building Society savings account/bond
Bank savings account/bond
Government gilt-edged stock
Unit trusts
Stocks, shares or other securities

- *Some benefits are <u>means-tested</u>, where the claimant's (and partner's) earning, savings and other income (including some benefits), are taken into account when a claim is made. These are marked with '* ***m*** *'. Here, it is the* ***benefit unit*** *that receives the money, so 2 adults in the same BU should not <u>both</u> be in receipt of the same means-tested benefit.*
- *Where a benefit can be paid by order book, the order book number(s) are shown. Some benefits are paid on more than one book number, depending on whether it is paid in its own right or in combination with other benefits.*

Attendance Allowance *book 10, 13 or 14*
is paid to disabled persons aged 65 or over living at home who need looking after because of their disability. There are two rates; a lower rate for attendance during day OR night; and a higher rate for day AND night. Note that respondents can get AA even if no one is actually giving them the care they need.

Back To Work Bonus
People who have received Income Support or Jobseeker's Allowance for 13 or more weeks and who work less than 16 hours a week can accrue a bonus to be paid when they come off the benefit and go into full time work. The amount accrued depends on how much is earned over the disregard level.

Child Benefit *book 5*
is paid for each child under 16 yrs of age, or aged 16-18 and still in full-time further (but not higher) education. Usually received by the mother.

Community Care grant from the Social Fund ***m***
is mainly for priority groups who get Income Support eg. elderly or disabled people, families under stress, people leaving institutional care.

Council Tax Benefit (CTB) ***m***
is paid by the local authority to the people who are liable for the tax - usually the householder(s). It is either a **main benefit** if householders have a low income, or a **second adult rebate** if there are other adults in the household who are not liable, do not pay rent to the householder, and have a low income. CTB should not be confused with CT *exemptions* (eg. for student households), or *discounts* (eg. for one-adult households). People on Income Support will usually get the benefit. For tenants in multi-occupied accommodation (eg. bedsits) the <u>landlord</u> is usually liable for the tax, and adds an amount to the rent; here, the tenant will not be able to get CTB.

Disability Living Allowance *book 7, 10, 13 or 14*
is paid to persons under 66 who need help with personal care and/or with getting around. DLA can be paid even if no-one is giving the care needed. There are two components:
(i) **Care Component** which covers things like washing, dressing, using the toilet, cooking a main meal. Paid at one of 3 rates: Higher, Middle, or Lower.
(ii) **Mobility Component** for persons who can't walk or have difficulty in walking. Paid at Higher or Lower rate.

Disability Working Allowance (DWA) *book 14* ***m***
is for persons aged 16 or over who have an illness or disability which limits their earning capacity. Claimants must be working 16 hours a week or more on average and also be receiving one other disability or illness benefit.

Extended Payment of Housing Benefit or Council Tax Benefit
These benefits may be received for a further 4 weeks by people aged under 60 when they start working full-time following a period of at least 6 months being unemployed, on a Govt Training scheme, or on Income Support as a lone parent or carer.

Family Allowance is the old name for **Child Benefit**.

Family Credit: *book 8* ***m***
tops-up low wages for people with at least one child under 16 (or under 19 if in f/t education). The claimant, or partner, must be working at least 16 hrs a week.

Funeral Expenses ***m***
A grant from the Social Fund can be obtained if the respondent or partner gets Income Support, Family Credit, Housing Benefit, DWA, Housing Benefit or Council Tax Benefit.

Guardian's Allowance *book 5*
is claimed for a child who is in effect an orphan and who lives with the claimant, or whom they help to maintain, whether or not they are the legal guardian.

Housing Benefit ***m***
is the general term for benefits to help with rent. It is paid by the local authority. Council tenants on HB get a *rent rebate* which means that their rent due is reduced by the amount of rebate. Note that they are responsible for their own water charges so those on 100% rent rebate do pay a weekly or fortnightly amount to the Council to cover these and other charges, where other charges are involved. Private tenants and Housing Association tenants usually receive Housing Benefit (or *rent allowance)* personally, although sometimes it is paid direct to the landlord. People on Income Support usually get maximum Housing Benefit.

Incapacity Benefit *book 14*
is paid to people who have been medically assessed as incapable of working, if they have paid enough National Insurance contributions. People ineligible for Statutory Sick Pay (SSP) may receive it. If a person is/was receiving SSP, Incapacity Benefit replaces the SSP payment after 28 weeks. There are three basic rates depending on the period and severity of incapacity and a number of supplements may be received. Medical assessments to review eligibility may be carried out periodically.

Income Support (IS) *book 11, 10* , 14 ***m***
is the main benefit for adults with a low income who are not eligible for Jobseeker's Allowance and are not working 16 hours a week or more on average. It is made up of *personal allowances* for each member of the benefit unit, *premiums* for any special needs, and *housing costs*, principally for mortgage interest payments. Those on IS are likely to be getting Housing Benefit (if in rented accommodation) and Council Tax Benefit (if liable). Often paid to top up other benefits, or earnings from p/t work.

Industrial Injuries Disablement Benefit *book 12*
is provided for employees injured at work or suffering from an industrial disease. Those whose disablement is assessed as 95% also get **Constant Attendance Allowance** at one of four rates, and may also be eligible for **Exceptionally Severe Disablement Allowance**.

Invalid Care Allowance *book 13*
is a weekly benefit for people aged 16-65 who are not earning more than £50 a week, and who give regular and substantial care (for 35+ hrs per week) to a severely disabled person who themselves gets either DLA or Attendance Allowance.

Invalidity Benefit
was replaced in April 1995 by **Incapacity Benefit.**

Jobseeker's Allowance
replaced Unemployment Benefit and Income Support for unemployed people in October 1996. The claimant must be out of work or working less than 16 hours a week, actively seeking work and have an agreement with the Employment Service. There are two types: contribution-based, dependent on the amount of NI contributions paid, and income-based, dependent on income and savings. There are fixed age-related allowances, plus for income-based only extra allowances and premiums.

Maternity Allowance *book 13*

is for women who have paid enough Class 1 or 2 NI contributions but are not entitled to Statutory Maternity Pay because, for example, they are self-employed or recently changed jobs. Payment can be made for a period of 18 weeks beginning 11 weeks before the baby is due (later if still working) .

Maternity Expenses ***m***
A grant from the Social Fund for maternity expenses is available if the respondent or partner is getting either Income Support, DWA or Family Credit.

Maternity Pay, Statutory *see Statutory Maternity Pay*

Old Person's Pension *book 10 or 13*
also called the Over 80 Pension, is payable when a person reaches 80 and does not get a NI Retirement Pension or whose NI pension is less than the Over 80 Pension.

One Parent Benefit *book 5*
is a weekly payment for the eldest dependent child and is paid with Child Benefit. Note that single parents on Income Support probably receive the *Lone Parent Premium* instead, which is not a separate benefit, but a part of Income Support.

Retirement Pension (National Insurance) *book 10 or 13*
is paid to women aged 60 or over and to men aged 65 or over. This is the normal State pension and is the same for men and women who have paid their own NI contributions at the standard rate, and for widows on their husband's NI contributions. The pension may be deferred, for at most 5 years; if so, extra increments will be paid. Persons on this pension may also get Income Support and so you should always check the pension book for details. If there is no pension book because payments are made directly into the bank, ask to see the pension notification form. The majority of pensioners you interview will be getting this pension.

Severe Disablement Allowance *book 14*
is paid from the 29th week of illness to persons of working age who do not qualify for Incapacity Benefit. Persons getting this can also claim Income Support. Be careful not to confuse this benefit with Incapacity Benefit.

Sickness Benefit
was replaced in April 1995 by **Incapacity Benefit.**

Social Fund Loans
Repayable interest free loans are available: **Budgeting Loans** to those on Income Support to help spread budgeting costs for certain items and **Crisis Loans** to people who cannot meet short term expenses in an emergency.

Statutory Maternity Pay (SMP)
is received by employees during maternity leave. It is paid by the employer. The respondent must have been in the same job for at least 26 weeks and earn enough to have to pay NI contributions. A higher rate is paid for the first 6 weeks; after that a lower rate applies. SMP can be paid for up to 18 weeks. The employer may also add 'made-up' pay.

Statutory Sick Pay (SSP)
is paid by employers to employees who earn enough to have to pay NI contributions. It is paid after 4 consecutive sick days for a maximum of 28 weeks in any spell or linked spells of sickness. (After 28 weeks, or if the employer's obligation to pay SSP ends before then, the respondent will usually transfer on to Incapacity Benefit). The amount of SSP depends on average weekly earnings before becoming sick. The employer may also add 'made-up' pay.

Supplementary Benefit
was replaced by **Income Support** in 1988.

Unemployment Benefit
was replaced by **Jobseeker's Allowance** in October 1996

War Pension *book 6*
for claimants who were injured or disabled in the Armed Forces between 1914 and 1921 or any time after 2 Sep 1939. **War Widow's Pension** is payable to widow/ers and children of someone killed in the Armed Forces or who died as a result of injury sustained in the Armed Forces.

Widows' Benefits are; *book 13*
Widowed Mother's Allowance, a weekly basic benefit (called Widow's Allowance) plus an allowance for each dependent child for whom the mother gets Child Benefit. The child(ren) must be the child(ren) of the widow and her late husband.
Widow's Pension, a weekly benefit for women aged 45-65 (or 40-65 if widowed before 11 April 1988), paid when their husband dies or when their Widowed Mother's Allowance ends.
Widow's Payment, a lump sum paid at the time of death to widows aged under 60 yrs (or over 60 if the husband was not getting retirement pension), provided that the husband had paid enough NI contributions. You should record the Widows payment as 'Any other state benefit' in Ben5Q.

Other Benefits may include:
Cold Weather Payments, to certain groups on Income Support.
Christmas Bonus, for recipients of a number of benefits

October 1996

FAMILY RESOURCES SURVEY

Interviewers pocket guide to Benefits

*Note: this Guide is for **interviewer use only**. It is <u>not</u> intended to be an authoritative statement on benefits; it is designed to give FRS interviewers a basic picture of benefits for which details are required from respondents to the survey.*

The FRS asks about all liquid assets - that is, money held in accounts and investments - because these financial holdings can affect people's eligibility for means-tested Benefits.

There is a huge variety of financial products available. For convenience, the FRS distinguishes 3 main types:

- **Accounts** - cash holdings for day to day use and for longer term saving
- **Investments** in the financial markets, eg. PEPs, Unit Trusts, stocks and shares
- **National Savings** investments, issued by the Department of National Savings to finance Government borrowing

__After Tax or Before Tax?__

Accounts and investments typically pay interest *after tax* ('net of tax') - ie. the bank, building society, investment fund, etc. deducts the tax due and pays it directly to the Inland Revenue.

Most **National Savings** products pay interest *before tax* ('gross'), ie. without deduction of tax.

A few products are *tax-free*, not subject to tax at all: eg. the PEP, TESSA, SAYE, and National Savings Certificates.

Non-taxpayers, - eg. children, students, non-working spouses, some retired people - can fill in a special form to register their accounts with the Inland Revenue, and thereby receive the interest gross of tax. On other investments, or on accounts not registered, non-taxpayers may be able to claim back the tax deducted, from the Inland Revenue.

__A Note on 'Bonds'__

There are at least 3 financial products called 'bonds'.

Best-known are **National Savings** products, such as Income Bonds, Pensioners Guaranteed Income Bonds, Childrens Bonus Bonds. On FRS these are recorded separately from other investments.

Friendly Societies, insurance companies, and more recently banks and building societies issue 'bonds', whereby large sums are deposited, long-term, to earn high rates of interest. On FRS these are not counted as investments - they cannot be bought and sold on the financial markets - and so are included with bank/building society, etc. **savings accounts**.

Less common than either of the above are the bonds issued by private companies, foreign governments, local authorities and others in order to raise money. Because investors can usually trade these securities on the financial markets, they are counted as **investments** on FRS, along with other holdings of stocks, shares, etc.

■ Accounts, on CARD HH

Current Account with Bank or Building Society
is used for day to day transactions and will have a cheque book and/or bank card. Interest will normally be minimal. The majority of respondents will have a current account.

National Savings Bank/Post Office Ordinary Account
Interest is credited to the account on 31 December each year. Interest is paid before tax, and is taxable except for the first £70 earned each year (£140 if joint holding).

National Savings Bank/ PO Investment Account
Similar to the Ordinary account, but interest rate is higher, and 1 month's notice is required for withdrawals. Interest is credited to the account annually, on 31 Dec, gross of tax.

Tax Exempt Special Savings Account (TESSA)
is usually arranged via a bank or building society. The account lasts for five years and, provided the savings are left there for that time, interest earned will be tax free. Up to £9,000 may be deposited over the 5 years. Interest is usually credited to the account once a year.

Savings account/bond with Building Society, High Street Bank, or 'other'
Savings (or 'deposit') accounts/bonds are not normally used for day to day transactions, and typical features are a minimum deposit and a period of notice for withdrawals. Interest can be paid yearly, half-yearly, quarterly, or monthly.

■ Investments, on CARD II

Government Gilt-Edged Stock (incl War Loan)
'Gilts' raise money for the UK Government by offering a secure ('gilt-edged') investment, usually over a fixed period and with a fixed rate of interest, although some are index-linked. Gilts can be bought and sold. At the end of the fixed term the holder is repaid the original purchase price. Interest is paid half-yearly, before tax if bought from the National Savings Stock Register. The *value* of the gilt is its current market price.

For FRS it is important to get the name of the gilt (eg. 'Treas 3¼%') and the year in which it will be repaid, called the redemption date (a very few stocks are undated). The certificates will give this information.

Unit Trusts
are a collective, managed investment in the financial markets. Investors buy 'units' of a fund that invests in shares, stocks, gilts, etc. Interest (the 'dividend') is paid net of tax, usually half yearly, but some schemes pay a monthly income, or reinvest the interest. There are many types of scheme. The value of the units is the amount of money they would raise if they were sold (the 'bid' price). In the Assets block, enter the full name. Note: a Unit Trust holding via a PEP should be coded as a **PEP**.

Investment Trusts
are pooled schemes similar to Unit Trusts. The difference is that the Trust is a company, and investors hold shares in that company, rather than directly in its various investments. For FRS purposes, the value of a shareholding is its current market price.

Stocks, Shares, Bonds, Debentures, other securities
are types of investment usually bought and sold on the financial markets. A **share** is a single unit of ownership in a company. (The units are of equal value, hence 'equities'.) **'Stocks'** is the general term for various types of security issued by companies to attract investment in the form of loans. **Bonds** and **debentures** are two such types of stock; others include unsecured loan stock and convertible loan stock. (Bonds issued by foreign governments and local authorities should also be recorded here.)
Unlike shares, whose dividend earnings may fluctuate, stocks give a fixed-interest return. They are issued for a set period, during which time they can be traded by investors; at

the end of the period they are redeemed at the original price.
Dividends on shares and interest on bonds and other loans is typically paid half-yearly, net of tax. The value of these holdings is their current price on the financial markets.

[Note: A few investors may hold stocks and shares that cannot be publicly traded, eg. in 'private' comanies not listed on the Stock Exchange. If so, in the Assets block enter the price of the investment, and the date of purchase.]

A **PEP (personal equity plan)**,
designed to encourage people to invest in UK and EC companies, is a managed investment in the stock market of a lump sum or regular savings. Many types of PEP are available; some hold shares in a single company, but usually the investment is spread over many companies and different markets. PEPs can include holdings in Unit Trusts and Investment Trusts. A maximum of £6000 may be invested per year. Any dividend earnings and growth in value ('capital gain') is free of tax.

■ National Savings investments, on CARD JJ & LL

National Savings Capital Bonds
Minimum purchase £100, maximum holding £250,000. Interest is fixed for 5 years, and is credited annually, gross (before tax), but is taxable.

National Savings Certificates
Two types of investment for lump sum savings of £100 or more: Fixed Interest, and Index-linked certificates (where the value is linked to changes in the Retail Prices Index). Maximum earnings are obtained after five years. Interest on both investments is tax-free.

Pensioner's Guaranteed Income Bond
is available only to people over 60 yrs. It gives a fixedinterest rate over 5 years, with income paid monthly, before (gross of) tax, but is taxable. Minimum investment £500.

Save-As-You-Earn (National Savings/Bank/Building Society)
A 5- or 7-year regular monthly savings scheme. For employees, it can also be linked to a company share option scheme; at the end of the term, the employee can either use the savings to buy the shares in their company, or take the accumulated investment. The interest rate is fixed over the term, and the interest is tax-free. SAYE ended in Nov 1994, but previous schemes remain valid.

Premium Bonds
don't earn interest, but are entered in a monthly draw for tax-free money prizes.

National Savings Income Bonds
Minimum purchase £2,000, maximum £250,000, sole or joint. Interest is paid monthly, before tax (but taxable), into a bank/building society or similar account.

National Savings Deposit Bonds
Deposit bonds are no longer available, but earlier bonds are still valid.

'FIRST' Option bonds
an accumulating lump sum investment of between £1000 and £250,000. Interest is paid net of tax, and credited annually. The rate is reviewed each year, and holders have the option to withdraw or continue.

Yearly Plan
Yearly plan certificates can still be held, though new applications stopped in January 1995. Under the scheme monthly standing order payments of £20 were made (to a max. of £400); after 12 months a Yearly Plan certificate was issued. The certificates earn tax free interest, paid monthly, and reach maturity value after 4 years. After the 4th year interest is paid 3-monthly at a lower rate.

Children's Bonus Bonds
can be bought for any child under 16. A 5-year accumulating investment of between £25 and £1000: low interest for 4 years, but with a large 'bonus' in the final year. The interest is tax free.

October 1996

FAMILY RESOURCES SURVEY

Interviewers Pocket Guide to Savings & Investments

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