

## FreeBen Newsletter February 2011

This is the second in a series of newsletters issued by FreeBen to help advisers keep up to date with changes in the welfare system and their impact on clients. Below are the main developments since our last newsletter in December 2010.

### Summary of main developments in Welfare Reform

#### Introduction of the Universal Credit

*(Universal Credit will replace a raft of working age means tested benefits and Tax Credits with a single benefit paid by HMRC, and is scheduled for introduction in 2013.)*

The Work and Pensions Committee is currently taking evidence from a wide range of organisations – over 300 pages have been submitted in writing by such organisations as the Royal National Institute for the Blind, the Royal National Institute for the Deaf, Age UK, Save The Children UK, Shelter, Oxfam and Citizen's Advice. There appears to be general agreement that simplifying the current system will be a good thing, but there are concerns about the detail, and whether it will achieve all the Government intends, especially when it comes to creating a system whereby people are incentivised to work rather than rely on benefits.

#### Raising State Pension Age for men and women

*(By April 2020 the State Pension Age for both men and women will be 66.)*

The Pensions Bill had its first reading in the House of Lords on 12<sup>th</sup> January 2011, with the second reading scheduled for 15<sup>th</sup> February. It is clear that the government is moving forward with the original plan as outlined in the Autumn of 2010. The government has also said that it is considering bringing forward subsequent changes, to increase the State Pension Age to 68 for all – though that is not included in the Bill. At present no-one born after 6<sup>th</sup> April 1960 can be sure when they will become eligible for State Pension, until the Government makes further announcements on this subject.

#### Reform of State Pensions

*(Pension Credit is to be replaced with a universal higher level of State Pension.)*

The original proposed timetable for this reform has slipped, as the government continues to gather evidence before finalising the details. The Work and Pensions committee has a further evidence session scheduled for March 2011, so we do not expect any significant announcements on this subject for some months. However it is clear that Pension Credit is here to stay for some years yet – the original proposal would only have made the enhanced state pension available to new applicants, so everyone currently on Pension Credit would continue to receive it.

**Find out more on our website: [www.freeben.co.uk](http://www.freeben.co.uk)**