



**Department
for Work &
Pensions**

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Frank Field, Chair
Work and Pensions Select Committee –Support for Carers Inquiry HC 581
House of Commons
London
SW1A 0AA

26 March 2018

Dear Frank,

At the Work and Pensions Select Committee Support for Carers Inquiry session on 07 February I agreed to provide you with a detailed breakdown of the various National Insurance Credits that are awarded to Carers on different benefits.

As you will see, Class 1 National Insurance credits are automatically awarded to working age carers in receipt of Carers Allowance. Class 1 credits count towards other contributory benefits as well as the State Pension. The attached table provides more detailed information about the other National Insurance credits carers may be eligible for.

Yours sincerely,

Sarah Newton MP
Minister for Disabled People, Health & Work

Annex - National Insurance Credits and Carers

National Insurance Credits and Carers

New State Pension (nSP) was introduced on 6 April 2016. The new State Pension provides a simpler, more sustainable system that brings clarity to younger generations about what they will receive, providing a solid foundation for their own retirement planning. It is designed to ensure that an individual can have up to 15 years of gaps in their working life (50 years) and still qualify for the full rate of nSP. **All credits count for nSP.**

Basic State Pension (BSP) is available to those who retired on or before 5 April 2016.

State Second Pension (S2P) is available to some of those who retired on or before 5 April 2016.

Class 1 Credits count for nSP and other contributory benefits.

Class 3 Credits count for nSP only.

Types of credit

Automatic Credits – allocated to National Insurance Record automatically when in receipt of certain benefits

Please note we have only supplied management information where the credit is administered by DWP.

	Class	BSP	S2P	Other Contributory Benefits	Lead Dept	Management Information	Notes
Jobseeker's Allowance (JSA)	1	Y	N	Y	DWP		
Employment and Support Allowance (ESA)	1	Y	Y	Y	DWP		
Carer's Allowance	1	Y	Y	Y	DWP	Total caseload around 1.2	This data is available at https://stat-xplore.dwp.gov.uk/webapi/fsi/login.xht

						million	<p>The Class 1 credit is awarded automatically for every week an individual is in receipt of Carer's Allowance.</p> <p>However around a third of those who are entitled to Carer's Allowance are over State Pension age and do not receive a credit as they are only awarded to those of working age.</p> <p>About 800,800 people of working age are paid Carer's Allowance, however some Working Age individuals (around 76,000) are entitled to Carer's Allowance but don't receive a payment as Carer's Allowance overlaps with another income related benefit such as JSA. If they receive a Class 1 credit for JSA they will not also get one for Carer's Allowance.</p> <p>Therefore fewer Class 1 credits are awarded than there are individuals entitled to Carer's Allowance.</p>	ml
						In payment' caseload around 815k. (May 2017 data).		
Men between women's state pension age and male state pension age (known as Autocredits)	1	Y	N	Y			HMRC	<p>These credits are being phased out alongside the equalisation of men and women's State Pension Age.</p>
Maternity Allowance	1	Y	N	Y		Forecasted 63,000 caseload 2017/18.	DWP	<p>Women in receipt of MA are automatically awarded a Class 1 credit. Although they may also be in receipt of another benefit attracting a credit.</p>

Child Benefit – if applied for	3										Can only be awarded if Child Benefit is applied for.
Approved training courses	1	Y	N								Automatic if sent by Jobcentre on application if not application required
Working Tax Credit (with disability premium)	1	Y	N								
Working Tax Credit	3	Y	N								
Universal Credit	3	Y	N								

Credits available on application

	Class	BSP	S2P	Other Benefits	Lead Dept	Management Information	Notes
Additional Paternity Pay	1	Y	N	Y	HMRC		On application to HMRC if individual does not have a qualifying year.
Carer's credit (For those who are not eligible for Carers Allowance 20 hours or more a week spent caring for one or more people)	3	Y	Y	N	DWP	13,749 as of October 2017	Figures are based on DWP Management Information from clerical records and as such they may be subject to erroneous errors. Some Carers may not be claiming Carers Credits because; they are paying or treated as paying Class 1 through employment, or they are receiving credits from another source such as Child Benefit.
Spouses / civil partners of forces personnel abroad since 2010	1	Y	N	Y	HMRC		
Spouses / civil partners of forces personnel abroad (covers periods since 1975/76) (SPA after 6/4/16)	3	N/A	N/A	N	HMRC		
Former prisoners with quashed convictions	1	Y	N	Y	HMRC		
Foster carer's credit	3	Y	Y	N	HMRC		

Significant Adult Childcare (Grandparents)	3	Y	N	N	HMRC		
Incapable of work through illness (no benefit)	1	Y	Y	DWP			
Incapacity Benefit (long term)	1	Y	Y	DWP			
Jury Service	1	Y	N	DWP			
Parent's credit (Child Benefit)	3	Y	Y	HMRC			
Severe Disablement Allowance		Y	Y	DWP			
Statutory Adoption Pay	1	Y	N	HMRC			On application to HMRC if individual does not have a qualifying year.
Statutory Maternity Pay	1	Y	N	HMRC			On application to HMRC if individual does not have a qualifying year. Many of caseload will not need a credit.
Statutory Paternity Pay	1	Y	N	HMRC			On application to HMRC if individual does not have a qualifying year.
Statutory Sick Pay	1	Y	N	HMRC			On application to HMRC if individual does not have a qualifying year.
Unemployment supplement	1	Y	N	DWP			
Unemployed, actively seeking work (no JSA)	1	Y	N	DWP	37,100 (Dec 17)		Figures are based on DWP Management Information from clerical records, as such they may be subject to erroneous errors.

Overlapping benefits for Carer's Allowance

The main overlapping benefits for working age Carer's Allowance customers are:

- Jobseeker's Allowance (Contribution Based)
- Employment and Support Allowance (Contribution Based)
- Bereavement Benefits
- Incapacity Benefit

These benefits attract a Class 1 credit in their own right therefore one is not awarded for Carer's Allowance to prevent double provision. There is one exception, Widows Benefit is different in that unlike other overlapping benefits, it doesn't attract an NI credit in its own right. Therefore DWP undertakes an annual exercise to award Carer's Allowance credits to these customers.

Carer's Credits

We are aware that many carers do not apply for carer's credit because their NI coverage is coming from another source such as earnings from employment (17%¹), child benefit or other income related benefits.

People who do not receive credits

Married women with a reduced rate election (RRE)

Those who are not entitled to the credits listed above and are:

- Economically inactive (Not in Education Employment or Training)
- Partner without children or not primary carer of a child under 12 (or whose children are 12 or older) who does not work, unless getting Universal Credit
- Retired early
- Students
- Part-time workers with earnings below £113 per week (Lower Earnings Level 2017/18)
- People working in the informal economy
- Prisoners
- Partners of those on JSA

¹ Family Resources Survey 2015/16