



UNISON health branch guide for £500 bonus payment What you need to know

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£500 BONUS FOR HEALTH STAFF

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WHAT IS THE BONUS?

NHS staff will receive a one-off payment of £500 (pro rata for part-time staff). The payment is to thank people for their service and goes to NHS staff directly employed as well as bank workers and locums paid through NHS payroll who have had at least one month's continuous service between 17 March 2020 and 30 November 2020. There is an option to spread the payment over three months.

Many staff will be claiming a social security benefit. The payment makes no difference to most benefits but some benefits could be affected. Use the information below to check whether your benefit might be affected, and see where to get advice.

TAX AND NATIONAL INSURANCE

The payment is part of your wages so you pay tax and national insurance on it as normal. For example, if you are a basic rate taxpayer who is liable for national insurance, £100 income tax and £60 national insurance will be deducted from the £500 (for full-time staff), leaving you with £340 extra take home pay.

You don't pay income tax if your income is below £12,500 a year (£12,570 from April 2021). You don't have national insurance contributions deducted on earnings below £9,500 a year (£9,568 from April 2021). For example, if you earn £12,000 from April 2020 to April 2021, £60 national insurance and no income tax will be deducted from the £500 payment, leaving you with £440 extra take home pay.

WHICH BENEFITS ARE NOT AFFECTED?

None of the following benefits are affected by the payment. If the only benefits that you get, or your partner gets, are in this list, there will be no change to your benefit. You don't need to report the bonus to the DWP for these benefits.

- Attendance allowance
- Bereavement support payment

- Child benefit (but if the payment takes your earnings over £50,000 then you may pay more tax)
- Council tax reduction
- Disability living allowance
- Guardian's allowance
- Industrial injuries disablement benefit
- Maternity allowance
- Personal independence payment
- State pension
- Statutory adoption pay
- Statutory maternity pay, statutory paternity pay, statutory shared parental pay
- Statutory parental bereavement pay
- Statutory sick pay

WHICH BENEFITS MIGHT BE AFFECTED?

The following benefits could go down or stop when you get the bonus. Generally, you will still be better off overall, but you may need to budget for a lower benefit payment and you may need to make a new claim if your benefit stops. Universal credit adjusts automatically but for other benefits, you should report the bonus payment to the DWP, HMRC for tax credits, or other office that pays your benefit.

- Universal credit
- Tax credits
- Pension credit
- Scottish child payment
- Carer's allowance
- New-style jobseeker's allowance
- New-style employment and support allowance

See below for more details and examples.

The following benefits could go down or stop when you get the bonus. These benefits are being replaced by universal credit. If benefit stops, you can't get it back again. Instead, you can claim universal credit. Bear in mind that claiming universal credit also ends any tax credits you get. **Get advice.** You might be better choosing to spread the payment over three months if that would avoid your benefit stopping, or not taking the bonus at all.

- Housing benefit
- Income support
- Income-based jobseeker's allowance
- Income-related employment and support allowance

See below for more details and examples.

MORE DETAILS AND EXAMPLES

Universal credit

Universal credit is for people in work or out of work. The amount you get depends on your income. Universal credit is worked out on monthly income. When you get the bonus, your next monthly universal credit payment will go down or you may get no universal credit payment that month. The following month your universal credit should go back to normal. Generally your universal credit payment goes down by 63 pence for every one pound of extra take home pay. You should be better off overall because the bonus you get is more than the universal credit payment you lose.

If your normal universal credit payment is quite low, payment may stop for a month. It should start up again the next month automatically. To be on the safe side, it is best to go to your universal credit online account and restart your claim.

If you choose to take the bonus payment spread over three months instead of one lump sum, that will change how your universal credit payments are affected.

Example Marie is a lone parent with two children. She works full time and normally takes home £1,472 a month wages. She is usually paid £322 a month universal credit. At the end of March, she gets the £500 bonus in her wages, and her take home pay is £340 higher than usual. Her next universal credit payment for the month is £108 which is £214 (63 per cent of £340) less than she usually gets. Earnings are reported automatically to the DWP so Marie doesn't need to do anything. She is £126 better off overall.

If Marie had chosen to spread the payment over three months, she would get more pay for three months and less universal credit for three months. She would still be £126 better off overall but spreading it out might make it easier for her to budget.

Example Joanna works full time and her husband, Roy, is unemployed. Joanna normally takes home £1,720 a month wages. They are usually paid £70 a month universal credit, which includes help with their rent. At the end of March, she gets the £500 bonus in her wages and her take home pay is £340 higher. That is enough to stop their universal credit payment altogether next month. They get no universal credit payment in April, and back to £70 as normal in May. They are £270 better off overall.

If Joanna had chosen to spread the payment over three months, their universal credit payments would have stopped for three months. Instead of losing one £70 payment of universal credit, they would lose three, but still get the same amount of bonus payment. A better choice for Joanna is to take the bonus payment in one lump sum.

Tax credits

Tax credits are for people in work or out of work. The amount you get depends on your income. Tax credits are worked out on annual income. When you get your bonus, there should be no immediate change to your tax credits payment.

You don't need to report the bonus immediately to HMRC. When you get an annual review form in the summer or are asked to complete an annual declaration, you should check that the earnings figure includes the bonus payment.

Normally, getting the bonus won't affect your tax credits until the new annual tax credits award that begins the April after you received the bonus. The new award will normally take into account 41p of every pound of the bonus (without taking off tax or national insurance). So if your bonus is £500, your tax credits award from the following April will be £205 lower (41 per cent of £500).

The bonus only reduces your current year's tax credits award if your earnings are more than £2,500 higher (or lower) from April 2020 to April 2021 compared to the year before. In any case, if HMRC doesn't get any information about a change in income, the tax credits award continues as normal until the award is reviewed in the summer.

Example Aysha is a lone parent with one child. She works part time and earns £12,760. She gets tax credits of £470 every four weeks. In February, she gets a pro rata £230 bonus in her wages. She also gets her usual £470 tax credits. Aside from the bonus, Aysha's earnings increased by £550 from the year before. So, even with the bonus she only had an overall increase of £780 therefore there is no change to her current tax credits award. However, her new annual tax credits award from April 2021 will be £94 (41 per cent of £230) lower for the year because of the bonus.

Housing benefit

Housing benefit is help with rent for people in work or out of work. It's being replaced by universal credit. The amount you get depends on your income. Getting the bonus may reduce or stop housing benefit. If housing benefit stops, you can't usually get it back again if you or your partner are under pension age. Instead, you can claim universal credit. Bear in mind that claiming universal credit also ends any tax credits you get.

You should report the bonus to your local authority housing benefit department. The council has discretion over how they work out a weekly average to take into account. 65 per cent of the weekly average amount would normally be deducted from your housing benefit.

Get advice. You might be better choosing to spread the payment over three months if that would avoid your benefit stopping, or not taking the bonus at all.

Example Jess and Mary have three children and live in a rented flat. Jess works part time. They get £50 a week housing benefit. Jess gets a pro rata bonus payment of £375 in her March wages. She reports the change in earnings to her local council. 65 per cent of the weekly average net bonus is enough to stop their housing benefit altogether. They claim universal credit instead to continue getting help with their rent. Claiming universal credit stops their tax credits.

If Jess had chosen to spread the payment over three months from March to May, their housing benefit would have continued at a reduced rate and they would have kept their tax credits. Jess should get advice.

Pension credit

Pension credit is for people who have reached pension age and have a low enough income to qualify. If you claimed pension credit after you stopped working, the bonus should not affect the amount of pension credit you get. If you've been getting pension credit while working, it will be reduced when you get your bonus. You should report the bonus to the DWP's Pension Service [gov.uk/pension-credit/change-of-circumstances](https://www.gov.uk/pension-credit/change-of-circumstances)

Example Adewale is aged 66. He left employment in October 2020. He has a small state pension and no occupational pension. He claims pension credit in November 2020. Adewale gets the £500 bonus in March. He reports the payment to the DWP. He continues to get the same amount of pension credit. He is £500 better off.

Scottish child payment

Scottish child payment is a new benefit for families. It pays £10 a week for each child to families who get one of the following benefits: universal credit, tax credits, income support, pension credit, income-based jobseeker's allowance or income-related employment and support allowance. When you're paid the bonus, if one of these benefits stops, you should report it to Social Security Scotland mygov.scot/if-your-circumstances-change/. Your Scottish child payment should also stop. Tell them when benefit restarts.

Example Pam works full time. She has one child. She gets universal credit. She has just started getting £40 Scottish child payment every four weeks. She gets the £500 bonus with her March wages. Her universal credit entitlement stops in March and she reports this to Social Security Scotland. Her universal credit starts again in April and she reports this to Social Security Scotland. She's lost one month's universal credit and Scottish child payment for the month, but she's still better off overall. Pam might be better off choosing to spread the bonus payment over three months if that would prevent her universal credit stopping.

Carer's allowance

Carer's allowance is for people who look after a family member or friend who is disabled. If you claimed carer's allowance after you stopped working, the bonus should not affect your carer's allowance. If you've been getting carer's allowance while working, it will stop if you earn more than £128 in a week. You should report the bonus to the DWP [gov.uk/carers-allowance-report-change](https://www.gov.uk/carers-allowance-report-change)

Example Pat stopped work in August 2020 to look after his mum who has dementia. Pat claimed carer's allowance in October 2020 after he stopped work. He gets the £500 bonus in March. He reports it to the DWP. There is no change to his carer's allowance payment.

Jobseeker's allowance

Jobseeker's allowance (JSA) is for people who are unemployed. There are two types – income-based JSA and contribution-based JSA. Contribution-based JSA is also called 'new-style' JSA. How the bonus affects your JSA depends on which type you get and whether you are the claimant or your partner is the claimant.

If you claimed contribution-based (new-style) JSA, after your employment ended, your bonus shouldn't affect your JSA payment. Seek advice if there is any change to your JSA.

If your partner gets contribution-based (new-style) JSA, there is no change to their benefit when you get the £500 bonus.

If your partner gets income-based JSA, your bonus payment could reduce or stop their JSA. Income-based JSA is being replaced by universal credit. If income-based JSA stops, your partner can't claim it again. Instead, you could both make a joint claim for universal credit. Bear in mind that claiming universal credit also ends any tax credits you get.

You should report the bonus to the DWP [gov.uk/jobseekers-allowance/report-a-change-of-circumstances](https://www.gov.uk/jobseekers-allowance/report-a-change-of-circumstances)

Employment and support allowance

Employment and support allowance (ESA) is for people with a health condition or disability that means they have limited ability to work. There are two types – income-related ESA and contributory ESA. Contributory ESA is also called 'new-style' ESA. How the bonus affects your ESA depends on which type you get and whether you are the claimant or your partner is the claimant.

If you get ESA and are doing 'permitted work', earnings above £140 a week (£143 from April 2021) will end your ESA entitlement. Getting a bonus payment may mean that your earnings are above this limit and your ESA will end. If it is income-related ESA you get, you can't claim it again. Instead, you could claim universal credit.

If your partner gets contributory (new-style) ESA, there is no change to their benefit when you get the £500 bonus.

If your partner gets income-related ESA, your bonus payment could reduce or stop their ESA. Income-related ESA is being replaced by universal credit. If income-related ESA stops, your partner can't claim it again. Instead, you could both make a joint claim for universal credit. Bear in mind that claiming universal credit also ends any tax credits you get.

You should report the bonus to the DWP [gov.uk/employment-support-allowance/change-of-circumstances](https://www.gov.uk/employment-support-allowance/change-of-circumstances)

Income support

Income support is for some lone parents and carers who are out of work or working part time. It's being replaced by universal credit. The amount you get depends on your income. The bonus payment will normally reduce or stop your income support. If your income support stops, you can't reclaim it. Instead, you can claim universal credit. Bear in mind that claiming universal credit also ends any tax credits you get. You should report the bonus to the DWP [gov.uk/income-support/report-a-change-of-circumstances](https://www.gov.uk/income-support/report-a-change-of-circumstances)

GETTING ADVICE

To check your benefit situation call the **Citizens Advice Helpline on 0800 028 1456**, Monday to Friday 9am to 5pm. Calls are free.

Contact your UNISON branch as they can help you access advice e.g. financial advice through Lighthouse benefits.unison.org.uk/home/money/lighthouse-financial-advice and support from our charity, **There for You**, unison.org.uk/get-help/services-support/there-for-you/