



Capital Sums 'Windfall' Policy

Frequently Asked Questions

1. What is a Capital Sum?

A capital sum is a lump sum of money received as the result of a windfall, saved over time or a combination of both a windfall and savings.

2. What is a Windfall?

A windfall payment is a one off lump sum payment. Examples of windfall payments could include capital that has been received from:

- Inheritance
- Occupational pensions
- Compensation*
- Redundancy
- Insurance pay outs
- Court awarded settlements*
- Bonds (including Premium Bonds)
- Proceeds of gambling
- Non-cash windfalls (cars, property etc)
- Annual or biannual employment bonuses
- Any other sum of money which is not classed as income under the Rebate Regulations

** Must be declared but may be wholly/partly disregarded under certain circumstances*

We need to know about any windfall you receive, including those received by your partner/joint tenant and/or your dependent family.

3. What are Savings?

In the context of the capital sums policy, savings refers to any other money that you have.

Savings could be in the form of:

- Bank account balances
- Bonds
- Stocks and Shares
- Trusts (see question 15 regarding non-accessible trust funds)
- Funds
- Value of land and/or property that is owned/part owned
- Any other money that is held by a tenant, joint tenant/partner and/or dependent children

We need to know about your savings, including those of your partner/joint tenant and your dependent family.

4. Does it matter who has received a windfall or saved a lump sum?

Yes, Housing needs to know about all capital sums that have been received or saved by you, your partner/joint tenant and/or any dependent children living with you as part of your household. This is your dependent household.

5. What about non-dependents?

A non-dependent is a member of your household who is 18 or older and not in full time education.

Although your tenancy is not at risk if capital is received by a non-dependent, we do need to know about this straight away as it may have an impact on your claim for rent rebate benefit.

6. Do I have to tell Housing that I have received a capital sum?

Yes, failure to tell Housing about a change in the circumstances of you and/or a member of your household is an offence and will be dealt with in line with prevailing legislation.

Please contact us on 717211 if you are ever unsure about what you should tell us and/or if there has been a change in your household circumstances.

7. How much money are we 'allowed' to have?

Housing will look at current income thresholds, nest eggs and upper capital limits to determine your eligibility for rent rebate benefit and/or social housing.

You are permitted to have money/capital up to your nest egg amount before it has any impact on any claim for rent rebate benefit.

Any capital that you have which is greater than your nest egg will be taken into account when calculating your eligibility for rent rebate benefit and/or social housing. Please see question 10.

8. What is a Nest Egg?

A nest egg is an amount of money that you, your partner/joint tenant and your dependent household can have without it having an effect on any claim for rent rebate benefit. Nest eggs are based on household size and are wholly disregarded by Housing for rent rebate purposes. Non-dependents are excluded from household size when calculating your nest egg.

2017 Nest Eggs:

Household size	Nest egg
Single (one bed)	£10,660
Single (two bed)	£13,000
Couple(one bed)	£12,740
Couple (two bed)	£15,080
Family, one child	£16,900
Family, two children	£21,580
Family, three or more children	£23,400
<i>Severe disability benefit claimants</i>	<i>Add £2,628.08 per claimant</i>

9. What happens if I have less than my Nest Egg?

You will remain eligible for rent rebate benefit and social housing. You don't have to do anything else at this time.

10. What happens if I have more than my Nest Egg?

If you have more than the relevant nest egg limit you are no longer eligible to claim for rent rebate benefit and you will be charged the standard weekly rent for the property in which you live. Please see question 23 which explains what you need to do now and what information we require from you.

Following receipt of this information we will calculate a SUM which shows us how much available capital you have. We will let you know in writing how this affects you, how long you will be charged the standard weekly rent for and if your tenancy is at risk.

Please also see questions 16 and 17 for more information about your upper capital limit.

11. What is my SUM?

Your SUM is the amount of capital that you have left once Housing has disregarded your nest egg and any formal debts (see question 12):

$$([\text{Windfall} - \text{debts and allowable expenses}] + \text{existing capital}) - \text{nest egg} = \text{SUM}$$

If the SUM is a negative figure there will be no further action required you will be within your nest egg limit.

If the SUM is a positive figure, Housing will need to decide whether your tenancy is at risk and/or how long you will be charged the standard weekly rent. We will use the independent living formula and five and ten year rule to work this out. Please see questions 18 and 19 for details of how we do this.

12. What about money that I owe?

If you owe any money to Housing we will expect you to repay this as soon as you receive a windfall. We will deduct this amount off the total capital that you have when calculating your SUM.

When calculating your SUM, Housing will also disregard any formal debts that you had before you received any windfall (e.g. loans, overdrafts, store debt, credit cards) unless we believe that you incurred debt, which you would not otherwise have done, in anticipation of this.

13. What happens if I give my money away? – Divestment

Please note that Housing will not disregard any money that you have given away to family and/or friends, whether you have done so as a gift, to repay informal debt or to deliberately mislead Housing. Any calculations will be based on the total amount of capital you had available to you in the first place.

14. Can I purchase a pre-paid funeral plan?

Of course, Housing will expect you to use your nest egg to pay for this.

15. My money has been placed in a Trust Fund, what do I do now?

Housing will not acknowledge money that has been placed into a Trust fund by a third party (e.g. by someone else as part of an inheritance) until these funds are accessible to you and/or your dependent family.

However, if it appears that you have deliberately placed (or asked for someone to place) money into a trust fund to avoid having to move out of social housing and/or to falsely claim rent rebate benefit then Housing may use this amount in their calculations.

16. What is an Upper Capital Limit/Threshold?

These are based on a multiple of the nest egg limits (x3) and take into account the size of you and your dependent household. If you have more than the relevant upper capital threshold you may no longer be eligible for social housing and you may be asked to leave. Non-dependents are excluded from household size when determining your upper capital threshold.

2017 Upper Capital Thresholds:

Household size	Upper capital threshold
Single (one bed)	£31,980
Single (two bed)	£39,000
Couple(one bed)	£38,220
Couple (two bed)	£45,240
Family, one child	£50,700
Family, two children	£64,740
Family, three or more children	£70,200

17. What happens if I have more than my Upper Capital Limit?

Housing will use a calculation to work out how long your money could last you and your dependent family in the private sector if you were asked to move out of social housing. To do this we will look at the monies you receive to calculate a depletion rate for any capital that is above your nest egg limit. This is called the Independent Living Formula (below).

18. How does Housing calculate the Independent Living Formula?

We use the basic net income of you and your partner/joint tenant to calculate the independent living formula. This means that we will ignore any non-contractual overtime, bonuses, union/pension payments and/or any court awarded maintenance that you may pay when we apply the following calculation:

$$SUM / (\text{income threshold} - \text{actual weekly net income}^1) = \text{number of weeks independent living}$$

¹ For example: earnings, maintenance, family allowance etc. Means-tested benefits such as Supplementary Benefit (SPB) will be ignored IF the Social Security Department have cancelled, or intend to cancel, the tenant's claim. The removal of SPB and the consequent drop in weekly income leads to the tenant becoming more reliant on their savings, accelerating to speed with which those savings are reduced to the point where they become re-eligible for SPB and social housing.

This calculation tells us how many weeks you can live privately outside of social housing based on your income and the capital (SUM) you have available to you.

19. Will I have to leave social housing? - The five or ten year rule

We will look at the independent living calculation to determine how long you could afford to rent privately for if you were not residing in social housing.

If you and your partner/joint tenant are under 55 and we think that you could afford to rent privately for at least five years, we will give you notice to quit.

If you and/or your partner/joint tenant are 55 or over, we will only give you notice to quit if we think you can rent privately for 10 years.

20. Will I still be able to claim for rent rebate benefit?

If you have less than your nest egg limit you can continue to apply for rent rebate benefit.

If you have more than your nest egg limit, but less than your upper capital limit, you can no longer claim for rent rebate benefit. Housing will use the independent living formula to calculate how long you should pay the standard weekly rent for. You can pay the total amount of rent for this period straight away if you wish to avoid annual rent rise charges and over expenditure during this period.

If you are living in a property that does not meet the housing need for you and your dependent household, we will use another calculation to ensure that you do not lose out by paying the higher standard rent. This means that you will pay the higher standard rent for less time than you would if you were living in the correct size property. If you refuse the offer of a tenancy for a small property during this time you may have to pay the higher rate for longer.

We will ignore any non-dependent members of your household when applying this calculation.

If you have been asked to leave social housing you will be charged the standard weekly rent until you move out of the property and you will be given a date from which you can re-apply should you wish.

21. When can I start to claim for rent rebate benefit again?

The initial calculations that we carry out show us how long you can afford to pay the standard weekly rent. You will be notified of this in writing and provided with a date when you can reapply for rebate benefit.

You will not be eligible to claim for rebate benefit before this date and/or if you have more than your nest egg limit at the time of any re-application.

22. When can I reapply for social housing again?

The initial calculations that we carry out show us how long you can afford to rent a property within the private sector. You will be notified of this in writing and provided with a date when you can reapply for social housing.

You will not be eligible to reapply for social housing before this date and/or if you have more than your nest egg limit at the time of any re-application.

23. What do I need to do if I have savings/capital above my nest egg threshold?

If your savings are above the nest egg but below the upper capital limit, please contact us on 717211 and we will confirm whether you will be charged the standard weekly rent, and, if so, for how long.

If you have savings that are above the upper capital limit, please contact 717262 so we can talk to you about your tenancy.

In both instances we will require the following information from you in order to complete our assessment:

- Proof of any windfall received by you, your partner/joint tenant and/or your dependent children
- Proof of any formal debts owing by you and/or your partner/joint tenant
- Copies of the last 3 months bank statements for you, your partner/joint tenant and/or your dependent children
- Proof of any additional savings, bonds or investments that you, your partner/joint tenant or dependent children may hold
- Proof of any property that is owned/part owned by you, your partner/joint tenant and/or your dependent children
- 2 months' worth of wage slips for you and your partner/joint tenant showing basic net income earned (excluding non-contractual overtime)
- Proof of any maintenance you receive
- Proof of any Court Ordered maintenance that you or your partner/joint tenant pay out
- Proof of any pensions that you or your partner pay into