

Changes to the rules for family allowance

1. What changes are being made?

There are two main changes to the existing rules for claiming family allowance. These will take effect from 3 January 2022: -

1. Family allowance will only be paid to people with an annual gross household income below £120,000. This household income limit includes the income of the person receiving family allowance and their spouse or any partner they are living with;
2. Family allowance will only be paid for each child, up to their 18th birthday, provided they are still in full-time education at that point (family allowance is not payable for 16 and 17 year olds unless they are still in full-time education).

2. Why are these changes being made?

In 2020, the States approved changes to family allowance in order to fund certain health and education related subsidies for children.

The savings generated by changes to family allowance will allow the States to subsidise medical consultations for children. So, you will pay less for your child to access primary and emergency care (£25 for a GP or Emergency Department consultation and £15 for a consultation with a nurse).

The redistribution of family allowance will also mean that all children can receive free annual dental check-ups and dental health education in schools; along with extended cultural development opportunities for pupils attending state primary schools.

3. When are the changes being made?

The new rules come into effect on 3 January 2022.

4. What do I need to do?

If you need to do anything following these changes, you will be sent a letter explaining the action required.

5. If my claim ends will I still get contribution credits?

No.

If you are currently receiving family allowance for a child under 16 and you are not working, you will be getting contribution credits linked to your claim. The credits awarded help

protect your contribution record for pension purposes. But, if your claim closes, family allowance contribution credits will also stop.

If you are not working (for example you are non-employed and exempt from paying contributions) you may be impacted by this. You can choose to pay voluntary contributions instead, which will protect your contribution record for pension purposes. Should you wish to pay voluntary contributions please email contributionsassessments@gov.gg.

Income declaration

8. The States already knows my income, why am I being asked to sign a declaration?

Although some areas of the States will be aware of your income, it wasn't collected for the purposes of claiming family allowance so can't be shared with us without your permission. Also, you may have more up to date information about your circumstances which will impact on your 2022 income, that the States won't be aware of.

In the future, it may be possible to obtain this information more simply but currently this means that we need to ask you for these details.

9. How often will I need to sign the declaration?

We only think you'll need to sign the declaration once (or if you have a change in circumstances). But the income limit applies for each calendar year so, if you're claiming family allowance, please remember you must contact us if your circumstances change and you expect to be over the income limit in any year.

You can contact the Pensions & Allowances team by calling **222506** or emailing pensionsallowances@gov.gg.

All family allowance claims after 3 January 2022 will be subject to periodic checks and reviews.

Gross household income

10. What is my annual gross household income?

Your annual gross household income is calculated based on the information you'd declare to the Revenue Service on your income tax return.

It is the value of your income or expected income from all sources (not just your earnings) and before any personal allowances or deductions (for example mortgage interest or pension contributions) are made.

Your gross household income is assessed on a calendar year and, for the purposes of claiming family allowance, also includes your spouse or partner (even if you are taxed separately).

11. What income is included in my gross household income?

This includes all the income you (and your spouse or partner) are required to declare on the annual income tax return. This will include: -

- Earnings (before superannuation deductions) and gratuities
- Sole trader / self-employed business income
- Interest from investments
- Dividends
- Rental income
- Family maintenance – if the income is received under a Court Order made before 1st March 2003
- Pensions

Some Social Security benefits aren't taxable, for example, severe disability benefit, family allowance, incapacity benefit, so these don't need to be included in your calculation.

12. How can I know my annual gross household income when the year isn't yet over?

Most people receiving family allowance will probably know if their household income is likely to be above or below the income limit. But if you aren't sure whether you'll be over or under £120,000, please contact the team to discuss your circumstances.

You can contact the Pensions & Allowances team by calling **222506** or emailing pensionsallowances@gov.gg.

13. My household income changes from year to year. How will I know what to declare?

Most people receiving family allowance will probably know if their household income is likely to be above or below the income limit. However, if you expect you will be close to the limit or your gross household income varies significantly, you might be uncertain.

If you aren't sure whether you can complete the declaration or not, please contact the team to discuss your circumstances. It may be better to temporarily suspend your claim from 3rd January until your financial picture is clearer, but this is something the team can discuss with you.

You can contact the Pensions & Allowances team by calling **222506** or emailing pensionsallowances@gov.gg.

14. I no longer live with my child's mother/father. Should their income be part of my household income assessment?

No.

For the purposes of claiming family allowance, gross household income is calculated based on the income of the person claiming family allowance and their spouse or the person they are living with (as if married).

15. The spouse/partner that I am living with is not my child's mother/father. Should their income be part of the household income?

Yes.

Gross household income is calculated based on the income of the person claiming family allowance and their spouse or the person they are living with (as if married) – regardless of whether they are the child's mother or father.

16. Some of our children are grown up and have jobs of their own. Should their income be included in the total?

No.

The household income only includes the person claiming family allowance and their spouse or partner.

17. What if our finances are separate and I don't know the income of my spouse?

If you are still claiming family allowance you will need to be certain that your household income is under the limit. You should discuss this with your spouse or partner so that you can make an accurate assessment and declaration.

18. If my household income will only be over the limit towards the end of the year, can I still claim family allowance for the first part of the year (i.e. the period my income is under the limit)?

No.

If your household income is over the limit at any point in the calendar year, you are not eligible for any family allowance in that year.

If you did claim family allowance and your income was over the limit at any point, you would have been overpaid benefit and this would need to be recovered.

Education

19. My child will still be in full-time education on their 18th birthday. Can I still claim family allowance?

No.

From 3 January 2022, family allowance will no longer be payable for any child beyond their 18th birthday, even if they are still in education.

20. My child left education before they reached the age of 18. Can I now claim family allowance until their 18th birthday?

No.

Family allowance is only payable up to the age of 18 if your child is in full-time education. If your child finished education when they were 16 or 17, family allowance would stop at that point.

21. My child left education at school leaving age but has returned before their 18th birthday? Can I start to claim family allowance again?

Yes.

Please contact the Pensions & Allowances team by calling **222506** or emailing pensionsallowances@gov.gg to make a new claim.