

# Freedom of Information request 4454/2014

Received 1 October 2014

Published

## Information request

Firstly, the SoS refers to IB, not ESA and whilst the latter has superseded the former, the latter's scope is much broader. One cannot automatically assume that the rules for one apply to the other by default. If the intention was to replicate this view on private pension income from IB to ESA the differences are substantial enough to require specific discussion and agreement.

Please direct me to where this confirmation can be found. Without it there is no evidence to support the assumption that the rules for one apply to the other, nor indeed that the SoS intended this to be the case.

2) Secondly, although he does not say it, the SoS is obviously not suggesting the IB would FULLY replace lost income from work – merely that it would soften the blow and for higher earners this state 'contribution' could be relatively small – for someone just paying higher rate tax not much more than 10%, leaving a 90% shortfall in income. As often the onset of poor health can be quite sudden, there will be no opportunity to reduce outgoings pro-rata, if indeed this is possible at all, so for many people organising additional supplementary income would be an urgent necessity rather than in any way optional.

3) Thirdly, the Minister's comments are clearly aimed at anyone ending their working life early, whether it be a voluntary decision or made necessary by ill-health, with no intention and/or ability to work again – commonly referred to as "early retirement" and in this situation the proposition arguably contains some logic.

By contrast, it is clearly not aimed at alternative scenarios where additional income is needed to survive and therefore cannot be regarded as "duplication" as it is quite likely that IB + private pension still leaves a large income shortfall.

## DWP response

As explained in my reply dated 11 September 14, The rationale for taking occupational pensions into account in Incapacity Benefit (and subsequently in Employment and Support Allowance) was explained by the then Secretary of State for Social Security on 23 February 1999. See [Hansard, Volume 326, col 221](#)

I note your points made at 2 and 3 however, at the time that the pension income provision was introduced on 6 April 2001, the previous Government

decided to use the average workplace pension of the day, which was £85.00 per week. People on Incapacity benefit (IB) before 2001 are protected and do not have deductions from IB or their ESA.

When ESA was introduced in October 2008, the previous Administration decided that pension income would be taken into account in the same way by contributory ESA as for IB, and in the case of income-related ESA as for Income Support. The two benefits ESA was replacing. This is reflected in the legislation approved by Parliament.

The Employment and Support Allowance Regulations 2008 Chapter 2- calculation of Income and Chapter 6 other Income refers.

<http://www.dwp.gov.uk/docs/a13-5101.pdf>>