

Veterans and Benefits



February 2024

This factsheet tells you how any means-tested benefits (benefits which are awarded based on your income and savings) are affected by certain armed forces payments administered by Veterans UK - part of the Ministry of Defence (MOD). It also tells you where to get help and advice with benefits and tax credits if you are a veteran or the family member of a veteran.

Veterans' Income

This section gives a brief description of the types of pensions and payments covered in this factsheet. It is not an authoritative statement on armed forces pensions and payments, but an outline of the payments we cover in this factsheet.

Your armed forces pensions and payments affect benefits in different ways, depending on why and when they were awarded. HMRC (who decide and pay tax credit awards), the DWP (who decide and pay social security benefits) and local authorities (who decide and pay housing benefit) may not always accurately identify what pensions or payments you are getting or treat them correctly.

You should disclose *all* pensions, payments, and capital you receive when claiming benefits and tax credits. Seek expert advice if in doubt about whether you are getting your full benefit entitlement.

Armed forces pension scheme and reserve scheme pensions

There are several pension schemes for people who have served in the British armed forces. These include pensions similar to occupational pensions paid when people retire from their job. They are usually based on your length of service, and your rank and pay.

They include the 1975, 2005, 2015 armed forces pension schemes and the reserve forces scheme¹. In this factsheet, we refer to these as the “armed forces pension schemes” (AFPS). They are administered by Veterans UK on behalf of the MOD.

AFPS pensions are normally taken into account in full as income when working out how much means-tested benefit you can get. This is similar to the treatment of civilian “occupational” or work pensions.

AFPS survivor pensions/dependant’s benefits

If you die while still serving in the armed forces, your spouse, civil partner (or in some cases a surviving cohabiting partner) may get a (taxable) pension and a tax-free lump sum. These payments are usually referred to as “survivor pensions” or “dependant’s benefits”. In this factsheet, we use the term “survivor pensions”.

In contrast with war widow(er)’s pensions (see below), these survivor pensions can be paid *regardless* of whether death was a result of your service.

It is possible for your surviving spouse or partner to get both a survivor pension and a war widow(er)’s pension at the same time. This could happen if you die whilst in service, *and* as a result of your service. These survivor pensions are normally taken into account in full as income when working out how much means-tested benefit you can get.

The rules on whether your surviving spouse or partner can get a “survivor pension”, and the amount paid, depend on which AFPS scheme you were in (AFPS 75, 05 or 15) as well as your circumstances at the time of your death (rank, length of service and other factors).²

Payments made because of injury, illness, disability, and death resulting from service

You might get a payment because of injury, illness or disability *resulting from your service*, or because your spouse or partner died *as a result of their service*. The type of payment you get depends on the date the injury or death happened.

¹ These are referred to respectively as AFPS 75, AFPS 05 and AFPS 15. [Brooke-Holland, L. et al \(2023\). Support for UK Veterans, House of Commons Library Research Paper no.7693. London: House of Commons Library. \[Online\] \[Accessed on 15th February 2024\]](#)

² [Ministry of Defence \(2015\) Armed Forces Pension Scheme 1975 Family Benefits London: Veterans UK. \[Online\] \[Accessed on 15th February 2024\]](#); [Section 7, Ministry of Defence \(2020\) Armed Forces Pension Scheme 2005 Your Pension Scheme Explained London: Ministry of Defence. \[Online\] \[Accessed on 15th February 2024\]](#); [Section 7 \(Ministry of Defence 2020\) Armed Forces Pension Scheme 2015 Your Pension Scheme Explained London: Ministry of Defence. \[Online\] \[Accessed on 15th February 2024\]](#)

Payments made because of injury, illness, disability or death *before 6 April 2005*

If injury, illness, disability, or death is caused during service before 6 April 2005 and can be attributed to (in other words, was caused or made worse by) your service, *and* you have left the armed forces, you can be compensated under the War Pensions Scheme (WPS). This applies even if you left the armed forces on or after 6 April 2005. If your spouse, or an eligible partner died as a result of service before 6 April 2005, you might qualify for a war widow(er)'s pension.

War pensions

There are two main types of war pension awards³:

- a gratuity (a lump sum payment) for an injury/disablement assessed at less than 20%;
or
- a war pension (also referred to as a war disablement pension) paid weekly or monthly for any injury or disablement assessed at 20% or more.

If you get a war pension, you may also get additional payments, called supplementary or additional allowances.⁴ Some of these additional allowances "overlap" with one another and with certain social security benefits. This means that you cannot get *both* the supplement and the benefit at the same time or get both paid in full.

The following table shows which supplements overlap with which social security benefits. (A full list of war pension allowances/supplements, and information about them can be found on GOV.UK.⁵) If you meet the qualifying conditions for both the allowance/supplement *and* the benefit, you should seek advice on which ones to claim.

³ [Arts 6 & 7, Naval, Military and Air Forces etc \(Disablement and Death\) Service Pensions Order 2006](#)

This legislation is often referred to as the "Service Pensions Order 1983" or SPO 1983. "SPO" should usually be taken as a reference to the Service Pensions Order 2006, which is the most recent version.

⁴ [Arts 8-21, Naval, Military and Air Forces etc \(Disablement and Death\) Service Pensions Order 2006](#)

⁵ [GOV.UK War Pension Scheme \(WPS\): Other help and allowances you may be entitled to](#)

Allowance/supplement	Benefit overlap
<p>Allowance for a Lowered Standard of Occupation (ALSO)</p> <p>This rule about overlapping may not apply to you if you have been getting ALSO continuously since before 6/04/09. This is because the rule was introduced from that date.⁶</p>	<ul style="list-style-type: none"> • Incapacity benefit • An award of employment and support allowance (ESA) which includes either the limited capability for work <i>or</i> the limited capability for work- and work-related activity component of ESA. • An award of universal credit (UC) which includes a limited capability for work <i>or</i> limited capability for work related activity element. Awards where you do not get this element in your maximum amount because your partner gets the element or because you get the carer element instead also prevent the allowance being paid.
<p>Constant Attendance Allowance (CAA)⁷</p>	<ul style="list-style-type: none"> • Disability living allowance (DLA), care component • Personal independence payment (PIP), daily living component • Armed forces independence payment (AFIP) up to the value of the daily living component of PIP at the enhanced rate of the daily living component
<p>Unemployability Supplement (UnSupp)⁸</p>	<ul style="list-style-type: none"> • Incapacity benefit • Severe disablement allowance • contributory ESA • contributory jobseeker’s allowance (JSA) • State retirement pension or state pension • Carer’s allowance • Carer support payment • Widow’s pension • Widowed parents’ allowance
<p>War Pensioners Mobility Supplement (WPMS)⁹</p>	<ul style="list-style-type: none"> • DLA, higher rate mobility component • PIP, enhanced rate mobility component • Adult disability payment (ADP) mobility component • Child disability payment (CDP) mobility component • Armed Forces Independence Payment

⁶ [Art 15\(2\) The Naval, Military and Air Forces Etc. \(Disablement and Death\) Service Pensions Order 2006 \(legislation.gov.uk\)](#)

⁷ [Reg 6 Social Security \(Overlapping Benefits\) Regulations 1979](#)

⁸ [Regs 2\(1\) \(definition of unemployability supplement\), 6 and Sch 1 Social Security \(Overlapping Benefits\) Regulations 1979; reg 16\(6\) Carer’s Assistance \(Carer’s Support Payment\) \(Scotland\) Regulations](#)

⁹ [Reg 6 Social Security \(Overlapping Benefits\) Regulations 1979; Reg 34 Disability Assistance for Working Age People \(Scotland\) Regulations 2022; Reg 23\(6\) Disability Assistance for Children and Young People \(Scotland\) Regulations 2021, No.174](#)

War widow(er)'s pension

War widow(er)'s pension is paid to a surviving spouse or civil partner, and in some cases, to a surviving cohabiting partner.¹⁰ In contrast with AFPS survivor pensions (above), they are paid only where death resulted from service. The rate at which your war widow(er)'s pension is paid depends on your age, whether you have children, and the rank of your spouse or partner when they died and whether you get certain other social security benefits.¹¹ You may be able to get additional allowances- for example, for children or for your rent.¹² War pension, war widow(er)'s pension and the supplementary/additional allowances are tax free.¹³

Payments because you have been medically discharged

If you were injured or became ill as a result of your service between 31st March 1973 and 5th April 2005, and were medically discharged as a result, you may get a payment under the Armed Forces Attributable Benefits Scheme (AFAB)¹⁴. This type of payment is usually referred to as a "service attributable pension" or "**SAP**".¹⁵ It is tax free.¹⁶ This can be paid on top of a war pension. If your spouse's or civil partner's death resulted from their service during this period, you might also get a payment under this scheme.

Medical discharge not caused by service in the armed forces

If you were discharged from the armed forces for medical reasons and the injury or illness responsible for your medical discharge was not attributable to your service, you may get a tax-free lump sum and an immediate pension. This pension may be described as a "non-attributable" pension or a "Service Invaliding Pension" (SIP). The amount you get is based, among other things, on your length of service, and is taxable. A decision may be made later that your injury or illness *was* caused by your service. This can mean that your SIP is no longer taxable. Such pensions are sometimes referred to as "**non-taxable attributable service invaliding pensions**".¹⁷

¹⁰ [arts 23 and 24, Naval, Military and Air Forces Etc. \(Disablement and Death\) Service Pensions Order 2006](#)

¹¹ [War Widow\(er\) Pension: What you'll get - GOV.UK \(www.gov.uk\)](#) [Online] [Accessed on 19th February 2024]

¹² [Part III, Naval, Military and Air Forces Etc. \(Disablement and Death\) Service Pensions Order 2006](#); Gov.uk:

¹³ [s639 Income Tax \(Earnings and Pensions\) Act 2003 \(ITEPA\)](#)

¹⁴ [Sch 2, Army Pensions \(Armed Forces Pension Scheme 1975 and Attributable Benefits Scheme\) Warrant 2010 as amended](#); [Naval and Marine Pensions \(Armed forces Pension Scheme 1975 and Attributable Benefits Scheme\) Order 2010 as amended](#); [Air Force \(Armed forces Pension Scheme 1975 and Attributable Benefits Scheme\) Order 2010, as amended](#)

¹⁵ Payments under the war pensions scheme are also sometimes referred to as "attributable" since they are attributable to your service. In this factsheet, however, we use the term "SAP" to refer only to payments under the armed forces attributable benefits (AFAB) scheme. It's possible for a condition or injury to be found caused or worsened by your service under the war pensions scheme but not "attributable" under AFAB.

¹⁶ [s641 Income Tax \(Earnings and Pensions\) Act 2003 \(ITEPA\)](#)

¹⁷ See [R\(IS\) 3/99](#) for an example

Payments made because of injury, illness, disability and death on or after 6 April 2005

The Armed Forces Compensation Scheme (AFCS) replaced both the War Pension Scheme and the AFAB scheme from 2005. If injury, illness or death is caused by service **on or after 6 April 2005**, compensation can be paid to you (or your widow/widower/surviving civil partner or child in the event of your death) under the AFCS.¹⁸

There are two main components of an AFCS award:

- a tax-free lump sum in respect of pain and suffering (always included in an AFCS award) and
- a tax-free Guaranteed Income Payment (GIP). You (or a surviving partner/child, following your death) may get this if your injury or ill health makes it harder for you to find work outside of the armed forces. It is paid monthly for life.¹⁹

It is not necessary for you to have left the armed forces for you to get an award.

If you get a GIP at the rate of 50% or more, you may be eligible for armed forces independence payment (AFIP), an award for serving or former service personnel who have been seriously injured as a result of service. This is paid at the same rate as the enhanced rate of both components of personal independence payment. AFIP is intended to help with the extra costs resulting from disability. It is administered by Veterans UK but paid by the DWP.

¹⁸ Introduced by the [Armed Forces \(Pensions and Compensation\) Act 2004](#). Detailed rules in [The Armed Forces and Reserve Forces \(Compensation Scheme\) Order 2005 SI 2005 439](#).

¹⁹ Art 15(1) and 24 Armed Forces and Reserve Forces (Compensation Scheme) Order 2011

Impact of payments on benefits and tax credits

In this part of the factsheet, we look at how these payments affect benefits and tax credits. The difference in the way that armed forces pensions and payments are treated for universal credit and the benefits it replaced (“legacy benefits”) can mean that veterans and their families are much worse off on those legacy benefits or pension credit. Getting a benefit check can ensure you are getting the right amounts. This is particularly important if you are nearing state pension age.

Universal Credit

Capital

The lump sum gratuity paid with war disablement pension, and the lump sums paid with AFCS should be treated as personal injury payments. They are ignored when working out your benefit, for a period of 12 months. If paid into a trust, they can be disregarded indefinitely. Lump sums taken out of the trust may be treated as capital and are no longer ignored.²⁰

Income

Your AFPS pension counts in full as income for UC.

War pension and its various supplements – none of which are taxable -are ignored in full as income for UC.²¹ This also applies to tax-free invaliding pensions and attributable pensions paid under the armed forces attributable benefits (AFAB) scheme.²²

This does not mean that you will always find yourself better off claiming UC than the benefits which UC replaces. For example, if you get a war pension and you claim UC, you are not *treated as though* you have limited capability for work (or limited capability for work- and work-related activity). You may be expected to take part in work related activity (at the discretion of your work coach at the jobcentre) until a work capability assessment is arranged for you. This is the case whether you are single or a member of a couple. You might not pass the work capability assessment, although you *can* challenge a decision you do not agree with. Seek advice about your own situation before making a claim.

War widow’s and widower’s pensions are not taken into account as income for UC. If you get one of these pensions, you are exempt from the benefit cap.²³ The benefit cap can reduce the amount of UC you get, so if you’ve had a benefit reduced because the benefit cap was wrongly

²⁰ [Reg 75\(1\),\(4\) and \(5\) UC regs ADM H2028](#)

²¹ [Reg 66\(1\)\(a\) UC Regs](#) [Reg 67 UC Regs](#); [s 16\(1\)\(f\)&\(l\) SPC Act 02](#),

²² None of these pensions meet the definition of a pension under UC rules: [Reg 67 UC Regs](#) and [s16 State Pension Credit Act 2002](#). See also the note to [para H5010](#) in the ADM.

²³ [Reg 75F HB Regs](#)

applied to you, or you have now started getting one of these payments, you should get advice on how this might affect your UC.²⁴

A GIP, whether for you or for a survivor, is disregarded as income for Universal Credit.²⁵ SAPs and attributable SIPs, both of which are tax-free, are also disregarded in full.²⁶

Armed forces Independence Payment (AFIP) is disregarded as income for Universal Credit.

UnSupp and universal credit

Veterans have drawn attention to a problem when deciding whether to claim UC if they get UnSupp. On the one hand, UnSupp is not taken into account as income for UC as it is with most other means-tested benefits. On the other, you are not usually *treated* as having limited capability for work or limited capability for work related activity when you first claim, just because you get UnSupp. Instead, you may be asked to attend a work capability assessment and provide fit notes²⁷. Veterans are concerned in case a decision that they do not have limited capability for work could affect their entitlement to UnSupp. Seek advice from one of the organisations listed at the end of this factsheet if you have concerns about this.

Income support (IS), income-related employment and support allowance (ir ESA), income-based jobseeker's allowance (ib JSA) and housing benefit (HB)

Most people cannot make a new claim for one of these means-tested benefits. If you stop being entitled to one means-tested benefit, you do not necessarily stop being entitled to another one. For example, if your income increases, you might lose entitlement to ir ESA. You could still be entitled to HB, however. People are sometimes wrongly told that they *must* claim universal credit (UC) in this situation. You should seek expert advice as soon as possible before claiming UC, as you may have other options.

²⁴ In Scotland you should be able to get a discretionary housing payment to make up for this shortfall.

²⁵ Neither a GIP nor an attributable pension meets the definition of a pension under UC rules: [Reg 67 UC Regs](#) and [s16 of the State Pension Credit Act 2002](#). The AFCS is a Public Service Pension: [Public Services Pensions Act 2013](#)

²⁶ See the note to [para H5010](#) in the ADM.

²⁷ In the case of severely disabled veterans discharged because of their condition and claiming UC immediately upon leaving the armed forces, the DWP are now using evidence in military medical records, rather than calling the veteran in for a face-to-face assessment. ["Support for UK Veterans"](#) p67 House of Commons Library.

Accessed online 19 February 2024

Capital rules for income support, income-related ESA, income-based JSA and housing benefit

The lump sum gratuity paid with war disablement pension, and the lump sums paid with AFCS pensions should be treated as personal injury payments and ignored.²⁸

Income rules for income support, income-related ESA, income-based JSA and housing benefit

War pension, war widow's and widower's pensions are taken into account as income, but £10 a week of these payments is ignored.²⁹

Getting one of these pensions means you are exempt from the benefit cap.³⁰ The benefit cap can reduce the amount of HB you get.³¹ If your benefit was reduced because the benefit cap was wrongly applied to you, or you have now started getting one of these payments, you should get advice on how this might affect your HB.

For HB, local authorities can ignore more than £10, and many ignore all such payments.³² They have the discretion to ignore the various supplements and allowances paid with war pensions and war widow's/widower's pensions, and not just the pension itself.³³

Constant attendance allowance, exceptionally severe disablement allowance, severe disablement occupational allowance and war pension mobility supplement (supplements paid with war pensions) are not taken into account as income for any of these benefits.³⁴

AFCS GIPs are treated in the same way as war pensions for income-related benefit purposes: £10 a week is ignored but any more than this counts as income.³⁵ For housing benefit, local authorities have the discretion to ignore all of your GIP/survivor's GIP.³⁶

Getting a GIP, or a survivor's guaranteed income payment (for yourself or a child of the deceased) also means you are exempt from the benefit cap.³⁷

Taxable, *non-attributable* SIPs are taken into account in full as income.

²⁸ [DMG para 52477](#)

²⁹ [Sch 9 para 16 IS Regs 1987](#); [Sch 7 para 17 JSA regs 1996](#); [Sch 8 para 17 ESA regs 2008](#);

³⁰ [Reg 75F HB Regs 2006](#)

³¹ In Scotland you should be able to get a discretionary housing payment to make up for this shortfall.

³² [Sch 5 para 15 HB Regs 2006](#); [Sch 5 para 1\(b\) and \(c\) HB\(SPC\) Regs](#); [Sch, Parts 1 & 2, Housing Benefit and Council Tax Benefit \(War Pensions Disregard\) Regulations 2007 SI 1619](#)

³³ [Sch, Parts 1 & 2, Housing Benefit and Council Tax Benefit \(War Pensions Disregard\) Regulations 2007 SI 1619](#)

³⁴ [Sch 9 paras 8 and 9 IS Regs 1987](#); [Sch 7 paras 9 and 10 JSA Regs 1996](#); [Sch 8 paras 10 and 11 ESA Regs 2008](#); [Sch 5 paras 8 and 9 HB Regs 2006](#)

³⁵ [Sch 9 para 16 IS Regs 1987](#); [Sch 7 para 17 JSA Regs 1996](#); [Sch 8 para 17 ESA Regs 2008](#); [Sch 5 para 15; HB Regs 2006](#); [Sch Part 2 HB&CTB\(WPD\) Regs](#)

³⁶ [Sch, Parts 1 & 2, Housing Benefit and Council Tax Benefit \(War Pensions Disregard\) Regulations 2007 SI 1619](#)

³⁷ [Reg 75F HB Regs](#)

Tax credits

Most people cannot make a new claim for tax credits. If you are already getting child tax credit (CTC), however, you can start getting working tax credit (WTC) and vice versa.

Capital

Lump sum payments under the AFPS, the war pension scheme or the AFCS- all of which are capital- do not affect your tax credits unless (together with any other savings you have) they result in payment of interest.³⁸

Income

Your AFPS pension payments and any taxable service invaliding payment are taken into account in full as income for tax credits.³⁹ Tax-free attributable pensions are ignored.⁴⁰ If you get a service invaliding pension which is later ruled to be attributable to your service, seek expert advice about the impact on your tax credits and benefits.

War pensions and war widow's/widower's pensions are ignored as income.⁴¹

Constant attendance allowance and war pension mobility supplement- two of the allowances which can be paid with the war pension – are not taken into account as income.⁴²

A GIP paid to a veteran does not count as income for tax credits, but a GIP paid to a survivor and payments for children under the AFCS are taxable and will count as income (subject to the £300 a year disregard in respect of pension payments).⁴³

Pension Credit

Your AFPS pension is taken into account in full as income for pension credit.

War pension, war widow's and widower's pensions are taken into account as income, but up to £10 a week of these payments is ignored.⁴⁴ Constant attendance allowance, exceptionally severe disablement allowance and war pension mobility allowance (supplements paid with war pensions) are not taken into account as income, however.⁴⁵

³⁸ [Reg 10 Tax Credits \(Definition and Calculation of Income\) Regulations 2002](#)

³⁹ [Reg 5\(1\) Tax Credits \(Definition and Calculation of Income\) Regulations 2002](#)

⁴⁰ [Reg 5\(2\) Table 2 para 1 Tax Credits \(Definition and Calculation of Income\) Regulations 2002](#)

⁴¹ [Tax Credits \(Definition and Calculation of Income\) Regulations 2002, Reg. 5 \(2\), Table 2, paras 1, 3 and 4 Tax Credits Technical Manual para 04303 ; ss639 and 640 ITEPA](#); War widow's and widower's pensions are paid under [Part III of the Naval, Military and Air Forces etc. \(Disablement and Death\) Service Pensions Order 2006](#), for death due to service before 6th April 2005. See also pp4-5 of [this Briefing Paper](#).

⁴² [Reg 5\(2\) Table 2 paras 1 and 3 Tax Credits \(Definition and Calculation of Income\) Regulations 2002](#),

⁴³ [Reg 5\(1\)\(b\) TC\(DCI\) Regs; HMRC Employment Income Manual para 74306](#)

⁴⁴ [SPC Regs, Reg 17 \(7\) and Sch 4, para 1](#)

⁴⁵ [Reg 17\(7\) and Sch 4 para 2-4 SPC Regs.](#)

Up to £10 of any Guaranteed Income Payment (GIP) or survivor's GIP you get can be disregarded as income for pension credit.⁴⁶

The lump sum payment with a war pension or GIP is treated as capital but should be disregarded on the basis that it is compensation for personal injury. This does not apply to lump sums paid to you as a widow/widower/survivor, however, since the compensation is not in respect of a personal injury to you.⁴⁷

Further information and advice

Armed Services Advice Project

www.adviceasap.org.uk/local-advice

JPAC (Joint Personnel Administration Centre) for Armed Forces Pension enquiries
0800 085 3600

Veterans UK Veterans Welfare Service (For Armed Forces Compensation Scheme and war pension enquiries)

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⁴⁶ [SPC Regs, Sch 4, para 1; ADM paras 85200 ff and Appendix 1](#)

⁴⁷ [Regulation 17\(8\)](#) and [SPC Regs Sch 5 para 16\(1\); R\(SB\) 2/89; R\(IS\) 3/03](#)