

## **Incapacity Benefit and Severe Disablement Allowance**

### **Background**

Incapacity Benefit replaced Sickness Benefit and Invalidity Benefit from 13 April 1995. It is paid to people who are assessed as being incapable of work and who meet certain contribution conditions.

There are three rates of Incapacity Benefit. There are two short-term rates: the lower rate (IBST(L)) is paid for the first 28 weeks of sickness and the higher rate (IBST(H)) for weeks 29 to 52. The long-term rate (IBLT) applies to people who have been sick for more than a year. The higher short-term rate and the long-term rate are treated as taxable income.

Incapacity Benefit will be paid at the short term rate for people over pension age for up to a year from the date of claim, but only if the incapacity began before they reached pension age.

Increases are paid for dependant adults who are caring for a child or where the spouse is aged 60 or over. Increases for children are paid with the short-term higher rate and with the long-term rate. An age addition is paid with the long-term rate at one of two rates depending on the age when incapacity began.

For the first 28 weeks of incapacity, people previously in work are assessed on the 'own occupation' test - the claimant's ability to do their own job. Otherwise incapacity is based on the 'personal capability assessment' (formerly 'all work test') which assesses ability to carry out a range of work-related activities. The test applies after 28 weeks of incapacity or from the start of the claim for people who did not previously have a job.

Certain people are exempt from the personal capability assessment. These include, those in receipt of Disability Living Allowance care component at the higher rate, those registered blind, and those suffering from a severe illness (for example: tetraplegia, persistent vegetative state, dementia).

There were transitional provisions for people who were on Sickness or Invalidity Benefit on 12 April 1995. They were automatically transferred to Incapacity Benefit payable on the same basis as before. Former Invalidity Benefit recipients continued to get additional pension entitlement, but frozen at 1994 rates. If they were over state pension age on 12 April 1995 they may have received Incapacity Benefit for up to 5 years beyond pension age. Benefit received by former Invalidity Benefit claimants is not subject to tax.

From April 2001, there have been no new claims to SDA. From this date claimants under the age of 20 (or 25 if receiving training or education) may become entitled to Incapacity Benefit.

The statistics in this publication are based on 100% of cases from the Incapacity Benefit Computer System (OPSTRAT). Clerical cases are not included. (These on average number between 2,300 and 2,500 cases).