



## Does inheritance affect universal credit?

If you're on Universal Credit and you're about to receive an inheritance, it's important to understand how your inheritance could affect your entitlement to Universal Credit and other means-tested benefits.

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## ***What is the savings cap?***

Universal Credit is a means-tested benefit that is offered to people on low incomes in the UK to help with rent, food, and bills. Your eligibility for universal credit is affected by both your income and your savings. If you inherit a significant sum of money, this could push your savings over the limit and cause you to lose some or all of your Universal Credit.

Currently, you are allowed to have up to £6,000 in savings before your Universal Credit is affected. Once you have over £6,000 in savings, the amount of Universal Credit you're entitled to will start to fall further the more savings you have. With £16,000 of savings, you will lose all of your entitlement to Universal Credit.

## ***What counts as savings?***

Savings is a general term that is used to refer to both liquid and illiquid assets that are kept under your name. Assets that count towards your savings limit include:

- Cash
- Money in the bank
- NSI accounts, including premium bonds
- Stocks and shares investments
- Property other than your primary address
- Items of high value



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## ***How does receiving an inheritance affect benefits?***

If you inherit a lump sum of money and it will take you over the savings threshold and affect your benefits, one option is to spend some of your inheritance on anything that you may need. If you buy a £60,000 sports car with your inheritance, your universal credit officer will likely consider this purchase unreasonable and may sanction your benefits. If you replace your household's older white goods and furnishings with new ones and this brings you under the savings limit, this will usually not affect your eligibility for Universal Credit.

It's also important to know that some benefits are not means-tested, and these should not be affected by inheritance. These benefits include:

- Disability Living Allowance (DLA)
- Personal Independence Payment (PIP)
- Contribution-Based Employment and Support Allowance (CB ESA)

## **GET IN TOUCH ABOUT BOOKKEEPING, VAT RETURNS & PAYROLL**

If you're due inheritance and you'd like to find out more about how it could affect your finances, contact us today at Taxcare Accountancy to speak to one of our professional advisors.

**REQUEST A CALL BACK**

Contact us at [info@taxcareaccountancy.co.uk](mailto:info@taxcareaccountancy.co.uk)  
or call on **020 8478 3383** today for more details.

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