

## **Maternity Allowance and Universal Credit**

### **Different treatment of Maternity Allowance and Statutory Maternity Pay**

Under the Universal Credit Regulations 2013 Maternity Allowance is treated as 'unearned income' and is deducted from any Universal Credit award pound for pound.

Statutory Maternity Pay is treated as 'earnings' and is partially disregarded from any Universal Credit award as a result of the Work Allowance.

Universal Credit has only recently been rolled out to adults with children so the impact on women on maternity leave is only just coming to light. This is the difference in income:

### **Single parent on Maternity Allowance with first baby**

Maternity Allowance = £148.68pw x 39 weeks = £5798 for 9 months

Universal Credit for mother and baby would be £549 per month. Total = £4941 for 9 months

This mother will not be entitled to Universal Credit as her MA will be deducted pound for pound.

She will also not be entitled to the Sure Start Maternity Grant

**Total income over 9 months = £5798 (Maternity Allowance only)**

### **Single parent on Statutory Maternity Pay with first baby**

SMP - £148.68pw x 39 weeks = £5798 for 9 months

Universal Credit = £460 per month. Total = £4140 for 9 months (SMP subject to the Work Allowance)

This mother can also qualify for the Sure Start Maternity Grant - £500

**Total income over 9 months = £10,438 (SMP, Universal Credit and the Sure Start Maternity Grant)**

Many pregnant women miss out on SMP because they start a new job before realising they are pregnant, they change jobs during pregnancy, they take sick leave, they are made redundant during pregnancy or they are self-employed or work on an irregular, casual basis. These mothers can only claim Maternity Allowance and end up significantly worse off than if they were on SMP.

They are also significantly worse off than a worker on Statutory Sick Pay who would be entitled to Statutory Sick Pay of £3675.75 for 9 months, plus Universal Credit of £4140 for 9 months. Total £7815.75 (Statutory Sick Pay and Universal Credit).

### **Summary**

The distinction between earnings and unearned income seems to be arbitrary in view of the requirement to be employed or self-employed for at least 26 weeks in the 66 weeks before the expected week of childbirth in order to qualify for Maternity Allowance. Whilst SMP is paid by employers, it is reimbursed by HMRC, and is ultimately publicly funded like Maternity Allowance. Neither a woman on SMP nor on Maternity Allowance needs to remain employed or return to work to qualify for her maternity pay.