**Student Case Study:  
Universal Credit vs Child Tax Credit & Housing Benefit**

**Leia is a lone parent over 25 years of age. She has one child, a son aged 13.  
She is a full-time student and does not work.**

**LEIA’S CURRENT CHILD TAX CREDIT & HOUSING BENEFIT CALCULATION:**

Child Tax Credit = £65 per week

Housing Benefit:

Income from Student Finance (Loan) = £6411 per year (with disregards deducted)  
Divided by 42 weeks (Sept to June) = £152.64 per week  
Minus Student Loan Disregard (of £10 per week) = £142.64 per week = total income from Loan

Total Income for HB is £65 CTC plus £142.64 Loan = £207.64

Minus Applicable Amount of £ 160.22= £47.42 income left, to reduce benefit

Housing Benefit taper of 65% is applied = Housing Benefit is reduced by £30.82

**Leia receives her £65 per week Child Tax Credit, but needs to pay £30.82 per week towards rent.  
The net balance in benefit/credits paid to Rey is therefore £34.18 per week.**

**UNIVERSAL CREDIT CALCULATION:**

Maximum Universal Credit (10 months / ‘Assessment Periods’: Sept to June) =

Standard Allowance = £409.89 +  
1 Child Element = £281.25  
Total = £691.14 is the maximum Leia could receive (plus help towards rent, if applicable)

Income from Student Finance (Loan) = £6411 per year (after disregard is deducted)  
Divided by 10 Assessment Periods (Sept to June) = £641.11  
Minus £110 Student Loan Disregard = £531.11 Student Loan Income

Amount of Universal Credit payable is Maximum Universal Credit amount minus Income amount.  
Therefore, £691.14 – 531.11 = £160.03

**So, if Leia had no Housing Costs, her UC award would be £160.03 per month (or £36.93 per week)  
If Leia did have Housing Costs to pay, her award would be her full eligible rent + £160.03 per month (or £36.93 per week)**

**COMPARISON:**

**Therefore, under current Child Tax Credit & Housing Benefit rules, Leia receives the equivalent of her rent paid plus £34.18 of government support.  
  
But under Universal Credit, she would only receive the equivalent of her rent paid plus £36.93 week.**

**HOWEVER – This information is correct based on current benefit rates (May 2020). The government has recently made significant increases to Universal Credit rates during the COVID-19 pandemic and there is some indication that this may be a temporary increase only – meaning that a claimant’s Universal Credit may later decrease. It is also important to point out that it is not possible to make a new claim for Tax Credits and Housing Benefit once a claim for Universal Credit has been made.**