

How to avoid debt during an illness (employees)

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If you've recently developed a physical or mental health condition or disability, your finances may be one of the last things on your mind. But losing some or all of your income because of illness could see your debts start to mount up – and that's something you really don't need when you're learning to come to terms with an illness or trying to recover.

The good news is there are lots of things you can do to avoid going into debt when you can't work because of long-term illness. The steps you have to take may seem daunting at first, especially if you're not feeling well, so take things slowly and work through the following suggestions one step at a time. And remember, there's strong evidence that being in debt can cause stress, anxiety and depression. So doing something about it sooner rather than later could help make you feel that little bit better.

Did you know?

The leading causes of long-term absence from work are mental health conditions such as stress, anxiety and depression (conditions such as chronic back pain, cancer and heart problems are among the most common physical causes). (Source: CBI)

First things first

If you haven't already done so, let your employer know you can't work and why (check your contract to find out if there's a specific procedure you should follow). If you want to claim Statutory Sick Pay (see details below), let your employer know straight away. If you're a bar or pub manager, don't worry about finding someone to cover you as your employer will provide a relief manager.

Your employer also has the right to ask for proof of your illness in the form of a fit note from your GP if you've been off work for more than seven days. To get a fit note, contact your GP's surgery. If you're under the care of a hospital, your fit note may be issued by the hospital rather than your GP. You won't have to pay for a fit note if you've been off sick for more than seven days.

If you're off work sick for more than four weeks, you're considered long-term sick.

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Managing your money: your income

Some employers have a sick pay scheme (or occupational scheme) that pays you a certain percentage of your salary for a certain length of time when you're ill, with that percentage dropping the longer you're off sick. If you don't know whether your employer offers a sick pay scheme, check your contract or ask your manager/employer.

If your employer doesn't have a sick pay scheme you can receive Statutory Sick Pay (SSP) if you've been off work sick for four or more days in a row (currently, this pays £89.35 a week).

SSP is issued for up to 28 weeks and is paid by your employer either weekly or monthly, as normal (tax and National Insurance are deducted). Find out from your employer whether or not you have to tell them in writing that you're claiming SSP. Try not to put this off, as you have to claim either within seven days of going off sick or by your employer's own deadline (if applicable).

You can claim Employment and Support Allowance (ESA) after 28 weeks if your illness continues (make your claim on or before the beginning of the 23rd week of SSP). The amount of money you'll receive can vary according to your circumstances, the type of ESA you qualify for and where you are in the assessment process. Payments are made into your bank account. **To make a claim, call 0800 055 6688 (find out**

more about ESA at

<http://www.gov.uk/employment-support-allowance>).

Other benefits:

There are other benefits you may be entitled to that could top up your income while you're off work sick and help you with essential costs. For instance, Personal

Independence Payment (PIP) is payable to people aged 16-64 with long-term health conditions or disabilities who have problems with daily living activities or mobility issues. Find out more about PIPs and how to claim at <http://www.gov.uk/pip>.

Falling behind with your rent or mortgage could lead to you losing your home. But if having a long-term illness has reduced your income and you pay rent to the council or a housing association, you may be able to claim Housing Benefit. If you rent from a private landlord you can also claim Housing Benefit, but rates called Local Housing Allowances will be used to calculate the amount of money you'll get (LHA rates don't apply if you're a council or housing association tenant). Find out more at <http://www.gov.uk/housing-benefit>.

There is also help for people with a mortgage in the form of Support for Mortgage Interest. This is paid to people who are claiming benefits such as ESA. It can also help towards interest payments on loans you've taken out for repairs and improvements to your home. For more information, visit <http://www.gov.uk/support-for-mortgage-interest>.

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Other benefits you may be entitled to because you have less income as a result of your illness or disability include [Council Tax Reduction \(sometimes called Council Tax Support\)](#), Child Tax Credit and Pension Credit (if you're over Pension Credit age). And if you were getting Working Tax Credit before you became unable to work, you can still get it for up to 28 weeks if you go off sick.

• Up to £16 billion worth of means-tested benefits are estimated to go unclaimed each year in the UK. To make sure you're not missing out on the benefits that could help you while you're off work sick, use the **Turn2us benefits calculator** or the calculator at the **entitledto** website.

Help with health costs:

If your illness or disability means you need prescription medicines, your costs could soon spiral if you live in England (people living in Scotland, Wales and Northern Ireland don't pay for prescriptions). You may, however, be eligible for free prescriptions in England if you're claiming ESA, or you can apply for help with NHS costs via the NHS Low Income Scheme (call the Low Income Scheme helpline on **0300 330 1343**).

Meanwhile, if you have to visit a hospital for NHS treatment, you may be able to claim back your travel costs under the Healthcare Travel Costs Scheme. Find out more about the HTCS, including how to claim travel expenses, by visiting www.nhs.uk.

Managing your money: your expenses

You may not have planned a budget before, but when you're off work sick and have a reduced income it's a good idea to work out the essential things you need to spend money on and those you can cut down on. If you owe money, your debts should be taken into account too.

Priority expenses:

These are the things you have to pay for on a regular basis that are essential for you to live, such as the following:

- Rent/mortgage
- Gas, electricity and water
- Food
- Household costs (food, clothes, toiletries etc.)
- Childcare, child support/maintenance
- Phone
- Council tax

Non-priority expenses:

Once you've narrowed your outgoings down to the essentials you can't do without, look at any other payments you make on a regular basis and think about whether or not you could make any savings by cutting down or cutting them out altogether. These may include things such as magazine subscriptions or charitable donations that you pay by monthly direct debit.

However, be aware that cancelling some types of subscriptions – mobile phone or satellite TV contracts, for example – may trigger financial penalties that could end up costing you more than if you kept up with your payments.

Dealing with debts

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Like living expenses, debts fall into two groups: priority and non-priority. Priority debts include:

- Mortgage and rent arrears
- Secured loans (loans secured on your home)
- Gas and electricity
- Council tax
- Income tax
- Child maintenance
- HP agreements

If a debt isn't a priority, then it's a non-priority debt. There are lots of examples of non-priority debts such as credit card or store card debts, water rates arrears, unsecured loans, unpaid phone bills and overdrafts. These are the debts you can tackle after you've dealt with your priority debts.

What should you do?

Contact your creditors and let them know you have a long-term illness that's affecting your ability to make your regular payments. Try to be as organised as possible when you contact creditors: have all your payment details to hand, and keep a record of any telephone conversations you have with them or any letters or emails you send and receive.

There are several things your creditors may consider, including freezing any outstanding payments, offering you a payment holiday until your financial position improves, rescheduling your payments or offering to let you clear up your arrears in instalments.

Some creditors may be more understanding than you might expect, especially when repayment difficulties are caused by illness or disability. But if

you have any problems negotiating with a creditor, contact your nearest **Citizens Advice Bureau** for help.

Finally, if you took out payment protection insurance (PPI) on any credit or loan arrangements, put in a claim as soon as possible. This insurance should cover your repayments for a certain amount of time, usually 12 months.

Useful links

If you are experiencing any of the issues covered in this factsheet, in the first instance call our free helpline on **0808 801 0550**. Our Advisors will listen without judging and will work with you as best they can to achieve a positive outcome. If you prefer you can email: helpline@ltcharity.org.uk Visit our website: www.licensedtradecharity.org.uk. It's full of useful information about the kind of issues we know people who work in the licensed trade face.

Many other charities offer help to people affected by specific illnesses and disabilities. There are too many individual charities to list here – find the relevant charity by searching online (search the name of your illness or disability and the word charity). In the meantime here's a list of links to some of the charities for the most common health conditions responsible for work absence:

British Heart Foundation
www.bhf.org.uk



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Blood Pressure UK
www.bloodpressureuk.org



BackCare
www.backcare.org.uk



Arthritis Care
www.arthritiscare.org.uk



Macmillan Cancer Support
www.macmillan.org.uk



Marie Curie
www.mariecurie.org.uk



Stroke Association
www.stroke.org.uk



Mind
www.mind.org.uk



Mental Health Foundation
www.mentalhealth.org.uk



StepChange
(for more help with debt management)
www.stepchange.org
0800 138 111

