

**Better with
MONEY**

**The most common
money questions
around COVID-19**

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The most common money questions around COVID-19

Since the beginning of April, Better with Money has been supporting employee wellbeing by providing webinars to explain the most recent financial support from banks and providers. It covers questions such as how to deal with mortgages and debt as well as savings, investments and general money saving tips. Here are the answers to the ten most common questions we've been asked since lockdown began (current as at 9 April 2020):

1. For which reasons can my partner or I be furloughed?

You can be furloughed if you were on PAYE as at 28 February and can't work because you:

- Fall into the high risk category and have received a shielding letter from the NHS
- Need time off work to care for someone (such as a child who is home from school)
- You are unable to do your normal work from home

The minimum amount of time you can be furloughed for is 3 weeks, but your employer can switch you between being furloughed and working and vice versa at the end of every 3 week period. You can still be furloughed if you're in your probation period, although this is likely to be extended until you can return to work to complete it. If you have been let go from your employer since 1 March as a result of the coronavirus, your employer is entitled to take you back on and reassign you as a furloughed worker instead.

You can bring your maternity leave to an end to be furloughed (as the furlough pay may be higher) but you won't be able to go back on maternity leave at the end of the furloughed period. Being furloughed does not affect any other employment rights and you will accrue holiday entitlement during that time.

2. Can I volunteer if I have been furloughed?

Yes, you can volunteer if you've been furloughed as long as you do not benefit the employer that has furloughed you. For example, if you are a lawyer you can volunteer at a Law Centre to do pro bono work but you can't do pro bono work for your employer. Many smaller companies and charities are collaborating to form "volunteer clubs" to allow their furloughed staff to volunteer at another company within the club.



3. I am a key worker but the government's guidance makes it clear my child should stay at home if they can. What are my options?

As a key worker you are entitled to send your children to school if you can't leave them at home. If their local school isn't open, the Local Authority will help you to find the nearest school they can attend and should also assist with travel arrangements if necessary.

If you've got older children and are thinking about leaving them at home, there is no law about when you can leave your child on their own but it is an offence to leave them alone if it places them at risk. So it's a parental judgement as to how mature and capable your child is.

If you are unsure, the NSPCC recommends that children under 12 are rarely mature enough to be left alone for a long period of time, children under 16 shouldn't be left alone overnight and babies, and very young children should never be left alone.

4. What happens to my holiday entitlement during this time?

The government has introduced a temporary new law to deal with coronavirus disruption.

You are now allowed to carry over up to 4 weeks' paid holiday over 2 years, if you cannot take holiday because:

- **You're self-isolating or are too sick to take holiday before the end of their leave year**
- **You've been put on furlough because you can't work from home**
- **At the other extreme, you've had to continue working and could not take paid holiday**

In all of those cases you can carry over 4 weeks holiday over a 2-year period.

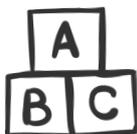
If you leave your job in that 2-year period, any untaken paid holiday must be added to your final pay.

With regards to **bank holidays** If you can't take them as holiday this year due to coronavirus, you should be able to take another holiday day instead later in the holiday year.

If that's not possible, bank holidays can be included in the 4 weeks' paid holiday that can be carried over.

If you had **previously booked time** off during this period and you no longer want to take time off because your holiday's been cancelled, you can ask to change it, but you'll need agreement from your employer. They are entitled to enforce the time off.

If your **employer decides to close the workplace temporarily** they could also ask you to take holiday for the time that it is closed. If they do this, they must give you twice as much notice as the number of days they want you to take off. For example, if they want to close for 5 days, they should tell you at least 10 days before.



5. I am now doing my work from home. Can I claim additional expenses for heating, lighting etc?

Yes. Whether you're employed or self-employed you can claim tax relief on £6 of your earnings per week for increased costs due to working from home. To simplify matters, HMRC has confirmed that from 6 April 2020 you can claim up to £6 pw without providing any evidence.

You can either claim it back on your self-assessment tax return under the section "Using your home as an office" inputting £6 for every week you've worked from home or you fill in a P87 form via your HMRC Government Gateway Account.

Alternatively your employer is able to pay you £6pw without the deduction of tax so that you don't need to do this via a tax return or P87 form.

6. My pension pot is falling in value, should I transfer it out or switch it to a different investment?

It is unlikely that this is a good time to **transfer** your pension or take your money out of investments. By transferring your pension, the investment is usually exchanged for cash to transfer to the new pension, which will lock in the losses seen as result of falling equity prices. The same goes for switching out of investments.

If possible, it's best to stick to the plan and continue to invest as you were doing to ensure your investment benefits from any recovery in the stock market.

If you do need help, the pension advisory service, can provide free help and advice:

www.pensionsadvisoryservice.org.uk/contacting-us

Pensions Helpline: 0800 011 3797

7. What are my options with my Company car now that I can't use it?

If you can give your car back during this time by parking it at the office and handing the keys in or posting your keys back to the office then HMRC will not see cars as "available" for benefit-in-kind tax purposes

Employers should also make sure that employees are not getting fuel via company fuel cards at this time to prevent the employee being taxed on a benefit they cannot use.



8. Am I covered under insurances for coronavirus type claims?

The answer to this is it will depend on what kind of insurance you have. If you have insurance through your employer then they should let you know what your insurance covers you for. If you have private policies:

Life insurance and income protection insurance SHOULD cover coronavirus if you already have a policy in place. This is because these policies are usually based on declaring any existing conditions – but if you have an existing policy, you couldn't have declared coronavirus as a condition before now so that won't be an issue. However, most income protection schemes have a deferred period in place when benefits won't be paid so check your policy to see when payment can start.

It is still possible to take out a new life insurance or income protection policy to protect yourself but it is likely you'll be asked additional questions, such as whether you've already tested positive for Covid-19, have had symptoms or have been told to self-isolate. If you have, an exclusion may be applied.

Critical illness cover WON'T apply to coronavirus as it isn't considered a critical illness. If, however you developed a serious illness/condition as a result of coronavirus, that could be considered as a possible claim if the illness is covered by your policy.

Getting **accident, sickness and unemployment cover** is difficult and many insurers are no longer accepting new applications, or they're imposing additional exclusions e.g. unemployment policy claims may not be made unless you have been made unemployed two months from the start date of your policy.

9. How should I tackle debt at the moment?

If you are in debt try to shift your debts to a more affordable option (such as moving an expensive overdraft to an interest-free credit card).

In these times of low interest rates, you will save money if you use any savings to pay off debt. You may only be getting a maximum of 1.5% interest on savings and paying 20% interest on credit cards and 40% interest on overdrafts. If you manage to start paying off overdrafts or credit cards try to reduce your limits so they don't build up again.

If you're worried about debt there are several debt advice charities who will help you for free. It doesn't matter if you're a hundred pounds or a hundred thousand pounds in debt – these charities are here to help:

Citizens Advice Bureau

www.citizensadvice.org.uk

StepChange

www.stepchange.org

Community Money Advice

www.communitymoneyadvice.com

Christians Against Poverty

www.capuk.org

National Debtline

www.nationaldebtline.org

PayPlan

www.payplan.com

Shelter

www.shelter.org.uk

AdviceUK

www.adviceuk.org.uk

10. What can I do if I am worried about the mental health of a loved one?

If you're worried about mental health at this time, the mental health charity MIND is offering support. They also offer practical advice on their website for how to cope staying at home.

www.mind.org.uk/information-support/coronavirus/coronavirus-and-your-wellbeing/

These are just a few examples of the practical advice and support given by the Covid:19 – Curing Your Finances Webinar. For more information about providing this webinar to support your employees financial wellbeing, contact sarah.steel@betterwithmoney.com or visit our website at www.betterwithmoney.com

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