FACT SHEET: TWO-CHILD LIMIT TO BENEFITS

Years of rising living costs have made it harder for many families to make ends meet, particularly when jobs aren't secure, or when a parent becomes ill. Being a lone parent, or having a baby, a child under five, or a child with a disability, can make it even harder for parents to work enough hours to cover costs. After a nine-year gap, financial support from the UK Government for each child in a lower-income family returns from April 2026. This is a major policy change that will bring hundreds of thousands of children out of poverty. Reporting around the removal of the two-child limit to benefits has seen some of the policy's complexities misunderstood. This guide is designed to provide the best available factual information.

WHAT CHANGES ARE BEING MADE TO THE TWO-CHILD LIMIT?

Since 2017, families on low incomes and claiming Universal Credit could only claim for their first two children - this is called the Child Element of Universal Credit (and is different to Child Benefit). With a change in law, **families will now be entitled to the full Child Element of Universal Credit for every child**, rather than just the first two.

However, the separate 'Benefit Cap' policy remains in place – this means that families out of work may not see an increase in income after the two-child limit is lifted.

WHY HAS THE TWO-CHILD LIMIT TO BENEFITS BEEN CHOSEN AS THE WAY TO LIFT CHILDREN OUT OF POVERTY?

- The decision to scrap the two-child limit to benefits **in full** remains **the single most impactful step to reduce child poverty**, according to the Institute for Fiscal Studies, End Child Poverty coalition's At The Limit Report, and Resolution Foundation's No Half Measures report.

- Bringing this decision into legislation will see 450,000 children lifted out of poverty by 2030, as per the UK Government's assessment.

- Almost 1.7 million children were affected by the two-child limit in 2025, data here. Removing it helps at least 1 in 9 UK children. Without policy change, more children would have been affected every year.

- The abolition of the two-child limit will also reduce deep poverty experienced by 250,000 children, as per the UK Government's assessment.

- The **two-child limit to benefits has been one of the biggest drivers of child poverty** in the last decade, according to the IPPR. It brought an average of 109 children per day into poverty in 2025. Scrapping it will ease pressure on local services, as well as alleviating hardship for families.

- **Almost three quarters (71%) of 11,000 teachers polled** by Teacher Tapp believe that measures announced in the Child Poverty Strategy, including the removal of the two-child limit, will have a positive impact on children in their school.

WHO WILL BENEFIT FROM SCRAPPING THE TWO-CHILD LIMIT?

- Scrapping the two-child limit will help children in low-income families, women, families with a child or parent with a disability, parents working on low-incomes, and single parent households. It will help families to cover essential costs and meet their children's needs.

- The change will help families facing changes in circumstances, such as a relationship breakdown, job loss, or a parent or child becoming ill, which can leave families in need of financial support. **Almost half (47%) of families affected by the two-child limit in 2025 were not receiving Universal Credit when any of their children were born.** *(see appendix for source, Note 1)*

- 40% affected families include someone who is disabled. 27% include a disabled child. *(appendix, Note 2)*

- 68% of affected families have a child under five. *(appendix, Note 3)*

ARE MOST FAMILIES IN OR OUT OF WORK?

- **Most families who have been affected by the two-child limit are in work (59%),** data here. Most families who aren't working at the moment face barriers that make it difficult for one or both parents to work.

- The vast majority of families where no parent is working are single parent families, who can struggle to find flexible work, or the right childcare, especially while their children are young. More than half **(56%) of all families affected by the two-child limit with no parent in work are single-parent families with a child under five.** *(appendix, Note 4)*

- Half of families affected by the policy (**53%) include at least one parent whose benefit conditions do not require them to look for work at the moment**, due to health reasons, having a baby or toddler to care for, or being a carer for someone else. *(appendix, Note 5).* For example, we know that:

  44% of all children living in poverty live in a household where someone is disabled.

48% of all children living in poverty live in household with a child aged under five.

- Presenting out-of-work families as being "handed £25k" obscures some of the key facts. Third and subsequent children will now be entitled to receive £3.5k each per year. **Out-of-work families are subject to the benefit cap, so won't see this full amount.** The UK government estimates that 70,000 families will not see any or all of the increase when the two-child limit is lifted in April, because of the benefit cap. Only families who are not subject to the benefit cap, eg for reasons such as disability, would receive full entitlement. Additionally, there has been framing that the increase is one lump sum, rather than spread out in small monthly amounts over four years of this Parliament.

WHAT SIZE ARE MOST AFFECTED FAMILIES?

- Almost **9 in 10 (88%) families affected by the two-child limit have either three or four children**. Only 4% of affected families have more than five children. In some cases, larger families will be the result of 'blended' families, where two parents who already have children move in together. *(appendix, Note 6)*

- Children in larger families require the same essentials, such as food and clothing, as those in smaller families - the costs of third and subsequent children are similar to earlier children, and families do not benefit from notable economies of scale.

WILL THIS HELP BRITISH FAMILIES?

- Yes, scrapping the two-child limit will help British families. It will help **children living in low-income families get a decent standard of living**.

- To claim benefits and Universal Credit in the UK individuals will need to meet **strict eligibility criteria**. Recipients must be British or Irish nationals, EU citizens with settled status, those with indefinite leave to remain, have confirmed refugee status, or visa holders under specific schemes.

- "Foreign nationals" is an ambiguous term which covers many different circumstances. Nationals of Ireland and the EEA are deemed foreign nationals and are entitled to claim public funds; people from other parts of the world may have no recourse to public funds (NRPF) and are not eligible for Universal Credit. People who have confirmed refugee status are legally entitled to claim Universal Credit, while people who are seeking asylum are not entitled to claim Universal Credit.

WILL SCRAPPING THE TWO-CHILD LIMIT COST TAXPAYERS MONEY?

- Scrapping the two-child limit could save the taxpayer money long term**.** The cost of scrapping the two-child limit in full is £3 billion per year, but the cost of child poverty to the UK economy is £39 billion per year. **Therefore, child poverty costs the taxpayer**

more than ten times the cost of scrapping the two-child limit. Assessment carried out by Professor Donald Hirsch, in The Cost of Child Poverty 2023 report.

- The investment in welfare will be between £11 - 12bn over the course of the Parliament, as scrapping the two-child limit will cost £2.6 billion in 2026/27, rising to £3/£3.2 billion by 2029/30. However, as stated above, the cost of child poverty to the economy per year is estimated at £39 billion, owing to poor health, and risk of low educational attainment and increased unemployment rates. Making this targeted investment now means increased future employment, increased tax revenues and reduced costs in future.

WOULD A FAMILY BE BETTER OFF ON BENEFITS OR WORKING?

- Most families who will be helped by scrapping the two-child limit are **in work.**

- **Families out of work are affected by the benefit cap,** which reduces overall support from social security so that benefits payments are no more than £22,020 outside Greater London, or £25,323 in Greater London. There is no benefit cap if someone in your household is disabled or seriously ill.

- There is a **taper rate in Universal Credit for parents in work**: parents who work more than 16 hours and claim UC have a work allowance which allows them to earn a certain amount through work before the taper rate is applied. Families working more than 16 hours per week are not affected by the benefit cap, so the more money that families who are on UC can earn through work, the more income they receive overall.

- Contrary to some reported claims, you **do not** need to have a salary of £71k (with a take-home amount of £46k) to have an income the same as a family receiving benefits. That comparison is made between one individual's take-home pay after tax, national insurance, pension contributions and student loans, versus an entire family's benefits IF one person in the household has a disability which means the benefit cap doesn't apply. Analysis carried out by Radio 4's More of Less.

APPENDIX

EXAMPLES OF FAMILIES IN THE UK WHO WOULD GET SUPPORT FROM UNIVERSAL CREDIT. THIS REFLECTS THE SCALE OF COSTS FAMILIES ARE FACING WHICH WAGES SIMPLY DO NOT COVER.

Nearly half of families with children, and the majority of single parent families, are entitled to Universal Credit (which has replaced Working Tax Credits and Child Tax Credits), though not all entitled families will claim support.

The following examples are based on current Universal Credit eligibility rules, and show how the two-child limit is currently affecting some families compared to differences some families will see when the limit is removed.

FAMILIES IN WORK
A 2-parent, 3-child family (one born after April 2017, meaning two children receive the child element of UC while the youngest does not), with both adults working and earning two national mean UK salaries (just under £37k each), in private rented housing costing £825 a month in the Midlands, needing to pay for 25 hrs childcare in total per week, is currently entitled to claim UC at £210 per month. After the two-child limit is lifted, this will increase to £500 per month.
Even families earning above average are entitled to some Universal Credit support. A 2-parent family with each adult earning £42k, with 3 children (all born before April 2017, so all currently receiving the child element of UC), in private rented housing costing £825 a month in the Midlands, currently receives approximately £160 per month. Entitlement at this rate will continue after the two-child limit is lifted.
A family made up of 2 adults and 3 children (all born before Apr 2017, so all three children currently receiving the child element of UC), earning £71k before tax in total receives a take-home pay of almost £52k. If they're paying for 25 hrs a week childcare in total, they are entitled to £590 per month. Entitlement at this rate will continue after the two-child limit is lifted. The same family needs to be earning more than £90k total before they are no longer eligible to receive support via UC.
A single-parent family with 3 children including an infant under 2, where the parent is working full-time earning the UK mean salary (just under £37k), living in a private rental in North East England for £850 per month. They are the sole carer and earner in the family, so must pay for 40 hours of childcare per week in total (excluding 30 hours free childcare for their infant, and any before- and after-school clubs for their older two children), just so they can go to work. Even though they are taking home approx. £2,400 per month from work, they are entitled to receive around £1,600 per month in Universal Credit. After the two-child limit is lifted this will increase to £1,900 per month.
FAMILIES OUT OF WORK
A family with 2 adults and 3 children (all born before April 2017, so all three children are technically receiving the child element of Universal Credit) who are out of work, living outside of London in a private rental and with no childcare costs typically receives less than £19k annually in Universal Credit payments, which is less than the minimum wage. Total UC allowance is reduced overall owing to the benefit cap. This family would not see an increase in UC after the two-child limit is lifted, due the benefit cap. They would receive more if a member of the family is disabled or seriously unwell.
A single-parent family with 3 children including an infant under 2, where the parent is out of work, living in a private rental in North East England for £850 per month, is entitled to receive just over £1,500 per month in Universal Credit. This parent is not expected to be in work because they have a child under 2 but the family's total entitlement has still been reduced owing to the benefit cap, meaning they have less money to live on overall. This family would not see an increase in UC after the two-child limit is lifted, owing to the benefit cap.

NOTES ON DATA:

Figures breaking down the characteristics of families affected by the two-child limit are drawn from Department for Work and Pensions 'Universal Credit claimants statistics on the two child limit policy, April 2025' Data Tables available here.

In April 2025, 453,600 households were 'Universal Credit households affected by the Two Child Limit policy' and 'Not receiving Child Element' (Table 01). Unless otherwise stated, below percentages are worked out from this total.

1	*Almost half (47%) of families were not receiving Universal Credit when any of their children were born*	214,260 households with no children born while claimant on UC	Table 08A
2	*40% affected families include someone who is disabled. 27% include a disabled child.*	181,950 households receiving any health or disability benefits. 124,560 households receiving Disabled Child Element of UC.	Table 04A.
3	*68% of affected families have a child under five.*	306,910 households with a child under five	Table 08A
4	*More than half (56%) of all families affected by the two-child limit with no parent in work are single-parent families with a child under five.*	108,280 single households with no earners, with a child under five, **out of** 193,970 total households with no earners	Table 08A
5	*Half of families affected by the policy (53%) include at least one parent whose benefit conditions do not require them to look for work.*	241,660 households with at least one claimant in conditionality group 'No work requirements'	Table 05A
6	*Almost 9 in 10 (88%) families affected by the two-child limit have either three or four children. Only 4% of affected families have more than five children.*	398,920 households with three or four children. 18,090 households with six or more children.	Table 03A