A note on terminology

A Citizen’s Basic Income is an unconditional, regular, automatic and nonwithdrawable income for every individual. A Citizen’s Basic Income is sometimes called a Basic Income, a Universal Basic Income, or a Citizen’s Income.

A ‘Citizen’s Basic Income scheme’ is a Citizen’s Basic Income with levels specified for each age group, with the funding method fully specified, and in particular with any changes to existing taxes and benefits fully specified.

A ‘marginal deduction rate’ is the proportion of additional earned income that the worker does not receive because means-tested benefits have been withdrawn and income tax and other deductions (such as National Insurance contributions in the UK) have been charged.

A ‘revenue neutral’ Citizen’s Basic Income scheme is defined as one that funds a Citizen’s Basic Income from within the current tax and benefits system by reducing tax allowances, increasing income tax rates, altering other deductions from earned income, and reducing social security benefits. A ‘strictly revenue neutral’ scheme is one that funds a Citizen’s Basic Income from within the current tax and benefits system by altering income tax rates, income tax personal allowances, and other deductions from earned income (such as National Insurance Contributions in the UK), and not such allowances as those for private pension contributions.

‘Means-tested benefits’ are benefits that are reduced as earned and other income rises. There is often a single payment each week or each month to each household rather than to each individual, with the amount of the payment being partly determined by the structure of the household. There might also be a work test: that is, payment might only be made to a claimant who is employed or is actively looking for paid employment.

‘Contributory benefits’ are paid on the basis of contribution records: that is, a record of regular payments made to a government or independent agency. The amount of benefit paid out, and the length of time for which it is paid, might or might not be affected by the number of contributions made or the amounts of those contributions.

An ‘unconditional benefit’ is one that is paid to an individual (and is not affected by the structure of the household), it is not means-tested (that is, the amount paid does not depend on the amount of other income or wealth), and it is not work-tested (that is, it is paid regardless of employment status, and does not depend on someone unemployed looking for or training for paid
The one conditionality normally permitted is that the amount paid might depend on someone’s age.

A ‘universal benefit’ is one that is paid to every individual within a particular jurisdiction. However, the terminology is sometimes used differently to apply to a benefit that is universal within a particular age group, or to one that is potentially universal but that might be paid at different amounts, or might not be paid at all if certain conditions are not met.

An unconditional income is by definition universal. A universal benefit might be unconditional for a particular age group, but if it is a benefit that might vary then it is not unconditional. So, for instance, the UK used to provide a Child Bond for every child, with higher amounts for children in poorer families. The Child Bond was universal for all children, but it was not unconditional.