

WELFARE REFORM AND PENSIONS ACT 1999

EXPLANATORY NOTES

OVERVIEW

Bereavement Benefits

Background

The present widows' benefits scheme was introduced in 1946. Three main benefits are available to women who are widowed. These are based upon the National Insurance contributions record of the late husband, rather than the widow herself. The three benefits are:

Widow's Payment – a tax-free lump sum payment of £1,000

Widowed Mother's Allowance – This is paid to widows with children, and ends when the youngest child ceases to be a dependant. It consists of a basic allowance for the widow herself, plus an allowance for each child and any SERPS (State Earnings Related Pension) her late husband was entitled to. It is taxable.

Widow's Pension – This is paid to widows over 45 who do not have dependent children. It is taxable and consists of a basic pension plus any SERPS. The amount payable depends on the woman's age when she was widowed or stopped receiving Widowed Mother's Allowance.

Under the present arrangements, married men are not entitled to bereavement benefits. This affects some 15,000 newly bereaved widowers and around 35,000 children of widowed fathers each year. (The UK has been under challenge in the European Court of Human Rights over the present scheme.)

The Government's reforms

The Government set out its proposals for reforming bereavement benefits in the consultation document *A new contract for welfare: SUPPORT IN BEREAVEMENT* (Cm 4104). This was published in November 1998.

The consultation paper proposed that:

All those currently receiving widows' benefits would continue to receive them;

Both widows and widowers would be entitled to a tax-free lump sum "Bereavement Payment" of £2,000;

Widowed parents with dependent children would receive a weekly, taxable, but non means-tested benefit – the "Widowed Parent's Allowance" – equivalent to and subject to the same entitlement conditions as the current Widowed Mother's Allowance;

Widows and widowers aged 45 and over with no dependent children would receive a weekly, taxable, non means-tested benefit for six months only – the "Bereavement Allowance" – age-related as for the current Widow's Pension, but with no SERPS component. While the Bill was before Parliament, this six month period was extended to one year;

*These notes refer to the Welfare Reform and Pensions Act 1999
(c.30) which received Royal Assent on 11 November 1999*

Widows and widowers with children would be guaranteed up to an extra £10 a week through a new disregard of their Widowed Parent's Allowance when calculating entitlement to income-related benefits;

Men and women over 55 at the start of the new arrangements and widowed within the subsequent 5 years would have access to income-related benefits without any job seeking requirements. They would also receive a special premium (worth £14.35 a week at April 1998 rates) to help them maintain their income when their transitional bereavement benefit ended after 6 months.

Following consultation, the Government legislated to make the proposed changes.

The measures in the Act

The measures in the Act that relate to Bereavement Benefits are contained in Part V, sections 54-56, and Part I of Schedule 8. They provide for the new Bereavement Payment, Widowed Parent's Allowance and Bereavement Allowance.

The remaining changes – the disregard of Widowed Parent's Allowance (£10 for Income Support and £15 for other income-related benefits) and the additional support for widows and widowers over 55 – do not require primary legislation.