



## Bereavement benefits

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The current system of bereavement benefits – comprising the Bereavement Payment, the Bereavement Allowance, and Widowed Parent's Allowance – replaced the former system of widows' benefits for new claims from April 2001, as a result of changes brought about by the Labour Government's *Welfare Reform and Pensions Act 1999*.

Part 3 of the *Pensions Bill 2013-14* provides the legislative framework for a new benefit – Bereavement Support Payment – to replace the existing bereavement benefits for new claims starting from 2016-17. Bereavement Support Payment entails a shift in the focus of bereavement benefits, to a more uniform structure providing help with the more immediate costs caused by the death of a spouse or civil partner.

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## 1 Bereavement benefits at a glance

Bereavement benefits provide additional support to people of working age on the death of their husband, wife or civil partner. They are entirely separate from the funeral payments scheme, which provides help with funeral costs for people on low incomes in receipt of certain means-tested benefits and tax credits.<sup>1</sup> The current system was introduced for new claims from April 2001 and replaced the previous system of widow's benefits.<sup>2</sup>

Bereavement benefits consist of:<sup>3</sup>

- **Bereavement Payment** – a £2,000 tax-free lump sum, intended to help with expenses arising on bereavement.
- **Bereavement Allowance** – a taxable weekly benefit payable for 52 weeks to people aged 45 or over on the death of their spouse or civil partner. Its purpose is to provide additional help for older men and women during the period of readjustment following bereavement, in recognition that they are less likely to have a recent link with the labour market. Payments are age-related: the maximum amount ranges from £32.49 a week for those aged 45 when their spouse/partner died, to £108.30 a week for those who were aged 55 or over (2013-14 rates).
- **Widowed Parent's Allowance** – a taxable weekly benefit currently worth up to £108.30 a week<sup>4</sup> for spouses/civil partners responsible for a child or young person for whom they are eligible to receive Child Benefit (which is payable for young people up to the age of 16, or 20 in some cases). Payment stops once they are no longer eligible for Child Benefit, if they reach State Pension age, or if they remarry, enter into a civil partnership or start cohabiting with another person.

All three benefits are non-means-tested and depend upon the deceased spouse or civil partner having paid sufficient National Insurance contributions (NICs). A person can qualify for the Bereavement Payment if their spouse/civil partner paid sufficient NICs in any one tax year. To receive the maximum amount of Bereavement Allowance or Widowed Parent's Allowance, the person's spouse/civil partner must also have paid or been credited with sufficient NICs for a certain proportion of their "working life"

Bereavement benefits are, and have always been, paid only to married partners of deceased persons (and, since the *Civil Partnerships Act 2004*, surviving civil partners).

Around 10-12,000 Bereavement Payments are made each year.<sup>5</sup> At November 2012, there were 21,000 recipients of the Bereavement Allowance and 44,000 were receiving Widowed Parent's Allowance.<sup>6</sup> Total expenditure on bereavement benefits in Great Britain is forecast to be £575 million in 2013-14, falling to £531 million by 2016-17 (figures at 2013-14 prices).<sup>7</sup>

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<sup>1</sup> For details of this scheme see Library Standard Note SN01419, [Social Fund Funeral Payments](#)

<sup>2</sup> For background see Library Standard Note SN00431, [Bereavement benefits](#)

<sup>3</sup> Detailed information on the rules for each benefit can be found in DWP Technical Guide NP45, [A guide to Bereavement Benefits](#), December 2012

<sup>4</sup> It may also include additional State Pension accrued by the deceased partner

<sup>5</sup> DWP, [Replacement of existing Bereavement Benefits for New Claims from April 2016 - Bereavement Benefits for the 21st Century \(in Great Britain\): Impact Assessment](#), 11 July 2012

<sup>6</sup> [DWP Quarterly Statistical Summary](#), 15 May 2013

<sup>7</sup> [DWP Benefit Expenditure Tables: Medium term forecast](#), updated 23 April 2013

## 2 History

There have been benefits for widows since 1925.<sup>8</sup>

Under the old pre-2001 rules a widow could receive benefits based on her late husband's National Insurance contributions. There were no equivalent National Insurance benefits for widowers. However, there were some provisions for a widower whose wife died when they were both over pensionable age.

The system of widows' benefits which immediately preceded the introduction of the current bereavement benefit system in 2001 consisted of:<sup>9</sup>

- a lump sum **Widow's Payment** of £1,000
- a **Widowed Mother's Allowance** (WMA) if the widow had children or was pregnant.
- a **Widow's Pension** for those aged at least 45 when widowed. Unlike its successor Bereavement Allowance, which for those without dependent children only lasts for one year, Widow's Pension was payable until retirement age. A widow received a reduced Widows Pension if aged between 45 and 54 at widowhood and only got the full rate if she lost her husband at 55 or over. Entitlement to Widow's Pension continued until the widow drew her Retirement Pension.

The unequal treatment of widowers went back to the introduction of widows' pensions in 1925 and was carried on into the National Insurance system, which was introduced in 1948.<sup>10</sup>

There were several moves at European Community level to bring in equal treatment for widows and widowers.<sup>11</sup> Also, a number of widowers took cases to the European Court of Human Rights.

The consultation that led to the April 2001 reforms began with the publication of *A new contract for welfare: Support in bereavement* on 18 November 1998.<sup>12</sup> Alistair Darling, the then Secretary of State for Social Security, described why reform of the system was necessary:

The system also fails on four specific counts. First, it is unfair to men: 15,000 husbands bereaved each year get no help at all. That unfairness cannot continue, and it is already being challenged in the European Court of Human Rights - so doing nothing, as some urge, is not an option. Secondly, the system does not provide enough help with the immediate costs of bereavement, such as unpaid bills or funeral costs. Thirdly, money often goes to those who have the least need of it. Widows without children who have substantial incomes can get benefits for years, but a man - who may have growing children and modest means - gets nothing at all. Finally, the present system fails to support the poorest mothers on income support. Widows who have children to care for lose their benefit pound for pound, and so get no financial gain from their widows' benefit.

The reforms that I am announcing today will change all that. Our reforms will, for the first time, get help to men who lose their wives, and on an equal footing with widows.

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<sup>8</sup> *Widows' Orphans and Old Age Contributory Pensions Act 1925*

<sup>9</sup> Sections 36, 37 and 38 of the *Social Security Contributions and Benefits Act 1992*.

<sup>10</sup> *National Insurance Act 1946*, as brought into force by SI 1948/54 from 5 July 1948

<sup>11</sup> Further details are [Library Research Paper 98/100, Widows' Benefits \(Revised Edition\) 23 November 1998](#)

<sup>12</sup> DSS, *A new contract for welfare: Support in bereavement*, Cm 4104, November 1998

They will provide extra financial help with immediate needs, such as funeral expenses.<sup>13</sup>

### 3 How bereavement benefits work

There are three different bereavement benefits available in the event of the death of a spouse or civil partner – **Bereavement Payment, Widowed Parent's Allowance and Bereavement Allowance**. All are non-means-tested and based on the deceased person's National Insurance contributions. The current system was introduced for new claimants on 9<sup>th</sup> April 2001 under the *Welfare Reform and Pensions Act 1999*. Existing recipients of widows' benefits were left unaffected (the previous system of widows' benefits is described in section 2 above).

#### 3.1 Bereavement Payment

Bereavement Payment is a one-off tax-free payment of £2,000 payable to someone after their spouse or civil partner has died.

The deceased person must either have paid sufficient NI contributions or died as the result of an industrial accident/disease. The bereaved person must have been below State Pension age when the death occurred or – if over state pension age – the deceased person must not have been in receipt of a state pension based on his/her own NI contributions.

For the purposes of calculating means-tested benefit entitlement, Bereavement Payment counts towards the recipient's savings so may affect the amount of benefit received.

#### 3.2 Widowed Parent's Allowance

Widowed Parent's Allowance is a taxable weekly benefit payable to a parent who loses his/her spouse. The claimant carries on getting it until the youngest child in the family is aged 16 (or up to 20 in certain circumstances). It is payable until the claimant reaches State Pension age or enters a new marriage, civil partnership or cohabiting relationship (if this happens before the youngest child reaches the relevant age) . It includes any additional State Pension (SERPS/S2P) accrued by the deceased partner.

In order to ensure some protection through means-tested benefits, £10 of a person's WPA is disregarded in assessing entitlement to means-tested benefits such as Income Support.

Widowed Parent's Allowance is treated as a taxable benefit in accordance with the general principle that a benefit is taxable if it is an 'earnings-replacement' benefit intended to replace income from work, which is itself taxed.<sup>14</sup>

#### 3.3 Bereavement Allowance

Widows and widowers aged 45 or over without dependent children get a Bereavement Allowance. This is an age-related taxable weekly benefit with no SERPS/S2P component. Unlike the former Widow's Pension, which carried on until pension age, it is only paid for one year. It is fully taken into account in the calculation of means-tested benefits such as Income Support, leading to a pound-for-pound deduction of any means-tested benefit received in tandem.

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<sup>13</sup> [HC Deb 18 November 1998 cc 939-40](#)

<sup>14</sup> See [HL Deb 7 June 1993 c 49WA](#): "The general rule as far as taxation of social security benefits is concerned is that benefits which replace lost earnings are subject to tax, whereas those intended to meet a specific need of the claimant are not." See also [HC Deb 8 Jun 2006 vol 447 c864W](#).

The amount of Bereavement Allowance payable to a widow/widower aged between 45 and 54 is related to their age at date of entitlement. The weekly rate is reduced by 7% for each year they are younger than 55 when they become entitled, so they get 93% rate at age 54, falling to 30% at age 45. Those aged 55 or over at the date of entitlement get the full rate of Bereavement Allowance.

### 3.4 Payment rates and numbers in receipt

The bereavement benefit rates for 2012-13 and 2013-14 are given in the following table:

	2012-13	2013-14		2012-13	2013-14
<b>Bereavement payment</b>	£	£	<b>Bereavement Allowance</b>	£ pw	£ pw
Lump sum:	2,000	2,000	Standard rate (age 55+)	105.95	108.30
<b>Widowed parent's allowance</b>	£ pw	£ pw	age-related:		
Weekly rate:	105.95	108.30	54	98.53	100.72
			53	91.12	93.14
			52	83.70	85.56
			51	76.28	77.98
			50	68.87	70.40
			49	61.45	62.81
			48	54.03	55.23
			47	46.62	47.65
			46	39.20	40.07
			45	31.79	32.49

Source: [DWP Schedule of benefit rates from April 2013](#)

Over 65,000 people were in receipt of either Bereavement Allowance or Widowed Parent's Allowance in February 2012:

#### Bereavement Allowance (BA) and Widowed Parent's Allowance (WPA) - recipients and average payments November 2012; Great Britain

	Total		Type of Bereavement benefit:							
			BA not age related		BA age related		WPA with dependants		WPA without dependants	
	Caseload	Average £ pw	Caseload	Average £ pw	Caseload	Average £ pw	Caseload	Average £ pw	Caseload	Average £ pw
<b>Total</b>	<b>65,290</b>	99.88	<b>13,840</b>	94.87	<b>7,390</b>	67.92	<b>43,880</b>	106.96	<b>190</b>	69.92
<b>Gender</b>										
Female	46,950	100.15	8,470	97.96	5,610	68.43	32,710	106.31	160	68.82
Male	18,340	99.18	5,370	90	1,780	66.30	11,170	108.88	30	77.04
<b>Age</b>										
18-24	50	97.86	-	-	-	-	50	97.7	-	-
25-29	510	95.43	-	-	-	-	500	95.44	-	-
30-34	2,020	97.41	-	-	-	-	2,000	97.53	10	77.77
35-39	4,640	99.03	-	-	-	-	4,630	99.1	10	71.48
40-44	9,760	104.31	-	-	-	-	9,730	104.42	40	73.97
45-49	14,680	100.19	-	-	1,930	43.08	12,690	109.03	60	70.57
50-54	14,170	98.94	-	-	4,750	74.84	9,380	111.29	40	63.01
55-59	12,990	101.17	8,240	97.1	710	89.3	4,030	111.71	20	66.65
60-64	6,470	93.66	5,600	91.59	-	-	860	107.36	-	-

Source: DWP Tabulation Tool

Total expenditure on bereavement benefits in Great Britain is forecast to be £575 million in 2013-14, falling to £531 million by 2016-17 (figures at 2013-14 prices).<sup>15</sup>

### 3.5 Period for which the Bereavement Allowance is paid

One of the main complaints since the introduction of the Bereavement Allowance is the fact that it stops after one year. By contrast its predecessor, Widows' Pension, continued until retirement.

The Government justified its proposal to shorten the period for which support is available in the consultation document *A new contract for welfare: Support in bereavement*<sup>16</sup> as follows:

The current scheme fails to distinguish between those who need continuing help after an initial period of adjustment and those who do not. Bereaved spouses with children may have greater difficulty in supporting themselves through work compared with those without dependants, because of their childcare responsibilities. A long-term allowance paid to surviving spouses of working age without dependent children, however, would be much more difficult to justify now that women make up almost half the workforce. The current scheme already excludes women who are widowed before the age of 45 with no dependent children, on the grounds that they are more likely to be able to support themselves through work, and it gradually provides more weekly benefit for those widowed when older.

It is no longer a question of widows being forced to find a job because of bereavement. Many new widows already have a job and the vast majority of married women - 98 per cent - have worked before. Many also have access to occupational pension provision. A weekly benefit payable for a limited period would provide a breathing space for those older widows and widowers who might find it more difficult to adjust to their new circumstances. It would allow a period when financial worries are reduced. However, there are no explicit time limits for receipt of benefits in the current scheme, with the result that about 75 per cent of expenditure goes to the more numerous widows without dependants. And 35,000 widows see nothing of their widows' benefits because they are taken straight off their Income Support.<sup>17</sup>

When the *Welfare Reform and Pensions Bill*<sup>18</sup> was first introduced in the Commons Bereavement Allowance was to stop after six months. At Report Stage in the Lords the Government suffered a defeat when an amendment was agreed on Division which extended the Bereavement Allowance payable to widows and widowers over 45 with no dependent children from six months to two years. The Government had offered a concession to extend the period from six months to one year, but this was not accepted by the Lords.<sup>19</sup> A subsequent Government amendment to extend the period from six months to a year was agreed when the Bill returned to the Commons<sup>20</sup> and the Lords did not press this further.<sup>21</sup>

At Second Reading the then Opposition Social Security Spokesman, Iain Duncan Smith, said that the time limit on the Bereavement Allowance would further erode the contributory principle and increase dependency on the means test.<sup>22</sup> The Liberal Democrat Spokesman,

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<sup>15</sup> [DWP Benefit Expenditure Tables: Medium term forecast](#), updated 23 April 2013

<sup>16</sup> Cm 4104, November 1998

<sup>17</sup> *ibid.* p 11

<sup>18</sup> Bill 44 1998/99

<sup>19</sup> HL Deb 13 October 1999

<sup>20</sup> HC Deb 3 November 1999 c 401

<sup>21</sup> HL Deb 8 November 1999 c 1117

<sup>22</sup> HC Deb 23 February 1999 cc 232-233. See also SC Deb (D) 30 March 1999 c 570

David Rendel, argued that the Government was “treating prudence with contempt” since many people would have contributed to their pensions believing that their partner would benefit if they died.<sup>23</sup>

### 3.6 Backdating of bereavement benefits

In April 2003 the time limit for claiming bereavement benefits was extended from three months to 12 months. This applied in respect of all deaths occurring on or after that date.<sup>24</sup>

A claim for the **Bereavement Payment** can now be made up to twelve months after the death of the spouse. (For deaths occurring before 1 April 2003 it had to be within three months of the death.)<sup>25</sup> A claim for **Widowed Parent’s Allowance** or **Bereavement Allowance** can be made at any time after the death of the spouse, but payment can only be backdated for up to three months from the date of claim. This is the standard time limit for most social security benefits. Since the Bereavement Allowance is only payable for one year from the date the spouse died, people who would be entitled to this benefit who claim more than 15 months after the death of their spouse therefore receive nothing.

### 3.7 Bereavement benefits and unmarried couples

Bereavement benefits are, and have always been, paid only to married partners of deceased persons (and, since the *Civil Partnerships Act 2004*, surviving civil partners).

The previous Government’s position on bereavement benefits for unmarried partners is set out in the following written answer from 13 December 2004:

**Mr. Stunell:** To ask the Secretary of State for Work and Pensions (1) what plans he has to change the operation of bereavement benefit to permit its payment to common law partners of deceased persons; [201712]

(2) what estimate he has made of the cost of extending bereavement benefit to common law partners of deceased persons. [201713]

**Mr. Pond:** We have no plans to extend payment of bereavement benefits to common law partners of deceased persons, nor have we made an estimate of the cost of doing so. A founding principle of the social insurance system is that all rights to benefit derived from another person's contributions are based on the concept of legal marriage.<sup>26</sup>

The current Government’s position is the same; it has no plans to extend bereavement benefits to cohabiting couples.<sup>27</sup>

The issue was debated at some length during the Commons Committee Stage of the *Welfare Reform and Pensions Bill 1998-99*. In response to Liberal Democrat amendments to extend bereavement benefits to unmarried cohabiting couples, the then Parliamentary Under Secretary of State for Social Security, Hugh Bayley, mentioned practical considerations as well as issues of principle:

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<sup>23</sup> HC Deb 23 February 1999 c 244

<sup>24</sup> As a result of the *Social Security (Claims and Payments and Miscellaneous Amendments) (No. 3) Regulations* SI 2002/2660. See also [HC Deb 24 October 2002 vol 391 c483w](#) (PQ 77652) for further details.

<sup>25</sup> Regulation 19(3A) *Social Security (Claims and Payments) Regulations* SI 1987/1968

<sup>26</sup> HC Deb 13 December 2004 c 849w.

<sup>27</sup> [HC Deb 29 March 2011 c250w](#)

The amendments are all about marital status. Under amendment No. 210, entitlement to bereavement benefits would be extended to cohabiting couples. We intend to continue to base entitlement to bereavement benefits only on legal marriage between couples at the time of death. We believe that that is right for two primary reasons. First, marriage is a cornerstone of the contributory benefits systems. Marriage carries with it special responsibilities. The state recognises that fact and bereavement benefits reflect that recognition.

Secondly, marriage provides a straightforward method of deciding whether benefits should be paid. It would be far more difficult to administer and police the benefits if they were extended to unmarried couples.<sup>28</sup>

He added:

The amendment would result in increased complexity and intrusive questioning about the nature of a claimant's relationship with the deceased at what is clearly a difficult and sensitive time. From my short experience of being a junior Social Security Minister, I know that one of the hardest jobs that Benefits Agency staff have to do is to talk to recently bereaved people about the necessary changes in their benefit status. It would be wrong to introduce a system in which difficult and intrusive questions had to be asked about the nature of a relationship between two people shortly after one of them had died.

In addition, conflicting claims could be a problem--for example, people who have separated from their spouses but not divorced them might die, leaving both a surviving unmarried partner and a legal spouse.

Hon. Members may be aware that commentators have suggested various ways of determining entitlement for unmarried couples--for example, prescribing a fair length of time for a couple to have lived together or maintaining records of nominated partners on behalf of national insurance contributors. Those would involve the Benefits Agency in more complicated administrative arrangements. Claims would be more difficult to decide and there would be increased scope for fraud. All that would slow down the process and make it more difficult to meet our stated aim of providing benefit when it is most needed.<sup>29</sup>

### **3.8 Bereavement benefits and remarriage/cohabitation**

Widowed Parent's Allowance stops when the person remarries or forms a civil partnership. The person cannot re-qualify for benefit, even if they are subsequently divorced. A widow or widower who remarries and whose second spouse dies can only become entitled to benefit if the second spouse made sufficient National Insurance contributions; no account is taken of the first spouse's contributions record.

Where a person lives with someone else as husband, wife or civil partner but is not legally married to them or not in a legal civil partnership, benefit is suspended but is reinstated if they stop cohabiting.

These provisions are set out in section 39A(4) and (5) of the *Social Security Contributions and Benefits Act 1992*, as amended.

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<sup>28</sup> [SC Deb \(D\) 25 March 1999](#)

<sup>29</sup> Ibid.

The rationale for terminating bereavement benefits on remarriage is set out in the following written answer from October 2002:

**Mr. Drew:** To ask the Secretary of State for Work and Pensions if he will make a statement on the Government's policy on the loss of widows' and widowers' pension entitlement on remarriage. [77846]

**Malcolm Wicks:** Bereavement Allowance and Widowed Parents Allowance are available to both men and women of working age who are widowed. The predecessor benefits, Widow's Pension and Widowed Mother's Allowance, were available to women only up to a maximum age of 65. Entitlement to these benefits ends if a widow or widower remarries. This is because they are intended to provide financial support in widowhood and are designed to help the widowed spouse maintain him or herself and any dependent children in the absence of the deceased spouse's income.

If a widow or widower remarries they are treated, for benefit purposes, in the same way as members of any other married couple. Other social security benefits or tax credits may be available to help support the new family depending on their circumstances.<sup>30</sup>

#### **4 Reform of bereavement benefits: Bereavement Support Payment**

In December 2011 the Government launched a consultation on proposals for major changes to bereavement benefits, with the aim of simplifying the system by moving to a more uniform structure, with support focused on the period immediately following bereavement, as well as simplifying the contribution conditions, with a single rule irrespective of age and child dependent status.<sup>31</sup>

The consultation paper set out the rationale for the review as follows:

Bereavement benefits have been through a series of reforms since state protection for widows was initially introduced as part of the Widows', Orphans' and Old Age Contributory Pension Act of 1925.

The incremental nature of this change has blurred the principles behind the benefits and their function. This has resulted in a complicated payment and contribution system which, at its worst, can harm people's long term job prospects by distancing recipients from the labour market. [...]

Bereavement benefits have fallen outside recent reviews of the welfare system and state pensions. This growing isolation within the welfare landscape has precipitated the need to review the future role of bereavement benefits. [...]

The complicated payment system and eligibility conditions make it difficult for people to understand what they are entitled to receive. The ongoing nature of payments under Widowed Parent's Allowance, which can continue for up to 20 years in extreme cases, without any encouragement to maintain contact with the labour market, risks creating welfare dependency.<sup>32</sup>

The policy aims for "modernised bereavement benefits" were that:

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<sup>30</sup> [HC Deb 29 October 2002 c786w](#)

<sup>31</sup> DWP, *Bereavement Benefit for the 21<sup>st</sup> Century*, Cm 8221. In Northern Ireland the [Department for Social Development](#) also launched a [parallel consultation](#) in December 2011; responses to this consultation were considered alongside those submitted by organisations and individuals in England, Scotland and Wales

<sup>32</sup> Cm 8221, Executive Summary

- they should be simple to understand and to claim;
- they should provide fast, direct, financial help for immediate needs following the bereavement of a spouse or civil partner;
- they should give recipients the flexibility they need to regain control of their situation in the period immediately following bereavement;
- there should be additional support for families, to recognise the additional costs associated with raising children;
- they should allow recipients to access the financial and work focused support provided by Universal Credit at a time that is right for them; and
- they should be fair and promote self-dependency.<sup>33</sup>

The consultation closed on 5 March 2012 and the Government published its response on 11 July 2012.<sup>34</sup> This announced that the Government would replace the three existing bereavement benefits with a new, single bereavement benefit to be known as **Bereavement Support Payment**.

Bereavement Support Payment entails a shift in the focus of bereavement benefits, to a more uniform structure providing help with the more immediate costs caused by the death of a spouse or civil partner. Rates and payment periods are still to be finalised, but it is envisaged that support will be provided as a lump sum followed by 12 monthly instalments, with higher amounts for those with dependent children. The new benefit also has simplified National Insurance contribution conditions, is paid irrespective of age, and does not cease if the claimant remarries or starts cohabiting with another person.

The proposed benefit would have the following main features:

- It would consist of an initial lump sum, followed by instalments. The precise amounts, the period over which will payments will be made and their frequency will be prescribed in regulations, but provisional indicative amounts in the Government's response were:
  - **Claimant without dependent child:** lump sum of around **£2,500** and further monthly instalments of **£150** (equivalent to £34.52 per week) for one year
  - **Claimant with dependent child(ren):** lump sum of around **£5,000** and further monthly instalments of **£400** (equivalent to £92.06 per week) for one year

The initial consultation document suggested a single lump sum, with no further instalments, of as much as £6,000 (or £10,000 for those with children) as one option. However, the Government ultimately determined that there would be a "high risk of people using the Bereavement Support Payment inappropriately" if it was paid as a large lump sum.<sup>35</sup> Respondents to the consultation flagged up a number of potential problems with a single lump sum, pointing out for example that newly bereaved persons may not be in the best frame of mind to make major decisions about their finances.<sup>36</sup>

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<sup>33</sup> Ibid

<sup>34</sup> Cm 8371 July 2012

<sup>35</sup> Ibid p17

<sup>36</sup> Ibid pp9-10

- It would be a **short-term benefit**. Whereas the current Widowed Parent's Allowance can continue for up to 20 years in some cases (as it is payable for as long as the bereaved parent remains eligible for Child Benefit), the Government anticipates that the new Bereavement Support Payment "will be made for a period of 12 months but the details of how instalments will be paid will be finalised in regulations."
- **Age** would no longer be a factor in determining entitlement to bereavement benefits, or the amount received (although as is the case now entitlement will cease at State Pension age). Currently, Bereavement Allowance is payable only to people aged 45 and over when they were bereaved, and the maximum amount received is reduced by 7% for each year they were aged under 55.
- Entitlement to Bereavement Support Payment will be determined using **simplified National Insurance contribution conditions** – people will be entitled to receive the full payment if their spouse or civil partner paid Class 1 (employee) and/or Class 2 (self-employed) contributions at 25 times the Lower Earnings Limit for **any one year** prior to their death. This is the same test as currently applies for the Bereavement Payment, although for the Bereavement Payment Class 3 (voluntary) contributions can also count.
- It would **not affect entitlement to Universal Credit**. The current bereavement benefits are taken into account fully when calculating entitlements to means-tested benefits such as Income Support and income-based JSA (the Bereavement Payment counts as capital) and will continue to be so under Universal Credit, thereby reducing the amount of benefit received (although there is a £10 a week disregard in place for recipients of Widowed Parent's Allowance). By contrast, Bereavement Support Payment is to be disregarded in full for Universal Credit for 12 months, on the grounds that it is "designed to support people with the additional costs of bereavement, rather than to support everyday living costs."<sup>37</sup> After the 12 months have elapsed, "low-income households' ongoing needs are addressed through appropriate benefits."<sup>38</sup>
- It would be disregarded in the assessment of benefit income which will be subject to the **household benefit cap** (unlike Bereavement Allowance and Widowed Parent's Allowance, which count towards the cap).
- **Remarriage or repartnering** would not disqualify the bereaved individual from receiving Bereavement Support Payment, as it is intended as help with the additional costs of bereavement, rather than serving as replacement for the deceased spouse or civil partner's earnings. Currently, Widowed Parent's Allowance stops when the bereaved parent remarries, forms a civil partnership or starts cohabiting with another person.
- Bereavement Support Payment would come into effect **from April 2016** for new claims (although the [latest Impact Assessment](#) states that it will be introduced "starting in 2016/17 at the earliest").

Many of the changes have been welcomed, but a number of responses to the Government's consultation voiced concern about limiting support for bereaved parents to one year. Other responses suggested consideration should be given to extending bereavement benefits to couples living together but not married or in a civil partnership, but the Government made it

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<sup>37</sup> Ibid p17

<sup>38</sup> [Impact Assessment on Replacement of existing Bereavement Benefits for new claims from April 2016: Bereavement benefits for the 21st century](#), 29 April 2013, para 11

clear from the outset that it had no plans to extend eligibility for bereavement benefits and that this issue lay outside the scope of the review.

Part 3 of the [Pensions Bill 2013-24](#) (clauses 27-28 and Schedule 15 of the Bill as introduced in the Commons) provides the legislative framework for the new benefit. Further background can be found in the Library Research Paper prepared for the Second Reading Debate.<sup>39</sup> The Bill completed its Committee Stage in the Commons on 11 July 2013 and is awaiting Report.

#### **4.1 Pensions Bill Public Bill Committee proceedings**

Representatives from Cruse Bereavement Care and the Childhood Bereavement Network gave evidence to the Public Bill Committee at its first sitting on 25 June.<sup>40</sup> The Childhood Bereavement Network also submitted written evidence to the Committee.<sup>41</sup> The provisions in Part 3 of the Bill were considered by the Committee at its eighth sitting on 4 July.<sup>42</sup>

The witnesses from Cruse Bereavement Care and the Childhood Bereavement Network, while welcoming some aspects of the new benefit including increased lump sums, simpler and more easy to understand rules, and giving help regardless of age, had serious concerns about the impact of the new Bereavement Support Payment on families with children, and in particular those with younger children. They welcomed the greater recognition of the needs with those without children, but were concerned that this was at the expense of those with children, who would lose support after 12 months but who often faced significant ongoing costs as a result of bereavement. They also had concerns about subjecting widowed parents to conditionality requirements after six months, the exclusion of unmarried partners from support, and the lack of clarity on the tax status of BSP.

During detailed consideration of Part 3 of the Bill on 4 July, a minor technical amendment was agreed to clarify that the Secretary of State must make regulations setting out the detailed rules for the Bereavement Support Payment.<sup>43</sup> Further Government amendments were tabled to ensure that only those “ordinarily resident” in Great Britain or in a “specified territory” when their spouse/civil partner died would be able to claim BSP. The Minister, Steve Webb, explained that relaxation National Insurance contribution conditions meant that a person could qualify for BSP if their spouse had paid only 25 weeks’ NI in the UK. He added:

A problem with that, which we identified after we printed the Bill—as the Committee might work out, that is why we have tabled the amendment—is that that would mean that bereaved people around the world, who, I hesitate to say, even if they had not seen the white cliffs of Dover, had certainly spent six months in the country paying national insurance, would qualify for a bereavement lump sum. Given that the amounts of money are substantial, we did not think it the priority for the British taxpayer to pay bereavement support payments to bereaved people around the world—although, of course, we sympathise with them—who have simply had a passing acquaintance with the country.<sup>44</sup>

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<sup>39</sup> [Library Research Paper RP13/37](#), 12 June 2013

<sup>40</sup> [PBC Deb 25 June 2013 cc25-32](#)

<sup>41</sup> [Written evidence from the Childhood Bereavement Network](#), PB 44, published 10 July 2013

<sup>42</sup> [PBC Deb 4 July 2013 cc264-276](#)

<sup>43</sup> [PBC Deb 4 July 2013 c266](#)

<sup>44</sup> [PBC Deb 4 July 2013 c265](#)

The “specified territories” are to be set out in regulations, but the intention is to “prevent persons living in a non-EEA or non-reciprocal agreement country, without a close connection to Great Britain, coming to the country to claim the benefit.”<sup>45</sup>

The Government amendments were agreed without a vote.

No non-Government amendments were tabled. The Opposition spokesman, Greg McClymont, said that Cruse Bereavement Care and the Childhood Bereavement Network had been keen to get probing amendments tabled, but added “We did not manage to get the amendments down in time.”<sup>46</sup>

In the debate on whether clause 27 should stand part of the Bill, the concerns voiced by Cruse Bereavement Care and the Childhood Bereavement Network were raised, and in particular their suggestion that more than 90% of families with dependent children could lose out under the proposals. Steve Webb disputed this figure, explaining:

The 90% figure is based on a misunderstanding. It was based on the assumption that the only basis on which people flow off benefits for widowed parents is when the kids turn 18. Actually, people flow off widowed parent’s allowance when they remarry or when they reach state pension age, for example. In fact, the typical length of time that people spend on widowed parent’s allowance is currently in the order of four years. Although there may be extreme cases of people who are on it for 18 years, or whatever, they are very much the exception. It is more normal to think of people being on such benefits for a median period in the order of four years.<sup>47</sup>

On the actual impact in terms of winners and losers, the Minister said:

For the reform as a whole, we think it is roughly 50:50. With the figures that we have used, we think that 52% would get more and 48% would get less. There is a shift in the balance, however, because the reform spends extra money on childless bereaved people, who currently would not get any benefit at all in many cases. We estimate that around three quarters of bereaved families with children would get less and a quarter would get more. Within that, however, it is loaded towards those who are out of work, so the heavier losers are those who are in work.<sup>48</sup>

He emphasised however it would be at the discretion of a future Government to set the level and duration of payments, and the balance between lump sums and ongoing payments. A future Government could, for example, prescribe a different payment period for families with children, or use some or all of the savings expected to accrue from the reforms in the longer run to make payments to those with children over a longer period.<sup>49</sup> Paying benefits over a longer period might however make it more difficult to make the case to the Treasury that the Bereavement Support Payment should be tax free, and to justify disregarding BSP when calculating entitlement to Universal Credit.<sup>50</sup>

Clauses 27-28 and Schedule 15 were agreed without a vote.

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<sup>45</sup> [PBC Deb 4 July 2013 c266](#)

<sup>46</sup> [PBC Deb 4 July 2013 c273](#)

<sup>47</sup> [PBC Deb 4 July 2013 cc273-274](#)

<sup>48</sup> [PBC Deb 4 July 2013 c274](#)

<sup>49</sup> [PBC Deb 4 July 2013 cc266-267; cc274-275](#)

<sup>50</sup> [PBC Deb 4 July 2013 c267](#)

## **5 Further information**

### **5.1 DWP material**

DWP leaflet, [Bereavement benefits: If your husband, wife or civil partner has died](#), DWP1005 v2.1, April 2011

DWP Technical Guide NP45, [A guide to Bereavement Benefits](#), December 2012

DWP leaflet, [What to do after a death in England or Wales](#), DWP1027 v1.1, January 2009

DWP Research Report 790, [Bereavement benefits: Findings from qualitative research](#) (2012)

### **5.2 GOV.UK**

GOV.UK has a section on [Death and benefits](#) which gives links to various sources of information on benefits and other help for bereaved people.

### **5.3 Library notes**

Standard Note SN06242, [Arranging and paying for a funeral](#)

Standard Note SN01419, [Social Fund Funeral Payments](#)

### **5.4 Other**

Scottish Government, [What to do after a death in Scotland: practical advice for times of bereavement](#), 10th Edition, May 2012

NIDirect website, [Financial help for the bereaved](#)

Citizens Advice, [Benefits and bereavement](#)