

Bereavement Benefit - A Note for the Social Development Assembly Committee from Law Centre (NI)

1. Bereavement benefits have undergone a series of reforms since state protection for widows was initially introduced as part of the Widow's, Orphan's and Old Age Contributory Pension Act of 1925. They are designed to provide relief from the financial pressures associated with working age spousal bereavement.

Currently Bereavement Benefit consists of three different payments:

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

Bereavement Allowance- a taxable weekly benefit which can be paid to someone for up to 52 weeks from the date of death of their spouse or civil partner if they are over 45 and under State Pension Age.

Widowed Parent's Allowance- a taxable weekly benefit which may be payable to a parent whose spouse or civil partner has died if they have at least one child from whom they receive child benefit. It is payable until the claimant reaches State Pension age or upon cohabitating or remarriage/reformation of civil partnership.

Eligibility and entitlement to the benefit is governed by the appropriate national insurance contributions.

2. The consultation contains proposals to change the arrangements for Bereavement Benefit payments and to apply the same time limit for bereavement benefit payments to people with dependent children and those without.

Two options are proposed and the maximum payments under the options are:

Option 1: £6,000 for claimants without a dependent child and £10,000 for a claimant with dependents

Option 2: £6,000 for claimants without a dependent child and £9,800 with dependents

This compares with current provision where, for example, a widow or widower aged 45 or over with no dependent children will normally receive a bereavement payment and bereavement allowance worth £7,200. A widow or widower aged 45 with a youngest child aged 6 who remains in education for 10 years can receive a bereavement payment and widowed parent allowance worth £54,364.

3. The Law Centre NI is concerned that the proposal to reform Bereavement Benefit represents a further erosion of the national insurance contributory principle in that it moves from the provision to support widows and widowers with dependent children until the last child has reached 16 or left non advanced education, to support for 12 months only. In effect, with contribution based JSA now limited to 6 months and Employment and Support Allowance (for people in the work related activity group) due to be restricted to 12 months after the Welfare Reform Bill, there is symmetry of sorts.

A recent survey of the UK Benefit system by the Institute for Fiscal Studies observes the declining role played by contributory benefits over the last 30 years highlighting that ‘the vast majority of spending on contributory benefits is on the basic state pension and SERPS or the second state pension’.¹

We, therefore, believe that there should be proper debate about the erosion of national insurance based benefits and the further reliance on means tested benefits.

4. Law Centre NI is also concerned that the document does not set out the overall savings to the amount to be spent on Bereavement Benefit. We believe that in the interest of transparency and openness and in assessing the impact of the proposals, further information is required, particularly with regards to the current and estimated future expenditure.

When the reform of widow’s benefit took place in April 2001, the government identified a saving of £500 million from the new arrangements. These included replacing the widow’s pension payable through to pension age for women with a

¹ IFS, A survey of the UK Benefit System, November 2010 pp72-74

52 week limited payment for widows and widowers without children, as well as doubling the lump sum payment from £1,000 to £2,000. A similar modelling could be utilised for the current proposals to Bereavement Benefit.

5. Law Centre NI does not believe that savings should be the rationale behind these proposals. Whatever the nature of the reform, it should remain cost neutral. The need for costings data is important when considering the arguments for the need for a different approach to the time limit between widows/widowers with dependent children and those without children. Some claimant groups may only need assistance for a year, while some groups may need help for longer, possibly two years and others may need it until their child is of a particular age. Individuals with a child with a disability may need longer again.
6. Law Centre NI is disappointed that Social Fund Funeral Payments have been excluded from the scope of the consultation particularly as funeral arrangements and expenses are of central consideration at a time of bereavement. The maximum amount awarded by Social Fund Funeral Payments to cover disbursements, including funeral directors' fees and items such as the coffin, is £700. Cremation and burial costs, including the purchase of a grave, are met in full. Often in reality a large proportion of the lump sum awarded will be subsumed by funeral costs limiting the relief from other financial pressures associated with bereavement.
7. Law Centre NI acknowledges that there is an inequality in not extending Bereavement Benefit to co-habiting partners but we also recognise that this would present challenges in practice. On balance, we believe it appropriate to focus on married and civil partnership couples, at present, to ensure the resource is not spread too thinly.
8. Law Centre NI welcomes the simplification of the benefit and the move to a single contribution test. Law Centre NI agrees that the current system is complex



and attempts to simplify and improve uptake are welcome. We are concerned, however, that this reform presents further erosion of the national insurance contributory principle. We would welcome further debate around the role of insurance based benefits and increased reliance on means tested benefits.

Law Centre (NI)
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