



**Response from Cruse Bereavement Care in Northern Ireland to the Northern Ireland Assembly  
Committee for Social Development in relation to the Pensions Bill 2014  
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Cruse Bereavement Care in Northern Ireland welcomes the opportunity to present evidence to the Committee on the Pensions Bill. Cruse in Northern Ireland is part of a national volunteer based charity established in 1959 which offers support to children, young people and adults when someone dies, regardless of the nature of the bereavement or the length of time elapsed alongside providing training in bereavement support.

Cruse provides a range of services including face to face support and counselling, group support, information, advice, email and website support and a national helpline. The service is provided by trained, experienced volunteers and is confidential and free. In 2013 - 2014 nearly 20% of referrals to Cruse for face to face support in Northern Ireland were due to the death of a wife/husband/partner

Psychiatrists often rate the death of a spouse as the most stressful event an individual can experience. As a result there is often a huge impact on the bereaved spouse and the family as a whole. The effects take many different forms that have a significant cost to society. Statistically, bereaved spouses have a much higher incidence of hospitalisation and even death in the years following bereavement than would normally be expected. Loss of a parent can have a profound effect on the behaviour of children and their ability to fit in successfully to society. Bereavement, and the consequences of it, can often lead to financial distress.

Detailed below are a few examples of two women in Northern Ireland who experienced the death of their husbands at different ages and circumstances and their feedback on this consultation.

#### **Example 1**

In 1995 Barbara was 32, with two children aged 22 months and 7 years, when her husband died. Barbara was a trained nurse but ceased her employment to care for her children. Her daughter completed a PhD at Cambridge and her son studied at QUB.

Some of the difficulties she experienced as a young widow with the current bereavement benefits included:

- Low level of widow's pension due to her age and the need to be a full time mother to support her children.
- Inadequate communication systems to inform her in advance of changes to her benefit entitlement as her children approached 18 years.

Barbara's concerns in relation to the consultation conducted prior to the introduction of this bill highlighted that the Social Research which was the basis for the changes was only conducted with individuals who were bereaved in the previous 12 – 18 months and excluded research to individuals who experienced spousal bereavement at a younger age.

Barbara's experience highlighted that in Year 1 when she was widowed she was numb, Year 2 was more difficult than the previous year and in Year 3 she was beginning to see some hope. She expressed deep concern regarding the proposed change to providing financial benefit for 1 year and no differentiation made between the needs of spousal bereavement in older people and those bereaved with young children.

#### **Example 2**

Aine's husband died in 2010 when she was 58 years and had 3 adult children. She stated that a one stage process which triggers the benefit system would have been valuable such as Tell Us Once

programme available in England. As a mature widow Aine expressed concern about the need to have improved financial benefit systems for younger widows/widowers/ partners with dependent children. Aine also approved of means testing for benefits to ensure that support is targeted at those in most financial need.

Earlier in 2014 Cruse Bereavement Care as part of a group led by Child Bereavement UK presented written and oral evidence as detailed below prior to the development of the Pensions Act in Westminster and please note this evidence does not reflect the recent changes to tax liability announced by the Chancellor in relation to bereavement benefits.

## Bereavement support payment clauses in the Pensions Bill

**Prepared by:** The Childhood Bereavement Network

This paper has been developed by a group including Child Bereavement UK, Cruse Bereavement Care, Gingerbread, Low Incomes Tax Reform Group, The Children's Society, WAY Widowed and Young, Winston's Wish.

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### Summary

1. Clauses 30 and 31 of the Pensions Act will replace a number of benefits, including Widowed Parent's Allowance (WPA) with a single system of Bereavement Support Payment (BSP) from April 2017. **We are concerned about the impact of these changes on widowed parents with dependent children.**
2. The Act sets out that the regulations specify the rate of the benefit and the period for which it is payable. For those with dependent children, the regulations may specify a higher rate and provide for the allowance to be paid for a longer period.
3. Regulations have not yet been published but indicative amounts and durations are set out in the Government's response to the consultation <http://dwp.gov.uk/docs/bereavement-benefit-consultation-response.pdf> Accessed 7 March 2013 We are very concerned about these, as outlined below.
4. We believe that adjusting the proposals for BSP could bring about a system that is simple for families to understand and underpins the crucial support they provide to their grieving children, and which does not incur additional costs to the government.

### Introduction

5. When a parent dies, family practicalities and finances face great challenge. The current benefits system provides
  - a one-off tax free lump sum of £2,000 (Bereavement Payment)

- a taxable weekly benefit of up to £111.20 per week (Widowed Parent's Allowance), paid until the youngest child no longer qualifies for Child Benefit.
6. Widowed parents are treated differently from those without children, in recognition that 'bereaved spouses with children may have greater difficulty in supporting themselves through work compared with those without dependents, because of their childcare responsibilities'
  7. The Act represents a fundamental repurposing of the benefit. It dismantles the current safety net of ongoing support, and replaces it with the 'concertina'-ed support of a death grant. This is intended to meet the additional costs that bereavement brings, focused on the period immediately following the death. Indicative amounts are
    - An increased lump sum of £5,000
    - Monthly payments of £400, paid for one year only.
  8. For 75% of claimants with children, the support won't just be concertina-ed, it will be cut. 88% of working families will be worse off, and 57% of those out of work<sup>ii</sup>. Claimants with younger children will be disproportionately badly affected, as they can currently claim for longer.
  9. Some of the 25% who would nominally do better under the reforms will in fact feel worse off. Calculations about who would theoretically do better or worse assume that the increased initial lump sum would go some way to offset the shorter time over which instalments would be paid. However, the lump sum is likely to be swallowed up by increased funeral costs and other immediate demands, with claimants finding it difficult to 'eke out' in the way the calculation assumes. The average cost of dying in the UK in 2014 is £8,427. Over the last 10 years, the costs of dying have soared: last year they rose by 10.6%, seven times the rate of inflation. The cost of a basic funeral in 2014 was £3,590, up 87% since 2004<sup>iii</sup>. This means we have to treat estimates of who would nominally do better or worse with caution, as they are likely to underestimate the proportion of families who will feel worse off.
  10. Families who make the median claim for Widowed Parents' Allowance of 5-6 years currently would be up to £16,800 worse off (average loss for working families £12,000; average loss for non-working families £6,600).
  11. The changes are worse for families with younger children, who can currently claim for longer. A family with younger children, currently able to claim for 9-10 years, would be up to £31,000 worse off (av. loss for working families £23,500; av. loss for non-working families £14,900).
  12. Government figures only show the impact of reform on families making a claim of up to 12 years, as WPA has only existed for that long so there are only 12 years of records to analyse for comparison. However, if the youngest child continued to be eligible for child benefit, the widowed parent can carry on claiming WPA for up to 20 years. That means we don't know the impact on families who could currently make the longest claim (ie whose children were youngest when their parent died). It will inevitably be greater than the changes already projected.

## Duration of payments

13. We are concerned that **the suggested duration of BSP is much too short to address families' needs, and will be withdrawn around the first anniversary of the death.**

14. WPA is currently paid until the youngest child leaves full time education. The Government proposes to reduce this drastically, paying BSP to widowed parents for just one year. Current data suggests that only 1 in 28 parents (4%) claim for less than one year, so most people will receive payments for a very much shorter time than they would under current arrangements, especially those whose children are younger.
15. In most families, the current weekly payments of WPA are put towards general living expenses, with many finding these essential to meet their basic living costs. For some families where the person who died was the main breadwinner, WPA goes some way to replacing their income, allowing some continuity with the arrangements for looking after the children that were in place before the death. For others, it allows the surviving parent more flexibility to work fewer hours or to change jobs or even sector to fit with their new responsibilities as sole carer of their child.

*I wanted to be with my daughter all the time; she had just lost her daddy; I didn't want her to feel she'd lost her mummy too<sup>iv</sup>*

16. The Government proposes meeting the longer-term support needs of those who are not working – around 40% of claimants - through Universal Credit (UC) (see Issue 2 below).
17. We do not believe that the current proposals meet the government's own principle of giving recipients the flexibility they need to regain control following bereavement – nor do they meet the needs of families. We believe that any death grant, intended to meet the additional costs of bereavement, should be differentiated for those with children, both in
- the amount paid (in recognition of the additional costs they bring)
  - the duration of instalments (given that children can make it more difficult for a widowed parent to adjust to a death and move into self-support).
18. Surviving spouses living alone with dependent children report more distress than those without children<sup>v</sup>. They have a range of additional demands:
19. **Managing their own grief while supporting their children** – how they continue to function in the face of their own pain, loss and grief is critical in determining their children's outcome<sup>vi</sup>.
20. **Responding to their children's emerging needs over time** - Many families report that the second and subsequent years following bereavement are even harder than the first, as the reality of their new circumstances sinks in. Studies indicate a 'late effect' of bereavement with some children showing new and greater difficulties two or three years after the death of parent<sup>vii, viii</sup> despite a relatively mild initial reaction. Regardless of the age at which they were bereaved, children often revisit or re-experience their grief as they mature cognitively and emotionally<sup>ix</sup> and face additional changes such as starting school, bringing new parenting challenges for their surviving mother or father.
21. **Providing stability and continuity to their children.** Children and young people need as much continuity as possible following the death of a parent. Stressful changes and disruptions which accompany or follow a death (such as moving house or school, changed household routines and childcare arrangements) are associated with worse mental health<sup>x</sup>, and the longer these changes persist, the greater the effect<sup>xi</sup>. Studies suggest that a drop in income and the changes in lifestyle this brings are more predictive of mental health difficulties than the level of income per se<sup>xii</sup>.

- 22. Adjusting to life as the sole carer and earner.** Widowed parents have to make a new role for themselves as a single parent – a role which they have not chosen. Children’s need for stability following a parent’s death makes it vital for the surviving parent to be able to respond flexibly to them: their adjustment is closely associated with this parent’s capacity to care for them, including being physically available to them<sup>xiii</sup>. Childcare and access to flexible working can be a significant barrier to returning to work – both for those who had been working prior to their bereavement, and for those who had previously been stay-at-home primary carers.
- 23.** Stopping payments after one year will have a significant impact on grieving families’ finances. This may force widowed parents to increase their working hours to replace the income, before their children are ready for them to be less available. It may necessitate moving house – and school. If these additional changes and stresses have the negative impact on children’s outcomes that the evidence base suggests we could expect, then we are likely to see greater costs to the family and society in terms of worse mental health and educational outcomes.
- 24.** Further, the reformed benefit will be withdrawn after one year – around the time of the first anniversary of the death. This is already a hugely challenging time for many families, with reminders of the death itself as well as the growing realization that life has changed forever. Stopping payments at this time will increase anxiety for families.
- 25.** We have developed cost-neutral proposals to allow for the payments to be made over three years instead of one to those with dependent children.

## Work search requirements

- 26.** We are concerned that **widowed parents claiming Universal Credit will be subject to work search requirements too quickly.**
- 27.** As the reformed BSP is intended to meet the additional costs arising from bereavement, rather than to replace income, we strongly support the DWP’s intention not to take it into account as income when assessing households for Universal Credit.
- 28.** However, we have some concerns about how BSP will interact with Universal Credit. Claimants will have different ‘conditions’ imposed on their claim, based on the age of their youngest child and other circumstances. Widows and widowers whose youngest child is three or four will have to be preparing for work, and by the time the child is five, they will have to be actively seeking and available for work. The Department for Work and Pensions suggests that these requirements would be relaxed for the first six months following the death of a husband or wife<sup>xiv</sup>, but this still means that the Government will be expecting parents of bereaved children to be looking for work just six months after the child’s mother or father has died.
- 29.** This is in contrast to the situation for kinship carers, who will be exempt from full work-search requirements for a year after a child comes to live with them, to allow the child to settle<sup>xv</sup>. This could lead to the perverse situation where a father caring for his daughter after his wife’s death would have to be seeking work within six months, whereas if the child went to live with a great-aunt, a full year could be dedicated to helping her adjust.
- 30.** We believe that the imposition of conditionality at this stage is unnecessary, as most bereaved partners retain, return or enter work within 18 months of bereavement. Women who became non-working sole parents when their partner died had all started thinking relatively soon how

they would re-engage with the labour market, and within 12-18 months some were making plans for, or had embarked on further work or training<sup>xvi</sup>.

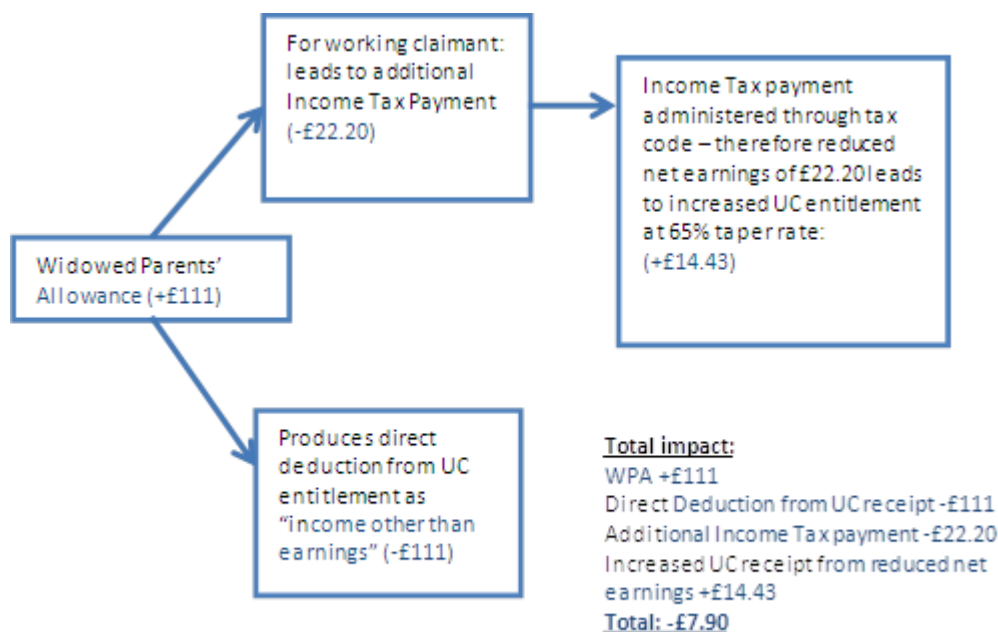
31. Subjecting widows and widowers to full conditionality at this early stage in their child's grief – and their own - may be counterproductive by increasing stress and anxiety, which in turn may lengthen time away from work. The stress of the first year of bereavement is well documented, with surviving spouses with children reporting more distress than those without children<sup>xvii</sup>. This stress persists beyond six months, with 56% of widowed parents reporting high levels of depressive symptoms 4 months after the death and 44% reporting after a year. For some, these symptoms had worsened over the year: 24% of those reporting high scores at the first anniversary had not reported them at 4 months. High depressive symptoms were associated with significantly lower incomes and a perception that the income was inadequate. Additionally, those widowed parents who had faced a greater number of life changes following the death (including legal and financial losses and new family responsibilities) were more likely to be depressed<sup>xviii</sup>.
32. Obliging parents to seek or take up work before they are ready can have a detrimental effect on children in two ways: by increasing the parent's stress levels and depressive symptoms (strongly correlated with children's emotional and behavioural difficulties) and by reducing the parent's availability to the child (quality of bond and family routines promote children's healthy adjustment. *'Inadequate care, including neglect and a failure to discipline, increases bereaved children's risk for psychological problems'*<sup>xix</sup>).

## **Unmarried partners with children will be ineligible for BSP**

33. Widowed parents who were living with - but not married to - the person who died will not qualify for BSP, just as they currently do not qualify for WPA.
34. We believe that this is profoundly unfair: the higher rate of bereavement benefit currently paid to those with children is in recognition of the costs - emotional, practical and financial – of bringing up children when a partner has died. Children themselves have no influence over whether their parents are married or not, so it seems extremely harsh to deprive some of financial support following a parent's death based on their parents' marital status. In 2011, 31% of babies were born to cohabiting – but unmarried – couples<sup>xx</sup>. None of these families would qualify for BSP if one of the parents died.
35. This is contrary to current understandings of what constitutes a 'family' and differs from how cohabitation is interpreted in other Government legislation: for example tax credits and Universal Credit are assessed on a household basis looking at cohabiting couples regardless of marital status. The Armed Forces Pensions Scheme successfully uses a definition of 'eligible partner' which could be used as the basis of determining eligibility to BSP.
36. Determining eligibility - asking intrusive questions about the nature of a relationship, shortly after the person had died can be perceived as difficult. However, many of the administrative procedures around a death could be seen as intrusive, but we believe they are recognised as being necessary, and do not accept that determining eligibility for BSP would be any different.
37. **We believe that eligibility for BSP should be extended to unmarried, recognised partners who have children with the person who died.**

## Net loss for current claimants of Widowed Parent's Allowance

38. Current claimants of Widowed Parent's Allowance will lose almost £8 per week – over £400 per year – if they are on Universal Credit.
39. Current claimants of Widowed Parent's Allowance (WPA) will not be affected by the introduction of Bereavement Support Payment. However, they will be affected by the introduction of Universal Credit (UC). Many claimants are likely to be in receipt of WPA and UC for some time into the future.
40. WPA can be paid to widowed parents whether in or out of work, however it is treated as income for the purposes of receipt of other benefits and tax credits. It is also treated as taxable income. For this reason, although it is currently paid at a rate of £111.20 per week, the actual value to the claimant is normally much lower because of deductions from benefits and tax credits, and increased payments of income tax. For example, for a widowed parent with no other earnings, the value would typically be around £36.60 per week.
41. For the purposes of UC, WPA will be treated as "income other than earnings". This means that it will be deducted at a pound-for-pound rate from the claimant's UC entitlement. **This means that the actual value for a widowed parent with no other income will be £0 per week.**
42. However, WPA will also continue to be treated as taxable income. For this reason, working claimants may not only have their WPA deducted in full from their UC entitlement, but also pay tax on it in addition. **The outcome of this is that working widowed parents in receipt of both UC and WPA could end up overall paying £7.90 per week, on account of their receipt of WPA.**
43. The process for this is shown in the following diagram.





44. Options for avoiding this loss for widowed parents would be to
- a. Remove WPA (and its predecessor WMA) from the list of benefits treated as "income other than earnings" for the purposes of UC entitlement. This would effectively disregard WPA for the purposes of UC entitlement. Claimants with no other income or earnings would therefore keep the value of WPA in full. Working claimants with earnings in excess of the personal allowance for income tax would still pay tax on the benefit, but would retain the majority of its value.
  - b. Partially disregard WPA for the purposes of UC entitlement.
  - c. Treat WPA as earnings rather than income for the purposes of UC. The current problem is created because WPA is treated as "income other than earnings" and, as a result, is deducted from UC entitlement at a rate of 100% (and is also taxed in addition). Treating WPA as earnings would resolve this by reducing the taper to 65%, and enabling the claimant to set it against their work allowance.
  - d. Continue to treat WPA as income other than earnings, but introduce a "widowed parent's element" as an additional component within Universal Credit. This would enable WPA to be deducted in full from UC, but enable claimants to retain some of the value of the benefit by adding an additional amount to their maximum Universal Credit entitlement. A similar approach is seen in the interaction of Carer's Allowance and the Carer element in Universal Credit.

## **Tax status**

45. In the House of Commons, the Minister indicated that if BSP is paid for just one year, it is to all appearances a death grant intended to meet the additional costs of bereavement, rather than an ongoing replacement for income. Therefore it is easier to argue that it should be exempt from tax<sup>xxi</sup>. The proposals state that 'the tax status of Bereavement Benefits is a matter for HM Treasury'<sup>xxii</sup>, and that the indication is that the lump sum would not attract income tax. The status of the monthly payments is less clear, although the Impact Assessments prepared by the Department for Work and Pensions rest on the assumption that these payments are also tax-free<sup>xxiii</sup>. Clarification from HM Treasury is urgently needed, so that the overall impact of BSP can be predicted accurately.
46. Depending on the date of introduction of BSP (anticipated to be 2017) as against the final transition of tax credits to Universal Credit (anticipated to be 2018), there could also be tax credits implications if the treatment of BSP as income for tax credits follows the tax status.

## **Contribution conditions**

47. The basic contribution condition for BSP set out in clause 31 matches that for the current bereavement benefit – ie at least one year's actual payment of contributions with an earnings factor of at least 25 times the lower earnings limit. But there are two main ways in which the proposed contribution condition is more restrictive than at present.
48. First, while the proposed condition requires payment of Class 1 or Class 2 contributions, the existing contribution also allows payment of Class 3 contributions. Second, there is no provision in clause 31 for the death of a contributor before the end of the year in which he or she is

making the necessary contributions, whereas under the current arrangements, contributions for earlier years may be aggregated and treated as if made in the later year.

**49. We would like BSP to be claimed on the basis of contributions either paid by the spouse, or credited to their record.**

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<sup>i</sup> CM1404, November 1998

<sup>ii</sup> DWP (2013) Further analysis on the reform of bereavement benefits for new claims from April 2016

<https://www.gov.uk/government/publications/further-analysis-on-the-reform-of-bereavement-benefits-for-new-claims-from-april-2016>

<sup>iii</sup> Sun Life Direct (2014) *Cost of Dying 2014. The 8<sup>th</sup> annual report* <https://www.sunlifedirect.co.uk/blogs-and-features/can-you-afford-to-die-cost-of-dying-rises/> Accessed 27 October 2014

<sup>iv</sup> Oldfield K, Adams L, Gunstone B (2012) Department for Work and Pensions Research Report No 790: Bereavement benefits: findings from qualitative research [http://statistics.dwp.gov.uk/asd/asd5/report\\_abstracts/rr\\_abstracts/rra\\_790.asp](http://statistics.dwp.gov.uk/asd/asd5/report_abstracts/rr_abstracts/rra_790.asp)

<sup>v</sup> Lin, K et al (2004) Resilience in parentally bereaved children and adolescents seeking preventive services *Journal of Clinical Child and Adolescent Psychology*. 33:4, 673-683.

Worden JA (1996) *Children and Grief: When a parent dies* New York: Guilford Press

<sup>vi</sup> Worden JA (1996) *Children and Grief: When a parent dies* New York: Guilford Press

<sup>vii</sup> Worden JA (1996) *Children and Grief: When a parent dies* New York: Guilford Press

<sup>viii</sup> Christ (2010) 'Children bereaved by the death of a parent' In Corr, C and Balk D (eds) *Children's Encounters with Death, Bereavement and Coping* New York: Springer Publishing Company

<sup>ix</sup> Christ (2010) 'Children bereaved by the death of a parent' In Corr, C and Balk D (eds) *Children's Encounters with Death, Bereavement and Coping* New York: Springer Publishing Company

<sup>x</sup> Haine, R.A., Ayers, T.S., Sandler, I.N. and Wolchik, S.A. (2008). Evidence-based practices for parentally bereaved children and their families. *Professional Psychology: Research and Practice*, 39(2)

<sup>xi</sup> Worden JA (1996) *Children and Grief: When a parent dies* New York: Guilford Press

<sup>xii</sup> Lin, K et al (2004) Resilience in parentally bereaved children and adolescents seeking preventive services *Journal of Clinical Child and Adolescent Psychology*. 33:4, 673-683.

<sup>xiii</sup> Worden JA (1996) *Children and Grief: When a parent dies* New York: Guilford Press

<sup>xiv</sup> DWP (2013) *Impact Assessment: Replacement of existing Bereavement Benefits for New Claims from April 2016 29/04/2013*

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/197843/pensions-bill-ia-annex-c-replacement-of-existing-bereavement-benefits-for-new-claims-from-april-2016.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/197843/pensions-bill-ia-annex-c-replacement-of-existing-bereavement-benefits-for-new-claims-from-april-2016.pdf) Accessed 24 May 2013

<sup>xv</sup> <http://www.communitycare.co.uk/articles/22/06/2012/118311/universal-credit-support-for-unemployed-kinship-carers.htm> Accessed 25 May 2013

<sup>xvi</sup> Corden A, Hirst M, Nice K (2008) *Financial Implications of Death of a Partner* Working Paper No ESRC 2288 12.08

<http://www.york.ac.uk/inst/spru/research/pdf/Bereavement.pdf>

<sup>xvii</sup> Lin, K et al (2004) Resilience in parentally bereaved children and adolescents seeking preventive services *Journal of Clinical Child and Adolescent Psychology*. 33:4, 673-683. Worden JA (1996) *Children and Grief: When a parent dies* New York: Guilford Press

<sup>xviii</sup> Worden J and Silverman P (1993) Grief and depression in newly widowed parents with school age children *Omega* 27 (3) 251-261

<sup>xix</sup> Lin, K et al (2004) Resilience in parentally bereaved children and adolescents seeking preventive services *Journal of Clinical Child and Adolescent Psychology*. 33:4, 673-683.

<sup>xx</sup> <http://www.ons.gov.uk/ons/rel/vsob1/characteristics-of-Mother-1--england-and-wales/2011/sb-characteristics-of-mother-1.html#tab-Partnership-status-of-parents>

<sup>xxi</sup> Public Bill Committee Pensions Bill. Record of session 4 July 2013 (afternoon)

<http://www.publications.parliament.uk/pa/cm201314/cmpublic/pensions/130704/pm/130704s01.htm>

<sup>xxii</sup> DWP (2012) DWP (2012a) *Government response to the public consultation – Bereavement Benefit for the 21<sup>st</sup> Century* London: TSO

<http://dwp.gov.uk/docs/bereavement-benefit-consultation-response.pdf> Accessed 7 March 2013

<sup>xxiii</sup> DWP (2013) *Impact Assessment: Replacement of existing Bereavement Benefits for New Claims from April 2016 29/04/2013*

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