

WELFARE REFORM AND PENSIONS ACT 1999

EXPLANATORY NOTES

COMMENTARY

Background

Since 11 April 1988, there have been three principal benefits available to women who have been widowed. They are each based upon the National Insurance contributions record of the late husband rather than that of the widow herself. Even if the late husband failed to satisfy the contribution conditions, there may be an entitlement to benefit if his death was caused by an industrial accident or disease. The three benefits are:

Widow's Payment – a single, tax-free payment of £1,000;

Widowed Mother's Allowance (WMA) – a taxable benefit for widows with dependent children or who are expecting their late husband's baby. It comprises a basic allowance for the widow herself, an allowance in respect of each additional child, and any Additional Pension (i.e. State Earnings Related Pension (SERPS)) her husband was entitled to. It ends when the youngest child ceases to be a dependant;

Widow's Pension – a taxable benefit for widows who are not entitled to WMA or whose WMA has ceased. It is made up of a basic pension and an Additional Pension (SERPS); the calculated amount of benefit varies, depending on the woman's age when she was widowed or stopped receiving WMA.

Entitlement to both WMA and Widow's Pension ends if the widow re-marries. In addition, neither of these benefits is payable for any periods during which she and a man live together as husband and wife. Similarly, a Widow's Payment is not payable if, at the time of her husband's death, she and another man are living together as husband and wife.

Summary of changes

The changes introduced by this part of the Act consist of :

a "**Bereavement Payment**" of £2,000 paid to both widows and widowers on bereavement. This doubles the value of the current lump sum paid to widows;

a "**Widowed Parent's Allowance**" equivalent to Widowed Mother's Allowance, and including any Additional Pension (SERPS) – for parents who are bereaved of their husband or wife. Entitlement continues until the youngest or only dependent child in the family is aged 16 or up to age 19 if still in full-time further education. This benefit will be available to fathers already widowed when the scheme comes into force;

widows and widowers aged 45 and over with no dependent children will receive a weekly, age-related benefit (with no SERPS component) for one year. This is to be known as a "**Bereavement Allowance**";

only men and women widowed *before* the new provisions take effect will have entitlement to Incapacity Benefit on the basis of their late spouses' contributions.

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

The package of proposals includes two further measures which can be introduced by regulations using existing powers:

£10 of a person's Widowed Parent's Allowance will be disregarded in assessing entitlement to income-related benefits (such as Income Support);

men and women aged 55 and over at the start of the new arrangements who are widowed during the subsequent five years and whose entitlement to the Bereavement Allowance has expired, will have special access to Income Support. In other words, they will not be required to claim Jobseeker's Allowance and meet its conditions of being available for and actively seeking work. In addition, a new premium will be available in the income-related benefits to ensure that these recipients retain an income that is at least equivalent to the amount of the Bereavement Allowance.