



## A fairer pension system? Not for expats with frozen pensions

*Hundreds of thousands of pensioners have had their pensions unfairly frozen, leaving many living on a pittance.*

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The government has been criticised for ignoring the plight of hundreds of thousands of pensioners living abroad who have had their state pension frozen, despite reforms to make pensions fairer in the UK.

Around 1.2 million pensioners live abroad, accounting for 10% of total pensioners, but 46% of them have had their pension frozen. This means they are not entitled to annual increases in the state pension, known as up-rating, and are only entitled to the sum they were originally given at retirement; this means some are living on as little as £6 a week.

The International Consortium of British Pensioners (ICBP) said the UK was the only country in the Organisation for Economic Development and Co-operation (OECD) that does not [up-rate their state pension](#) for all pensioners regardless of where they live.

Sheila Telford, chairman of the ICBP, said there was no reason why some expats living in some countries received an up-rated pension and others didn't, with 90% of those affected by pension freezing living in Commonwealth countries. For example, pensions are up-rated in the US but not in Canada, Australia or South Africa.

Baroness Floella Benjamin, who has taken up the cause in the House of Lords, said if she moved back to her home country of Trinidad she would not receive an up-rated pension but if she moved to Barbados she would.

'There is a cost to the government of people staying here. If people leave they wouldn't have to pay for healthcare, heating allowance, bus passes and TV licences. All [that money mounts up](#) and [the government] will not have to pay that if people emigrate,' she said.

'If people stay here they will have to pay them the full state pension. It is common sense...and could be easily solved.'

## Cost of up-rating

The ICBP calculated that every retired person in the UK costs the government £7,700 a year in age-related benefits and NHS costs, excluding the state pension and each British pensioner that moves abroad equals a net saving to the UK of £3,800.

If 1% of those aged 55-plus were enabled to emigrate by unfreezing their pension, the ICBP said the net saving to the Treasury would be £1 billion a year, which would cover the cost of up-rating all pensions.

Dave Morris, who represents Canadian pensioners, said: 'There are savings but it is a question of getting [the Treasury] to recognise that cost...every time a pensioner leaves the government saves £7,700... financially it works out and it is costly to Britain to have those people stay if they want to go.'

Mervyn Kohler, special adviser for Age UK, said the reluctance to up-rate the state pension for all pensioners did not sit with the government's plans for a fairer state pension.

'It is an issue of justice and fairness,' he said. 'We have had a lot of pension reform and a lot has been achieved. Pensions minister Steve Webb has said he wants to make the state pension simpler but you can't have it both ways, you cannot have inconsistent rules in a simple pension system.'

Kohler added that Webb had encouraged people to [top up their state pension](#) if they did not have enough national insurance contributions but that it was unfair to do so if they could not claim an up-rated pension in all countries.

## Encouraging fraud

Benjamin said the failure to provide a fair pension for everyone was encouraging individuals to commit fraud. 'Someone told me a friend of theirs wanted to go back to Nigeria and realised they [would not get the full pensions](#) and kept an address in Britain to get the money,' she said. 'It is fraudulent and the person did not want to do it.'

Telford added that there were 'thousands' of people who had emigrated but were forced to keep an address in the UK and a UK bank account to accept their pension payments.