



*The Government's attitude to those suffering frozen pensions in Canada and elsewhere is reported to thawing Photo: Rex Features*

## British pension is paltry – but there's hope for those with frozen payments

*Only Mexico and Chile are meaner with state handouts to OAPs, but at least there is good news for victims of the frozen pension policy*

By Alison Steed 11:25AM GMT 04 Dec 2015 Comment

[Telegraph.co.uk](http://Telegraph.co.uk) | 2015-12-04

The UK's state pension is one of the stingiest in the world, a new report has disclosed, with only Mexico and Chile paying their pensioners less.

Data released from the Organisation for Economic Co-Operation and Development (OECD) shows that when it comes to the percentage of the average wage given in retirement, the UK pays just 38pc through the state pension.

In Austria and the Netherlands you would receive 91.6pc and 95.7pc respectively. Meanwhile Turkey pays 104.8pc of the average wage in

retirement – meaning you are better off in retirement than you would be in work.

Only the Mexican and Chilean governments give their pensioners less old age income as a proportion of average wages, at 28 per cent and just under 38 per cent, respectively.

[The report](#) also shows that the UK is tougher than the average across the 34 OECD countries when it comes to the number of years you need to pay into the system to get the full minimum benefits.

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The OECD average number of years is 26 – but for the UK from April 2016, this goes up from 30 to 35 years to qualify for the full minimum pension.

Pensions are becoming harder to fund, no matter where in the world you live, and this is likely to get worse as populations get older around the world. The proportion of those aged over 65 globally is expected to rise from 8pc now to around 18pc by 2050, according to the OECD research.

Within the OECD countries alone, the figures are much higher, with 16pc aged 65 or over now, rising to 27pc by 2050.

The one thing that the UK pension system does have going for it over its counterparts is the ‘triple lock’ – where the rise in payments is linked to prices, wages or 2.5pc, depending on which is higher. This, said the researchers, is unique among the countries surveyed.

However, this assumes that your pension is uprated in line with inflation. But around 560,00 UK pensioners living in countries including Australia, New Zealand, Canada and South Africa, have their [pensions frozen](#) at the rates they were at when they left the UK.

These people are seeing their spending power reducing year-on-year, and the Government has been reluctant to do anything about it. However, according to the [International Consortium of British Pensioners](#), the attitude to this might finally be changing.

John Markham, an ICBP campaigner, recently met with cross-party MPs on the issue.

In what he described as “a major breakthrough,” he said that opposition to the frozen pension problem has started to thaw and the Government is beginning to look at solutions.

"They [the Government] have been looking at partial uprating which is not what we are campaigning for, but they are looking at different solutions,” he said. “The Government has asked us for facts and figures to show that the net savings are greater than the costs for partial uprating. They intend to have an interdepartmental study group from January."

One of the reasons for this apparent change of heart could be economic. The Department for Work and Pensions has published figures which show that around 2,500 expats are returning to the UK every year. Some of these are returning because they cannot afford to live overseas, [according to reports](#).

For every person that comes back to the UK there is an associated cost, not least within the NHS. In contrast, someone emigrating saves the UK government around £4,100 a year each according to estimates from the ICBP.

If the Government decided to partially uprate pensions – beginning from where they are now – the cost is likely to be less of an issue.

Mr Markham asked those affected to write to MPs and the Prime Minister – via hard copy rather than email – to ensure that changes have a greater chance of being seen through.

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