



Thousands of Scottish expats had their state pensions 'frozen'. Picture: Getty

Drive to 'unfreeze' pensions of Scots expats hotting up

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Pressure growing for an end to 'discriminatory' **policy** that denies annual increase to thousands living overseas, writes Jeff Salway

THE campaign to secure a fairer deal for thousands of Scottish expats who have had their state pension "frozen" steps up a gear next month, as calls grow for the long-standing policy to be scrapped.

Some 40,000 Scots are among more than a million pensioners living overseas who are denied the annual uprating in the state pension that is given to those in the UK, even if they paid national insurance contributions (NICs) throughout their working lives.

Yet many pensioners living overseas do receive an annual increase, underlining what campaigners say is a discriminatory and unjust policy.

With the new flat rate pension taking effect next April as part of a raft of pension reforms, pressure is growing on the government to address the issue of “frozen” pensions.

The All Party Parliamentary Group of Frozen British Pensions reconvenes in Westminster next month, bolstered by new members including Green MP Caroline Lucas, Labour’s Yasmin Qureshi and the SNP’s Ian Blackford, while existing members include Labour leadership frontrunner Jeremy Corbyn.

A frozen pension is where the state pension received at retirement age is the amount that’s paid throughout retirement, regardless of how much the individual paid in NICs.

While UK-based pensioners get an annual increase – usually in line with consumer prices index measure of inflation the previous September – those living in certain overseas countries aren’t entitled to any uprating.

The vast majority whose pensions are frozen live in Commonwealth countries including Canada, Australia and New Zealand, with armed forces veterans among those affected. In all, the UK state pension is frozen in 37 Commonwealth countries and 62 non-Commonwealth countries.

Expats in other countries do benefit from the annual increase. This disparity means that a pensioner with a full NIC record and living in Canada, for instance, may get significantly less than one with the same history but living in the US. If the pensioner in Canada relocated to the US their pension would then be unfrozen. However, the reverse would apply to a pensioner moving from the US to Canada.

Some 46 per cent of the 1.2 million or so UK pensioners living overseas are on frozen pensions, including an estimated 40,000 Scottish

expats, according to the International Consortium of British Pensioners (ICBP).

Among them is 77-year old George Gray from Fife, a retired civil engineer who worked on the construction of the Forth Road Bridge. He now lives in South Africa, where he's been since moving there for work more than 40 years ago. George paid his NICs even while he worked in South Africa, but his weekly state pension of £77 is a third lower than he'd receive if he still lived in the UK.

"It makes me upset and angry," he said. "I was even told that getting our state pension was not a right but merely a benefit from the British government that could be amended at any time – but I've paid for it all of my working life."

The cost of restoring state pensions to the UK level in countries where they aren't currently uprated would cost £590m a year, according to a spokesman for the Department of Work and Pensions (DWP). "Most people affected by this will have been abroad for some time, and will have had the opportunity to build up a pension in their new country of residence," he told Scotland on Sunday. "The same rules will have been in place at the time they took the decision to emigrate."

But for every retiree affected by the freeze the government saves around £7,700 a year on costs such as healthcare and age-related benefits, the ICBP claims. It argues that by unfreezing state pensions the government would boost those savings by incentivising even more people to live abroad in retirement.

The state pension is only uprated in countries where there's a legal requirement to do so, said the DWP, or where there is a reciprocal agreement in place, which has been the position for the last 60 years.

The government has insisted previously that it is hamstrung by those reciprocal agreements with other countries. However, this isn't the case, according to the ICBP, which said the policy could be changed at any time without need for reciprocal agreement.

Dave Morris, chairman of the ICBP, said: “Frozen pensions are causing Scottish pensioners poverty, loneliness and separating families. This is an unjust policy that hits the most vulnerable hardest and must be addressed.”

The UK remains the only country in the Organisation for Economic Development and Co-operation (OECD) that continues to freeze pension payments for expats.

“We’re asking the government to reverse this unjust policy and ensure that all British pensioners – no matter where they live – receive the state pension they have paid for and deserve,” said Morris.

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