Frozen: Pensions bias leaves Asians cold

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” ELDERLY British Asians who choose the subcontinent for their retirement are being forced to return to the UK because their pensions are being frozen.

Britons who leave the UK upon retirement and live in countries such as India, Bangladesh, Pakistan and Sri Lanka do not benefit from the annual increase in their basic pension.

The “discriminatory” rule affects over half a million British state pensioners because they retire to the “wrong” country. The government, which said it has “no plans to change the longstanding policy”, added that the cost of uprating the state pension in countries where it is frozen would be over half a billion pounds a year.

Campaigners who represent the interests of pensioners abroad, claim that after four years the government will end up saving money because of fewer constraints on the NHS and other age-related benefits when people move abroad.

Opposition MPs have described the policy as “economically foolish”, while elderly Asians who want to retire back home said that the government was avoiding the issue by “scaremongering”.

New research by the International Consortium of British Pensioners (ICBP) has found that most pensioners from black and ethnic minority communities who intend to retire to their country of origin are unaware of the financial implications of a frozen pension in those territories.

More than a third (38 per cent) from a poll of 600 people are considering retiring to their country of origin. Nearly two thirds (61 per cent) are unaware of the issue and that they would be affected at all. A pensioner currently living in India told Eastern Eye he is considering moving back to the UK because he cannot survive on his current frozen pension.

Abhik Bonnerjee worked in Britain for 38 years after he moved to Glasgow in 1960 for an apprenticeship with Harland and Wolff, the engineers behind the Titanic. Afterward, he worked as a maintenance engineer and also owned an Indian restaurant.

Bonnerjee left for India in 1997, and currently receives a state pension of £87.30 per week – well below the current £114 rate. The 74-year-old told EE that he is scared of losing his home.

“The situation makes me very angry,” he said.

“The government are scaremongering. They say it will cost a lot of money, but it is only a tiny percentage of the pensions budget.

“The government should be doing more, especially for Commonwealth countries and MPs can’t explain why they are not. I would consider returning to England in the coming years.”

Ramesh Verma, founder of Ekta, a charity which supports elderly Asians, said: “Thousands of people have gone back to India and Pakistan and don’t know about this.

“It’s very unfair. Why are they discriminated against? They have done the same job all their life to enjoy their golden years. I know people who were thinking to go back home when they retire, but they have changed their mind.

“I know one lady who went to India to retire there, and now I hear she is coming back. Life is very different there and can be quite expensive, especially medication. That slight increase in the pension can mean a lot, especially in India.”

Every year the government uprates the amount of the basic pension to take into account the effects of increases in the cost of living. But depending on which country pensioners retire to, they may or may not benefit from the increase. Pensions remain “frozen” in time, staying at exactly the same level as when they first retired abroad, leaving some ex-patriate pensioners to survive on as little as £30 per week.

According to the ICBP, over 25,000 pensioners have already moved out to live in India, Pakistan and Bangladesh. In November, the ICBP held a roundtable meeting in central London to discuss the future of the government’s overseas frozen pension policy.

Sheila Telford, chairman at ICBP, said: “The reason we are so adamant that this problem has to be solved is because of the human element. We know of people who are suffering desperately because of this.” She added: “It’s a matter of getting the Treasury to look at the frozen pension issue in a creative way and not just say this is the cost.”

Baroness Floella Benjamin, who chaired the discussion, said the issue affected “ordinary, everyday people, not rich ex-pats living in luxury in retirement”.

“I was shocked to think that something as simple as this is being denied,” she said.

“I realise the more you challenge ministers on this, the more your voice is heard, and that more ordinary people realise that they have to participate in this fight.

“In the next few weeks and few months up until the election I will put down strategic questions in the House of Lords. We hope to get Indian prime minister Narendra Modi to also ask questions to the UK prime minister so we can put pressure from the Indian side.”

Campaigners said they acknowledge that backdated increases would “cost billions” and “no sensible government” would pursue such a policy. But the ICBP argues that increasing all future payments could save money for the government. It forecasts annual net savings of £1.5bn by 2024 and claimed the treasury could save £3,800 a year for every pensioner who emigrates.

Keith Vaz, MP for Leicester East and chair of the Home Affiars Select Committee, told EE the current rule was “economically foolish” and needed to be “re-examined.”

“With the UK government eager to maintain a good relationship with countries like India, this requires urgent review,” he said. “If somebody retires to the EU, US or a random selection of other countries, they will continue to receive the pension they are entitled to, but moving to India, for example, is not permitted.

“How is such a rule fair to the six million people in the United Kingdom of African, Asian and West Indian heritage who may wish to retire to their ancestral homes? As this is a question of which country one may retire to, the current policy is by its own nature, discriminatory.”

Vaz added: “One would do well to remember that by presenting obstacles to individuals retiring abroad, there are likely to be longer- term costs in NHS and other services, making this policy economically foolish as well.”

Barry Gardiner, MP for Brent North and founder and chair of the Labour Friends of India, said he would take up the issue with pensions minister Steve Webb. He said: “Pension isn’t something that is given to you by government after you retire; it’s something you earn during your working life.

“When you work, you make a deal that says: ‘I will contribute so much in national insurance contributions and when I retire I will get that element of my wages back into my income’. To change that deal on a discriminatory basis, it doesn’t make any sense to me, because it’s not based on the work you’ve done. It’s something we do need to look into – and now is the time.”

Lord Dholakia, deputy leader, Liberal Democrats, said he sent a letter to Webb, after EE contacted him about the issue. “I would like to know the justification about the anomaly which affects individuals from certain Commonwealth countries. I will then decide what further action is necessary,” Lord Dholakia said.

A Department for Work and Pensions (DWP) spokesman told EE the UK state pension is payable worldwide but is only uprated abroad “where we have a legal requirement to do so or a reciprocal agreement is in place.”

He added: “This has always been the case, and the present government’s policy is no different to that of any previous governments.

“Any people who are considering emigrating abroad should always consider the impact that the move could have on their future state pension entitlement.”

Upon further investigation, EE found out that a Freedom of Information Request was put forward to DWP to see if a “reciprocal agreement” was necessary to uprate frozen pensions. Their response was that “bi-lateral agreements are not necessary in order for pensions paid outside Great Britain and the EU to be up-rated.”

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