

Frozen pensions: why I believe the rules are unfair

Keith Vaz

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I was nine years old when, with my two sisters, I moved from Aden in Yemen to the UK. We faced numerous challenges, as all first-generation immigrant families do.

Now, I couldn't imagine living anywhere else, and I'm deeply committed to the UK, its history and its institutions. My sister Valerie and I are both members of parliament. However, through an absence of logic, should I now wish to retire in Yemen or my ancestral home of India, I would have my entitlement to state pension rights stripped from me.

If you work in the UK all of your life, dutifully paying taxes, it is not beyond the realms of possibility that you may wish to retire abroad, as many people have done. But, of 12 million British state pensioners, only those living in the UK and a seemingly random list of other countries would have their pensions uprated annually in line with inflation. This leaves 560,000 British pensioners living in one of around 120 countries around the world with pensions that are "frozen". This means the amount they receive will remain at the same amount for the entirety of their retirement. The real-term value of their pension, therefore, declines throughout their lifetime.

You may think that if someone has paid taxes and national insurance contributions, this is rather unfair. Well, that is just the beginning. What's most unfair about this archaic policy is that it is not applied consistently. Move to the US and your pension will be uprated as if you lived in the UK, yet move north of the border to Canada and your pension will be frozen. Why? I certainly do not see a reason.

The choice of the frozen countries ranges from the ridiculous to the discriminatory. In my constituency of Leicester East there is a large Indian population. Returning to retire in their ancestral home is something many of my constituents would like to do, and many already have. Unfortunately, India is on the frozen list. The result: they will be punished because they have chosen to retire there, rather than Europe or the US, or even the Philippines or Macedonia, where British state pensions are not frozen.

When I hold a surgery, perhaps half of the constituents who attend are first- or second-generation immigrants who have come here to work and to build a life here, and they have made their contribution to our economy in doing so. If they ask me why they would lose their right to a pension if they retire, what am I to say? Sorry, please consider the Philippines?

This is not a one-off example. Many people from black and Asian communities who have lived and worked in the UK for decades are choosing to retire to their countries of birth. According to one survey, 51% of ethnic minorities approaching retirement were considering moving abroad. Half said the frozen pension policy would prevent them from doing so.

You would think that Commonwealth countries, where many people in the UK are likely to retire, would not be the ones to suffer from this policy. However, retire in Australia, New Zealand, Pakistan, South Africa or India, and you will have a permanently frozen pension.

So why has nothing been done to reverse such an unfair policy? Despite years of campaigning, time and time again we hear that unfreezing pensions would be too expensive, with a yearly cost of doing so put at about £580m. While this sounds scary, if one sensibly approaches this issue, that economic argument does not make any sense.

Even if we ignore the fact that this is money the retirees have already 'put into the system' many times over, we must consider that pensioners living abroad are not going to require any welfare spending, NHS healthcare or other state spending for the rest of their lives.

If "full uprating" still remains too difficult to implement, the all-party parliamentary group on frozen British [Pensions](#) has proposed a more palatable solution. This would take the form of partial uprating, that is the uprating of frozen pensions going forward, but from their current level only. The total cost of this would be just £30m in year one which, though not insubstantial, represents just 0.03% of total state pension spending.

With a new parliamentary term, we have the opportunity to rethink this issue, which has gone on for far too long, and sensibly debate a clear solution. The pursuit of fairness is often cited as a very British and positive trait by this government. It is time for them to demonstrate it themselves.

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