

# Heat turned up on frozen overseas pensions

The block on annual rises for half of retired expats is causing hardship and loneliness

*Ruth Emery* Published: 21 December 2014



**MORE THAN 500,000 Britons whose state pensions are frozen just because they live in countries such as Australia and Canada are being penalised by an “unfair and unjust” system, campaigners say.**

**The TV presenter and writer Baroness Benjamin and lobby groups are calling for all retired expats to receive the annual**

**increase in the state pension, bringing an end to a seemingly random two-tier system.**

**At present, only expats who live in the EU or in a handful of other countries, including America, Jamaica and Israel, see their state pensions rise just as they would if they still lived in Britain.**

**Those who live in more than 110 other countries are denied the increase — even in Commonwealth nations such as India and former colonies such as Hong Kong.**

**In the hit Disney film Frozen, Princess Elsa has the magical ability to create ice, and is able to build anything from intricate ice palaces to skating rinks using just her hands.**

**Britons who retire abroad might feel her icy hand on their pensions as they are frozen at the figure paid when they first moved abroad or first received a state pension if they had already moved abroad, instead of rising annually to reflect the growing cost of living. For example, a 70-year-old who moved to Australia today would receive £113.10 a week no matter how long they live, assuming they were entitled to the full basic state pension.**



**FROZEN  
PENSIONS**

The countries where  
state pensions do not  
increase for UK expats

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**The expat pensioners affected have lost out on £23,348 on average over the past 20 years, according to the International Consortium of British Pensioners (ICBP). The increase, or “uprating”, is currently fixed at whatever is the highest of annual inflation, the yearly rise in average earnings, or 2.5%.**

**The geographical inequality of the system was highlighted by Floella Benjamin, 65, who came to Britain from Trinidad as a child. She found fame on the BBC’s Play School, and joined the Lords as a Liberal Democrat peer in 2010.**

Baroness Benjamin: policy is unjust



**“How can it be right that if I retire to Trinidad, I will get no increase to my pension, but if I move to Barbados or Bermuda I will get increases?” she said.**

**“It’s common sense to correct this unfair and unjust policy. We’ve all paid our UK taxes and earned our state pension.”**

**Benjamin added that the issue affected “ordinary, everyday people [such as those who want to be near relatives in their old age], not rich expats living in luxury in retirement”.**

**Benjamin said: “If your child decides to marry someone from Australia or Canada [and you want to move close to them], you will be affected by this policy. You don’t think you will, but you will be.**

**“We have to get rid of frozen pensions, for ourselves but also for our children and our grandchildren.”**

**About two-thirds of people do not realise that expats in many countries are denied state pension rises, according to a survey for The Sunday Times by Consumer Intelligence.**

**The vast majority (85%) of the 1,023 respondents felt the practice was unfair, with just 8% saying it was fair.**

**The charity Age UK and the National Pensioners Convention have joined forces with the ICBP to campaign for a change. Mervyn Kohler, an adviser to Age UK, said it was an “issue of fairness and justice” and that the “complicated, inconsistent system of uprating [cannot] go on”.**

**About 1.2m recipients of the state pension live outside the UK, and 550,000 of them have their payouts frozen, the Department for Work and Pensions said.**

**“The 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,” it said. “This has always been the case and the present government’s policy is no different.**

**“People who are thinking of emigrating should always consider the impact the move could have on their future state pension entitlement.”**

**The government estimates that the cost of uprating frozen pensions would be £590m for this financial year.**

**Crucially, the campaigners do not want a retrospective change to the law. 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, partly because it would encourage a rise in people moving from Britain to their countries of origin and because of the drop in NHS costs and other age-**

**related benefits. The Treasury saves about £3,800 a year for every pensioner who emigrates, the ICBP claims.**

**Campaigners have had talks with ministers and MPs of various parties, and hope that their battle for justice is edging closer to victory. Sheila Telford, chairwoman of the ICBP, said: “People are listening, finally. We must continue to pressure the government.”**

**The prime minister has already announced that war widows who remarry will no longer lose their pensions from next April. He said the loophole in military pensions had forced widows into an “agonising choice between loneliness and financial security”.**

**Telford said a rule change on pension uprating would also help to reduce loneliness. “We have an example of a 100-year-old man, Geoff Amatt in Abergele, north Wales, whose wife died seven years ago. His only child, Jean, moved to Canada and he wants to go out there to be with her.**

**“But he doesn’t have an occupational pension and relies on the state pension. He can’t afford to be with his family in Canada due to the frozen pension policy and so he lives alone in Wales.”**

## **Case study: We lose £117 a week**

**Gay and Harry Penny moved from London to Australia in 1970, where their combined weekly pension is £63.50**



**Harry Penny, 92, a former RAF pilot who lives in Australia, receives a state pension of just £39.50 a week.**

**Penny took his family to Tasmania in 1970 when he found a job as a personnel manager with a knitting yarn company.**

**“I wasn’t aware that my British state pension would be frozen,” he said.**

**“I would have otherwise thought twice about moving to Australia and I will now live with the consequences for the rest of my life.”**

**Harry, who joined the RAF when he was 18 and fought in the Second World War, moved from Bow, east London, to Tasmania with his wife Gay and their three children.**

**He and Gay, 91, now live in Queensland. His wife, a retired hairdresser, receives just £24 a week state pension, giving the couple a total income of £63.50.**

**The International Consortium of British Pensioners said they would be entitled to £180.95 a week if they lived in Britain or even America, where expat pensions are not frozen.**

**That means a loss of £117.45 a week. “It’s quite unjust. It’s the principle. I fought for my country,” said Harry.**

**“Life gets more and more expensive the older you get, which makes things tough. Any money helps, and we get no help from the Australian government at all.”**

**Tell us your story**

**Are you affected by a “frozen” pension? Has it changed your plans to leave the UK when you retire?**

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