

The great pensions divide... How expats receive up to **FOUR TIMES** less, despite paying in the same

By [SALLY HAMILTON, FINANCIAL MAIL ON SUNDAY](#)

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British expatriates whose state pension is frozen at the rate they started to draw the money are being urged to have it uprated every time they make a return visit to the UK.

More than a million pensioners have retired abroad but more than half have seen their incomes shrink over time because the level of pension is frozen on the date they take their first payment.

While those moving to European countries or the US enjoy the same annual cost of living increases as pensioners over here, people heading to popular retirement destinations such as Australia, Canada, South Africa and New Zealand see the real value of their pensions dwindle each year.



Pay gap: Elsie Owens, left, and sister Enid Brown have hugely different pensions as Enid's was frozen after she emigrated to Canada, while Elsie's has risen with inflation

Sheila Telford, chair of the action group International Consortium of British Pensioners, says: 'People work all their lives and make their contributions so they should be entitled to see their pensions increase after they retire either back to the country they came from or to live near relatives who have emigrated.'

As a protest against the rules, she suggests expats apply to have their pension uprated whenever they return to the UK for a holiday. She says: 'I live in Canada and although the uprating only covers the time you are in the UK, I do it when I come home just for the nuisance value.'

However, the pension amount paid will revert to the frozen value when they go back home.

About 550,000 British expatriate pensioners are scattered among 120 countries – the majority living in Commonwealth countries where the UK state pension is not increased annually.

European Union obligations mean the Government must uprate pensions for expatriates living in European area countries.

For those in other countries, such as the US, there are longstanding bilateral agreements where the UK has a legal arrangement to increase payments because

that country does the equivalent for its expatriates.

A Department for Work and Pensions spokesman says: 'This has always been the case and people who are considering emigrating abroad should always consider the impact the move could have on their future state pension entitlement.'

The cost of boosting these pensions – estimated at £590 million a year – means successive governments have resisted demands for them to be brought in line with those at home.

Ninety-year-old Elsie Owens from Denton, Manchester, retired from the Greater Manchester Police in 1986 aged 62. Elsie, who lives with her son Philip, 65, receives her full entitlement of £113.10 a week – and this has risen every year since she started drawing it 28 years ago.



Sisters: Elsie Owens, right, and Enid Brown pictured in 1941 as bridesmaids

Not so for her older sister Enid Brown, 94, who emigrated 4,000 miles away to Calgary, Canada, in 1982. Her pension is frozen at just £29.60 a week – a quarter of the value of her sister's payment.

Many expatriates, like Enid, are unaware that when they leave the UK they will receive less than others, even though they made equivalent National Insurance contributions.

She told The Mail on Sunday: 'The Government is mean in its treatment of pensioners and I was never told that my pension would be frozen. If I had retired just a few miles over the border to the US I would have had my full state pension for the past 30 years.'

'I can't live without dipping into my savings and I spend my time watching what food I buy. There are only ever the basics, never any luxuries. I have contributed to Britain financially my whole life including during the war and I don't think it's fair we get so little in return.'

Elsie agrees: 'If you go to Spain your pension follows you, but if you retire somewhere like Canada in the Commonwealth it doesn't. I thought the point of Commonwealth countries was that they are meant to help each other.'

To find out about uprating your state pension – or that of a friend or relative – during a visit to the UK call The Pensions Service on 0191 218 7777.

UK pensioners are shielded from toll of inflation

The maximum basic state pension you can receive is £113.10 a week.

The amount depends on how much National Insurance you have paid – normally 30 years of contributions are needed, but if you are ill, disabled or unemployed you receive credits and you can also make voluntary contributions to fill gaps.

The basic state pension increases every year by the highest of three figures, the average percentage growth in wages or prices or 2.5 per cent. This is known as the triple lock. You can defer your pension for weeks, months or even years and in return get a higher weekly payment.

For example, if you defer your pension a year, your payment will rise by 10.4 per cent – to nearly £125 a week. From April 6, 2016, there will be a new state pension. Those eligible are men born after April 6, 1951 and women born after April 6, 1953.

At today's prices this is £148.40 a week. You will be still be able to defer the pension and boost the weekly payment but the rate paid is lower for the new scheme, working out at 5.8 per cent a year, making it about £157 a week.



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[casperoff](#), Bristol, 1 year ago

Is it true that the government want to compound the problems of expats by stopping their Tax allowance? This will cost the expat £2000 a year!

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[Brian Corrigan](#), Bangkok, Thailand, 2 years ago

This may come as a bit of a shock to the people on this thread who think NOT giving expat frozen pensioners their rightly earned indexed pensions is the right thing to do. I have been informed by my doctor that I will require surgery to rectify a disk problem in my lower back. I have ,in the past, had major surgery in a very good International Hospital in Bangkok and my Thai Insurance company has covered the cost. I have now decided that if the UK Government wants to deny me my rightly earned fully indexed pension,I can see no reason why I should burden my Insurance company in Thailand with the cost and will therefore return to the UK and let the NHS finance my surgery at an estimated cost of 12,000 pounds. I would also encourage every expat returning to the UK for either a holiday or to visit relatives, to claim their indexed pension increase and take advantage of any of the freebies on offer. The British Government and objectors need to understand the savings made by expats.

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[George Morley](#), newcastle, Canada, 2 years ago

I know of 3 pensioners who are looking to return shortly because of the scandalous discriminative theft of their uprating by the government who have yet to give any justification for doing so because they have none. Giving indexation to 650,000 ex-pats but denying the same indexation to 560,000 ex-pats in unforgivable especially as the majority live in the Commonwealth family of countries. If you are thinking about reciprocal agreements then forget it because they are not required as the freezing is dine by the government domestic policy by a regulation which imposes the denial of uprating using the reciprocal agreements as an excuse. We are talking about unscrupulous politicians condoning discrimination and immorality as they know only too well.

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[Tallone](#), Penang, Malaysia, 2 years ago

Should Scotland opt for independence, will their state pensions be frozen?? After all, they won't be members of the EU.

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[Tallone](#), Penang, Malaysia, 2 years ago

Wonder if the government will have the courage to tell the Scots that are in receipt of a state pension that it will be frozen as they won't be a member of the EU should they opt for independence..

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[Alibalibe](#), Glasgow, 2 years ago

Neither is the USA

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[RobthyeFox](#), Bangkok, 2 years ago

But, the UK government says it only uprates to pensioners living in countries other than in the EEA where there is a bilateral or reciprocal agreement that allows it...such as the USA. Scotland does not have such an agreement of course, being part of the UK . The UK government is not planning to enter into any such future agreements - unnecessary though they are acknowledged by the DWP to be - so Tallone's quest_zon and concerns are rather valid...and answers to enquiries in Scottish media are unforthcoming. .

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[Brian Corrigan](#), Bangkok, Thailand, 2 years ago

I wonder what all the objectors to giving all expats their fully paid up pensions will say when the Daily Mail's headline is the return to the UK of 100,000,s of expat pensioners to pick up their free bus passes,free prescriptions,free healthcare,free nursing home's, pension credits,cold

weather payments and any other freebies? With an estimated saving to the UK of 3,700 pounds per person at the moment, it's going to be one hell of a shock to the tax paying UK public. Some of the contributors with their negative comments should firstly put their brains in gear before they open their mouths.

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[Kevin Bailey](#), Cambridge, 2 years ago

I don't think that someone who moves abroad should get the same as someone living in the UK, irrespective of what they paid in, yet equally, the existing scenario is just plain wrong, and there does need to be a change. Some sort of middle ground. Maybe we need a hobbit....No, that's middle earth...

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2 of 10 replies | [See all replies](#)



[Brian Corrigan](#), Bangkok, Thailand, 2 years ago

You really need to get off the fence before yo fall off.

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[RobthyeFox](#), Bangkok, 2 years ago

I d;d not ask a question. By the way I do l;ke all your green arrow supporters but not a of word comment ...seems a bit odd....strange world..

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[Malcolm](#), Bournemouth, United Kingdom, 2 years ago

Why don't you get the facts right? People pay different amounts according to their income! And what they pay only qualifies them for a State Pension, it doesn't guarantee them a pension. You only get a pension according to the rules of the day. Anyway, anybody with even a minute amount of sense, must realise with the rise in the aging population and massive increase in the Public Sector Pension liability, we're heading for total economic disaster, as the present Ponzi scheme will finally collapse. Present political parties will not deal with this, because it's too painful to contemplate.

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[RobthyeFox](#), Bangkok, 2 years ago

Malcolm the facts are right but it is your interpretation that is wrong. The amount that one pays in pounds and pence (and the likelihood is that the two ladies paid the same each week as it was until recent years a fixed amount not a percentage) has no correlation with the amount of one's pension. It is a "pay as you go" system and one's contributions today fund the pensions of today. By making contributions, however, qualifying years are earned and number of years one builds up determine the amount of the pension one is ent;tled to. The pension is paid from the ring fenced NI Fund which currently has a surplus (loaned to the government) of GBP19.3 billion while the public service pensions, which you mention, are funded from totally separate General Taxation income. As Juliane Kokott, Judge Advocate General at the ECJ said " It must be relised that budgetary considerations are no justification for objective discriminat;on" and frozen pensions are discrimination.

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[Lizzie-M1](#), Alexandria-UK_GB., 2 years ago

Pension Credits are for those who did not work the necessary years and make contributions to the basic State Pension. Agree, it is unfair as with Pension Credit, they are allowed access to other Benefits, whereas someone who has worked and made additional payments to their Pension which could put them just over the Pension Credit amount, do not have the same access to additional benefits of those who have not worked or paid into the system.

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[moonshimmer](#), Aberdeen, United Kingdom, 1 year ago

Hi Lizzie-M: Your comment infers that 'pension credits' are for those pensioners who haven't contributed enough nic's towards their pensions-firstly, the title of this benefit is 'pension credit' (no 's') or also known as 'guaranteed pension credit'. This same item is paid to 2 different sets of pensioners. Firstly, to pensioners who have paid in full a lifetimes worth of nic's (eg fully paid up nic contributions record). In their case the TOP Basic Uk State Pension is £113 per week. The gynmt reckon that pensioners cannot live on that amount, so their state pension is topped up to £147 at the present time. Second category of pensioners to receive pension credit are those who do not have a full record of nic stamps paid up towards their state pension so the gvrmt top up their state pension entitlement amount to the same figure eg £147. Pensioners who receive pc tend to be lumped together as not having paid in enough nic's. Upsetting for 'fully paid up' retirees. 94% of retirees get PC

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DREAMING, OUT OF THIS WORLD, Sao Tome And Principe, 2 years ago

I am lead to believe from relatives in New Zealand that government tops up the UK pension to the NZ basic state pension.

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RobthyeFox, Bangkok, 2 years ago

That maybe so but what if the amount of the unfrozen UK pension were to exceed the NZ pension level? The individual is being short changed. And why, if the frozen UK pension is less than the NZ pension should the NZ government , and more to the point NZ taxpayer, subsidise a UK government that is fail_ung in its responsibility and obligations?

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Mike, hampshire, 2 years ago

Well if you live in some of these other countries i think its only fair that you receive their equivalent for instance the polish economy is a lot less than the UK that's what i have been told by my tenant what they earn here they send as much home as possible and their families live like the rich same as in the 80's when we worked overseas and did the same thing a pension was for retirement not to live like lords or in poverty

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