International Consortium of British Pensioners

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Britain's Second Class Pensioners – Over Half a Million of Them!

Introduction

This paper's primary purpose is to provide CHOGM delegates an overview of the plight of Britain's Second Class Pensioners who having decided to live overseas during their retirement, find that their Basic State Pensions are "frozen" by the British government based solely upon **where** they have decided to live

The Issue

- Over 12,500,000 people receive the basic British State pension. **ALL** of them contributed similarly to that pension through their compulsory **N**ational **I**nsurance **C**ontributions (NICs).
- The amount of pension they initially received, when reaching pension age, was directly proportional to the number of years for which they paid those Contributions.
- Of those 12+ million pensioners, more than 1 million now live outside the UK – **Overseas!**
- Over half of that 1+ million receive the same annual uprating as the pensioners still living in the UK, just as though they never left Britain. They live in places like the EEA, USA, the Philippines, Israel, Bosnia, Turkey etc and the Commonwealth's Cyprus, Jamaica, Barbados, and Mauritius.
- **The other 550,000+, over 95% of whom live in Commonwealth countries like Australia, Canada, South Africa, Trinidad, India, Nigeria etc, do not receive any increases – EVER! Their pensions are permanently frozen at the level at which they first received them in their present country of residence, solely because of where they have chosen to live in retirement.**

That's right, no increases - EVER - even though they made their compulsory National Insurance Contributions according to the same rules, just like everyone else!

If this seems unfair to you, just how unfair is it for Mr and Mrs Joe Pensioner who live in say Canada?

Joe Pensioner who worked his whole life in Britain and qualified in 1991, when he reached retirement age, for a full Category A pension, at that time, of £52 a week. His wife, Joyce, had spent a good piece of her life staying home, looking after their two kids but she qualified for a Category B pension of £31.20 a week based upon Joe's NI Contributions.

Their kids had migrated to Canada some years earlier and Joe and Joyce had already decided that when Joe retired they would move to Canada to be closer to the kids and the grand children. They were a close family and it just seemed the natural thing to do. *(It could have been to Australia, South Africa or any one of almost 120 other countries, including most Commonwealth countries, and for any other personal reason that they had chosen to retire abroad, from the UK.)*

Twenty years on and Joe and Joyce are relatively healthy 85 year olds, looking forward to the arrival of their first great grandchild. The problem is their financial position is not as healthy as it used to be. The primary reason for that situation is that their basic UK State Pensions are still paid at exactly the same rate they were when they arrived in Canada in 1991, £52 a week for Joe and £31.20 a week for Joyce. Had they emigrated to the USA, just 50 miles south of where they now live in Ottawa, Joe would be getting £102.15 a week and Joyce £61.20 a week, effective 11 April 2011. **Put another way, their pensions are now just 51% of what they should be! They're Second class pensioners!**

Continued overleaf

This happens just because they chose to live close to their family in retirement, even though they have made the same level of compulsory NICs just like all those British retiree pensioners now living in the US, or France, Spain, Israel, The Philippines, Jamaica and Barbados.

No pension scheme should penalize some of its beneficiaries because of where they live, especially when the number of years of contributions to the scheme directly determines the amount of pension they'll receive. Consequently, over 550,000 pensioners have made 1st class contributions to a 2nd class pension; **that's a social injustice and it's morally wrong!**

The reason given by the British Government for continuing this unfair policy is that it up-rates pensions to overseas pensioners **only** when there is a legal requirement to do so, as with those living in the EEA, or when there is a reciprocal agreement in place with a particular country. It continues to say it has no plans to expand the reciprocal agreements with more countries. **How can that be?** How can a Government that stresses the **need for fairness for all**, and that expresses its concern for the **well being and dignity of the elderly**, penalize over 550,000 of its pensioners just because of where they choose to live in retirement? And especially when numerous Pensions Ministers have made a mockery of this policy by admitting in Parliament, both in the House and in committee, that there is no legal requirement for a reciprocal agreement to be in place before extending parity to all pensioners, if the Government had the will to do so. So what's stopping them?

When all the excuses are over and done with, it comes down to money, or so the Government would have us believe. The Government states that the UK economy cannot afford the estimated £650 million per annum to uprate all pensions to parity – **in spite of the fact this represents much less than 1% of the annual Pensions and Benefits Budget and there's more than £38 billion surplus in the NI account.**

To put all of that in perspective, a recent study by Oxford Economics has confirmed the ICBP's beliefs that ALL pensioners who live overseas already create economic savings exceeding £3 billion annually. That's right, £3 billion! How come? The main sources of savings come from less demand on the NHS, less added benefits, less social costs, etc. The study also considered recent surveys on the intentions of individuals to emigrate after retirement; these indicated that removal of the pension "freezing" policy would significantly increase the numbers wishing to emigrate and thus produce a corresponding additional increase in net savings to the UK economy of many £s billions over the next 15 years. Another benefit, not included in these £s billions, is that emigrants also relieve pressure on the shortage of hospital beds, facilities for the elderly and the shortage of affordable housing units.

Help Us Change This Un-fair and Immoral British Pension Policy

Generally this policy is poorly understood by most of the British Public, who need to be warned that the current pension "freezing" policy will apply to many who may wish to emigrate in the future.

We ask you to make your voices from the Commonwealth heard, as well as those of the UK electorate at large, to press for all pensioners who live overseas, now or in the future to be treated in a fair and even handed manner. They deserve the same fairness and concern for their dignity and well being as any other recipient of the basic UK State pension, wherever they might choose live in their old age.

Our campaign calls for changes to the annual Social Security Uprating Regulation 3. This regulation supports the unfair pension policy. Ask your family and friends who live in the UK to write to the British Prime Minister and to their Pension Minister and demand that they work with the International Consortium of British Pensioners to resolve this immoral issue by rescinding the offending Uprating Regulation.

If you would like additional information, you can contact us by post at BPiA Inc, PO Box 474 Edgecliff, NSW 2027 or at the address above or by email to jimtilley@bigpond.com , jmarkham@sympatico.ca or tony.bockman@primus.ca .

Please visit our websites at www.pensionjustice.org or www.bpia.org.au .

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We look forward to hearing from you.