



# Expats await UK pension decision

**AVA HUBBLE**  
RETIREMENT INCOME

BRITISH expats living in Australia are anxiously awaiting a decision in the European Court of Human Rights tomorrow that could give them an extra \$300 million in payments, after the British government froze their pensions.

Remittances to Australia from Britain's Department of Work and Pensions could increase from about £420m (\$700m) a year to more than £648m.

At issue is Britain's long-standing policy of freezing the aged pensions of Britons who retire to Australia and many other, mostly Commonwealth, nations.

These expats contributed throughout their working lives to Britain's mandatory state pension fund, but their pensions are not subsequently revised each year in line with inflation.

For example, Britons who retired to Australia in 1997 have not had a pension increase in 13 years. They continued to receive their British pensions at the 1997 basic weekly rate of £62.

The current weekly rate is £95.

The policy affects more than 500,000 British expats, about half of whom are living in Australia.

Many others are in Canada, New Zealand and South Africa.

Expat pensioner organisations in these countries have been fighting the frozen pensions policy in court for eight years.

The group claims the policy is

discriminatory and in breach of the Human Rights Act since it does not treat all expat British pensioners equally.

Those who retire to EU nations, the US and many other countries receive the same annual increases and special allowances as British pensioners who remain in Britain.

Following the dismissal of the expats' case in Britain's High Court, Appeal Court and the House of Lords, the group took the case to the European Court of Human Rights. It suffered another loss in 2008 when that court's seven-member Chamber dismissed the case, apparently on the misunderstanding that British pensions were paid out of taxation.

An appeal to the court's 17-member Grand Chamber was granted when it was explained that eligibility for a British aged pension was contingent on the recipient having contributed to Britain's National Insurance Fund. The amount of the pension payable depends on the amount contributed to the fund during a recipient's working life.

As a result of the frozen pensions policy, many expat Britons in Australia have become dependent on a partial Australian aged pension. The cost to Australia is about \$100m a year, which will be saved if the European Court of Human Rights finds in favour of the penalised expats.

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*Ava Hubble writes for The Australian's Wealth section*