42567 - Are Pensions Halal?

the question

I live in England and the government deducts a certain amount of money every month from my salary for it to count towards my pension when I retire. What is the ruling on this form of pension?

There is also the option of applying for a private pension with a private company, whereby they also take a certain amount of money from you every month and they invest it and then give you a pension after you retire at the age of 60 or 65. What is the ruling on this form of pension? May Allah bless you.

Summary of answer

Participating in pension plans other than those organized by the government is a kind of gambling. But if participation is compulsory, there is no sin on you.

Detailed answer

Praise be to Allah.

Are pensions halal?

Participating in pension plans other than those organized by the government is a kind of gambling, because a person may contribute to the scheme for a number of months, then become disabled or die, so he and his heirs may get much more money than was taken from them, or he may pay many installments then what he takes from them is less than what he paid. This is gambling . For more details, please see this answer: 8889 .

Investing pension money

If they are investing the money deducted in haram things such as making alcohol, or in riba-based

loans, this is another reason to regard this as haram, because that is helping them in sin and transgression.

This applies if your participation in this scheme is voluntary. It is not permissible to participate in it in this case, and whoever gives up something for the sake of Allah, Allah will compensate him with something better than that.

But if participation is compulsory, then there is no sin on you, but it is not permissible for you or your heirs to take more than what was taken from you. You can leave the rest, or take it and donate it to charitable causes.

Participating in government pension plan

With regard to participating in the government pension plan , this may not come under the same ruling, in the sense that the government or treasury (bayt al-mal) is responsible for spending on the people if they need that.

For more, please see these answers: 97442 , 252545 and 91484 .

And Allah knows best.