

Don't leave British pensioners in Europe out in the cold...

**The case for a new approach to
state pension rights overseas**



INTERNATIONAL CONSORTIUM OF BRITISH PENSIONERS

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Overview:

All British pensioners who have made National Insurance contributions during their working lives are entitled to a British state pension regardless of where they choose to live.

But the Government currently takes an inconsistent approach to state pension uprating for overseas pensioners, with entitlement varying by country, in accordance with historic social security agreements and treaties in place.

“The Government has a clear position... UK state pensions are payable worldwide and uprated only where we have a legal requirement to do so”.

Baroness Altmann, Minister for Pensions, Feb 2016

Since the UK joined the EEC in 1973 the “legal requirement” to uprate the state pensions of British recipients living across the EEA has derived from the social security provisions of the single market. This means that EU resident pensioners currently receive the same annual increases as those living in the UK.

But when the UK leaves the EU and Single Market the Government will no longer have a “legal requirement” to uprate state pensions. Without a new and reciprocal social security agreement agreed as part of the Brexit negotiations, 492,000 EU resident British state pensioners will therefore face a frozen pension.

The key challenge is that the reciprocal social security provision was controversial during the referendum and remains a challenging aspect of the negotiations ahead.

The Government's Position:

When responding to calls to unfreeze pensions elsewhere, the Government has maintained a consistent line that:

“UK state pensions are payable worldwide and uprated only where we have a legal requirement to do so”.

Baroness Altmann, Minister for Pensions (Feb 2016)

EU resident British expats currently receive uprating adjustments because this is a longstanding and binding obligation of the Social Security Regulations of the single market:

“Annual upratings of the UK state pension are paid abroad under the EC's Social Security Regulations to pensioners who have a UK state pension and are living in the European economic area and Switzerland.”

Rosie Winterton MP, Minister for Work and Pensions (Oct 2008)

Outside the EU, Britain will no longer face this obligation. The Government has previously acknowledged that continued uprating rights will be reliant on the Brexit negotiations.

“The issue of what will happen if this country leaves the European Union has not yet been decided – but if there are reciprocal agreements and legal obligations to uprate, pensions will be uprated.”

Baroness Altmann, Minister for Pensions (Feb 2016)

“Here is the reality: if we leave... the triple lock could no longer be guaranteed in the long term.”

David Cameron MP, Prime Minister, (Jun 2016)

Theresa May has recently said that protecting expat rights will be a priority in negotiations, but the Government is not prepared to make a unilateral commitment.

There is no specific mention of expat state pensions in the Government's Brexit White Paper, simply a general aspiration to “secure rights” and reach a “reciprocal deal.”

The situation is complicated by the fact that the Government has no way of distinguishing between British expats and returned EU citizens who have worked in the UK.

“Entitlement to State Pension is based not on nationality but on a person's national insurance contributions record. Therefore, from the information we hold on those in receipt of the UK State Pension in EU countries we cannot separately identify EU and UK nationals.”

Richard Harrington MP, Minister for Pensions, (Nov 2016)

Historically, the Government has taken quite a ruthless approach to those who have moved abroad:

“The Government... believe(s) that they must put the interests of pensioners living in the UK over the interests of those living overseas by restricting the availability of uprates to those living here or in a country where we have a legal or treaty obligation to provide them.”

Lord Freud, DWP Minister in the Lords, (Jan 2014)

Given the Government's historic unwillingness to review its frozen pension policy for expats elsewhere, the future continues to be uncertain for those already in the EU.

Why this matters:

There are already 544,000 frozen British pensioners living in 120 countries. The majority live in Canada and Australia, but the issue affects people in most of the countries of the Commonwealth.

Without the annual uprating, frozen pensioners see their real terms income fall year-on-year.

This causes loss of independence, increasing financial dependency on families, pensioner poverty, and in some cases forces people to return to the UK to live alone or fully dependent on the welfare state, which increases social welfare costs in the UK.

In other cases we know of people who would have liked to move abroad, usually to join family, but who have felt unable to do so for fear of the financial consequences of a frozen pension.

Contrary to the image that may come to mind, overseas pensioners are not all wealthy, living in luxury, with a sangria in the sun. Many are just as reliant on their state pension as recipients in the UK, and most live very modest lives, having moved abroad to be with family or for health reasons.

Our members provide countless examples of why it's important to maintain the right to pension indexation for expats across the EU. And why reform is needed for those living elsewhere.

One example is Anne Puckridge, a 92-year-old, former college lecturer who served as an intelligence officer in World War Two. Ann moved to Calgary in 2002 to be with her daughter. As there is no "legal obligation" on the UK to uprate her state pension Ann still receives the £75.50 a week she was entitled to when she left the UK. With each year that goes by Ann becomes increasingly reliant on her daughter for financial support and now feels that she may be forced to return

to the UK. Ann says:

"I value my independence, but I can't go on living on the breadline and I don't want to inflict this on my family. As well as ever-increasingly poverty, I feel a sense of stress and shame, which is affecting my health."



Other members have already had to return to the UK, where they instantly add to pressures on the NHS and social services at a cost far exceeding the cost of a full state pension.

Another sad, but very real example, is 91-year-old Joe Lewis. Having worked all his life in the UK, including serving in the RAF, Joe moved to Canada with his Canadian wife in 1989. His wife now has severe dementia and his own health is deteriorating. Life has become impossible on a frozen state pension of £48 a week.



"Because of my frozen pension I am now faced with the unenviable choice of returning to the UK, without Marge, to get my full pension, or staying and selling my home to pay for care. This can't be the right way to treat someone who paid tax in the UK their whole working life."

It isn't easy to relocate from Australia or Canada aged 90+, but if their pensions are frozen, those in a situation like Ann or Joe who live in the EU would be far more likely to return home adding considerably to already squeezed health and social care.

How many would be affected?

There are currently 492,000 British State Pensioners living in the EU, EEA and Switzerland (subject to EU Social Security Coordination):

Ireland	135,080	Bulgaria	1,150
Spain	108,310	Hungary	880
France	66,100	Czech Republic	660
Germany	42,820	Luxembourg	600
Italy	37,340	Croatia	590
Italy	37,340	Lithuania	460
Cyprus	18,840	Slovakia	350
Netherlands	12,920	Slovenia	300
Portugal	10,580	Latvia	250
Malta	6,420	Latvia	250
Greece	5,970	Romania	170
Sweden	5,660	Estonia	90
Belgium	5,430	Gibraltar (as EU)	1,780
Austria	5,390	Norway (EFTA)	4,250
Denmark	3,400	Iceland (EFTA)	110
Poland	2,790	Liechtenstein (EFTA)	50
Finland	1,570	Switzerland (opt in)	11,890

Outside the EU, all face losing their right to uprating adjustments.

544,000 British pensioners already have a frozen state pension. This includes many in countries such as Australia and Canada which also have very close historic, social and economic ties to the UK.

Impact on pensioner incomes:

The table below shows how the state pension income of those already in receipt of a frozen pension have fallen over time:

Year Retired	Age Now	Weekly state pension received	% Increase for those uprated	Lost Income over retirement
Apr-16	65	£119.31	2.90%	£0
Apr-15	66	£115.95	2.52%	£175
Apr-14	67	£113.10	2.68%	£471
Apr-13	68	£110.15	2.51%	£931
Apr-12	69	£107.45	5.19%	£1,493
Apr-11	70	£102.15	4.61%	£2,871
Apr-10	71	£97.65	2.52%	£4,275
Apr-09	72	£95.25	5.02%	£5,149
Apr-08	73	£90.70	3.89%	£7,041
Apr-07	74	£87.30	3.62%	£8,633
Apr-06	75	£84.25	2.68%	£10,219
Apr-05	76	£82.05	3.08%	£11,477
Apr-04	77	£79.60	2.78%	£13,006
Apr-03	78	£77.45	2.58%	£14,459
Apr-02	79	£75.50	4.14%	£15,879
Apr-01	80	£72.50	7.41%	£18,219
Apr-00	81	£67.50	1.43%	£22,379
Apr-99	82	£66.55	2.86%	£23,219
Apr-98	83	£64.70	3.60%	£24,950
Apr-97	84	£62.45	2.13%	£27,173
Apr-96	85	£61.15	3.91%	£28,525
Apr-95	86	£66.55	2.17%	£31,037
Apr-94	87	£57.60	2.67%	£32,467
Apr-93	88	£56.10	3.60%	£34,261
Apr-92	89	£54.15	4.13%	£36,694
Apr-91	90	£52.00	10.87%	£39,489

Solutions:

A Brexit deal for EU resident pensioners



No one who voted for Brexit did so because they wanted the rights of British pensioners who have made their life in Europe, or others who might want to move there in the future to have their rights reduced.

At the very least the government should provide reassurance to worried EU resident British pensioners immediately, and make protecting their state pension rights a priority in the Brexit negotiations.

Pension parity for all overseas pensioners



Once we've left the EU, how can it be fair to give those who live on the continent a better deal than those who live in other countries?

As Britain looks to a new global role, and becomes increasingly reliant on other countries for trade, it is only fair to support our pensioners equally wherever they reside.

Britain is now out of step with other developed countries in not offering universal pension uprating. It's a national embarrassment that we leave so many of our citizens to live on a diminishing income and we should take the opportunity of Brexit to sort out this longstanding injustice.

Expatriate voices:

"I am particularly concerned that all UK retirees, in whichever country they now reside, receive the annual State Pension increases and that this is not affected by Brexit".

Hilary Dunk (France)

"I am worried about my State Pension not being upgraded every year. Obviously, I am also worried about being able to stay here, where I live with my lady who is German. I will be 67 in February and the last thing that I would want is the upheaval in having to return to the UK".

Ronald Kelly (Germany)

"My main concerns centre around 55 years of contributing to the UK system and now being threatened with a possible frozen pension (no index linking) and withdrawn health protection. I don't want to be used as a pawn in the politicians' negotiations"

John Eden (Italy)

"We moved here due to my health problems... under medical advice that I would suffer less here. We feel that as European citizens, we should not be forced to move back to the UK, which for financial reasons we would have to do".

Joseph Morris (Spain)

pensionjustice.org/petitions

Who we are

The International Consortium of British Pensioners (ICBP) is a global coalition of campaign groups representing the 544,000 frozen British pensioners around the world.

We have been campaigning for more than ten years on behalf of British pensioners from Canada, Australia and other parts of the Commonwealth whose UK State Pensions have not been increased, since the initial date of entitlement abroad.

The ICBP is working to make the case for reform and to achieve pension parity for all British pensioners, wherever they live.

We are currently very concerned that British pensioners living in the EU could easily fall victim to pension freezing that our members in other parts of the world have had for many years.

Contact Us

The international Consortium of British Pensioners has a UK based public affairs team at PHA Media who can answer any questions from parliamentarians on this issue:

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