A guide to 'Frozen Pensions'

What is the *Frozen Pensions* Policy?

All UK pensioners with national insurance contributions are entitled to a British state pension regardless of where they live. However, **nearly half a million UK pensioners overseas are excluded from annual payment upratings** because they live in the 'wrong' country. This means their pension is 'frozen' at the level it was when they left the UK or first withdrew their pension, falling in real value year-on-year. **The UK is the only country in the OECD to take this unjust approach to the payment of state pensions overseas.**

Government inaction to address this issue is a stark failure to protect our most vulnerable and is leaving our own citizens in poverty; it reflects poorly on our reputation as 'Global Britain'. **All it takes to end this injustice is domestic legislation** – the Government could choose, if they so wish, to unilaterally uprate the state pensions of UK pensioners in absence of a reciprocal agreement. Despite this, the Government insists that it will only uprate pensions in countries where there is a legal requirement to do so.

The Canadian Government has made several known attempts, including in late 2020 and as recently as June 2022, to form a reciprocal social security agreement with the UK. However, the UK Government has continually refused to engage with Canada on the issue. We believe it is grossly unfair that the Government insists it will only uprate state pensions in countries with a reciprocal uprating agreement, but then refuses to engage on forming new agreements when the opportunity is raised.

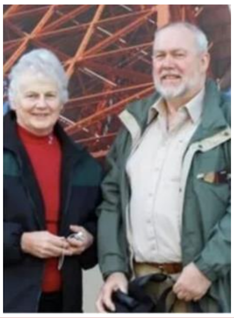
Earlier this year, the Elections Act passed through Parliament, giving British citizens overseas the 'vote for life' and the opportunity to take part in UK General Elections. **This will finally give current and future frozen pensioners, a large proportion of overseas voters, an opportunity to have their voices heard in UK politics**. A survey by the End Frozen Pensions campaign found that 85% of those impacted by the frozen pensions policy would be likely or very likely to vote in the next general election, and of those **9 out of 10 would not vote or were unlikely to vote for a party that did not have a manifesto commitment to end frozen pensions**.

History of the frozen pensions policy

The policy is the result of **historical reciprocal arrangements** between the UK and a handful countries to allow for state pension uprating, with the list of countries affected by the policy illogical and incoherent. For example:

- UK pensioners residing in the US receive a fully uprated UK state pension, whilst those living in Canada receive a frozen state pension.

Chris Tebbs



Chris Tebbs is a Navy veteran who grew up in Yorkshire and worked within a technical institute for the textile industry for over 42 years. Throughout his working life, Chris worked part time as a Naval Reserve. In 2003, Chris and his wife moved to Canada where their pensions were frozen. Between them, they lose around £117 per week, but if they moved just 150km south to the US, they would receive the full pension they are entitled to.

- All UK citizens living in British Overseas Territories, except those living in Bermuda and Gibraltar, have their UK state pension frozen.

Roger Edwards

Veteran Roger Edwards joined the Royal Marines in 1963, serving during the Radfan confrontation before being commissioned into the Royal Navy. In 1982, during the Falklands War, served at Pebble Island, Goose Green and Darwin. Roger now resides in the Falklands, where he receives a frozen UK state pension of just £106.50 a week and is now losing £1800 per year due to the policy.

From 1948 to 1973, the UK entered into numerous reciprocal agreements with countries that guaranteed the uprating of state pensions. The UK's membership of the EU also included a reciprocal uprating arrangement, which covered the uprating of UK state pensions of UK pensioners living in the European Economic Area.

Between 1981 and 2019, there no further agreements were made to uprate the pensions of UK pensioners overseas, **leaving just 4% of UK pensioners without annual state pension increases**.

Following Brexit, the Government entered into an agreement to maintain that uprating for those living in the EU before the end of the transition period. **This contradicts the Government's position that it is not willing to enter into new reciprocal agreements**.

The impact of the frozen pensions policy

Commonwealth Countries

Over **90%** of frozen pensioners live in Commonwealth countries with close cultural ties to the UK, including:

- 25.8%, (125,000) living in Canada
- 45.6% (224,000) living in Australia
- 6.3% living in South Africa
- 13% living in New Zealand

British Pensions in Australia (BPiA) count 48 of the 52 Commonwealth countries as 'frozen' and argues this is not in keeping with the Commonwealth Charter which states that "**the Commonwealth is implacably opposed to all forms of discrimination**".

Brian and Ethel Green

85-year-old Brian from Wigan and his wife, Ethel, from County Durham, have had their UK state pensions frozen for 18 years. This is all because they moved to Australia in 2003 to be closer to their daughters. Brian receives a state pension of £70 per week, while Ethel receives just £48. Watch his story here.

Francis Ramsay

77-year-old Francis was born in Fiji, a former British colony. He lived and worked in the UK for over a decade as a public servant and bank employee. He left the UK in 1980 and continued to make additional National Insurance contributions as he was told this would make up for a state pension shortfall. Now living in Australia, his frozen UK state pension causes financial hardship for his family. Watch his story here.

Windrush Generation

Black and ethnic minority pensioners who came to the UK as part of the Windrush Generation and subsequently returned to their country of birth to retire are penalised with a 'frozen' pension. Members of the Windrush Generation removed from, or denied re-entry, to the UK will also have their pension 'frozen' if they were forced to remain in, or return to, a 'frozen' country.

Monica Philip

83-year-old Monica moved to the UK from Antigua as part of the Windrush generation. She worked for 37 years in the UK, including as a civil servant for the City of London Social Services and the Ministry of Defence. She returned to Antigua to care for her ailing mother, and as a result receives a frozen UK state pension of just £74 per week. Watch her story here.

www.endfrozenpensions.org
www.twitter.com/pensionjustice
www.facebook.com/endfrozenpensions

Veterans

Around 60,000 military veterans are also impacted by the frozen pensions policy. Read some of their stories below:

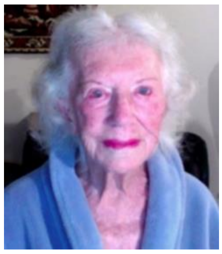
<u>David and Pam March</u>

88-year-old David and 81-year-old Pam receive just £62 per week because they now live in South Africa. David is a veteran of the Royal Navy, where he spent ten years serving in Korea, Malaya, the Suez Conflict and Cyprus. The couple were not told their pensions would be frozen, despite voluntarily topping up contributions in South Africa. In 2016, they were forced to sell their house and many of their possessions to be able to live on their frozen pensions.

<u>Anne Puckridge</u>

97-year-old Anne Puckridge, a WWII veteran of all three branches of the armed forces, receives a UK state pension of just £72 per week because she moved to Canada, aged 76, to live near her family. Over the years, she has lost over £22,000 because of the policy. If she had stayed in the UK, she would be getting £134.25 per week. Watch her story here.

<u>Inez Minc</u>



98-year-old Inez Minc served as nurse during World War Two in France and Germany and tended to Field Marshall Montgomery. Inez, who is now partially deaf and blind, struggles to pay her medical bills as she receives a UK state pension of just £40 a week in Australia.

<u>Patricia Coulthard</u>

100-year-old Patricia Coulthard trained as a nurse a month before the beginning of World War Two and cared for troops evacuated from Dunkirk, in India and Burma, and at the Battle of Kohima, often described as the 'Stalingrad of the East'. Patricia moved to Australia to be close to her two children. Despite her service, Patricia receives £46 per week –less than a third of the full state pension she deserves.

Our survey

In 2021, the End Frozen Pensions campaign conducted a survey of frozen pensioners, and found that:

- 54% did not feel financially secure in their retirement
- 28% cannot access medication or health treatment due to financial costs
- 25% rely on family members for financial support
- 33% have had to take on extra work during their retirement to supplement lost income.

The APPG on Frozen British Pensions also launched an inquiry that recommended an end to frozen pensions. The inquiry also surveyed UK pensioners living on a frozen pension, and found that:

- 49% received £65 per week or less
- 51% struggle financially as a result of their frozen pension.
- 58% said their financial difficulties are compounded by the fact that their partner or spouse also lives on a 'frozen' pension.
- 46% work or have worked in the past to supplement this lost income
- 40% were former public servants

What is the Government's position?

"This is a long-standing policy pursued by successive governments for seventy years."

The longevity of the policy has no meaningful implication for the morality of the situation, and in fact shows that the policy is more and more outdated for an increasingly globalised world.

"UK pensioners overseas made an informed choice to leave the UK."

86% of the 2,500 pensioners surveyed by the APPG on Frozen British Pensions were unaware that their state pension would be frozen when they left the UK.

Moving overseas is not always a personal choice, and many moved from the UK for a number of reasons, including to support family members overseas, or to serve the UK in the military.

Simply referencing the policy on the DWP website does not amount to informing the public. Many pensioners affected by this policy emigrated long before the internet was accessible, and one pensioner was explicitly told that she was not informed by the DWP about the policy because the Department had stopped printing leaflets to save costs.

Regardless of whether a pensioner knew about the policy or not, it is discriminatory to pay pensioners differently based on where they live.

> In one case, shared by the Canadian Alliance of British Pensioners, UK pensioner Anne Puckridge contacted the DWP about receiving her pension in Canada but received no information that her pension would be frozen. Anne finally received a reply after 12 years to say the policy was explained in a pamphlet, but the pamphlet could not be sent to her, as it was out of print for cost-saving reasons
>
> (*All-Party Parliamentary Group on Frozen British Pensions, 2020 Inquiry*)

"**The state pension is only uprated where there is a legal requirement to do so**."

The UK Government could, if they so wish, decide to unilaterally uprate the state pensions of all overseas citizens with domestic legislation alone.

The Government of Canada has tried to start discussions for a new reciprocal agreement multiple times with the UK to legally mandate the uprating of state pensions, but the UK Government has continuously refused to engage.

"**Uprating the state pensions of UK pensioners overseas would only benefit the respective treasuries of overseas nations**."

Pensioners with the lowest pension payments may benefit from top-ups through the social security systems of their respective countries, however this isn't the case for all pensioners, and many countries, such as South Africa, do not support overseas citizens.

It should not fall on other treasuries to bear the burden of UK pension entitlements, especially when many of these countries and territories pay the full state pension to their citizens in the UK such as Canada and the Falkland Islands.

"It is too expensive to uprate the state pensions of all UK citizens overseas."

Frequently, spokespeople for the Department for Work and Pensions have also drawn attention to the cost of uprating the pensions of UK pensioners in 'frozen' countries as a reason for the policy, implying it is unaffordable.

In 2019, the DWP estimated that uprating the pensions of pensioners in 'frozen' countries would cost £600 million a year. This is a fraction **- 0.3%** - of the budget sought by the DWP for 2019-20.

By living abroad those affected by the 'frozen pension' policy save the UK millions by not relying on medical or social services. The policy has, in many cases, forced families to return to the UK in order to use NHS services and our social security system. In 2010, an Oxford Economics study using Government statistics showed that a pensioner who permanently leaves the UK saves the UK £7,700 a year in NHS health care spending and other age-related benefits, while the lost income in relation to such a pensioner would amount to £3,900. This averages to a £3800 net yearly saving per pensioner.

This is ultimately not a fiscal matter, but a moral one. 'Frozen' pensioners paid the same dues as pensioners in the UK, and should be entitled to what they are owed.

The UK Government's frozen pensions policy is an illogical one which unfairly prevents the pensions of 4% of British pensioners being uprated in line with inflation. This leaves many to face a retirement of poverty and financial hardship, as shown in the stories throughout this briefing. With inflation rising around the world, the financial pressure frozen pensioners are facing is only getting worse. We would be grateful for anything you can to do help raise awareness of the issues outlined above.

For more frozen pensioners' stories, you can read our *Frozen Pension Day booklet* and *Broken Faith booklet*.

If you have any queries or would like further information, please email campaign@endfrozenpensions.org