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Brexit: 400,000 Britons living on the Continent could have state pensions frozen

There has to be a reciprocal agreement between the UK and overseas countries for British citizens to receive the annual increase

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If Britain votes to leave Europe, pensioners may be punished for broadening their horizons *AFP/Getty Images*

An unintended consequence of a British exit from the European Union could be that 400,000 British pensioners living on the Continent have their pensions frozen. That's because unless there is a reciprocal agreement between the UK and overseas countries, British citizens who retire to those nations don't receive the annual state pension increase.

It is a piece of seemingly bureaucratic nonsense that means, for example, British pensioners retiring to the US get the full state pension increase each year – while those living over the border in Canada don't. As it stands, around 560,000 British pensioners living abroad currently have their pension frozen, while a slightly larger number enjoys a yearly increase – simply because they are in a different country.

Understand it so far? Good. So how could the anomaly hit British pensioners in mainland Europe?

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Here's a little bit of history as background. In 1948 Britain entered into reciprocal agreements with around 30 countries, which allowed for the payment of pension increases. However, in 1981, the UK government stopped creating new agreements. And those pensioners who subsequently lost out have campaigned ever since for parity with those who moved to countries with an agreement.

It follows that British subjects living in any country that entered the EU after 1981 are at risk of their pensions being frozen if the UK leaves, as they may not have a bilateral agreement. The countries affected are Croatia, Slovenia, the Czech Republic, Bulgaria, Lithuania, Estonia, Latvia, Slovakia, Romania, Poland,

Hungary, Finland, Sweden, Malta, Cyprus, Austria, Portugal, Greece and Spain.

Naturally, British people who have retired to these nations are concerned. On their behalf, Baroness Benjamin asked the pensions minister for clarification in the House of Lords this week. She got none. Baroness Altmann replied: "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."

In other words, if there aren't agreements, pensions will be frozen. Forget Brexit issues; this is a longstanding unfairness that needs to be put right.

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